



**CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

# **CITY OF PORTERVILLE, CALIFORNIA**

PREPARED BY THE DEPARTMENT OF FINANCE

MARIA C. BEMIS

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

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TABLE OF CONTENTS

	<u>PAGE</u>
<b><u>INTRODUCTORY SECTION:</u></b>	
Letter of Transmittal	1
GFOA Certificate of Achievement	9
Organizational Chart	10
City Officials - Commissions, Boards, and Committees	11
<b><u>FINANCIAL SECTION:</u></b>	
Independent Auditor's Report	12
Management's Discussion and Analysis	14
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position	30
Statement of Activities	31
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	33
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Net Position - Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	38
Statement of Net Position - Fiduciary Funds	39
Statement of Changes in Net Position - Fiduciary Funds	40
Notes to the Financial Statements	42
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	74
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Public Safety Sales Tax Fund	75

	<u>PAGE</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Community Development Block Grant Fund	76
Schedule of Funding Progress - Public Employees Retirement System	77
Schedule of Funding Progress - Other Postemployment Benefits Plan	78
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
Combining and Individual Nonmajor Governmental Funds Statements:	
Combining Balance Sheet	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	85
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Special revenue funds:	
Porterville Housing Authority Fund	87
Gas Tax Fund	88
Local Transportation Fund	89
Traffic Safety Fund	90
Public Safety Grant Fund	91
Landscape Maintenance District Fund	92
Transportation Development Fund	93
Park Development Fund	94
Storm Drain Development Fund	95
Building Construction Fund	96
Debt Service Funds:	
General Government	97
Combining Nonmajor Enterprise Funds Statements:	
Combining Statement of Net Position	99
Combining Statement of Revenues, Expenses, and Changes in Net Position	100
Combining Statement of Cash Flows	101
Combining Internal Service Funds Statements:	
Combining Statement of Net Position	103
Combining Statement of Revenues, Expenses, and Changes in Net Position	104
Combining Statement of Cash Flows	105
Schedule of Changes in Assets and Liabilities - Agency Fund	107



	<u>PAGE</u>
<b><u>STATISTICAL SECTION</u></b>	
Net Position by Component	110
Changes in Net Position	111
Governmental Activities Tax Revenues by Source	113
Fund Balances of Governmental Funds	114
Changes in Fund Balances of Governmental Funds	115
Assessed Value and Estimated Actual Value of Taxable Property	116
Direct and Overlapping Property Tax Rates	117
Principal Property Taxpayers	118
Property Tax Levies and Collections	119
Sewer Operations Revenue	120
Ratios of Outstanding Debt by Type	121
Direct and Overlapping Governmental Activities Debt	122
Legal Debt Margin Information	123
Pledged-Revenue Coverage	124
Demographic and Economic Statistics	125
Principal Employers	126
Full-time Equivalent Ctiy Government Employees by Function	127
Operating Indicators by Function	128
Capital Asset Statistics by Function	130

## Introductory Section



Maria Bemis  
Finance Director  
(559) 782-7435



291 North Main Street  
Porterville, CA 93257

December 31, 2013

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, 2013, is hereby submitted in accordance with Sections 24 and 59 of the City Charter. These ordinances require that the City issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

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

Gallina LLP, a firm of licensed certified public accountants, have issued an unqualified ("clean") opinion on the City of Porterville's financial statements for the fiscal year ended June 30, 2013. 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 auditor's 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 16 square miles and serves a population of 55,490. 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, carpet yarn, machine products, aircraft parts, and lumber. Several public facilities are also located here including the Porterville Developmental Center, Sequoia National Forest Headquarters, the Army Corps of Engineers Lake Success Facility, and the Porterville College campus of the Kern Community College District.

The City experienced a 10.5 percent increase in sales and use tax revenues during the year, primarily from new auto sales, department stores and apparel stores sales. Despite the recent stabilization and slight improvement of the local economy, the City's unemployment rate remains high at 13.6 percent, slightly lower than last year but still

more than 4 percent above the 9 percent rate five years ago before the recession. With the completion of significant projects and the establishment of new ones in and around the City, it is anticipated that the unemployment rate will continue to moderately decline in subsequent years.

Retail recruitment remains a high priority for the City. The City continues to partner with Buxton Company and remains active in the International Council of Shopping Centers (ICSC) for retail development, access to retailers and buying pattern data to assist local merchants with inventory and marketing. Although further development of the Riverwalk and Jaye Street Crossing commercial centers will likely be concurrent with the development of the new Walmart Supercenter, a number of other developments (ampm, El Pollo Loco and Les Schwab Tire Center) occurred during the year. Meanwhile, the construction of the Walmart Supercenter, a 43,000 square foot retail store is still on hold due to an appeal and continued legal challenge by opponents to the Tulare County Superior Court ruling in favor of the development. The project is expected to greatly impact downtown revitalization with approximately 300 new jobs plus increased sales tax revenues for the City.

The new South County Justice Center was completed in September 2013 and opened for public court business on October 15, 2013. The new 9-courtroom Superior Court is anticipated to bring opportunities in the downtown area for retail and professional office space. Construction of pedestrian walkways on Garden Avenue and Oak Avenue between the new courthouse and Main Street is set to begin in the spring of 2014. The walkways will enhance connectivity to the downtown area. The project includes widened stamped-concrete sidewalks, nostalgic streetlights, installation of benches, planting of trees and shrubs, and the painting of a mural.

In addition, significant investments are being made to rehabilitate and reuse existing older developments. The Tule River Tribe has remodeled and reopened the Oak Pit Restaurant. Agricare is relocating its offices from Strathmore and remodeling the former Forest Service facility. A car wash that has been vacant for several years now is being transformed into medical offices. Wendy's Restaurant in Porterville was one of those chosen to be rebuilt. The old building was demolished and a brand new redesigned restaurant stands in its place. In addition, Walgreen's is expected to demolish an existing shopping center and construct a new building on the corner of Henderson Avenue and Prospect Street. Several other retail developments are anticipated to progress along the Henderson Avenue commercial corridor in the coming year.

The Porterville Fire Department Regional Training Facility has continued its development. The facility which sits on approximately 5 acres of land includes a three-story training tower and 5,000 square feet of classroom space. During the year, a flashover simulator / fire behavior prop has been added and a sea-train fire training facility mezzanine and stairs was constructed. These additions provide invaluable training in firefighting techniques. The facility offers training opportunities not only to the City's fire personnel but also to other jurisdictions which ultimately benefits the local economy.



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

### ***Long-term financial planning 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 \$11,694,035. In accordance with general fund policy, \$3,437,929 or 15 percent of appropriation is in the budget stabilization reserve. The refinancing of the City's 2005 Infrastructure Financing Project Certificates of Participation in April 2013 with a variable rate lease structure provided for savings of \$3,006,555 in debt service payments in the current and the next four years.

In addition, the City issued \$3,765,000 of taxable pension obligation bonds in November 2013 with a fixed rate of 3 percent and maturity of 7 years to provide a lump sum payment to the California Public Employees' Retirement System (CalPERS) of the City's safety plan side fund and to reduce the next few years' pooled employer contribution rates. CalPERS credits the side fund, on an annual basis, the actuarial investment return assumption of 7.5 percent and each year causes the required employer contribution rate to be increased by the amortization of the side fund. For the fiscal year 2013-2014, the amortization of the side fund comes to 9.565 percent amortized over a period of 7 years. Savings from the refunding of the side fund is estimated to be over \$300,000 in the next 7 years.

Recent changes to the CalPERS amortization and smoothing policies are expected to increase employer contribution rates in the near term but result in lower contribution rates in the long term. The employer contribution rates for the City's miscellaneous plan and safety plan are projected to increase up to 6 percent and 10 percent respectively from fiscal year 2015-2016 through fiscal year 2019-2020. These contribution increases will result in the plans being better funded in time and will ultimately result in lower contribution rates.

A major concern for the City is the sustainability of its self-funded health plan. In the past five fiscal years, total net claims paid averaged \$2.4 million a year. This is an increase of almost 60 percent compared to the prior five fiscal years average paid net claims of \$1.5 million a year. Contributions to the plan have increased through the years but not commensurate to the rise in claims. A review of the plan is currently underway to seek measures to minimize and eventually eliminate the shortfall in the plan.

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. The Plano Street Bridge widening project which involves the widening of the existing bridge from two to four lanes, construction of sidewalks and addition of specialized treatments and lighting began construction in August of 2013 and is scheduled to be completed by October of 2014. This project will provide access from Highway 190 to Olive Avenue and to the new courthouse.

The widening of the Jaye Street Bridge is currently under design and depending on environmental regulations and approval could begin construction in April 2015. The project consists of rehabilitating or replacing the existing Jaye Street Bridge to widen it from two lanes to four lanes over the Tule River and the reconstruction of the street approaches. The existing two-lane bridge has been deemed structurally deficient and is not adequate to handle existing and projected traffic volumes on Jaye Street.

The contract for the construction of the Jaye Street and Montgomery Avenue Roundabout project was awarded in September 2013. This project which consists of the construction of a roundabout and appurtenant items of work outside of the intersection necessary to properly align Jaye Street and Montgomery Avenue to the roundabout location will improve traffic conditions in the immediate area by addressing mobility and safety issues. The roundabout is expected to be completed by June 2014.

Caltrans has recently completed the State Route 190 corridor study which identified 4 near-term projects (improvements along SR 190 that need immediate attention and planning). These projects are: (1) construction of improvements that may entail a widened intersection controlled by a traffic signal or a roundabout at the Westwood and SR 190 intersection to improve access; (2) extension of the existing westbound auxiliary lane from Jaye Street to SR 65; (3) construction of 4 lanes on Plano Street and SR 190 intersection, with dual left turn and dedicated right turn lanes on all approaches with new traffic signals; and (4) signalizing the ramp terminals at Main Street and SR 190 intersection and construction of dedicated left and right turn lanes for the eastbound off ramp. SR 190 is the major east-west transportation corridor in Porterville and is of great importance to the economic future and growth of the City. Improvements to the corridor will provide employment opportunities associated with agricultural exports, ease the access to other elements of the state highway system and generate significant tax revenues for the City.

The design of a new Public Safety Station to be located on Jaye Street, south of Highway 190 has been completed with construction scheduled to begin by June 2014. The single-story structure will include living quarters for fire personnel, a police evidence room and shared and separate office spaces for police and fire personnel. The station will provide for quicker response time for residents and industrial developments in the southern portion of the community.

In addition, the design of a new animal shelter facility is undergoing a review for compliance to the current State Building Code. Construction of the facility to be located on West Grand Avenue, north of the City's Corporation Yard, is anticipated to begin by June 2014. Phase 1 of the project would include 40 kennels and a portion of the planned support office space.

Design of the Chase Avenue Park has been completed. The project will include a walking trail, a multi-purpose playing field, playgrounds, and picnic pavilions. Construction is scheduled to begin in January of 2014 and expected to be open to the public in June 2014. A \$2.15 million grant was awarded by the California State Parks to the City under the Sustainable Communities and Climate Change Reduction Account of

Proposition 84 to fund this project. The opening of the new park will improve the quality of life in an under-served section of the community.

Construction of new sewer system facilities and improvements on some of the annexed areas of the City began in 2013. The project was divided into 5 areas. Construction on one of these areas has been completed and another one is close to completion. It is estimated that the rest of the areas will be completed by June of 2015. This \$7 million project funded by the issuance of the 2011 Sewer Revenue bonds would extend sewer services to various scattered areas in the City lacking in sewer facilities and serve over 5,000 residents with 1,500 connections.

The design of Runway 7-25 rehabilitation project has been completed. This abandoned runway will be developed into a commercial taxiway which will serve aviation businesses. The goal is to expand commercial operations at the Airport including potentially air ambulance operations and air cargo. The City is currently awaiting approval of an early award grant request from the Federal Aviation Administration in order to proceed with the construction.

The Porterville Hotel project is another project that has suffered considerable budgetary and political challenges and delays. In August 2013, the California Department of Finance approved the Finding of Completion for the City of Porterville Successor Agency which allowed the Agency to proceed with the project. Bond proceeds of over \$1.9 million from the refinancing of tax allocation bonds in 2008 have been set-aside to fund this project and are at this time held in the Successor Agency fund. The project consists of acquisition of the property, demolition of the severely blighted hotel and preparation of the site for new development, possibly a mixed used development consisting of both retail and office space.

In 2012, the City of Porterville was chosen to be the site of the new South County Detention Facility. The County of Tulare was awarded a \$60 million grant from the California Corrections Standard Authority to build a 500-bed detention facility with 14 specialty health beds. The new county jail project is expected to provide a host of jobs during construction and after its opening with approximately 70 deputies and other correctional staff. Construction of the new facility is scheduled to start in 2016 and finish in 2018.

### ***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, 2012. This was the twenty-third 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 written in a cursive, flowing style.

Maria Bemis  
Finance Director

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Government Finance Officers Association

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California**

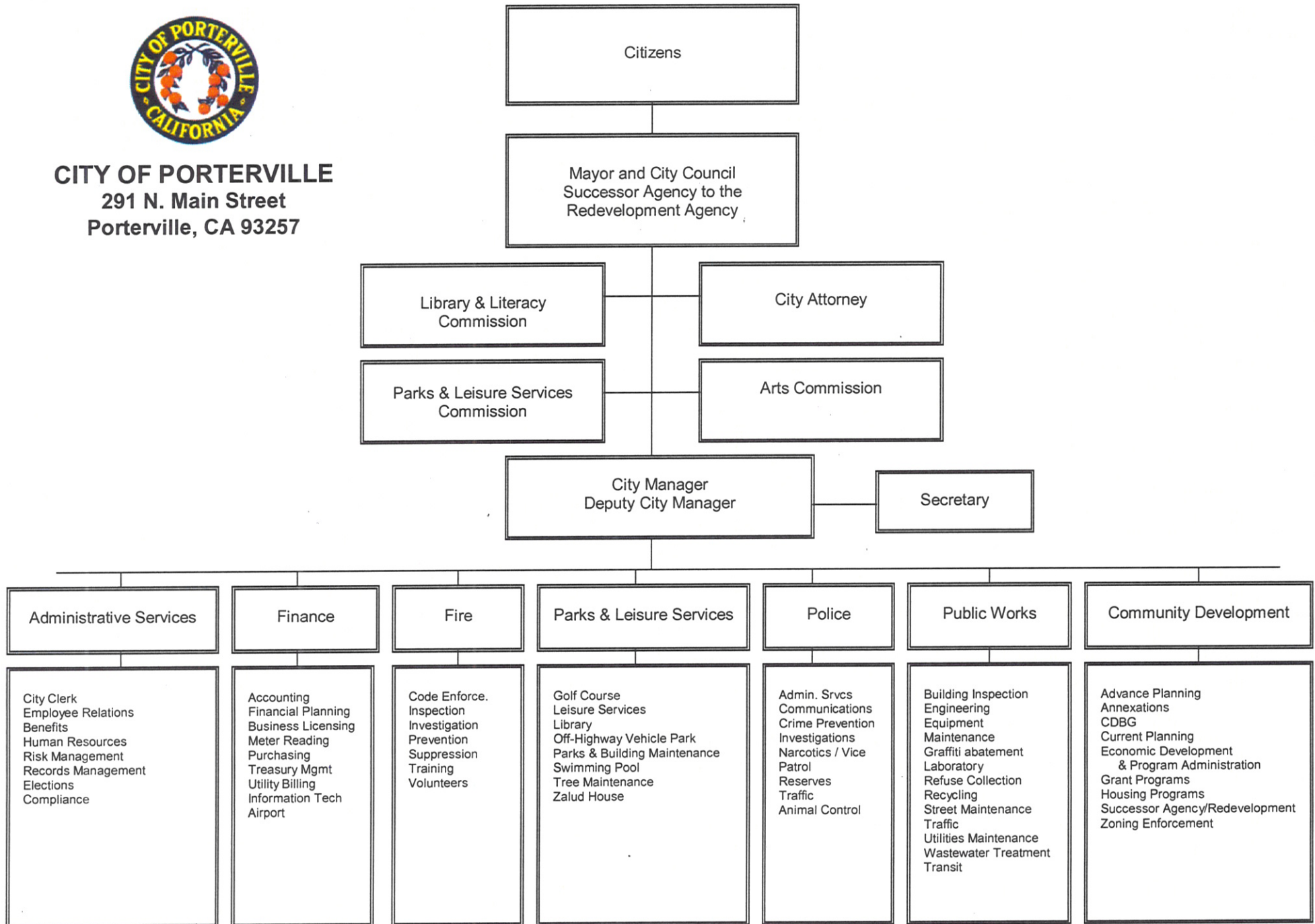
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



**CITY OF PORTERVILLE**  
291 N. Main Street  
Porterville, CA 93257



## CITY OF PORTERVILLE

### CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES

As of June 30, 2013

#### City Council and Successor Agency to the Redevelopment Agency Board      Term Expires

Virginia Gurrola	Mayor and Chairperson	June 2016
Pete V. McCracken	Vice Mayor and Vice-Chairperson	June 2014
Brian Ward	Council Member and Agency Member	June 2016
Greg Shelton	Council Member and Agency Member	June 2014
Cameron Hamilton	Council Member and Agency Member	June 2016

#### City Manager and Department Directors

John D. Lollis	City Manager/City Clerk
Bradley Dunlap	Community Development Director
Glenn Irish	Interim Fire Chief
Charles McMillan	Police Chief
Donnie Moore	Parks and Leisure Services Director
Baldo Rodriguez	Public Works Director
Maria Bemis	Finance Director
Patrice Hildreth	Administrative Services Director

#### Library & Literacy Commission

Esther Figueroa, Member  
Allan Bailey, Chairperson  
Rebecca Ybarra, Vice Chairperson  
Catherine May, Member  
Edith LaVonne, Member  
Tamara Bishop, Member  
Carol Wilkins, Member

#### Parks and Leisure Services Commission

Rick Vafeades, Chair  
Richard Rankin, Vice Chair  
Monte Moore, Member  
Carroll Land, Member  
Leticia Lupio, Member  
Rocco Calantone, Member  
Jim Carson, Member

#### Arts Commission

Monte Reyes, Chair  
Rebecca Ybarra, Vice Chair  
Deanna Worthington, Member  
Alex Schooler, Member  
Joan Claire Givan, Member  
Roger Merryman, Member  
Sandra Romero, Student Member

## Financial Section





## INDEPENDENT AUDITOR'S 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, California, (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, as of June 30, 2013, 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.



Honorable Mayor and City Council  
City of Porterville

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Roseville, California  
December 31, 2013



## 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, 2013. 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 - 7 of this report.

### Financial Highlights

- The assets of the City of Porterville exceeded its liabilities at the close of the most recent fiscal year by \$458,593,351 (*net position*). Of this amount, \$52,798,516 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 \$5,074,965 from a combination of increase of \$2,334,445 in the governmental activities and an increase of \$2,740,520 in the business-type activities.
- At June 30, 2013, the City of Porterville's governmental funds reported combined fund balances of \$36,178,865, an increase of \$2,731,253 in comparison with the prior year. Approximately 3 percent of this amount (\$1,070,629) is available for spending at the government's discretion (*unassigned fund balance*).
- 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 \$11,694,035, or approximately 56 percent of total general fund expenditures.
- On April 1, 2013, the City's 2005 Infrastructure Financing Project Certificates of Participation was restructured to take advantage of the current favorable financing environment that would provide savings on debt service for the current fiscal year and the next four fiscal years.

### 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, planning and economic development, public works, and parks and recreation. The business-type activities of the City include the Zalud Estate, Public Transit, Sewer, Solid Waste, Airport, Golf, and Water operations.

The government-wide financial statements can be found on pages 30 - 31 of this report.

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

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

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

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

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 32 - 35 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 36 – 38 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 39 - 40 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 42 - 73 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 74 - 78 of this report.

The combining and individual statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, internal service funds, and fiduciary fund are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 80 - 107 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. In the case of the City of Porterville, assets and deferred outflows or resources exceeded liabilities by \$458,593,351 at June 30, 2013.

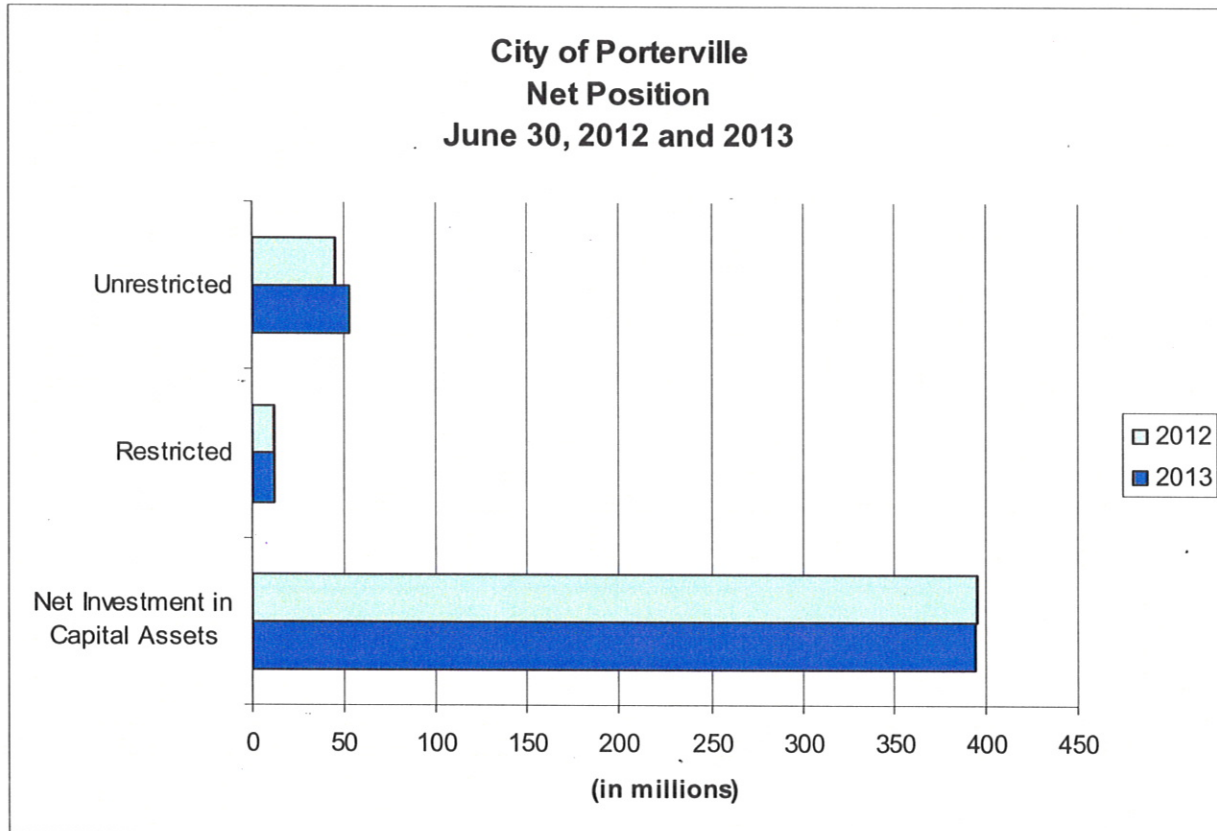
City of Porterville's Net Position						
	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 56,760,535	\$ 54,140,779	\$ 38,334,265	\$ 35,434,200	\$ 95,094,800	\$ 89,574,979
Capital assets	<u>373,962,109</u>	<u>373,892,966</u>	<u>73,278,572</u>	<u>73,224,535</u>	<u>447,240,681</u>	<u>447,117,501</u>
Total assets	<u>430,722,644</u>	<u>428,033,745</u>	<u>111,612,837</u>	<u>108,658,735</u>	<u>542,335,481</u>	<u>536,692,480</u>
Long-term liabilities outstanding	28,191,054	28,625,671	36,882,777	37,824,377	65,073,831	66,450,048
Other liabilities	<u>15,642,122</u>	<u>14,853,051</u>	<u>3,026,177</u>	<u>1,870,995</u>	<u>18,668,299</u>	<u>16,724,046</u>
Total liabilities	<u>43,833,176</u>	<u>43,478,722</u>	<u>39,908,954</u>	<u>36,695,372</u>	<u>83,742,130</u>	<u>83,174,094</u>
Net position:						
Net investment in capital assets	350,078,264	352,351,901	44,211,363	44,058,808	394,289,627	396,410,709
Restricted	8,266,566	9,160,315	3,238,642	3,271,181	11,505,208	12,431,496
Unrestricted	<u>28,544,638</u>	<u>23,042,807</u>	<u>24,253,878</u>	<u>21,633,374</u>	<u>52,798,516</u>	<u>44,676,181</u>
Total net position	<u>\$ 386,889,468</u>	<u>\$ 384,555,023</u>	<u>\$ 71,703,883</u>	<u>\$ 68,963,363</u>	<u>\$ 458,593,351</u>	<u>\$ 453,518,386</u>

By far, the largest portion of the City's net position, \$394,289,627 (86 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, \$11,505,208 (2.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$52,798,516 (11.5 percent) may be used to meet the City's ongoing obligations to its citizens and creditors.

At June 30, 2013, 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.



The City's total net position increased by \$5,074,965 compared to the prior fiscal year. The reasons for this overall increase 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 increased by \$2,334,445 from the prior fiscal year for an ending balance of \$386,889,468.

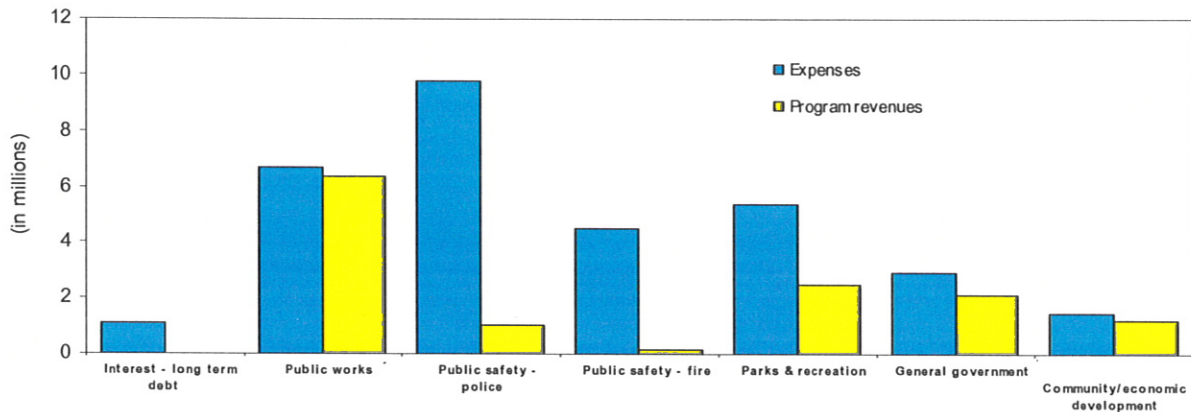
Total governmental revenues for the year of \$34,008,090 were only slightly lower than the prior year revenues of \$34,371,212. Taxes, which include property, sales, utility users, franchise, and other taxes, account for 60 percent of the City's total governmental activities revenue amounting to \$20,317,169. This amount is higher than the previous year's taxes of \$19,449,793 mainly due to a 10.5 percent increase in sales taxes. Operating and capital grants and contributions for governmental activities decreased by \$834,787 or 8.9 percent from the previous fiscal year.

Total expenses in governmental activities for the year were \$31,782,781, a decrease of \$2,970,488 or 8.5 percent from the prior fiscal year. Part of this decrease is attributable to the agreement reached by the City with the employee associations, for the employees to pay a portion of the employer's contribution to the pension plan. Vacancies due to employee retirements contributed to the lower expenses during the year. In addition, interest on long-term debt reports a decrease of \$444,172. Of the total expenses, 31 percent or \$9,788,016 were spent in the police department, 21 percent or \$6,694,076 in public works and 19 percent or \$5,349,678 in parks and recreation.

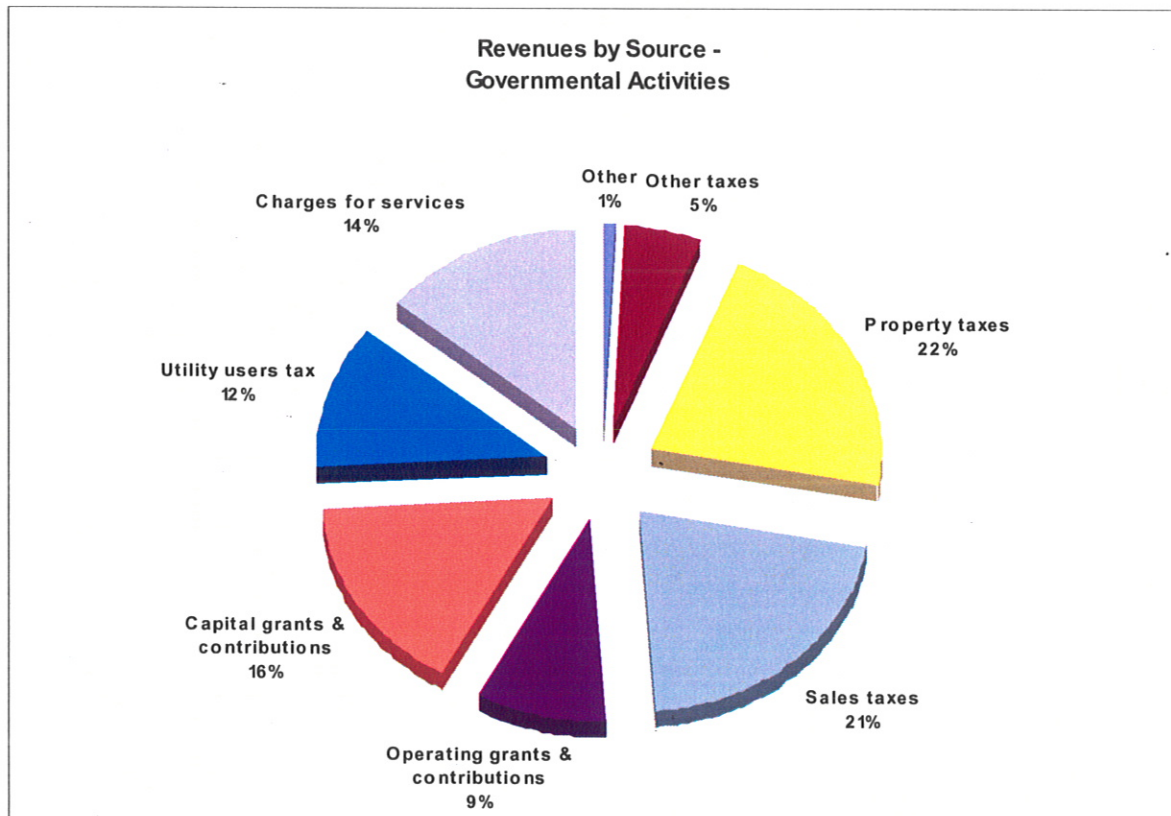
### City of Porterville's Changes in Net Position

	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,863,791	\$ 4,776,290	\$ 19,617,542	\$ 19,247,746	\$ 24,481,333	\$ 24,024,036
Operating grants and contributions	3,132,027	4,266,612	1,812,510	1,471,606	4,944,537	5,738,218
Capital grants and contributions	5,416,765	5,116,967	1,132,498	949,170	6,549,263	6,066,137
General revenues:						
Property taxes	7,346,813	7,237,972	--	--	7,346,813	7,237,972
Other taxes	12,970,356	12,211,821	--	--	12,970,356	12,211,821
Other	278,338	761,550	632,416	480,285	910,754	1,241,835
Total revenues	<u>34,008,090</u>	<u>34,371,212</u>	<u>23,194,966</u>	<u>22,148,807</u>	<u>57,203,056</u>	<u>56,520,019</u>
Expenses:						
Community/economic development	1,450,027	1,974,477	--	--	1,450,027	1,974,477
General government	2,922,898	3,041,461	--	--	2,922,898	3,041,461
Parks and recreation	5,349,678	5,831,761	--	--	5,349,678	5,831,761
Public safety - fire	4,498,053	4,878,126	--	--	4,498,053	4,878,126
Public safety - police	9,788,016	10,368,280	--	--	9,788,016	10,368,280
Public works	6,694,076	7,134,959	--	--	6,694,076	7,134,959
Interest on long-term debt	1,080,033	1,524,205	2,146,196	2,240,403	3,226,229	3,764,608
Airport	--	--	1,332,226	1,536,001	1,332,226	1,536,001
Golf course	--	--	382,891	383,949	382,891	383,949
Sewer	--	--	4,637,978	5,065,078	4,637,978	5,065,078
Solid waste	--	--	5,233,331	5,338,182	5,233,331	5,338,182
Transit	--	--	2,303,052	2,209,531	2,303,052	2,209,531
Water	--	--	4,282,707	4,390,023	4,282,707	4,390,023
Zalud estate	--	--	26,929	27,861	26,929	27,861
Total expenses	<u>31,782,781</u>	<u>34,753,269</u>	<u>20,345,310</u>	<u>21,191,028</u>	<u>52,128,091</u>	<u>55,944,297</u>
Increase (decrease) in net position before transfers	2,225,309	(382,057)	2,849,656	957,779	5,074,965	575,722
Transfers	109,136	(83,125)	(109,136)	83,125	--	--
Increase (decrease) in net position before extraordinary items	2,334,445	(465,182)	2,740,520	1,040,904	5,074,965	575,722
Extraordinary item	--	4,221,006	--	--	--	4,221,006
Increase (decrease) in net position	2,334,445	3,755,824	2,740,520	1,040,904	5,074,965	4,796,728
Net position - July 1	<u>384,555,023</u>	<u>380,799,199</u>	<u>68,963,363</u>	<u>67,922,459</u>	<u>453,518,386</u>	<u>448,721,658</u>
Net position - June 30	<u>\$ 386,889,468</u>	<u>\$ 384,555,023</u>	<u>\$ 71,703,883</u>	<u>\$ 68,963,363</u>	<u>\$ 458,593,351</u>	<u>\$ 453,518,386</u>

### Expenses and Program Revenues - Governmental Activities

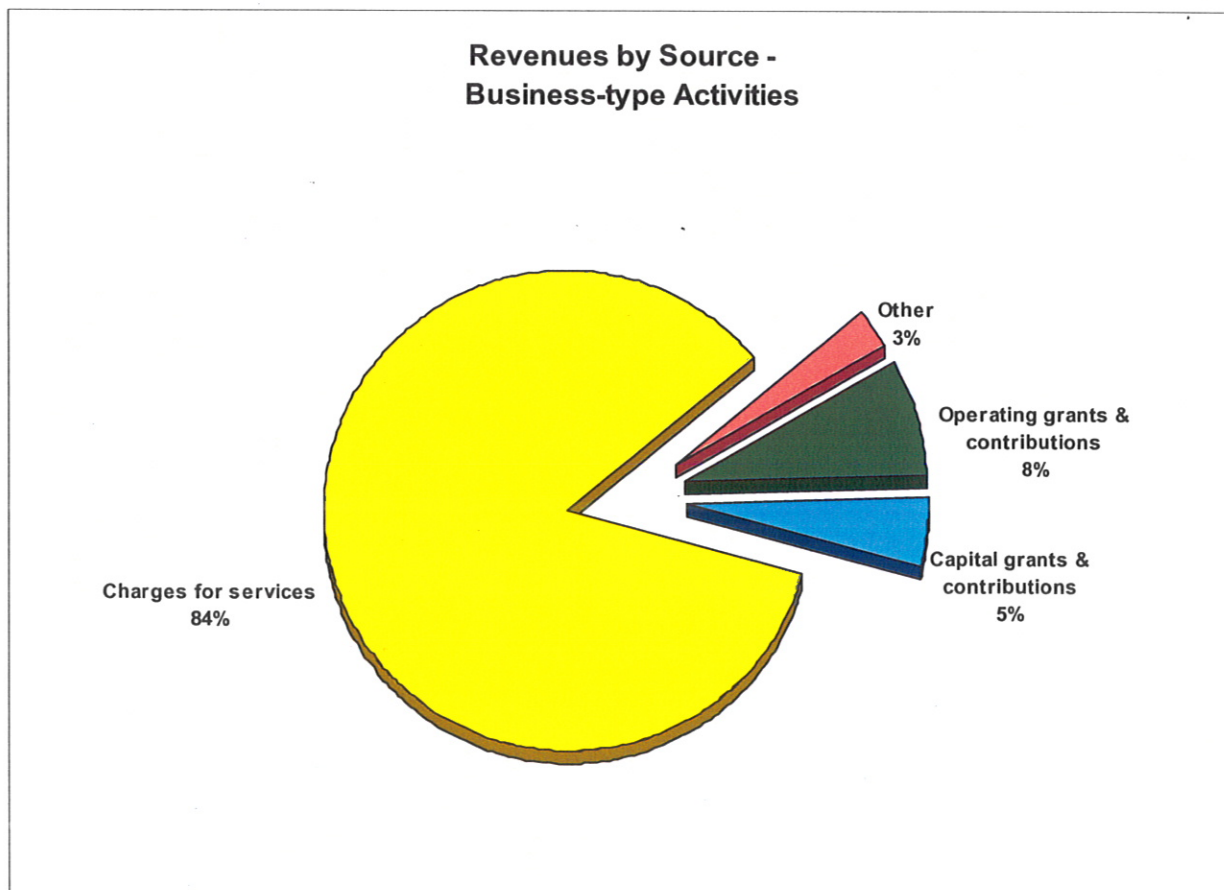
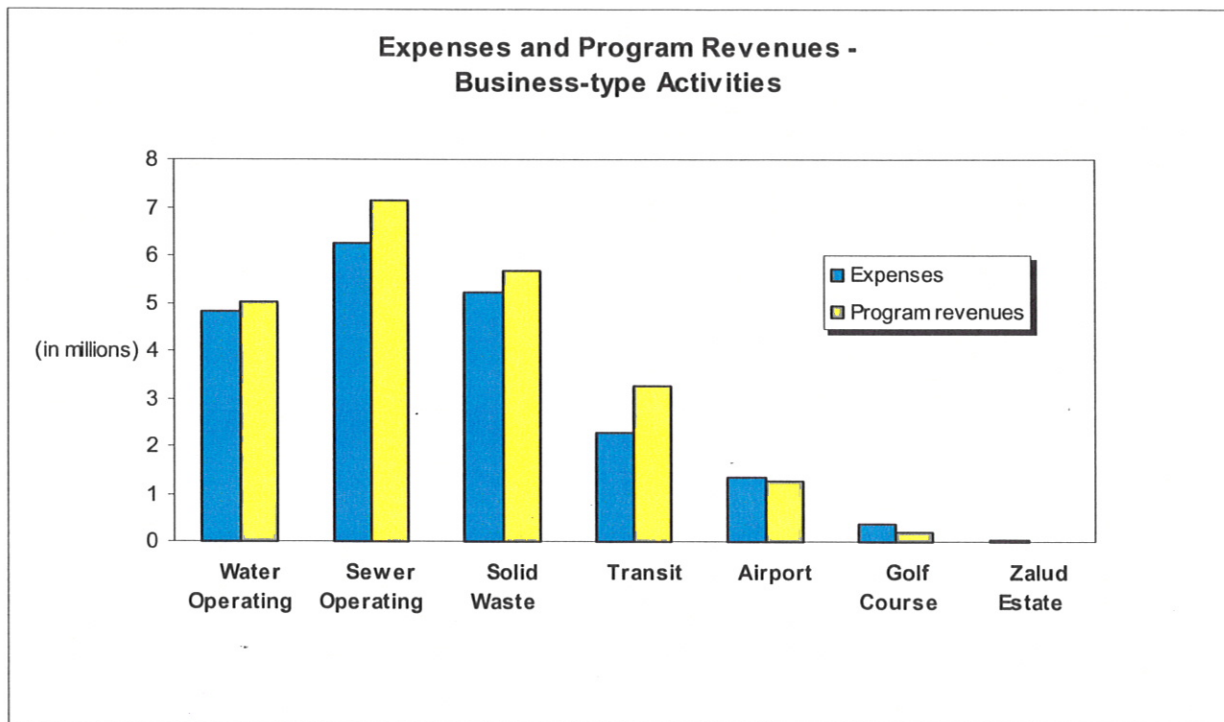


### Revenues by Source - Governmental Activities



**Business-type activities.** Business-type activities increased the City of Porterville's net position by \$2,740,520 ending the year with net assets of \$71,703,083. This is a 4 percent increase from the prior fiscal year. Total revenues in the business-type activities of the City increased by \$1,046,159 with an increase of \$524,232 in grants and contributions and \$369,796 in charges for services. Total expenses for the year amounted to \$20,345,310, a decrease of \$845,718 or 4 percent from prior year. As with the governmental activities,

employee benefits costs were reduced due to the cost-sharing agreement between the City and the employee associations on pension costs.





## Financial Analysis of the Government's Fund

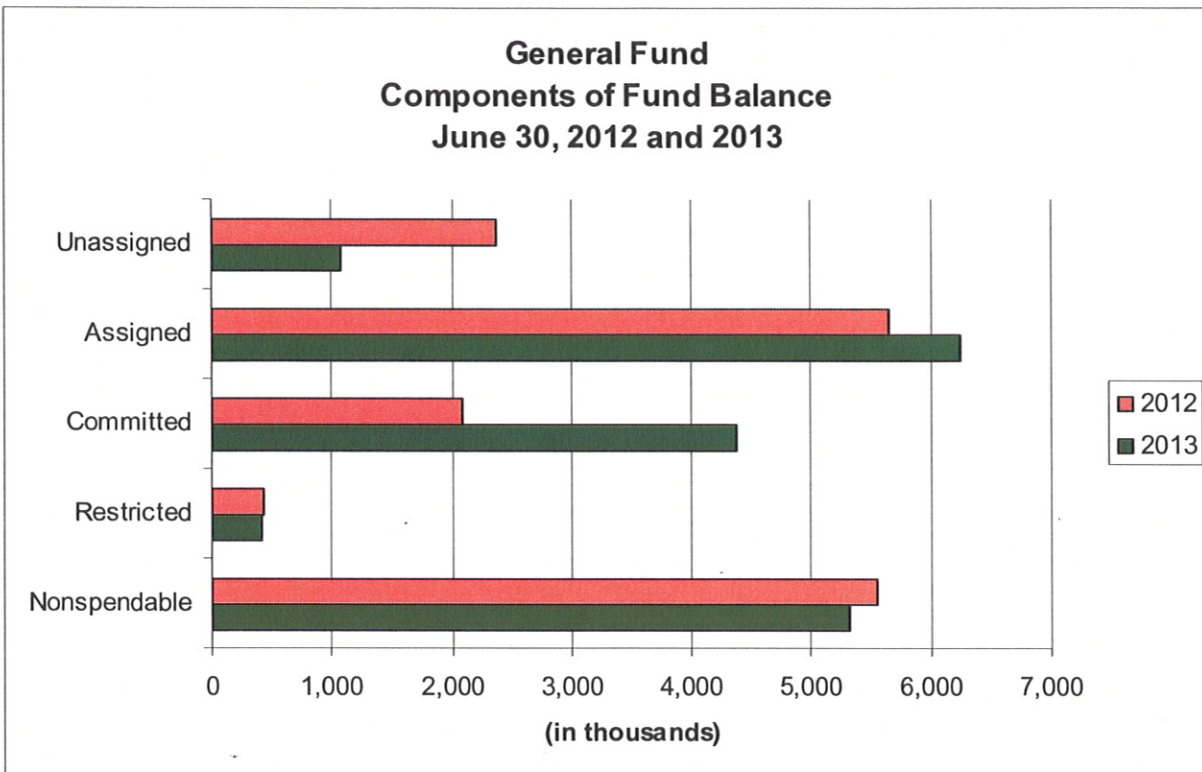
As noted earlier, the City of Porterville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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, 2013, the City of Porterville's governmental funds reported combined ending fund balances of \$36,178,865, an increase of \$2,731,253. Of this total amount, \$1,070,629 (3 percent) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. *Assigned fund balance* and *committed fund balance* which represent those amounts that are constrained by the City's intended use amounts to \$6,250,701 and \$4,372,705 respectively. \$5,322,652 is classified as *nonspendable* and not available for spending in the current period. This includes the long-term portion of loans receivable. The remainder of fund balance, \$19,162,178 is *restricted* for particular purposes.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2013, unassigned fund balance of the general fund was \$1,070,629, while total fund balance reached \$17,434,932. 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 5 percent of total general fund expenditures, while total fund balance represents 83 percent of that same amount.

The fund balance of the City of Porterville's general fund increased \$1,372,625 during the current fiscal year. Total revenues of \$23,036,337 were higher than prior year revenues by \$1,262,267 while total expenditures decreased to \$20,872,771, a decline of \$947,577. The increase in revenues was mainly due to the increase in taxes, particularly property and sales taxes. During the fiscal year, the City received a one-time payment adjustment of \$625,690 arising from the calculation and withholding by the County of property tax administration fees from fiscal year 2006-2007 to fiscal year 2011-2012. A moderate economic recovery resulted in a 14.5 percent increase in sales taxes amounting to \$535,894. The decrease in expenditures was mainly due to the employees sharing in the increased pension cost.



At June 30, 2013, 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 \$4,035,573, an increase of \$122,196 from prior year. District sales tax revenues increased by 5 percent during the year and ended up at \$2,930,011. Total expenditures were only slightly higher than prior year at \$2,556,400 compared to \$2,525,827. \$265,499 was spent towards the design of the new public safety station.

The community development block grant fund has a total fund balance of \$473,778 at the end of the fiscal year, all of which is reserved for housing projects for low and moderate income families and for the business assistance program. This was an increase of \$152,833. Neighborhood stabilization program federal grant funds were no longer available and fewer loans were issued during the year.

The capital projects fund has a total fund balance of \$2,532,162 that is all reserved to finance various capital improvement projects. This balance represents the funds available from the issue of the 2005 Infrastructure Financing Project Certificates of Participation.

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

Total net position of the Sewer Operations fund at June 30, 2013, amounted to \$29,070,415 an increase of \$1,012,407 from prior year. \$14,003,542 or 48 percent is unrestricted, \$12,531,963, 43 percent is invested in capital assets and \$2,534,910 is restricted for debt service.

The Water Operations fund total net position at the end of the current fiscal year was \$22,273,097 with 28 percent of it or \$5,872,748 unrestricted. \$15,696,617 or 70 percent is invested in capital assets and \$703,732 restricted for debt service.

At June 30, 2013, the Solid Waste fund had total net position of \$5,677,127, an increase of \$470,623 or 9 percent from the previous year. \$1,670,850 or 29 percent is invested in capital assets and the rest is unrestricted.

For fiscal year 2012-2013, the Transit Operations Fund is reported as a major fund. Operating and capital contributions from federal and state grants amounted to \$2,411,189 during the year compared to \$431,867, an increase of \$1,979,322. Total net position at June 30, 2013 was \$6,796,411, an increase of \$935,034 compared to \$5,861,377 in the prior year. \$7,018,417 is invested in capital assets which leaves the fund with a deficit unrestricted position of \$222,006.

### **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 original budgeted appropriations. A minor adjustment was made in both grant revenues and special safety expenditures to reflect the receipt of additional grant funds from the Department of Justice. Recreational activities revenues and expenditures were also revised to account for the Freedom Fest celebration held during the year.

*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	\$6,766,568	\$7,346,813	\$580,245
Sales taxes	3,901,619	4,233,168	331,549
Intergovernmental	188,372	486,670	298,298
Investment earnings	200,000	104,710	(95,290)

Due to the economic recession in the last few years, the City has conservatively estimated General Fund revenues. The stabilization of the state and local economies during the year shows the improvement in sales tax revenues. The positive variance in property taxes was due to a one-time payment from the County for adjustments to property tax administration fees from prior years. Intergovernmental is the classification used to report grant revenues. During the year, the City received grant funds from the State for reimbursement of prior year's expenditures on the OHV Park. Investment earnings continue to decline. Higher-yielding investments have matured and replaced by investments with lower yields. In addition, the market values at the end of June were lower than the book value of the investments.

Variances between the final amended budget and actual expenditures are mainly due to a number of vacant positions in several departments in addition to measures taken by the

departments to lower spending per the direction given by City Council. Actual capital outlay exceeded the related appropriation by \$295,196. During the year, the City purchased a fire pumper apparatus for \$375,282. This was originally scheduled for purchase in the prior fiscal year but was delayed due to additional required technical specifications. The current fiscal year's budget did not include the acquisition of this equipment but it was approved to be purchased by City Council at one of their regular meetings.

## **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, 2013, amounts to \$447,240,681 (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 \$123,180.

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

- Acquisition of 25.74 acres, more or less, of excess airport land for \$515,000 in accordance with the Federal Aviation Administration approval of release from certain airport obligations.
- The reconstruction of West North Grand Avenue from Highway 65 to the former railroad tracks was completed during the year. The total cost of the project was \$354,899.
- The Newcomb Street and Beverly Street shoulder stabilization project was completed during the year at a total cost of \$909,174.
- The Heritage Trailway extension project was also completed for \$483,911.
- 2 bus turnouts were constructed during the year for \$161,995.
- Acquisition of 3 15-passenger vans for transit operations at a total cost of \$507,934.
- 14 new solar transit bus shelters were purchased and installed around the City at a cost of \$121,430.
- During the year, the City purchased a triple combination pumper fire apparatus for \$375,282, 4 police vehicles for \$129,812, 2 custom play units and a raindrop playground equipment for \$129,366, a flashover simulator equipment for the fire department for \$40,155, a tactical robot for the police department for \$19,524, 2 servers and storage area network appliance for \$61,455 and other machinery and equipment with a total cost of \$250,281.



- Installation of new sewer mains and sewer laterals on the annexed areas began during the year and will continue through the next few years. For the current fiscal year, a total of \$1,328,674 has been spent.

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 269,023,213	\$ 268,508,213	\$ 4,938,508	\$ 4,938,508	\$ 273,961,721	\$ 273,446,721
Works of art and collections	183,938	183,938	--	--	183,938	183,938
Buildings	8,741,520	8,940,138	3,436,843	3,542,508	12,178,363	12,482,646
Improvements other than buildings	5,136,873	5,317,883	6,146,063	6,240,667	11,282,936	11,558,550
Machinery and equipment	5,262,823	5,233,915	6,050,494	6,267,990	11,313,317	11,501,905
Infrastructure	83,100,409	83,568,380	--	--	83,100,409	83,568,380
Distribution and collection systems	--	--	49,447,595	51,289,329	49,447,595	51,289,329
Construction in progress	2,513,333	2,140,499	3,259,069	945,533	5,772,402	3,086,032
Total	<u>\$ 373,962,109</u>	<u>\$ 373,892,966</u>	<u>\$ 73,278,572</u>	<u>\$ 73,224,535</u>	<u>\$ 447,240,681</u>	<u>\$ 447,117,501</u>

Additional information on the City's capital assets can be found in Note 1-E-4 on page 46 and Note 4-D on pages 58 – 59 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Porterville had total debt outstanding of \$65,438,524. This amount was comprised of \$19,555,000 in revenue bonds, \$30,765,000 in certificates of participation and \$15,118,524 in notes payable.

**City of Porterville's Outstanding Debt**

	Governmental activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue bonds	\$ --	\$ --	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000
Certificates of participation	23,725,000	21,300,000	7,040,000	7,985,000	30,765,000	29,285,000
Notes payable	2,747,000	2,925,000	12,371,524	12,707,646	15,118,524	15,632,646
Total	<u>\$ 26,472,000</u>	<u>\$ 24,225,000</u>	<u>\$ 38,966,524</u>	<u>\$ 40,247,646</u>	<u>\$ 65,438,524</u>	<u>\$ 64,472,646</u>

The City's total debt increased \$965,878 during the current fiscal year. On April 1, 2013, the City entered into a new lease agreement for the purpose of providing for the defeasance of the 2005 Certificates. The principal amount of the loan is \$21,060,000 with interest payable at a fixed rate of 3.30 percent through April 1, 2016. Beginning on April 2, 2016, interest is payable at a variable rate based on the U.S. dollar one month LIBOR plus 2.125 percent, but in no case lower than 3.30 percent. This restructuring was done to take advantage of favorable interest rates and provide savings in debt service payments of \$3,006,555 in the first five years.

Standard & Poor's Ratings Services ("S&P") has assigned the rating of AA to the 2011 sewer revenue bonds.

Additional information on the City's long-term debt can be found in Note 4-F on pages 60 - 64 of this report.

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

- A slight improvement in General Fund operating revenues is anticipated in the coming year. As the state and local economies stabilize, a 5 percent increase in property tax revenues and a 14 percent growth in sales taxes are projected for the next fiscal year. Permits for new construction are anticipated to improve yet remain sluggish.
- For fiscal year 2013-2014, operating expenditures in the General Fund are estimated to be approximately 6.5 percent higher than the 2012-2013 estimates which would result in a budget shortfall of \$1.1 million. As has been employed in the past couple of years, it is again proposed that all departments curtail spending by 5 or 6 percent in the coming year.
- The refinancing of the 2005 Infrastructure Certificates of Participation will provide savings of \$611,634. In addition, the City is proceeding with the issuance of taxable pension obligation bonds to refinance its safety plan side fund obligation to California Public Employees' Retirement System which is expected to result in savings of approximately \$300,000 in fiscal year 2013-2014.
- The construction of a new park is scheduled to start in the next fiscal year with grant funds of over \$2 million from the State of California.
- The design of the lighting of the softball fields and central playing fields at the Sports Complex will be completed and installed in the upcoming year.
- The construction of a new animal shelter on Grand Avenue, north of the City's corporation yard has been in the planning stages with \$625,000 budgeted in 2013-2014. Another \$625,690 in property taxes received in the 2012-2013 from the County for the calculation and withholding of property tax administration fees, has been committed to provide additional funding to the project and complete phase 1 of the facility.
- The construction of a new Public Safety Station is expected to begin next year. Construction cost is estimated to be between \$4 and \$5 million with funding from the Measure H Public Safety Sales Tax Fund.
- In the upcoming fiscal year, the City will evaluate its self-funded health plan. For the past several years, paid claims have risen an average of 33.5 percent without a corresponding increase in contributions. The City will be looking at cost-saving measures to the plan and also increasing the City and the employee and retiree contributions.

- The Plano Street Bridge widening project is set to begin construction in 2013-2014. Construction costs are estimated to top \$13.3 million. Federal grants have been awarded to the City to fund a major portion of this project.
- Several street projects are anticipated to progress in the coming fiscal year including the design of Jaye Street Bridge, the construction of the Jaye Street and Montgomery Street roundabout, the Garden Avenue and Oak Avenue pedestrian walkways at downtown, and shoulder stabilization projects around the City.
- Due to cost savings in the construction of the 2 new reservoirs completed in 2011-2012, approximately \$1.6 million of the loan from the California Infrastructure and Economic Development Fund will be utilized to construct a new well and a supplemental booster pump.
- Construction of sewer system improvements on several annexed areas within the City began in 2012-2013 and will continue in the next fiscal year. This is part of the \$7 million project funded by the issuance of the Sewer Revenue Bonds, Series A in 2011.

### **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, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 87,926	\$ 58,326	\$ 146,252
Investments	30,708,231	23,379,018	54,087,249
Receivables - utility (net of allowance for uncollectibles)	-	2,454,734	2,454,734
Receivables - misc (net of allowance for uncollectibles)	1,794,502	525,016	2,319,518
Receivables - housing (net of allowance for uncollectibles)	11,438,177	-	11,438,177
Inventories	-	175,620	175,620
Prepays	78,602	-	78,602
Internal balances	365,970	(365,970)	-
Restricted assets - intergovernmental	2,376,207	371,650	2,747,857
Restricted assets - cash and cash equivalents	-	104	104
Restricted assets - investments	4,143,337	11,184,618	15,327,955
Notes receivable	5,199,297	-	5,199,297
Certs of Participation issue costs (net of accumulated amortization)	568,286	551,149	1,119,435
Capital assets not being depreciated:			
Land	269,023,213	4,938,508	273,961,721
Construction in progress	2,513,333	3,259,069	5,772,402
Works of art and collection	183,938	-	183,938
Capital assets, net of accumulated depreciation:			
Buildings	8,741,520	3,436,843	12,178,363
Improvements other than buildings	5,136,873	6,146,063	11,282,936
Machinery and equipment	5,262,823	6,050,494	11,313,317
Infrastructure	83,100,409	-	83,100,409
Distribution and collection systems	-	49,447,595	49,447,595
Total Assets	<u>430,722,644</u>	<u>111,612,837</u>	<u>542,335,481</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,023,056	705,034	3,728,090
Accrued interest payable	250,889	537,366	788,255
Unearned revenue	12,368,177	1,783,777	14,151,954
Non-current liabilities - due in 1 year	2,105,881	1,454,063	3,559,944
Non-current liabilities - due in more than 1 year	26,085,173	35,428,714	61,513,887
Total Liabilities	<u>43,833,176</u>	<u>39,908,954</u>	<u>83,742,130</u>
<b>NET POSITION</b>			
Net investment in capital assets	350,078,264	44,211,363	394,289,627
Restricted for capital projects	4,295,348	-	4,295,348
Restricted for debt service	1,557,455	3,238,642	4,796,097
Restricted for self-insurance	1,761,265	-	1,761,265
Restricted for grant programs	652,498	-	652,498
Unrestricted	28,544,638	24,253,878	52,798,516
Total Net Position	<u>\$ 386,889,468</u>	<u>\$ 71,703,883</u>	<u>\$ 458,593,351</u>

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, 2013

		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	\$ 1,450,027	\$ 351,949	\$ 853,533	\$ -	\$ (244,545)	\$ -	\$ (244,545)
General government	2,922,898	1,655,988	468,532	-	(798,378)	-	(798,378)
Parks and recreation	5,349,678	1,942,261	242,575	331,202	(2,833,640)	-	(2,833,640)
Public safety - fire	4,498,053	70,323	71,069	50,000	(4,306,661)	-	(4,306,661)
Public safety - police	9,788,016	623,855	255,054	141,075	(8,768,032)	-	(8,768,032)
Public works	6,694,076	219,415	1,241,264	4,894,488	(338,909)	-	(338,909)
Interest on long-term debt	1,080,033	-	-	-	(1,080,033)	-	(1,080,033)
Total governmental activities	31,782,781	4,863,791	3,132,027	5,416,765	(18,370,198)	-	(18,370,198)
Business-type Activities:							
Airport	1,335,134	1,206,174	10,000	31,991	-	(86,969)	(86,969)
Golf course	382,891	225,472	-	-	-	(157,419)	(157,419)
Sewer operating	6,234,904	7,115,320	-	25,303	-	905,719	905,719
Solid waste	5,233,331	5,658,757	6,375	-	-	431,801	431,801
Transit	2,303,052	461,988	1,796,135	1,000,595	-	955,666	955,666
Water operating	4,829,069	4,942,360	-	74,609	-	187,900	187,900
Zalud estate	26,929	7,471	-	-	-	(19,458)	(19,458)
	20,345,310	19,617,542	1,812,510	1,132,498	-	2,217,240	2,217,240
Total primary government	\$ 52,128,091	\$ 24,481,333	\$ 4,944,537	\$ 6,549,263	(18,370,198)	2,217,240	(16,152,958)
General revenues:							
Property taxes					7,346,813	-	7,346,813
Sales tax					7,163,179	-	7,163,179
Utility users tax					3,969,652	-	3,969,652
Franchise tax					1,473,957	-	1,473,957
Motor vehicle in-lieu tax					28,249	-	28,249
Transient occupancy tax					335,319	-	335,319
Unrestricted investment earnings					190,842	104,826	295,668
Gain on sale of capital assets					21,406	527,590	548,996
Miscellaneous					66,090	-	66,090
Transfers					109,136	(109,136)	-
Total general revenues and transfers					20,704,643	523,280	21,227,923
Change in net position					2,334,445	2,740,520	5,074,965
Net position - beginning					384,555,023	68,963,363	453,518,386
Net position - ending					\$ 386,889,468	\$ 71,703,883	\$ 458,593,351

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

City of Porterville  
Balance Sheet  
Governmental Funds  
June 30, 2013

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 42,103	\$ 9,675	\$ 991	\$ 3,815	\$ 22,333	\$ 78,917
Investments	12,221,926	3,907,671	400,338	1,519,975	9,019,930	27,069,840
Receivables - misc (net):						
Interest	63,235	-	-	-	2,273	65,508
Taxes	879,567	211,700	-	-	146,166	1,237,433
Other	340,406	-	-	-	89,715	430,121
Receivables - housing (net)	-	-	11,150,049	-	288,128	11,438,177
Intergovernmental receivables	1,145,115	-	80,952	49,421	392,274	1,667,762
Interfund receivable	-	-	-	-	556,560	556,560
Prepaid items	21,681	-	-	-	-	21,681
Restricted - cash/fiscal agent	-	-	-	2,588,155	1,555,182	4,143,337
Notes receivable	4,269,297	-	-	-	930,000	5,199,297
Total assets	<u>\$ 18,983,330</u>	<u>\$ 4,129,046</u>	<u>\$ 11,632,330</u>	<u>\$ 4,161,366</u>	<u>\$ 13,002,561</u>	<u>\$ 51,908,633</u>
<b>LIABILITIES</b>						
Accounts and other payables	\$ 215,884	\$ 10,377	\$ 2,434	\$ 1,542,861	\$ 66,770	\$ 1,838,326
Payroll payable	584,297	83,096	6,069	37,531	15,243	726,236
Interfund payable	17,497	-	-	-	-	17,497
Deferred revenue	-	-	11,150,049	-	1,218,128	12,368,177
Advances payable	641,182	-	-	-	-	641,182
Total liabilities	<u>1,458,860</u>	<u>93,473</u>	<u>11,158,552</u>	<u>1,580,392</u>	<u>1,300,141</u>	<u>15,591,418</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - intergovernmental	89,538	-	-	48,812	-	138,350
Total deferred inflows of resources	<u>89,538</u>	<u>-</u>	<u>-</u>	<u>48,812</u>	<u>-</u>	<u>138,350</u>
<b>FUND BALANCES</b>						
Nonspendable	5,322,652	-	-	-	-	5,322,652
Restricted						
Ballpark projects	418,245	-	-	-	-	418,245
Building construction	-	-	-	-	735,753	735,753
Community development	-	-	473,778	-	-	473,778
Debt service	-	-	-	-	1,557,455	1,557,455
Housing services	-	-	-	-	18,551	18,551
Landscape maintenance districts	-	-	-	-	761,631	761,631
Public safety	-	4,035,573	-	-	234,253	4,269,826
Public works	-	-	-	2,532,162	8,394,777	10,926,939
Committed						
Budget stabilization	3,437,929	-	-	-	-	3,437,929
Capital projects	834,776	-	-	-	-	834,776
Council special purposes	100,000	-	-	-	-	100,000
Assigned - equipment replacement	6,250,701	-	-	-	-	6,250,701
Unassigned	1,070,629	-	-	-	-	1,070,629
Total fund balances	<u>17,434,932</u>	<u>4,035,573</u>	<u>473,778</u>	<u>2,532,162</u>	<u>11,702,420</u>	<u>36,178,865</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,983,330</u>	<u>\$ 4,129,046</u>	<u>\$ 11,632,330</u>	<u>\$ 4,161,366</u>	<u>\$ 13,002,561</u>	<u>\$ 51,908,633</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, 2013

Fund balances of governmental funds	\$ 36,178,865
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(26,717,466)
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.	3,558,212
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	373,731,507
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenue in the funds.	138,350
Net position of governmental activities	\$ <u>386,889,468</u>

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



City of Porterville  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2013

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 7,346,813	\$ -	\$ -	\$ -	\$ -	\$ 7,346,813
Sales taxes	4,233,168	2,930,011	-	-	-	7,163,179
Utility users tax	3,969,652	-	-	-	-	3,969,652
Franchise tax	1,473,957	-	-	-	-	1,473,957
Motor vehicle in-lieu tax	28,249	-	-	-	-	28,249
Transient occupancy tax	335,319	-	-	-	-	335,319
Licenses and permits	779,568	-	-	-	-	779,568
Intergovernmental	486,670	-	851,158	6,829	5,534,550	6,879,207
Charges for services	3,981,345	2,509	279,503	-	-	4,263,357
Special assessments and fees	5,802	-	-	-	927,119	932,921
Fines and forfeitures	76,679	-	-	-	156,348	233,027
Investment earnings	192,409	11,497	44,785	6,006	23,847	278,544
Miscellaneous	126,706	-	-	-	18,312	145,018
Total revenues	<u>23,036,337</u>	<u>2,944,017</u>	<u>1,175,446</u>	<u>12,835</u>	<u>6,660,176</u>	<u>33,828,811</u>
<b>EXPENDITURES</b>						
Current:						
Community and economic development	716,917	-	585,537	70,042	236	1,372,732
General government	2,611,900	-	-	-	-	2,611,900
Parks and recreation	4,264,757	380,954	-	14,296	149,135	4,809,142
Public safety - fire	3,260,573	860,044	-	26,930	55,340	4,202,887
Public safety - police	7,345,848	1,315,402	-	53,445	242,085	8,956,780
Public works	2,078,905	-	-	2,060,914	-	4,139,819
Debt service:						
Principal	-	-	178,000	-	770,000	948,000
Interest and administrative charges	675	-	159,461	-	1,053,786	1,213,922
Refunding bond issuance costs	-	-	-	-	596,700	596,700
Capital outlay	593,196	-	-	2,887,801	62,705	3,543,702
Total expenditures	<u>20,872,771</u>	<u>2,556,400</u>	<u>922,998</u>	<u>5,113,428</u>	<u>2,929,987</u>	<u>32,395,584</u>
Excess (deficiency) of revenues over expenditures	<u>2,163,566</u>	<u>387,617</u>	<u>252,448</u>	<u>(5,100,593)</u>	<u>3,730,189</u>	<u>1,433,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,553,983	78	-	4,968,261	1,391,473	7,913,795
Transfers out	(2,405,911)	(265,499)	(99,615)	-	(5,033,634)	(7,804,659)
Refunding bonds issued	-	-	-	-	21,060,000	21,060,000
Payment to refunded bond escrow agent	-	-	-	-	(19,887,098)	(19,887,098)
Sale of capital assets	15,988	-	-	-	-	15,988
Total other financing sources and uses	<u>(835,940)</u>	<u>(265,421)</u>	<u>(99,615)</u>	<u>4,968,261</u>	<u>(2,469,259)</u>	<u>1,298,026</u>
Net change in fund balances	1,327,626	122,196	152,833	(132,332)	1,260,930	2,731,253
Fund balances - beginning	16,107,306	3,913,377	320,945	2,664,494	10,441,490	33,447,612
Fund balances - ending	<u>\$ 17,434,932</u>	<u>\$ 4,035,573</u>	<u>\$ 473,778</u>	<u>\$ 2,532,162</u>	<u>\$ 11,702,420</u>	<u>\$ 36,178,865</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, 2013

Net change in fund balances --total governmental funds	\$ 2,731,253
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.	126,803
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	(19,331)
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.	371,798
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.	(390,930)
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.	(623,498)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	138,350
Change in net position of governmental activities	\$ <u>2,334,445</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, 2013

	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 cash equivalents	\$ 30,633	\$ 12,515	\$ 8,288	\$ 3,029	3,861	\$ 58,326	\$ 9,009
Investments	12,364,749	5,162,645	3,347,586	1,223,239	1,280,799	23,379,018	3,638,391
Receivables-utility (net of allowance for uncollectibles)	870,032	828,343	756,359	-	-	2,454,734	-
Receivables-misc (net of allowance for uncollectibles)	185,693	13,558	126,668	90,960	108,137	525,016	61,440
Intergovernmental receivables	-	-	15,016	356,633	1	371,650	708,445
Interfund receivable	-	-	-	-	-	-	17,497
Inventories	-	-	-	-	175,620	175,620	-
Prepaid expenses	-	-	-	-	-	-	56,921
Temporarily restricted assets - cash	104	-	-	-	-	104	-
Total current assets:	13,451,211	6,017,061	4,253,917	1,673,861	1,568,418	26,964,468	4,491,703
Noncurrent assets:							
Advances receivable	286,212	266,851	-	-	-	553,063	88,119
Capital assets:							
Land	3,142,404	318,092	-	352,599	1,125,413	4,938,508	-
Construction in progress	2,562,316	51,123	-	575,393	70,237	3,259,069	-
Distribution and collection systems	43,674,992	39,423,261	-	-	-	83,098,253	-
Buildings and equipment	4,297,726	1,940,564	5,935,695	8,256,281	1,615,887	22,046,153	689,213
Improvements other than buildings	-	-	-	764,097	9,253,455	10,017,552	6,639
Less accumulated depreciation	(21,624,697)	(16,553,031)	(4,264,845)	(2,929,953)	(4,708,437)	(50,080,963)	(465,250)
Restricted assets - investments	8,802,097	2,382,521	-	-	-	11,184,618	-
COP issuance costs (net of accumulated amortization)	551,149	-	-	-	-	551,149	-
Total noncurrent assets:	41,692,199	27,829,381	1,670,850	7,018,417	7,356,555	85,567,402	318,721
Total assets	55,143,410	33,846,442	5,924,767	8,692,278	8,924,973	112,531,870	4,810,424
<b>LIABILITIES</b>							
Current liabilities:							
Accounts and other payables	60,642	167,557	126,695	110,144	29,050	494,088	431,727
Payroll payable	42,853	36,151	52,693	1,946	10,152	143,795	26,767
Interfund payable	-	-	-	-	556,560	556,560	-
Retainage payable	67,151	-	-	-	-	67,151	-
Accrued claims	-	-	-	-	-	-	563,046
Compensated absences payable	18,082	24,247	53,818	-	9,920	106,067	23,096
Accrued interest payable	358,256	176,951	-	-	2,159	537,366	-
Loans and bonds payable	668,688	668,179	-	-	11,129	1,347,996	-
Unearned revenue	-	-	-	1,783,777	-	1,783,777	-
Total current liabilities:	1,215,672	1,073,085	233,206	1,895,867	618,970	5,036,800	1,044,636
Noncurrent liabilities:							
Accrued claims	-	-	-	-	-	-	561,019
Compensated absences payable	4,817	6,258	14,434	-	4,786	30,295	9,030
Loans and bonds payable	26,924,071	10,642,546	-	-	51,911	37,618,528	-
Unamortized premium on bonds	48,647	45,430	-	-	-	94,077	-
Unamortized discount on bonds	(889,555)	-	-	-	-	(889,555)	-
Deferred charge on refunding	(1,230,657)	(193,974)	-	-	-	(1,424,631)	-
Total noncurrent liabilities:	24,857,323	10,500,260	14,434	-	56,697	35,428,714	570,049
Total liabilities	26,072,995	11,573,345	247,640	1,895,867	675,667	40,465,514	1,614,685
<b>NET POSITION</b>							
Net investment in capital assets	12,531,963	15,696,617	1,670,850	7,018,417	7,293,515	44,211,362	230,602
Restricted for capital projects	-	-	-	-	-	-	682,700
Restricted for debt service	2,534,910	703,732	-	-	-	3,238,642	-
Restricted for self-insurance	-	-	-	-	-	-	1,818,186
Unrestricted	14,003,542	5,872,748	4,006,277	(222,006)	955,791	24,616,352	464,251
Total net position	\$ 29,070,415	\$ 22,273,097	\$ 5,677,127	\$ 6,796,411	\$ 8,249,306	72,066,356	\$ 3,195,739
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(362,473)	
Net position of business-type activities						\$ 71,703,883	

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, 2013

	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	\$ 6,622,257	\$ 4,847,644	\$ 5,575,239	\$ 401,676	\$ 1,290,277	\$ 18,737,093	\$ 6,795,194
Connection fees	303,851	9,351	-	-	-	313,202	-
Other revenues	189,212	85,365	83,518	60,312	148,840	567,247	933,486
Total operating revenues	<u>7,115,320</u>	<u>4,942,360</u>	<u>5,658,757</u>	<u>461,988</u>	<u>1,439,117</u>	<u>19,617,542</u>	<u>7,728,680</u>
Operating expenses:							
Cost of sales and services	2,182,812	1,701,554	4,208,411	1,629,734	1,225,132	10,947,643	8,200,440
General and administrative	1,258,104	1,531,622	672,637	230,984	194,001	3,887,348	214,764
Depreciation/amortization	1,146,649	1,017,177	327,358	466,067	311,609	3,268,860	38,327
Total operating expenses	<u>4,587,565</u>	<u>4,250,353</u>	<u>5,208,406</u>	<u>2,326,785</u>	<u>1,730,742</u>	<u>18,103,851</u>	<u>8,453,531</u>
Operating income (loss)	<u>2,527,755</u>	<u>692,007</u>	<u>450,351</u>	<u>(1,864,797)</u>	<u>(291,625)</u>	<u>1,513,691</u>	<u>(724,851)</u>
Nonoperating revenues (expenses):							
Intergovernmental revenues	-	-	-	385,541	10,000	395,541	-
Federal grants	-	-	-	1,410,594	-	1,410,594	-
State grants and reimbursements	-	-	6,375	-	-	6,375	-
Investment earnings	46,267	35,176	13,897	2,811	6,675	104,826	672
Interest expense	(1,596,926)	(546,362)	-	-	(2,908)	(2,146,196)	-
Sale of capital assets	9,321	2,478	-	290	515,501	527,590	5,418
Total nonoperating revenue (expenses)	<u>(1,541,338)</u>	<u>(508,708)</u>	<u>20,272</u>	<u>1,799,236</u>	<u>529,268</u>	<u>298,730</u>	<u>6,090</u>
Income before contributions and transfers	<u>986,417</u>	<u>183,299</u>	<u>470,623</u>	<u>(65,561)</u>	<u>237,643</u>	<u>1,812,421</u>	<u>(718,761)</u>
Capital contributions and transfers:							
Capital contributions, developer fees	25,303	74,609	-	-	-	99,912	-
Capital contributions, federal and state grants	-	-	-	1,000,595	31,991	1,032,586	-
Transfers in	687	640	-	-	85,505	86,832	-
Transfers out	-	-	-	-	(195,968)	(195,968)	-
Total capital contributions and transfers	<u>25,990</u>	<u>75,249</u>	<u>-</u>	<u>1,000,595</u>	<u>(78,472)</u>	<u>1,023,362</u>	<u>-</u>
Change in net position	<u>1,012,407</u>	<u>258,548</u>	<u>470,623</u>	<u>935,034</u>	<u>159,171</u>	<u>2,835,783</u>	<u>(718,761)</u>
Net position - beginning	<u>28,058,008</u>	<u>22,014,549</u>	<u>5,206,504</u>	<u>5,861,377</u>	<u>8,090,135</u>		<u>3,914,500</u>
Net position - ending	<u>\$ 29,070,415</u>	<u>\$ 22,273,097</u>	<u>\$ 5,677,127</u>	<u>\$ 6,796,411</u>	<u>\$ 8,249,306</u>		<u>\$ 3,195,739</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(95,263)	
Change in net position of business-type activities						<u>\$ 2,740,520</u>	

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, 2013

	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	\$ 7,097,596	\$ 4,901,873	\$ 5,620,141	\$ 399,010	\$ 1,508,100	\$ 19,526,720	\$ 7,722,329
Payments to employees	(1,088,653)	(1,017,698)	(1,448,662)	(27,920)	(252,052)	(3,834,985)	(689,366)
Payments to suppliers and others	(2,359,552)	(2,262,056)	(3,436,235)	(1,814,263)	(1,182,049)	(11,054,155)	(8,409,402)
Net cash provided (used) by operating activities	3,649,391	1,622,119	735,244	(1,443,173)	73,999	4,637,580	(1,376,439)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Cash from interfund	-	-	-	-	89,457	89,457	223,902
Intergovernmental - operating assistance	-	-	-	1,359,689	10,000	1,369,689	(25,745)
Subsidy from federal and state grants	-	-	(8,641)	1,410,594	-	1,401,953	-
Transfers in from other funds	687	640	-	-	85,505	86,832	-
Transfers out to other funds	-	-	-	-	(195,968)	(195,968)	-
Net cash provided (used) by noncapital financing	687	640	(8,641)	2,770,283	(11,006)	2,751,963	198,157
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Construction and other capital projects	(1,737,685)	(41,122)	-	(595,900)	(33,673)	(2,408,380)	-
Contributed capital, developer's fees	25,303	74,609	-	-	-	99,912	-
Interest paid on long-term debt and advances	(1,431,063)	(527,999)	-	-	(3,263)	(1,962,325)	-
Principal payments on long-term debt	(639,240)	(631,572)	-	-	(71,737)	(1,342,549)	-
Proceeds from sale of capital assets	9,321	2,478	-	290	515,501	527,590	5,418
Purchase of capital assets	(39,591)	(16,034)	-	(719,969)	(48,400)	(823,994)	-
Subsidy from federal and state grants	-	-	-	1,000,595	31,991	1,032,586	-
Net cash provided (used) by capital and related financing activities	(3,812,955)	(1,139,640)	-	(314,984)	390,419	(4,877,160)	5,418
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest received	46,267	35,176	13,897	2,811	6,676	104,827	672
Net cash provided by investing activities	46,267	35,176	13,897	2,811	6,676	104,827	672
Net Increase (decrease) in cash and cash equivalents	(116,610)	518,295	740,500	1,014,937	460,088	2,617,210	(1,172,192)
Balances - beginning of year	21,314,193	7,013,604	2,615,374	211,331	824,572	31,979,074	4,819,592
Balances - end of the year	\$ 21,197,583	\$ 7,531,899	\$ 3,355,874	\$ 1,226,268	\$ 1,284,660	\$ 34,596,284	\$ 3,647,400
As shown on the proprietary statement of net position:							
Cash and cash equivalents	\$ 30,633	\$ 12,451	\$ 8,288	\$ 3,029	\$ 3,861	\$ 58,262	\$ 9,009
Investments	12,364,749	5,136,927	3,347,586	1,223,239	1,280,799	23,353,300	3,638,391
Temporarily restricted cash with fiscal agent	104	-	-	-	-	104	-
Restricted assets, cash with fiscal agent	8,802,097	2,382,521	-	-	-	11,184,618	-
Balances - end of year	\$ 21,197,583	\$ 7,531,899	\$ 3,355,874	\$ 1,226,268	\$ 1,284,660	\$ 34,596,284	\$ 3,647,400
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ 2,527,755	\$ 692,007	\$ 450,351	\$ (1,864,797)	\$ (291,625)	\$ 1,513,691	\$ (724,851)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization	1,146,649	1,017,177	327,358	466,067	311,609	3,268,860	38,327
Changes in assets and liabilities:							
Accounts payable	(5,001)	(32,073)	(1,991)	16,953	(5,134)	(27,246)	226,435
Accrued claims payable	-	-	-	-	-	-	(852,456)
Compensated absences	(4,065)	(9,233)	2,911	-	3,570	(6,817)	(264)
Customer receivables	(17,724)	(40,487)	(38,616)	(62,978)	68,983	(90,822)	(6,351)
Inventory	-	-	-	-	(13,063)	(13,063)	-
Prepaid expenses	-	-	-	-	-	-	(56,921)
Salaries and benefits payable	1,777	(5,272)	(4,769)	1,582	(341)	(7,023)	(358)
Net cash provided by operating activities	\$ 3,649,391	\$ 1,622,119	\$ 735,244	\$ (1,443,173)	\$ 73,999	\$ 4,637,580	\$ (1,376,439)

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



City of Porterville  
Statement of Net Position  
Fiduciary Funds  
June 30, 2013

	Private- purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 590	\$ 3,964
Investments at fair value	238,202	1,601,188
Interest receivable	1,283	-
Other receivables	-	874
Capital assets:		
Land	615,669	-
Improvements other than buildings	814,652	-
Less accumulated depreciation	(132,739)	-
Restricted cash - bond proceeds	2,624,162	-
Bond issuance costs (net of accumulated amortization)	305,143	-
Total assets	<u>4,466,962</u>	<u>1,606,026</u>
<b>LIABILITIES</b>		
Accounts and other payables	37,439	80,605
Payroll payable	-	-
Accrued interest payable	41,835	-
Refundable deposits, utilities	-	341,635
Refundable deposits, miscellaneous	-	637,813
Other deposits, safety	-	545,973
Intergovernmental payable	1,714,374	-
Notes payable	91,952	-
Bonds payable	7,770,000	-
Unamortized discount on bonds	(111,716)	-
Deferred charge on refunding	(481,034)	-
Total liabilities	<u>9,062,850</u>	<u>\$ 1,606,026</u>
<b>NET POSITION</b>		
Net position held in trust	\$ <u>(4,595,888)</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, 2013

	<u>Private-purpose Trust Fund</u>
<b>ADDITIONS</b>	
Contributions - Redevelopment Property Tax Trust Fund	\$ 535,307
Interest and investment revenue	19,445
Sale of capital assets	<u>103,832</u>
Total additions	<u>658,584</u>
<b>DEDUCTIONS</b>	
Administrative expenses	126,141
Direct property expenses	6,588
Depreciation expense	16,293
Debt redemption, interest	578,314
RDA dissolution transactions	<u>49,947</u>
Total deductions	<u>777,283</u>
Change in net position	(118,699)
Net position held in trust - beginning	<u>(4,477,189)</u>
Net position held in trust - ending	<u><u>\$ (4,595,888)</u></u>

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

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**Notes To  
Financial Statements**



**CITY OF PORTERVILLE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**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 Housing Authority was formed and designated as Housing Successor Agency. On February 1, 2012, it assumed all housing assets and functions previously performed by the redevelopment agency, including all rights, powers, assets, liabilities, duties and obligations associated with the housing activities 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 Community Development Block Grant Program and First-time Homebuyers Program of the Federal Department of Housing and Urban Development for low-interest housing rehabilitation and mortgage assistance loans.

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

The City reports the following major 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, 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 60 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, 2013, expenditures exceeded appropriations in the Community Development Block Grant Fund by \$420,537. These expenditures are funded by federal and state grants and available fund balance.

## **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 (generally based on quoted market prices). 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 donations the City values these capital assets at their estimated fair 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 50
Improvements other than buildings	20 to 50
Infrastructure	30 to 50
Machinery and equipment	5 to 20

## **5. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the

straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

#### **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 does not have any item that qualify for reporting in this category in the current fiscal year.

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 has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report 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 formal action of the City Council which is the highest level of decision-making authority for the City. The City Council, by adoption of an ordinance or resolution prior to the end of the fiscal year can commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken (the adoption of another ordinance or resolution) to remove or revise the limitation.

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 by resolution 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.

## **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, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$26,717,466 difference are as follows:

Bonds payable	\$ 23,725,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(2,469,142)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(568,286)
Plus: Issuance premium (to be amortized over life of debt)	35,714
Notes payable	2,747,000
Accrued interest payable	250,889
Net postemployment benefits obligation	2,078,558
Compensated absences	<u>917,733</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>26,717,466</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 \$3,558,212 difference are as follows:

Net position of the internal service funds	\$ 3,195,739
Add: Internal receivable representing costs in excess of charges to business-type activities – prior years	267,210
Add: Internal receivable representing costs in excess of charges to business-type activities – current year	<u>95,263</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>3,558,212</u>

The final 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 \$373,731,507 difference are as follows:

Land	\$ 269,023,213
Construction in progress	2,513,333
Works of art and collection	183,938
Buildings	14,040,038
Less: Accumulated depreciation – buildings	(5,298,517)
Improvements other than buildings	7,326,020
Less: Accumulated depreciation – improvements other than buildings	(2,189,148)
Machinery and equipment	10,880,069
Less: Accumulated depreciation – machinery and equipment	(5,847,848)
Infrastructure	107,218,171
Less: Accumulated depreciation - infrastructure	<u>(24,117,762)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>373,731,507</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 \$126,803 difference are as follows:

Capital outlay	\$ 3,543,702
Depreciation expense	(3,416,899)
	<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>126,803</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets is to decrease net position." The details of this \$19,331 difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 19,525
The statement of activities reports losses arising from disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets.	(38,856)
	<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>(19,331)</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 \$371,798 difference are as follows:

Debt issued or incurred:	
Refunding bonds issued	\$ (21,060,000)
Less bond issuance costs	596,700
Principal repayments:	
Certificates of participation	770,000
Notes payable	178,000
Payment to refunded bond escrow agent	19,887,098
	<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>371,798</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 \$390,930 difference are as follows:

Other postemployment benefits	\$	490,772
Compensated absences		33,372
Accrued interest		(304,771)
Amortization of deferred charge on refunding		149,943
Amortization of issuance costs		28,414
Amortization of bond premiums		(6,800)
<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>390,930</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 \$623,498 difference are as follows:

Change in net position of the internal service funds	\$	718,761
Loss from charges to business-type activities		(95,263)
<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>623,498</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 \$362,473 difference are as follows:

Internal payable representing costs in excess of charges to business-type activities – prior years	\$	(267,210)
Internal payable representing costs in excess of charges to business-type activities – current year		<u>(95,263)</u>
<hr/>		
Net adjustment to decrease <i>net position total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	\$	<u>(362,473)</u>

## NOTE 3 - Stewardship, compliance, and accountability

### A. Violations of legal or contractual provisions

Note 1-D-2 on the *Excess of expenditures over appropriations*, describes a budgetary violation that occurred for the year ended June 30, 2013.

### B. Deficit fund equity

At June 30, 2013, the Golf Course Fund, a nonmajor enterprise fund has a deficit fund balance of \$198,669. For the past several years, expenses have exceeded revenues. There is presently no arrangement on how to eliminate the deficit in future years.

#### 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 indentures. Interest income earned on the pooled cash and investments is allocated monthly to the various funds based on monthly cash balances. At year-end, the City's cash bank balance was \$149,422 and cash on hand was \$3,285.

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	\$	54,233,501
Cash and investments - restricted		15,328,059
Fiduciary funds:		
Cash and investments		1,843,944
Cash and investments – restricted		2,624,162
Total cash and investments	\$	<u>74,029,666</u>

Cash and investments as of June 30, 2013, consist of the following:

Cash on hand	\$	3,285
Deposits with financial institution		149,423
Investments		<u>73,876,958</u>
Total cash and investments	\$	<u>74,029,666</u>

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

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

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



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

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

### Investments authorized by debt agreements

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

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

### Disclosures relating to interest rate risk

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

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

Investment type	Remaining maturity (in months)			
	12 months or less	13-24 months	25-60 months	More than 60 months
Federal agency securities	\$ 7,881,310	\$ --	\$ 1,016,230	\$ 6,865,080
Certificates of Deposit	11,768,089	3,142,222	598,887	8,026,980
Corporate bonds	7,900,730	1,004,410	1,006,250	5,890,070
Capital stock	107,800	107,800	--	--
Money market funds	9,269	9,269	--	--
Local Agency Investment Fund	17,925,301	17,925,301	--	--
Tulare County Investment Pool	8,479,725	8,479,725	--	--
CSJVRMA JPA Investment Pool	6,430,465	6,430,465	--	--
Held by bond trustees:				
Money market funds	7,406,768	7,406,768	--	--
Federal agency securities	2,355,501	844,276	1,511,225	--
Certificates of Deposit	3,612,000	2,990,000	242,000	380,000
Total	\$ 73,876,958	\$ 48,340,236	\$ 4,374,592	\$ 21,162,130

### Investments with fair values highly sensitive to interest rate fluctuations

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

## Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, Porterville's investment policy, or debt agreements, and the actual rating as of June 30, 2013, for each investment type:

<u>Investment type</u>		<u>Minimum legal rating</u>	<u>Exempt from disclosure</u>	<u>AA+</u>	<u>A</u>	<u>Not rated</u>
Federal agency securities	\$ 7,881,310	N/A	\$ --	\$ 7,881,310	\$ --	\$ --
Certificates of Deposit	11,768,089	N/A	--	--	--	11,768,089
Corporate notes	7,900,730	A	--	3,994,370	3,906,360	--
Capital stock	107,800	A	--	--	--	107,800
Money market funds	9,269	A	--	--	9,269	--
Local Agency Investment Fund	17,925,301	N/A	--	--	--	17,925,301
Tulare County Investment Pool	8,479,725	N/A	--	--	--	8,479,725
CSJVRMA JPA Investment Pool	6,430,465	N/A	--	--	--	6,430,465
Held by bond trustees:						
Money market funds	7,406,768	A	--	--	6,406,768	1,000,000
Federal agency securities	2,355,501	N/A	--	2,355,501	--	--
Certificates of Deposit	3,612,000	N/A	--	--	--	3,612,000
<b>Total</b>	<b>\$ 73,876,958</b>		<b>\$ --</b>	<b>\$ 14,231,181</b>	<b>\$ 10,322,397</b>	<b>\$ 49,323,380</b>

## Concentration of credit risk

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

<u>Issuer</u>	<u>Investment type</u>	<u>Reported amount</u>
Federal National Mortgage Association	Federal agency securities	\$ 4,367,031

## Custodial credit risk

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

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

As of June 30, 2013, \$934,728 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts. As of June 30, 2013, 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	\$ 4,905,080
Certificates of deposit	1,757,519
Corporate notes	5,953,210

### Investment in the State Investment Pool

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

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

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

### Tulare County Investment Pool

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

## B. Receivables

Receivables as of June 30, 2013, 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 Operating
Receivables:					
Interest	\$ 63,235	\$ --	\$ --	\$ --	\$ 6,208
Taxes	879,567	211,700	--	--	--
Other accounts receivable	340,406	--	11,150,049	--	1,076,425
Intergovernmental – restricted	<u>1,145,115</u>	<u>--</u>	<u>80,952</u>	<u>49,421</u>	<u>--</u>
Gross receivables	2,428,323	211,700	11,231,001	49,421	1,082,633
Less: allowance for uncollectibles	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(26,908)</u>
Net total receivables	\$ <u>2,428,323</u>	\$ <u>211,700</u>	\$ <u>11,231,001</u>	\$ <u>49,421</u>	\$ <u>1,055,725</u>

	<u>Water Operating</u>	<u>Solid Waste</u>	<u>Transit Operations</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 675	\$ --	\$ --	\$ 2,273	\$ 72,391
Taxes	--	--	--	146,166	1,237,433
Other accounts receivable	866,845	906,420	90,960	547,420	14,978,525
Intergovernmental - restricted	--	15,016	356,633	1,100,720	2,747,857
Gross receivables	867,520	921,436	447,593	1,796,579	19,036,206
Less: allowance for uncollectibles	(25,619)	(23,393)	--	--	( 75,920)
Net total receivables	\$ <u>841,901</u>	\$ <u>898,043</u>	\$ <u>447,593</u>	\$ <u>1,796,579</u>	\$ <u>18,960,286</u>

### C. Notes receivable

On December 29, 2009, the City of Porterville entered into a loan agreement with Prospect-Henderson Partners, L.P., whereby the City provided funds in the amount of \$2,700,000 to Prospect-Henderson Partners, L.P. to assist in the revitalization effort and mitigate the loss of retail services within the City by enabling the developer to lease to Kohl's Department Stores, Inc, a 76,367 square foot building left vacant by the closing of the Mervyn's store, for the operation of a Kohl's store at the site. The loan is secured with a Promissory Note and Deed of Trust. The loan has a compound interest rate of 1.5 percent amortized over an initial 70 month term, and a compound interest rate of 3 percent over the second 60 month term. Monthly interest-only payments started in November 15, 2010 with the repayment of the principal and any remaining unpaid interest to be made in full no later than October 27, 2020. On August 29, 2011, an agreement for partial release and reconveyance was entered into between the City of Porterville and Prospect-Henderson Partners, L.P. for the release of 19,025 square feet at a price of \$114,150 to be credited to the outstanding balance of the note. As of June 30, 2014, \$2,620,221 is owed in principal and accrued interest.

On April 7, 2009, the Porterville Redevelopment Agency entered into an Affordable Housing Agreement with Porterville Housing Partners, L.P. (PHP), to carry out and implement the Redevelopment Plan. Pursuant to the agreement, the Agency conveyed 2.7 acres of real property to PHP on February 3, 2010 for a purchase price of \$930,000 which constitutes a loan to be repaid from the residual receipts of ownership and operating of residential buildings to be constructed on the property. The term of the loan is 55 years after the date of the City's issuance of a certificate of occupancy with interest at the rate of 3 percent per annum, compounded annually, commencing on the date of the promissory note dated February 1, 2010. With the dissolution of the redevelopment agencies, this note was effectively transferred to the Porterville Housing Authority, acting as the housing successor agency to the former Porterville Redevelopment Agency on February 1, 2012.

On September 7, 2010, a Construction Loan Agreement was executed by the Tulare County Junior Livestock Show and Community 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. As of June 30, 2013, the outstanding loan balance is \$1,649,076.

## D. Capital assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Governmental activities:</b>					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 268,508,213	\$ 515,000	--\$	--\$	269,023,213
Construction in progress	2,140,499	929,347	(517,655)	(38,858)	2,513,333
Works of art and collections	183,938	--	--	--	183,938
Total capital assets, not being depreciated	270,832,650	1,444,347	(517,655)	(38,858)	271,720,484
<u>Capital assets, being depreciated:</u>					
Buildings	13,951,506	88,531	--	--	14,040,037
Improvements other than buildings	7,332,659	--	--	--	7,332,659
Machinery and equipment	10,828,290	811,244	(70,252)	--	11,569,282
Infrastructure	105,481,412	1,736,759	--	--	107,218,171
Total capital assets, being depreciated	137,593,867	2,636,534	(70,252)	--	140,160,149
<u>Less accumulated depreciation for:</u>					
Buildings	(5,011,368)	(287,149)	--	--	(5,298,517)
Improvements other than buildings	(2,014,776)	(181,010)	--	--	(2,195,786)
Machinery and equipment	(5,594,375)	(782,336)	70,252	--	(6,306,459)
Infrastructure	(21,913,032)	(2,204,730)	--	--	(24,117,762)
Total accumulated depreciation	(34,533,551)	(3,455,225)	70,252	--	(37,918,524)
Total capital assets, being depreciated, net	103,060,316	(818,691)	--	--	102,241,625
Governmental activities capital assets, net	\$ 373,892,966	\$ 625,656	\$ (517,655)	\$ ( 38,858)	\$ 373,962,109

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

<b>Governmental activities:</b>	
Community and economic development	\$ 41,181
General government	169,128
Parks and recreation	397,767
Public safety – fire	158,201
Public safety – police	336,780
Public works	2,313,841
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	38,327
Total depreciation expense - governmental activities	\$ 3,455,225

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Business-type activities:</b>					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 4,938,508	\$ --	\$ --	\$ --	4,938,508
Construction in progress	945,533	2,333,046	(19,510)	--	3,259,069
Total capital assets, not being depreciated	5,884,041	2,333,046	(19,510)	--	8,197,577
<u>Capital assets, being depreciated:</u>					
Buildings	5,358,573	--	--	--	5,358,573
Improvements other than buildings	9,855,557	161,995	--	--	10,017,552
Machinery and equipment	15,920,770	823,995	(57,186)	--	16,687,579
Distribution and collection systems	83,103,474	--	(5,219)	--	83,098,255
Total capital assets, being depreciated	114,238,374	985,990	(62,405)	--	115,161,959
Less accumulated depreciation for:					
Buildings	(1,816,065)	(105,665)	--	--	(1,921,730)
Improvements other than buildings	(3,614,891)	(256,598)	--	--	(3,871,489)
Machinery and equipment	(9,652,780)	(1,041,491)	57,186	--	(10,637,085)
Distribution and collection systems	(31,814,144)	(1,841,735)	5,219	--	(33,650,660)
Total accumulated depreciation	(46,897,880)	(3,245,489)	62,405	--	(50,080,964)
Total capital assets, being depreciated, net	67,340,494	(2,259,499)	--	--	65,080,995
Business-type activities capital assets, net	\$ 73,224,535	\$ 73,547	\$ (19,510)	\$ --	\$ 73,278,572

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

The composition of interfund balances as of June 30, 2013, is as follows:

### Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
Building construction	Golf course	\$ 556,560	Temporary operating loan
Risk management	General	17,497	Current portion of advance for underground storage tank upgrade
Total		\$ 574,057	

### Advances receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
Sewer operating	General	\$ 286,212	Certificate forward purchase proceeds dedicated for sports park
Water operating	General	266,851	Certificate forward purchase proceeds dedicated for sports park
Risk management	General	88,119	Advance for underground storage tank upgrade
Total		\$ 641,182	



## Interfund transfers

Transfer out	Transfers In					Total
	General Fund	Public Safety Sales Tax	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	
General fund	\$ --	\$ 78	\$ 934,033	\$ 1,391,473	\$ 80,327	\$ 2,405,911
Public safety sales tax fund	--	--	265,499	--	--	265,499
Community development block grant fund	99,615	--	--	--	--	99,615
Nonmajor governmental funds	1,258,400	--	3,768,729	--	6,505	5,033,634
Enterprise funds	195,968	--	--	--	--	195,968
Total	\$ 1,553,983	\$ 78	\$ 4,968,261	\$ 1,391,473	\$ 86,832	\$ 8,000,627

Transfers are used to move revenues from the funds with collection authorization to the capital projects fund to finance various capital outlays including several construction projects. General fund revenues were moved to the debt service fund as debt service principal and interest payments become due while funds from non-major funds were moved to the general fund to help pay for debt service. Transfers are also used to move grant revenue from the Community Development Block Grant Fund to the General Fund to reimburse expenditures for the operation of the Youth Center. The Golf Course and the Zalud Enterprise Funds received funds from the General Fund to aid in the operations of the funds.

## **F. Long-term debt**

### Certificates of Participation

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

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

On December 1, 2005, the City advance refunded its 1998 Infrastructure Financing Project Certificates for \$20,850,000 to provide funds to finance and refinance various public infrastructure improvements, fund a reserve fund through the purchase of a reserve fund surety bond and fund the costs of the transaction. On April 1, 2013, the City entered into a lease agreement providing for lease payments with an aggregate principal component in the amount of \$21,060,000 for the purpose of providing for the defeasance of the 2005 Certificates. Through April 1, 2016, interest is payable at a fixed rate of 3.30 percent. Beginning on April 2, 2016, interest is payable at a variable rate based on the U.S. dollar one month LIBOR plus 2.125 percent, but in no case lower than 3.30 percent. \$19,887,098 of the proceeds was deposited into an escrow bank for the payment of the principal and interest with respect to the 2005 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 \$2,576,570. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

Certificates of participation currently outstanding are as follows:

2002 Public Building Refunding Project	\$ 2,665,000
2002 Sewer System Refunding Project	3,640,000
2002 Water System Refunding Project	3,400,000
2013 Infrastructure Lease Financing Project	<u>21,060,000</u>
	<u>\$ 30,765,000</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
2014	\$ 380,000	\$ 822,422	\$ 1,000,000	\$ 412,020
2015	405,000	826,178	1,065,000	346,972
2016	425,000	800,032	1,135,000	277,673
2017	690,000	772,312	1,205,000	203,962
2018	1,170,000	729,338	1,275,000	125,843
2019 – 2023	5,110,000	3,024,173	1,360,000	42,840
2024 – 2028	6,810,000	2,093,685	--	--
2029 - 2033	<u>8,735,000</u>	<u>812,460</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 23,725,000</u>	<u>\$ 9,880,600</u>	<u>\$ 7,040,000</u>	<u>\$ 1,409,310</u>

#### 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, 2013 amount to \$19,555,000.

Debt service requirements on revenue bonds are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2014	\$ --	\$ 1,050,807
2015	--	1,050,808
2016	--	1,050,807
2017	--	1,050,808
2018	--	1,050,807
2019 – 2023	2,575,000	5,108,966
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	\$ 17,897,970

#### Notes payable

On October 1, 2003, the City of Porterville was awarded \$3,885,000 under HUD's Section 108 Loan Guarantee Program to fund the construction of a new neighborhood community center. The note was in a Variable/Fixed Rate format which was designed to convert from a variable rate note to a fixed rate note on its 'Conversion Date', which is a date after all advances had been made by the City. Funds were deposited in a trust account with Union Bank of California in May 2004 and the note was converted into a fixed rate note on June 30, 2004. Annual debt service payments began on February 1, 2005. Repayment will be made over a 20-year term with interest rates ranging from 2.42 percent to 6.13 percent. As of June 30, 2013, the outstanding balance of the note is \$2,747,000.

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, 2013 is \$4,397,759.

On May 24, 2005, the City of Porterville executed a loan agreement with the State of California Department of Transportation for the sum of \$118,000 to purchase hangars at the Porterville Municipal Airport. The loan will extend for a period of 12 years at an annual interest of 4.4477 percent. As of June 30, 2013, \$63,040 remains outstanding.

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. The outstanding balance of the note as of June 30, 2013 is \$6,474,973.

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 will fund 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, 2013, \$1,435,752 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
2014	\$ 191,000	\$ 150,195	\$ 347,996	\$ 426,592
2015	204,000	140,050	360,251	414,533
2016	219,000	128,887	372,899	402,039
2017	234,000	116,606	385,955	389,096
2018	251,000	103,179	398,632	375,689
2019 – 2023	1,372,000	283,089	2,130,830	1,667,368
2024 – 2028	276,000	8,239	2,519,683	1,274,017
2029 – 2033	--	--	2,980,664	807,624
2034 – 2038	--	--	2,336,469	306,343
2039 – 2040	--	--	538,145	12,525
Total	\$ 2,747,000	\$ 930,245	\$ 12,371,527	\$ 6,075,826

#### 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, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Certificates payable	\$ 21,300,000	\$ 21,060,000	\$ (18,635,000)	\$ 23,725,000	\$ 380,000
Plus deferred amounts:					
For issuance premiums	155,299	--	(119,585)	35,714	--
Less deferred amounts:					
On refunding	(235,687)	(2,576,570)	343,115	(2,469,142)	--
Total bonds payable	21,219,612	18,483,430	(18,411,470)	21,291,572	380,000
Notes payable	2,925,000	--	(178,000)	2,747,000	191,000
Claims	1,976,521	2,694,959	(3,547,415)	1,124,065	563,046
Net postemployment benefits obligation*	1,587,786	906,678	(415,906)	2,078,558	366,269
Compensated absences*	916,752	862,068	(828,961)	949,859	605,566
Governmental activity Long-term liabilities	\$ 28,625,671	\$ 22,947,135	\$ (23,381,752)	\$ 28,191,054	\$ 2,105,881

\* Governmental compensated absences are primarily liquidated in the General Fund. Net postemployment benefits obligation and 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	\$ 7,985,000	--	\$ (945,000)	\$ 7,040,000	\$ 1,000,000
Revenue bonds	19,555,000	--	--	19,555,000	--
Plus deferred amounts:					
For issuance premiums	111,991	--	(17,913)	94,078	--
Less deferred amounts:					
For issuance discounts	(935,956)	--	46,401	(889,555)	--
On refunding	(1,599,304)	--	174,672	(1,424,632)	--
Total bonds payable	25,116,731	--	(741,840)	24,374,891	1,000,000
Notes payable	12,707,646	--	(336,122)	12,371,524	347,996
Compensated absences	143,179	143,959	(150,776)	136,362	106,067
Business-type activity					
Long-term liabilities	\$ 37,967,556	\$ 143,959	\$ (1,228,738)	\$ 36,882,777	\$ 1,454,063

## 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.

## 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, 2013.

	Workers' Compensation Programs	Liability Programs
<u>Net Position</u>		
Assets	\$ 55,648,456	\$ 19,927,428
Liabilities to member cities	(47,910,423)	(15,948,930)
Net position, reserved for insurance claims and losses	<u>\$ 7,738,033</u>	<u>\$ 3,978,498</u>
<u>Changes in Net Position</u>		
Operating revenues	\$ 17,807,927	\$ 7,963,639
Operating expenses	(14,016,907)	( 7,706,834)
Operating income (loss)	3,791,020	256,805
Non-operating revenues	(133,752)	(90,462)
Change in net position	3,657,268	166,343
Net position, July 1	<u>4,080,765</u>	<u>3,812,155</u>
Net position, June 30	<u>\$ 7,738,033</u>	<u>\$ 3,978,498</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:

Workers Compensation
Limits of Coverage
National Union Fire Insurance Company (AIG)
\$50M to Statutory Limits
Renaissance Reinsurance Company purchased through CSAC-EIA
\$5M to \$50M
Local Agency Workers Compensation Excess Joint Powers Authority (LAWCX) Pooled Layer
\$500,000 to \$5M
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 \$100,000 per claim. The City then purchases stop loss coverage that covers claim costs above \$100,000 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, 2013, \$1,124,065 has been accrued for claims representing estimates of amounts to be paid for actual claims and incurred but not reported claims based on past actuarial experience.

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

	Fiscal year ended	
	June 30, 2013	June 30, 2012
Unpaid claims, beginning of year	\$ 1,976,521	\$ 1,490,336
Incurred claims	2,694,959	5,445,732
Claim payments	(3,547,415)	(4,959,547)
Unpaid claims, end of year	\$ 1,124,065	\$ 1,976,521

### 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. 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 on or after July 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.

#### E. Defined benefit pension plan

##### Plan Description

The City has two defined benefit pension plans, a Miscellaneous Plan and a Safety Plan, each providing retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Both plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions, as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. The new Public Employees Pension Reform Act (PEPRA) implemented new benefit formulas and final compensation, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member as per PEPRA.

At June 30, 2013, the City's pension plans include the following benefit formulas:

	<u>Miscellaneous</u>	<u>Safety</u>
Tier 1 – Hire date before 7/1/12	2.7 % at Age 55	3.0% at Age 55
Tier 2 – Hire date between 7/1/12 and 12/31/12	2.0% at Age 55	2.0% at Age 55
Tier 3 – Hire date on or after 1/1/13	2.0% at Age 62	2.7% at Age 57

CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

##### Funding Policy

Active plan members are required to contribute a percentage of their annual covered salary, 8.0 percent for participation in the Miscellaneous Plan and 9.0 percent for Safety Plan. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for

fiscal year June 30, 2013, was 22.285 percent for miscellaneous employees and 30.290 percent for firefighters and police officers. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

#### Annual Pension Cost

For the fiscal year 2012-2013, the City's annual pension cost of \$3,410,534 for CalPERS was equal to the City's required and actual contributions.

#### Miscellaneous Plan

The required contribution for fiscal year June 30, 2013 for the Miscellaneous Plan was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.55 percent to 14.45 percent depending on age, service, and type of employment, (c) an inflation component of 3.0 percent, (d) 3.25 percent overall payroll growth, and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0 percent and an annual production growth of 0.25 percent. The actuarial value of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in fair value of investments over a fifteen year period. The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period for the Miscellaneous Plan was 24 years as of the valuation date.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/11	\$ 1,772,005	100%	--
06/30/12	\$ 2,099,697	100%	--
06/30/13	\$ 1,774,926	100%	--

The funded status of the plan as of June 30, 2012, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 69,702,439
Actuarial value of plan assets	<u>49,788,994</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>19,913,445</u>
Funded ratio (actuarial value of plan assets/AAL)	71.4%
Covered payroll	\$ 9,136,886
UAAL as a percentage of covered payroll	217.9%

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

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

## Safety Plan

The Safety Plan is part of the Safety 3.0% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2012 to June 30, 2013 has been determined by an actuarial valuation of the plan as of June 30, 2010. The actuarial assumptions used to determine the contractually required contributions for the cost-sharing multiple-employer defined benefit plan included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 3.55 percent to 14.45 percent depending on age, service and type of employment, (c) inflation rate of 3.0 percent, (d) payroll growth of 3.25 percent, and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0 percent and an annual production growth of 0.25 percent. The plan's assets are valued using a 15 year smoothed market and the actuarial liability is amortized as a level percentage of payroll. The average remaining amortization period for the cost-sharing multiple-employer defined benefit plan was 17 years as of the valuation date.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/11	\$ 1,517,781	100%	--
06/30/12	\$ 1,803,336	100%	--
06/30/13	\$ 1,635,608	100%	--

## **F. Other postemployment benefits**

### Plan Description

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

### Funding Policy and Actuarial Assumptions

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

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

### Annual OPEB Cost and Net OPEB Obligation

As required by GASB 45, an actuary will determine the City's annual required contribution (ARC) at least once every two years. The ARC is calculated in accordance with certain parameters, and includes the normal cost for

one year and a component of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years. This is the basis of the annual OPEB cost and the net OPEB obligation. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and the City's net OPEB obligation at June 30, 2013:

Annual required contribution	\$	898,319
Interest on net OPEB obligation / (asset)		79,389
Adjustment to annual required contribution		<u>(71,030)</u>
Annual OPEB cost (expense)		906,678
Contributions made		<u>(415,906)</u>
Increase in net OPEB obligation / (asset)		490,772
Net OPEB obligation / (asset) – beginning of year		<u>1,587,786</u>
Net OPEB obligation / (asset) – end of year	\$	<u><u>2,078,558</u></u>

The City's annual OPEB Cost, the percentage of annual OPEB Cost contributed to the plan, and the net OPEB obligation for the current year and the two preceding years, are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contributions</u>	<u>Percentage Contribution</u>	<u>Net OPEB Obligation</u>
06/30/11	\$ 643,912	\$ 257,018	39.9%	\$ 1,161,580
06/30/12	\$ 701,991	275,785	39.3%	1,587,786
06/30/13	\$ 906,678	\$ 415,906	45.9%	\$ 2,078,558

The funded status of the plan as of March 1, 2013, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	7,014,995
Actuarial value of plan assets		<u>--</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u><u>7,014,995</u></u>
Funded ratio (actuarial value of plan assets/AAL)		0.0%
Covered payroll		14,685,679
UAAL as a percentage of covered payroll		47.8%

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

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

#### **NOTE 6 – Prior year's debt defeasance**

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in this trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2013, the amount of the defeased debt outstanding amounted to \$26,255,000.

#### **NOTE 7 – Subsequent events**

On November 25, 2013, the City issued \$3,765,000 taxable pension obligation bonds to payoff its safety plan side fund contributions to California Public Employees' Retirement System. Interest rate on the bonds is 3 percent and the maturity date is October 1, 2020.

#### **NOTE 8 – 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, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 615,669	\$ --	\$ --	615,669
Improvements other than buildings	814,652	--	--	814,652
Accumulated depreciation - improvements	(116,446)	(16,293)	--	(132,739)
Capital assets, net	\$ 1,313,875	\$ (16,293)	\$ --	1,297,582

### Long-term debt

On February 1, 2012, the following long-term obligations of the former redevelopment agency were assumed by the Successor Agency private-purpose trust fund:

\$8,000,000 of the 2008 Tax Allocation Refunding Bonds outstanding at January 31, 2012 was transferred to the Successor Agency. The bonds were issued in September 2008 and comprised of \$5,725,000 of non-taxable bonds with interest rates ranging from 2.6 percent to 5.7 percent, and \$2,750,000 of taxable bonds with interest rates ranging from 6.4 percent to 8.5 percent. The issue was undertaken to finance redevelopment activities and low and moderate housing activities within or of benefit to the Redevelopment Project Area, refund \$4,905,000 of the 2002 Revenue Bonds, fund a portion of the reserve account for the bonds, and provide for the costs of issuing the bonds. \$5,093,350 of the proceeds was deposited into an escrow account for all future debt service payments with respect to the 2002 Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$728,052. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. Revenue bonds outstanding at June 30, 2013 amount to \$7,770,000.

At January 31, 2012, the outstanding balance of \$128,519 on a promissory note held by the former redevelopment agency was assumed by the Successor Agency. The promissory note was issued to the California Department of Commerce, Rural Economic Development Infrastructure Loan Program in the amount of \$300,000 in April 1991 to partially finance street and storm drainage system infrastructure improvements. The term of the loan is 25 years with an interest rate of 3.0 percent. Interest payments were deferred for the first five years, interest-only payments for the next five years, and principal and interest payments for the remaining 15 years. As of June 30, 2013, \$91,952 is owed in principal and deferred interest.

Fiscal Year Ending June 30	Revenue Bonds		Promissory Note	
	Principal	Interest	Principal	Interest
2013	\$ 115,000	\$ 507,580	\$ 24,559	\$ 3,313
2014	125,000	502,380	25,302	2,570
2015	130,000	496,252	26,066	1,805
2016	135,000	489,579	26,854	1,018
2017	145,000	482,585	13,730	206
2018 - 2022	845,000	2,282,568	--	--
2023 - 2027	1,130,000	1,994,025	--	--
2028 - 2032	1,525,000	1,585,030	--	--
2033 - 2037	2,105,000	1,005,422	--	--
2038 - 2040	1,630,000	227,903	--	--
Total	\$ 7,885,000	\$ 9,573,324	\$ 116,511	\$ 8,912



### Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 7,885,000	\$ --	\$ (115,000)	\$ 7,770,000	\$ 125,000
Less deferred amounts:					
For issuance discounts	(115,972)	--	4,256	(111,716)	--
On refunding	(533,038)	--	52,004	(481,034)	--
Total bonds payable	7,235,990	--	(58,740)	7,177,250	125,000
Notes payable	116,511	--	(24,559)	91,952	25,302
Total long-term liabilities	\$ 7,352,501	\$ --	\$ (83,299)	\$ 7,269,202	\$ 150,302

### Intergovernmental payable

The advances made by the City of Porterville to the former redevelopment agency were transferred to the Successor Agency private-purpose trust fund as intergovernmental payable and comprise of the following:

Purpose	Amount
Start-up costs	\$ 752,167
Storm drain repairs	168,595
Payoff note payable to County	79,507
Construction of parking lot	514,105
Payoff note payable to Porterville Civic Development Foundation	200,000
Total intergovernmental payable	\$ 1,714,374

### Contingencies

Under AB 1X 26, the repayment of loans made in good faith by the City of Porterville to the former redevelopment agency became unenforceable as of February 1, 2012 and not subject to repayment by the Successor Agency. Under AB1484, the City may be eligible to receive repayment of sums loaned to the redevelopment agency more than two years after the redevelopment agency was created. However, AB 1484 places several conditions on the repayment of the loans by the Successor Agency to the City which could significantly reduce the repayment amount. It is also possible that the State of California Department of Finance (DOF) could invalidate any of the loans made by the City to the redevelopment agency. On August 17, 2013, DOF approved the Finding of Completion for the City of Porterville Successor Agency which allows loan agreements between the former redevelopment agency and the City of Porterville to be placed on the Recognized Obligation Payment Schedule, as an enforceable obligation. Loan repayments will be governed by criteria pursuant to Health and Safety Code section 34191.4 (a)(2).

**Required Supplementary  
Information**



City of Porterville  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget Positive(Negative)
REVENUES				
Property taxes	\$ 6,766,568	\$ 6,766,568	\$ 7,346,813	\$ 580,245
Sales taxes	3,901,619	3,901,619	4,233,168	331,549
Utility users tax	3,950,000	3,950,000	3,969,652	19,652
Transient occupancy tax	310,000	310,000	335,319	25,319
Franchise tax	1,471,134	1,471,134	1,473,957	2,823
Business licenses	390,000	390,000	402,444	12,444
Building permits	176,715	176,715	196,186	19,471
Plumbing permits	111,262	111,262	108,624	(2,638)
Electrical permits	51,528	51,528	56,077	4,549
Other licenses and permits	16,200	16,200	16,237	37
Motor vehicle in-lieu tax	-	-	28,249	28,249
Federal grants	119,500	143,100	2,375	(140,725)
State grants/reimbursements	25,000	45,272	484,295	439,023
Planning and zoning	25,000	25,000	54,844	29,844
Engineering and inspection	50,000	50,000	96,998	46,998
Police services	316,000	316,000	386,719	70,719
Fire services	55,000	55,000	48,183	(6,817)
Library services	40,000	40,000	36,980	(3,020)
Recreational activities	1,650,258	1,671,741	1,602,549	(69,192)
Other service charges	1,200	1,200	2,150	950
Interdepartmental service charge	1,716,470	1,716,470	1,730,514	14,044
Parking fines	10,000	10,000	14,746	4,746
Vehicle code fines	3,000	3,000	3,707	707
Other fines	40,000	40,000	58,226	18,226
Impact fees	4,523	4,523	22,408	17,885
Special assessments and fees	5,818	5,818	5,802	(16)
Interest	200,000	200,000	104,710	(95,290)
Rent	100,078	100,078	87,699	(12,379)
Contributions	2,500	3,300	4,975	1,675
Other revenues	67,000	67,000	121,731	54,731
Total revenues	21,576,373	21,642,528	23,036,337	1,393,809
EXPENDITURES				
Current:				
Community Development	805,486	888,742	716,917	171,825
General government	2,763,282	2,741,043	2,611,900	129,143
Parks and recreation	4,605,858	4,681,709	4,264,757	416,952
Public safety - fire	3,487,368	3,510,968	3,260,573	250,395
Public safety - police	8,244,813	8,244,813	7,345,848	898,965
Public works	2,259,188	2,259,189	2,078,905	180,284
Debt service:				
Interest and administrative charges	1,582	1,582	675	907
Capital outlay	298,000	298,000	593,196	(295,196)
Total expenditures	22,465,577	22,626,046	20,872,771	1,753,275
Excess (deficiency) of revenues over (under) expenditures	(889,204)	(983,518)	2,163,566	3,147,084
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	15,988	15,988
Transfers in	1,202,282	1,202,282	1,553,983	351,701
Transfers out	(79,000)	(79,000)	(2,405,911)	(2,326,911)
Total other financing sources (uses)	1,123,282	1,123,282	(835,940)	(1,959,222)
Net change in fund balances	234,078	139,764	1,327,626	1,187,862
Fund balance - beginning	16,107,306	16,107,306	16,107,306	-
Fund balance - ending	\$ 16,341,384	\$ 16,247,070	\$ 17,434,932	\$ 1,187,862

City of Porterville  
Public Safety Sales Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
<b>REVENUES</b>				
Sales tax	\$ 2,869,298	\$ 2,869,298	\$ 2,930,011	\$ 60,713
Charges for services	-	-	2,509	2,509
Interest	<u>50,000</u>	<u>50,000</u>	<u>11,497</u>	<u>(38,503)</u>
Total revenues	<u>2,919,298</u>	<u>2,919,298</u>	<u>2,944,017</u>	<u>24,719</u>
<b>EXPENDITURES</b>				
Current:				
Parks and leisure services	408,471	408,471	380,954	27,517
Public safety - fire	958,176	958,176	860,044	98,132
Public safety - police	<u>1,405,829</u>	<u>1,405,829</u>	<u>1,315,402</u>	<u>90,427</u>
Total expenditures	<u>2,772,476</u>	<u>2,772,476</u>	<u>2,556,400</u>	<u>216,076</u>
Excess(deficiency) of revenues over(under) expenditures	<u>146,822</u>	<u>146,822</u>	<u>387,617</u>	<u>240,795</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	78	78
Transfers out	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(265,499)</u>	<u>1,034,501</u>
Net change in fund balances	<u>(1,153,178)</u>	<u>(1,153,178)</u>	<u>122,196</u>	<u>1,275,374</u>
Fund balance - beginning	<u>3,913,377</u>	<u>3,913,377</u>	<u>3,913,377</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,760,199</u>	<u>\$ 2,760,199</u>	<u>\$ 4,035,573</u>	<u>\$ 1,275,374</u>

City of Porterville  
Community Development Block Grant  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
<b>REVENUES</b>				
Federal grants	\$ 653,362	\$ 653,362	\$ 650,707	\$ (2,655)
State grants/reimbursements	1,000,000	1,000,000	200,451	(799,549)
Other service charges	171,697	171,697	279,503	107,806
Interest	<u>20,000</u>	<u>20,000</u>	<u>44,785</u>	<u>24,785</u>
Total revenues	<u>1,845,059</u>	<u>1,845,059</u>	<u>1,175,446</u>	<u>(669,613)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	165,000	165,000	585,537	(420,537)
Debt Service:				
Principal	178,000	178,000	178,000	-
Interest and administrative charges	<u>159,461</u>	<u>159,461</u>	<u>159,461</u>	<u>-</u>
Total expenditures	<u>502,461</u>	<u>502,461</u>	<u>922,998</u>	<u>(420,537)</u>
Excess(deficiency) of revenues over(under) expenditures	<u>1,342,598</u>	<u>1,342,598</u>	<u>252,448</u>	<u>(1,090,150)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,156,620)</u>	<u>(1,156,620)</u>	<u>(99,615)</u>	<u>1,057,005</u>
Net change in fund balances	185,978	185,978	152,833	(33,145)
Fund balance - beginning	<u>320,945</u>	<u>320,945</u>	<u>320,945</u>	<u>-</u>
Fund balance - ending	<u>\$ 506,923</u>	<u>\$ 506,923</u>	<u>\$ 473,778</u>	<u>\$ (33,145)</u>

## REQUIRED SUPPLEMENTARY INFORMATION

### Public Employees Retirement System Schedule of Funding Progress

#### Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
06/30/08	\$ 50,264,752	\$ 37,274,664	\$ 12,990,088	74.2%	\$ 8,782,071	147.9%
06/30/09	58,238,588	39,937,228	18,301,360	68.6%	9,300,892	196.8%
06/30/10	60,633,173	42,918,390	17,714,783	70.8%	9,286,665	190.8%
06/30/11	65,817,690	46,529,355	19,288,335	70.7%	9,285,309	207.7%
06/30/12	69,702,439	49,788,994	19,913,445	71.4%	9,136,886	217.9%

## REQUIRED SUPPLEMENTARY INFORMATION

### Other Postemployment Benefits Plan Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
03/01/09	\$ --	\$ 9,983,546	\$ 9,983,546	0.0%	\$ 14,227,205	70.2%
03/01/11	--	5,348,777	5,348,777	0.0%	14,825,477	36.1%
03/01/13	--	7,014,995	7,014,995	0.0%	14,685,679	47.8%



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**Supplemental  
Statements**



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

**Porterville Housing Authority Fund** – This fund was established on January 31, 2012 upon the formation of the Porterville Housing Authority and its designation to be the Housing Successor Agency for the former Redevelopment Agency Low and Moderate Income Housing Fund. On February 1, 2012, the fund received all the assets and liabilities of the former redevelopment agency housing fund and assumed all the housing functions previously performed by the redevelopment agency.

**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.

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**CITY OF PORTERVILLE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

	Special Revenue					
	Porterville Housing Authority	Special Gas Tax	Local Transportation Funds (LTF)	Traffic Safety	Public Safety Grant	Landscape Maintenance District
<b>ASSETS</b>						
Assets:						
Cash and cash equivalents	\$ 46	\$ 5,099	\$ 6,606	\$ -	\$ 470	\$ 1,811
Investments	18,505	2,059,397	2,668,261	-	189,886	731,503
Receivables - misc (net):						
Interest	-	-	-	-	-	-
Taxes	-	107,880	-	-	-	38,286
Other	-	-	-	-	-	-
Receivables - housing (net):	288,128	-	-	-	-	-
Intergovernmental receivables	-	103,538	212,226	16,417	60,093	-
Interfund receivables	-	-	-	-	-	-
Restricted - cash with fiscal agent	-	-	-	-	-	-
Note receivable	930,000	-	-	-	-	-
Total assets	<u>\$ 1,236,679</u>	<u>\$ 2,275,914</u>	<u>\$ 2,887,093</u>	<u>\$ 16,417</u>	<u>\$ 250,449</u>	<u>\$ 771,600</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	\$ 953	\$ 9,969
Payroll payable	-	-	-	-	15,243	-
Deferred revenue	1,218,128	-	-	-	-	-
Total liabilities	<u>1,218,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,196</u>	<u>9,969</u>
Fund balances:						
Restricted						
Building construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Housing services	18,551	-	-	-	-	-
Landscape maintenance districts	-	-	-	-	-	761,631
Public safety	-	-	-	-	234,253	-
Public works	-	2,275,914	2,887,093	16,417	-	-
Total fund balances	<u>18,551</u>	<u>2,275,914</u>	<u>2,887,093</u>	<u>16,417</u>	<u>234,253</u>	<u>761,631</u>
Total liabilities and fund balances	<u>\$ 1,236,679</u>	<u>\$ 2,275,914</u>	<u>\$ 2,887,093</u>	<u>\$ 16,417</u>	<u>\$ 250,449</u>	<u>\$ 771,600</u>

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

Special Revenue				Debt Service	Total Nonmajor Governmental Funds
Transportation Development	Park Development	Storm Drain Development	Building Construction	General Government	
\$ 2,651	\$ -	\$ 5,207	\$ 443	\$ -	22,333
1,070,616	-	2,103,012	178,750	-	9,019,930
-	-	-	-	2,273	2,273
-	-	-	-	-	146,166
-	-	89,715	-	-	89,715
-	-	-	-	-	288,128
-	-	-	-	-	392,274
-	-	-	556,560	-	556,560
-	-	-	-	1,555,182	1,555,182
-	-	-	-	-	930,000
<u>\$ 1,073,267</u>	<u>\$ -</u>	<u>\$ 2,197,934</u>	<u>\$ 735,753</u>	<u>\$ 1,557,455</u>	<u>\$ 13,002,561</u>
\$ 55,848	\$ -	\$ -	\$ -	\$ -	66,770
-	-	-	-	-	15,243
-	-	-	-	-	1,218,128
<u>55,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,141</u>
-	-	-	735,753	-	735,753
-	-	-	-	1,557,455	1,557,455
-	-	-	-	-	18,551
-	-	-	-	-	761,631
-	-	-	-	-	234,253
<u>1,017,419</u>	<u>-</u>	<u>2,197,934</u>	<u>-</u>	<u>-</u>	<u>8,394,777</u>
<u>1,017,419</u>	<u>-</u>	<u>2,197,934</u>	<u>735,753</u>	<u>1,557,455</u>	<u>11,702,420</u>
<u>\$ 1,073,267</u>	<u>\$ -</u>	<u>\$ 2,197,934</u>	<u>\$ 735,753</u>	<u>\$ 1,557,455</u>	<u>\$ 13,002,561</u>



CITY OF PORTERVILLE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2013

	Special Revenue					
	Porterville Housing Authority	Special Gas Tax	Local Transportation Funds (LTF)	Traffic Safety	Public Safety Grant	Landscape Maintenance District
Revenues:						
Intergovernmental	\$ -	\$ 2,052,928	\$ 3,069,325	\$ -	\$ 412,297	\$ -
Special assessments and fees	-	-	-	-	-	300,555
Fines and forfeitures	-	-	-	156,348	-	-
Investment earnings	(1,169)	11,489	6,716	848	1,998	-
Miscellaneous	17,602	-	-	-	710	-
Total revenues	16,433	2,064,417	3,076,041	157,196	415,005	300,555
Expenditures:						
Community development	236	-	-	-	-	-
Parks and leisure services	-	-	-	-	-	149,135
Public safety - fire	-	-	-	-	55,340	-
Public safety - police	-	-	-	-	242,085	-
Debt redemption, principal	-	-	-	-	-	-
Debt redemption, interest & charges	-	-	-	-	-	-
Refunding bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	-	62,705	-
Total expenditures	236	-	-	-	360,130	149,135
Excess (deficiency) of revenues over (under) expenditures	16,197	2,064,417	3,076,041	157,196	54,875	151,420
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(2,743,986)	(1,783,316)	(193,172)	(81,917)	-
Refunding bonds issued	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	-	(2,743,986)	(1,783,316)	(193,172)	(81,917)	-
Net change in fund balances	16,197	(679,569)	1,292,725	(35,976)	(27,042)	151,420
Fund balances - July 1	2,354	2,955,483	1,594,368	52,393	261,295	610,211
Fund balances - June 30	\$ 18,551	\$ 2,275,914	\$ 2,887,093	\$ 16,417	\$ 234,253	\$ 761,631

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

Special Revenue				Debt Service	Total Nonmajor Governmental Funds
Transportation Development	Park Development	Storm Drain Development	Building Construction	General Government	
\$ -	\$ -	\$ -	\$ -	\$ -	5,534,550
474,406	29,594	122,564	-	-	927,119
-	-	-	-	-	156,348
3,250	33	7,309	2,247	(8,874)	23,847
-	-	-	-	-	18,312
<u>477,656</u>	<u>29,627</u>	<u>129,873</u>	<u>2,247</u>	<u>(8,874)</u>	<u>6,660,176</u>
-	-	-	-	-	236
-	-	-	-	-	149,135
-	-	-	-	-	55,340
-	-	-	-	-	242,085
-	-	-	-	770,000	770,000
-	-	-	-	1,053,786	1,053,786
-	-	-	-	596,700	596,700
-	-	-	-	-	62,705
-	-	-	-	<u>2,420,486</u>	<u>2,929,987</u>
<u>477,656</u>	<u>29,627</u>	<u>129,873</u>	<u>2,247</u>	<u>(2,429,360)</u>	<u>3,730,189</u>
-	-	-	-	1,391,473	1,391,473
(150,000)	(29,627)	(41,360)	(10,031)	(225)	(5,033,634)
-	-	-	-	21,060,000	21,060,000
-	-	-	-	(19,887,098)	(19,887,098)
<u>(150,000)</u>	<u>(29,627)</u>	<u>(41,360)</u>	<u>(10,031)</u>	<u>2,564,150</u>	<u>(2,469,259)</u>
327,656	-	88,513	(7,784)	134,790	1,260,930
<u>689,763</u>	<u>-</u>	<u>2,109,421</u>	<u>743,537</u>	<u>1,422,665</u>	<u>10,441,490</u>
<u>\$ 1,017,419</u>	<u>\$ -</u>	<u>\$ 2,197,934</u>	<u>\$ 735,753</u>	<u>\$ 1,557,455</u>	<u>\$ 11,702,420</u>

CITY OF PORTERVILLE

PORTERVILLE HOUSING AUTHORITY  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ -	\$ (1,169)	\$ (1,169)
Other	-	17,602	17,602
Total revenues	-	16,433	16,433
Expenditures:			
Community development :			
Administration	-	236	(236)
Total expenditures	-	236	(236)
Net change in fund balance	\$ -	16,197	\$ 16,669
Fund balance - July 1		2,354	
Fund balance - June 30		\$ 18,551	

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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax section 2103	\$ 574,862	\$ 432,935	\$ (141,927)
State gasoline tax section 2105	255,980	238,433	(17,547)
State gasoline tax section 2106	176,011	161,854	(14,157)
State gasoline tax section 2107	367,367	390,706	23,339
State gasoline tax section 2107.5	7,500	7,500	-
Total other taxes	<u>1,381,720</u>	<u>1,231,428</u>	<u>(150,292)</u>
Intergovernmental:			
State grants	1,383,440	485,621	(897,819)
Federal grants	<u>394,000</u>	<u>335,878</u>	<u>(58,122)</u>
Total intergovernmental	<u>1,777,440</u>	<u>821,499</u>	<u>(955,941)</u>
Interest	<u>25,000</u>	<u>11,490</u>	<u>(13,510)</u>
Total revenues	<u>3,184,160</u>	<u>2,064,417</u>	<u>(1,119,743)</u>
Other financing uses:			
Transfers out	<u>(3,483,874)</u>	<u>(2,743,986)</u>	<u>739,888</u>
Total other financing uses	<u>(3,483,874)</u>	<u>(2,743,986)</u>	<u>739,888</u>
Net change in fund balance	\$ <u>(299,714)</u>	(679,569)	\$ <u>(379,855)</u>
Fund balance - July 1		<u>2,955,483</u>	
Fund balance - June 30		\$ <u>2,275,914</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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax - LTF	\$ 500,000	\$ 1,790,552	\$ 1,290,552
Sales tax - County Measure R	2,315,200	1,209,200	(1,106,000)
Total other taxes	<u>2,815,200</u>	<u>2,999,752</u>	<u>184,552</u>
Intergovernmental:			
State grants	147,000	-	(147,000)
Federal grants	1,208,032	69,573	(1,138,459)
Total intergovernmental	<u>1,355,032</u>	<u>69,573</u>	<u>(1,285,459)</u>
Interest	<u>25,000</u>	<u>6,716</u>	<u>(18,284)</u>
Total revenues	<u>4,195,232</u>	<u>3,076,041</u>	<u>(1,119,191)</u>
Other financing uses:			
Transfers out	<u>(5,775,396)</u>	<u>(1,783,316)</u>	<u>3,992,080</u>
Total other financing uses	<u>(5,775,396)</u>	<u>(1,783,316)</u>	<u>3,992,080</u>
Net change in fund balance	\$ <u>(1,580,164)</u>	1,292,725	\$ <u>2,872,889</u>
Fund balance - July 1		<u>1,594,368</u>	
Fund balance - June 30		\$ <u>2,887,093</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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 150,000	\$ 156,348	\$ 6,348
Interest	500	849	349
Total revenues	<u>150,500</u>	<u>157,197</u>	<u>6,697</u>
Other financing uses:			
Transfers out	<u>(150,500)</u>	<u>(193,173)</u>	<u>(42,673)</u>
Total other financing uses	<u>(150,500)</u>	<u>(193,173)</u>	<u>(42,673)</u>
Net change in fund balance	\$ <u>-</u>	(35,976)	\$ <u>(35,976)</u>
Fund balance - July 1		<u>52,393</u>	
Fund balance - June 30		\$ <u>16,417</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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grants	\$ 285,909	\$ 322,285	\$ 36,376
Federal grants	92,136	90,012	(2,124)
Total intergovernmental	<u>378,045</u>	<u>412,297</u>	<u>34,252</u>
Interest	-	1,998	1,998
Other	<u>710</u>	<u>710</u>	<u>-</u>
Total revenues	<u>378,755</u>	<u>415,005</u>	<u>36,250</u>
Expenditures:			
Public safety - fire	104,707	95,495	9,212
Public safety - police	<u>313,118</u>	<u>264,635</u>	<u>48,483</u>
Total expenditures	<u>417,825</u>	<u>360,130</u>	<u>57,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,070)</u>	<u>54,875</u>	<u>93,945</u>
Other financing uses:			
Transfers out	<u>(112,981)</u>	<u>(81,917)</u>	<u>31,064</u>
Total other financing uses	<u>(112,981)</u>	<u>(81,917)</u>	<u>31,064</u>
Net change in fund balance	\$ <u>(152,051)</u>	(27,042)	\$ <u>125,009</u>
Fund balance - July 1		<u>261,295</u>	
Fund balance - June 30		\$ <u>234,253</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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 260,000	\$ 300,555	\$ 40,555
Total revenues	<u>260,000</u>	<u>300,555</u>	<u>40,555</u>
Expenditures:			
Parks and leisure services:			
Cost of service	<u>223,811</u>	<u>149,135</u>	<u>74,676</u>
Total expenditures	<u>223,811</u>	<u>149,135</u>	<u>74,676</u>
Net change in fund balance	\$ <u>36,189</u>	151,420	\$ <u>(34,121)</u>
Fund balance - July 1		<u>610,211</u>	
Fund balance - June 30		\$ <u>761,631</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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 100,000	\$ 474,406	\$ 374,406
Interest	8,000	3,250	(4,750)
Total revenues	<u>108,000</u>	<u>477,656</u>	<u>369,656</u>
Other financing uses:			
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total financing uses	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balance	\$ <u>(42,000)</u>	327,656	\$ <u>369,656</u>
Fund balance - July 1		<u>689,763</u>	
Fund balance - June 30		\$ <u>1,017,419</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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 20,000	\$ 29,594	\$ 9,594
Interest	-	33	33
Total revenues	<u>20,000</u>	<u>29,627</u>	<u>9,627</u>
Other financing uses:			
Transfers out	<u>(20,000)</u>	<u>(29,627)</u>	<u>(9,627)</u>
Total other financing uses	<u>(20,000)</u>	<u>(29,627)</u>	<u>(9,627)</u>
Net change in fund balance	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		\$ <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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 60,000	\$ 122,564	\$ 62,564
Interest	25,000	7,309	(17,691)
Total revenues	85,000	129,873	44,873
Other financing uses:			
Transfers out	(1,260,000)	(41,360)	1,218,640
Total other financing uses	(1,260,000)	(41,360)	1,218,640
Net change in fund balance	\$ <u>(1,175,000)</u>	88,513	\$ <u>1,263,513</u>
Fund balance - July 1		<u>2,109,421</u>	
Fund balance - June 30		\$ <u>2,197,934</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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 10,000	\$ 2,247	\$ (7,753)
Total revenues	10,000	2,247	(7,753)
Other financing uses:			
Transfers out	(535,000)	(10,031)	524,969
Total other financing uses	(535,000)	(10,031)	524,969
Net change in fund balance	\$ (525,000)	(7,784)	\$ 517,216
Fund balance - July 1		743,537	
Fund balance - June 30		\$ 735,753	

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, 2013

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 15,000	\$ (8,874)	\$ (23,874)
Total revenues	15,000	(8,874)	(23,874)
Expenditures:			
General government:			
Administration	3,520	2,770	750
Debt redemption, principal	770,000	770,000	-
Debt redemption, interest & charges	1,051,016	1,051,016	-
Refunding bond issuance costs	-	596,700	(596,700)
Total expenditures	1,824,536	2,420,486	(595,950)
Excess (deficiency) of revenues over (under) expenditures	(1,809,536)	(2,429,360)	(619,824)
Other financing sources (uses):			
Transfers in	1,828,329	1,391,473	(436,856)
Transfers out	(100)	(225)	(125)
Refunding bonds issued	-	21,060,000	21,060,000
Payment to refunded bond escrow agent	-	(19,887,098)	(19,887,098)
Total other financing sources (uses)	1,828,229	2,564,150	735,921
Net change in fund balance	\$ 18,693	134,790	\$ 116,097
Fund balance - July 1		1,422,665	
Fund balance - June 30		\$ 1,557,455	

## **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, 2013

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 231	\$ 3,130	\$ 500	\$ 3,861
Investments	89,139	1,191,660	-	1,280,799
Accounts receivable, net of allowance for uncollectibles	-	105,842	2,295	108,137
Intergovernmental receivables	-	1	-	1
Inventories	-	175,620	-	175,620
Total current assets	<u>89,370</u>	<u>1,476,253</u>	<u>2,795</u>	<u>1,568,418</u>
Noncurrent assets:				
Capital assets:				
Land	23,240	1,000,125	102,048	1,125,413
Construction in progress	-	61,372	8,865	70,237
Buildings and equipment	138,867	1,136,311	340,709	1,615,887
Improvements other than buildings	3,547	8,863,991	385,917	9,253,455
Less accumulated depreciation	(104,201)	(4,145,511)	(458,725)	(4,708,437)
Total noncurrent assets	<u>61,453</u>	<u>6,916,288</u>	<u>378,814</u>	<u>7,356,555</u>
Total assets	<u>150,823</u>	<u>8,392,541</u>	<u>381,609</u>	<u>8,924,973</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and other payables	261	16,421	12,368	29,050
Payroll payable	749	4,409	4,994	10,152
Interfund payable	-	-	556,560	556,560
Compensated absences payable	-	6,052	3,868	9,920
Accrued interest payable	-	2,159	-	2,159
Loans payable - current	-	11,129	-	11,129
Total current liabilities	<u>1,010</u>	<u>40,170</u>	<u>577,790</u>	<u>618,970</u>
Noncurrent liabilities:				
Compensated absences payable	-	2,297	2,489	4,786
Loans payable	-	51,911	-	51,911
Total noncurrent liabilities	<u>-</u>	<u>54,208</u>	<u>2,489</u>	<u>56,697</u>
Total liabilities	<u>1,010</u>	<u>94,378</u>	<u>580,279</u>	<u>675,667</u>
<b>NET POSITION</b>				
Net investment in capital assets	61,453	6,853,248	378,814	7,293,515
Unrestricted	88,360	1,444,915	(577,484)	955,791
Total net position	<u>\$ 149,813</u>	<u>\$ 8,298,163</u>	<u>\$ (198,670)</u>	<u>\$ 8,249,306</u>

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



City of Porterville  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2013

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 6,491	\$ 1,058,609	\$ 225,177	\$ 1,290,277
Other revenues	980	147,565	295	148,840
Total operating revenues	7,471	1,206,174	225,472	1,439,117
Operating expenses:				
Cost of sales and services	19,338	955,341	250,453	1,225,132
General and administrative	4,189	99,321	90,491	194,001
Depreciation/amortization	3,437	271,618	36,554	311,609
Total operating expenses	26,964	1,326,280	377,498	1,730,742
Operating income (loss)	(19,493)	(120,106)	(152,026)	(291,625)
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	10,000	-	10,000
Investment earnings	180	5,972	523	6,675
Interest expense	-	(2,908)	-	(2,908)
Sale of capital assets	-	515,000	501	515,501
Total nonoperating revenue (expenses)	180	528,064	1,024	529,268
Income before contributions and transfers	(19,313)	407,958	(151,002)	237,643
Capital contributions and transfers:				
Capital contributions - federal and state grants	-	31,991	-	31,991
Transfers in	10,000	6,505	69,000	85,505
Transfer out	-	(195,968)	-	(195,968)
Total contributions and transfers	10,000	(157,472)	69,000	(78,472)
Change in net position	(9,313)	250,486	(82,002)	159,171
Net position - beginning	159,126	8,047,677	(116,668)	8,090,135
Net position - ending	\$ 149,813	\$ 8,298,163	\$ (198,670)	\$ 8,249,306

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

City of Porterville  
Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2013

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 7,471	\$ 1,275,138	\$ 225,491	\$ 1,508,100
Payments to employees	(14,688)	(110,874)	(126,490)	(252,052)
Payments to suppliers and others	(8,318)	(963,649)	(210,082)	(1,182,049)
Net cash provided by operating activities	<u>(15,535)</u>	<u>200,615</u>	<u>(111,081)</u>	<u>73,999</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash from interfund	-	-	89,457	89,457
Intergovernmental - operating assistance	-	10,000	-	10,000
Transfers in from other funds	10,000	6,505	69,000	85,505
Transfers out to other funds	-	(195,968)	-	(195,968)
Net cash (used) by noncapital financing	<u>10,000</u>	<u>(179,463)</u>	<u>158,457</u>	<u>(11,006)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Construction and other capital projects	-	(33,673)	-	(33,673)
Interest paid on long-term debt and advances	-	(3,263)	-	(3,263)
Principal payments on long-term debt	-	(71,737)	-	(71,737)
Proceeds from sale of capital assets	-	515,000	501	515,501
Purchase of capital assets	-	-	(48,400)	(48,400)
Subsidy from federal and state grants	-	31,991	-	31,991
Net cash (used) by capital and related financing activities	<u>-</u>	<u>438,318</u>	<u>(47,899)</u>	<u>390,419</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	181	5,972	523	6,676
Net cash provided by investing activities	<u>181</u>	<u>5,972</u>	<u>523</u>	<u>6,676</u>
Net Increase (decrease) in cash and cash equivalents	(5,354)	465,442	-	460,088
Balances - beginning of year	94,724	729,348	500	824,572
Balances - end of the year	<u>\$ 89,370</u>	<u>\$ 1,194,790</u>	<u>\$ 500</u>	<u>\$ 1,284,660</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (19,493)	\$ (120,106)	\$ (152,026)	\$ (291,625)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	3,437	271,618	36,554	311,609
Changes in assets and liabilities:				
Accounts payable	67	(4,883)	(318)	(5,134)
Compensated absences	-	(1,206)	4,776	3,570
Customer receivables	-	68,964	19	68,983
Inventory	-	(13,063)	-	(13,063)
Salaries and benefits payable	454	(709)	(86)	(341)
Net cash provided by operating activities	<u>\$ (15,535)</u>	<u>\$ 200,615</u>	<u>\$ (111,081)</u>	<u>\$ 73,999</u>

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

## **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, 2013

	Risk Management	Equipment Management	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 7,662	\$ 1,347	\$ 9,009
Investments	3,094,501	543,890	3,638,391
Accounts receivable, net of allowance for uncollectibles	15,873	45,567	61,440
Intergovernmental receivable	682,700	25,745	708,445
Interfund receivable	17,497	-	17,497
Prepaid expenses	56,921	-	56,921
Total current assets:	<u>3,875,154</u>	<u>616,549</u>	<u>4,491,703</u>
Noncurrent assets:			
Advances receivable	88,119	-	88,119
Capital assets:			
Buildings and equipment	-	689,213	689,213
Improvements other than buildings	-	6,639	6,639
Less accumulated depreciation	<u>-</u>	<u>(465,250)</u>	<u>(465,250)</u>
Total noncurrent assets:	<u>88,119</u>	<u>230,602</u>	<u>318,721</u>
Total assets	<u>3,963,273</u>	<u>847,151</u>	<u>4,810,424</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	325,351	106,376	431,727
Payroll payable	5,464	21,303	26,767
Accrued claims	563,046	-	563,046
Compensated absences payable	<u>6,623</u>	<u>16,473</u>	<u>23,096</u>
Total current liabilities	<u>900,484</u>	<u>144,152</u>	<u>1,044,636</u>
Noncurrent liabilities:			
Accrued claims	561,019	-	561,019
Compensated absences payable	<u>884</u>	<u>8,146</u>	<u>9,030</u>
Total noncurrent liabilities	<u>561,903</u>	<u>8,146</u>	<u>570,049</u>
Total liabilities	<u>1,462,387</u>	<u>152,298</u>	<u>1,614,685</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	230,602	230,602
Restricted for capital projects	682,700	-	682,700
Restricted for self-insurance	1,818,186	-	1,818,186
Unrestricted	<u>-</u>	<u>464,251</u>	<u>464,251</u>
Total net position	<u>\$ 2,500,886</u>	<u>\$ 694,853</u>	<u>\$ 3,195,739</u>

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

City of Porterville  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2013

	Risk Management	Equipment Management	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 4,055,377	\$ 2,739,817	\$ 6,795,194
Other revenues	765,800	167,686	933,486
Total operating revenues	4,821,177	2,907,503	7,728,680
Operating expenses:			
Cost of sales and services	5,510,951	2,689,489	8,200,440
General and administrative	148,472	66,292	214,764
Depreciation/amortization	-	38,327	38,327
Total operating expenses	5,659,423	2,794,108	8,453,531
Operating income (loss)	(838,246)	113,395	(724,851)
Nonoperating revenues (expenses):			
Investment earnings	(1,861)	2,533	672
Sale of capital assets	-	5,418	5,418
Change in net position	(840,107)	121,346	(718,761)
Net position - beginning	3,340,993	573,507	3,914,500
Net position - ending	\$ 2,500,886	\$ 694,853	\$ 3,195,739

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

City of Porterville  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2013

	Risk Management	Equipment Management	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customer	\$ 4,818,066	\$ 2,904,263	\$ 7,722,329
Payments to employees	(139,315)	(550,051)	(689,366)
Payments to suppliers and others	(6,256,149)	(2,153,253)	(8,409,402)
Net cash provided by operating activities	<u>(1,577,398)</u>	<u>200,959</u>	<u>(1,376,439)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances to other funds	223,902	-	223,902
Intergovernmental - operating assistance	-	(25,745)	(25,745)
Net cash (used) by noncapital financing	<u>223,902</u>	<u>(25,745)</u>	<u>198,157</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets	-	5,418	5,418
Net cash (used) by capital and related financing activities	<u>-</u>	<u>5,418</u>	<u>5,418</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	(1,861)	2,533	672
Net cash provided by investing activities	<u>(1,861)</u>	<u>2,533</u>	<u>672</u>
Net Increase (decrease) in cash and cash equivalents	<u>(1,355,357)</u>	<u>183,165</u>	<u>(1,172,192)</u>
Balances - beginning of year	4,457,520	362,072	4,819,592
Balances - end of the year	<u>\$ 3,102,163</u>	<u>\$ 545,237</u>	<u>\$ 3,647,400</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (838,246)	\$ 113,395	\$ (724,851)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	38,327	38,327
Changes in assets and liabilities:			
Accounts payable	174,799	51,636	226,435
Accrued claims	(852,456)	-	(852,456)
Compensated absences	(1,338)	1,074	(264)
Customer receivables	(3,111)	(3,240)	(6,351)
Prepaid expenses	(56,921)	-	(56,921)
Salaries and benefits payable	(125)	(233)	(358)
Net cash provided by operating activities	<u>\$ (1,577,398)</u>	<u>\$ 200,959</u>	<u>\$ (1,376,439)</u>

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

## **AGENCY FUNDS**

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

### **Special Deposits Fund**

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

City of Porterville  
Schedule of Changes in Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended June 30, 2013

<u>Special Deposits</u>	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>
<b>Assets</b>				
Cash and investments	\$ 1,466,733	\$ 871,849	\$ 733,430	\$ 1,605,152
Accounts and other receivables	-	874	-	874
Total assets	<u>\$ 1,466,733</u>	<u>\$ 872,723</u>	<u>\$ 733,430</u>	<u>\$ 1,606,026</u>
<b>Liabilities</b>				
Accounts and other payables	\$ 23,736	\$ 648,214	\$ 591,345	\$ 80,605
Refundable deposits, utilities	349,415	107,310	115,090	341,635
Refundable deposits, miscellaneous	627,168	528,966	518,321	637,813
Other deposits, safety	466,414	245,203	165,644	545,973
Total liabilities	<u>\$ 1,466,733</u>	<u>\$ 1,529,693</u>	<u>\$ 1,390,400</u>	<u>\$ 1,606,026</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	110
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	116
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	121
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	125
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	127
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)**

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Governmental activities:										
Net investment in capital assets	\$ 9,506	\$ 10,074	\$ 17,122	\$ 314,402	\$ 337,298	\$ 349,278	\$ 351,422	\$ 351,797	\$ 352,352	\$ 350,078
Restricted	11,016	8,317	10,326	14,739	12,732	15,181	14,383	11,681	9,160	8,266
Unrestricted	321	1,314	(96)	21,232	26,116	16,992	15,908	17,321	23,043	28,545
Total governmental activities net position	<u>\$ 20,843</u>	<u>\$ 19,705</u>	<u>\$ 27,352</u>	<u>\$ 350,373</u>	<u>\$ 376,146</u>	<u>\$ 381,451</u>	<u>\$ 381,713</u>	<u>\$ 380,799</u>	<u>\$ 384,555</u>	<u>\$ 386,889</u>
Business-type activities:										
Net investment in capital assets	\$ 30,769	\$ 26,133	\$ 26,690	\$ 32,940	\$ 39,016	\$ 41,328	\$ 35,164	\$ 46,006	\$ 44,059	\$ 44,211
Restricted	4,226	4,114	4,061	3,960	2,494	1,453	1,450	3,251	3,271	3,239
Unrestricted	8,679	19,269	21,323	18,172	18,641	18,807	26,701	18,665	21,633	24,254
Total business-type activities net position	<u>\$ 43,674</u>	<u>\$ 49,516</u>	<u>\$ 52,074</u>	<u>\$ 55,072</u>	<u>\$ 60,151</u>	<u>\$ 61,588</u>	<u>\$ 63,315</u>	<u>\$ 67,922</u>	<u>\$ 68,963</u>	<u>\$ 71,704</u>
Primary government:										
Net investment in capital assets	\$ 40,275	\$ 36,207	\$ 43,812	\$ 346,623	\$ 376,314	\$ 390,606	\$ 386,586	\$ 397,803	\$ 396,411	\$ 394,289
Restricted	15,242	12,431	14,387	18,699	15,226	16,634	15,833	14,932	12,431	11,505
Unrestricted	9,000	20,583	21,227	40,123	44,757	35,799	42,609	35,986	44,676	52,799
Total primary government net position	<u>\$ 64,517</u>	<u>\$ 69,221</u>	<u>\$ 79,426</u>	<u>\$ 405,445</u>	<u>\$ 436,297</u>	<u>\$ 443,039</u>	<u>\$ 445,028</u>	<u>\$ 448,721</u>	<u>\$ 453,518</u>	<u>\$ 458,593</u>

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

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>EXPENSES</b>										
Governmental activities:										
Community and economic development	\$ 3,094	\$ 3,484	\$ 2,355	\$ 2,401	\$ 3,595	\$ 2,690	\$ 3,284	\$ 3,070	\$ 1,975	\$ 1,450
General government	6,786	7,498	2,614	2,619	2,726	2,847	4,925	3,613	3,041	2,923
Parks and recreation	3,148	3,211	4,088	4,140	5,018	5,165	5,528	5,449	5,832	5,350
Public safety - fire	2,128	2,142	3,015	3,306	3,721	3,979	4,410	4,646	4,878	4,498
Public safety - police	4,688	4,973	6,632	7,285	8,335	9,023	9,746	9,725	10,368	9,788
Public works	1,090	1,209	2,461	3,776	4,106	4,654	5,448	6,392	7,135	6,694
Interest on long-term debt	1,558	2,478	2,587	1,796	1,746	1,909	1,942	1,934	1,524	1,080
Total governmental activities expenses	<u>22,492</u>	<u>24,995</u>	<u>23,752</u>	<u>25,323</u>	<u>29,247</u>	<u>30,267</u>	<u>35,283</u>	<u>34,829</u>	<u>34,753</u>	<u>31,783</u>
Business-type activities:										
Airport	894	764	972	1,290	1,562	1,656	974	1,287	1,563	1,335
Golf course	331	352	398	382	388	419	386	376	384	383
Sewer operating	5,701	5,778	5,888	6,464	6,378	6,501	6,032	6,170	6,697	6,235
Solid waste	4,178	4,121	5,087	4,857	5,159	5,181	5,310	5,358	5,338	5,233
Transit	1,665	1,845	1,939	1,843	2,056	2,037	2,017	2,151	2,210	2,303
Water operating	4,236	4,039	4,278	4,554	4,619	4,746	5,106	4,967	4,971	4,829
Zalud estate	29	31	27	29	29	31	24	29	28	27
Total business-type activities expenses	<u>17,034</u>	<u>16,930</u>	<u>18,589</u>	<u>19,419</u>	<u>20,191</u>	<u>20,571</u>	<u>19,849</u>	<u>20,338</u>	<u>21,191</u>	<u>20,345</u>
Total primary government expenses	<u>\$ 39,526</u>	<u>\$ 41,925</u>	<u>\$ 42,341</u>	<u>\$ 44,742</u>	<u>\$ 49,438</u>	<u>\$ 50,838</u>	<u>\$ 55,132</u>	<u>\$ 55,167</u>	<u>\$ 55,944</u>	<u>\$ 52,128</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
Community and economic development	\$ 20	\$ 231	\$ 795	\$ 783	\$ 528	\$ 236	\$ 211	\$ 263	\$ 258	\$ 352
General government	4,380	3,771	1,864	1,658	1,786	1,494	1,585	1,613	1,622	1,656
Parks and recreation	968	949	1,014	1,324	1,307	1,603	1,731	1,891	1,931	1,942
Public safety - fire	19	13	27	30	22	36	45	23	80	70
Public safety - police	137	183	208	380	510	520	598	461	587	624
Public works	706	1,131	750	244	256	233	167	204	298	219
Operating grants and contributions:										
Community and economic development	--	--	--	1,019	2,626	1,600	1,388	1,576	1,489	854
General government	--	16	30	394	427	486	599	476	469	469
Parks and recreation	78	195	139	250	123	163	206	199	53	243
Public safety - fire	11	17	261	76	5	--	30	304	6	71
Public safety - police	475	367	350	638	185	263	334	308	400	255
Public works	1,361	2,253	1,718	2,865	1,611	1,348	1,275	1,699	1,850	1,241
Capital grants and contributions:										
Community and economic development	2,583	1,019	2,019	40	66	--	--	--	--	--
Parks and recreation	489	157	236	696	177	42	1,159	282	59	331
Public safety - fire	11	1	17	36	--	--	--	100	128	50
Public safety - police	--	--	--	--	45	--	--	85	76	141
Public works	1,212	347	1,966	1,089	5,876	5,637	3,444	3,392	4,854	4,894
Total governmental activities program revenues	<u>12,450</u>	<u>10,650</u>	<u>11,394</u>	<u>11,522</u>	<u>15,550</u>	<u>13,661</u>	<u>12,772</u>	<u>12,876</u>	<u>14,160</u>	<u>13,412</u>

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Business-type activities:										
Charges for services:										
Airport	747	683	829	1,138	1,488	1,597	805	1,288	1,485	1,206
Golf course	254	272	313	308	299	323	281	225	235	226
Sewer operating	6,010	6,701	7,268	7,166	7,584	6,554	7,042	6,964	6,868	7,115
Solid waste	3,998	4,221	4,928	5,131	5,468	4,971	5,290	5,418	5,536	5,659
Transit	303	274	307	323	345	375	332	357	381	462
Water operating	4,864	4,569	4,717	4,869	5,169	4,371	4,621	4,842	4,736	4,942
Zalud estate	3	3	3	3	2	3	7	5	7	7
Operating grants and contributions:										
Airport	10	85	31	10	10	10	--	20	10	10
Sewer operating	4	--	--	--	--	--	--	--	--	--
Solid waste	747	--	--	--	3	7	12	6	10	6
Transit	--	918	1,158	1,218	1,305	1,943	1,315	1,470	1,452	1,796
Capital grants and contributions:										
Airport	--	--	--	310	68	57	477	1,850	306	32
Sewer operating	74	173	122	255	47	49	32	51	16	25
Solid waste	24	--	--	405	--	--	--	421	525	--
Transit	572	415	529	88	2,039	528	704	1,387	69	1,001
Water operating	154	331	184	--	92	99	191	177	33	75
Total business-type activities program revenues	17,764	18,645	20,389	21,224	23,919	20,887	21,109	24,481	21,669	22,562
Total primary government program revenues	\$ 30,214	\$ 29,295	\$ 31,783	\$ 32,746	\$ 39,469	\$ 34,548	\$ 33,881	\$ 37,357	\$ 35,829	\$ 35,974
Net (expense)/revenue										
Governmental activities	\$ (10,042)	\$ (14,345)	\$ (12,358)	\$ (13,801)	\$ (13,697)	\$ (16,606)	\$ (22,511)	\$ (21,953)	\$ (20,593)	\$ (18,371)
Business-type activities	730	1,715	1,800	1,805	3,728	316	1,260	4,143	478	2,217
Total primary government net expense	\$ (9,312)	\$ (12,630)	\$ (10,558)	\$ (11,996)	\$ (9,969)	\$ (16,290)	\$ (21,251)	\$ (17,810)	\$ (20,115)	\$ (16,154)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 2,200	\$ 5,606	\$ 6,520	\$ 7,557	\$ 8,301	\$ 8,408	\$ 7,644	\$ 7,777	\$ 7,238	\$ 7,347
Sales taxes	4,548	3,669	4,339	7,319	6,882	6,147	5,785	6,122	6,484	7,163
Utility users tax	2,813	3,001	3,384	3,665	3,854	3,894	4,046	4,048	3,908	3,970
Other taxes	3,504	3,011	2,218	2,803	2,598	2,312	2,128	2,028	1,819	1,838
Unrestricted investment earnings	431	714	822	1,623	1,790	1,428	1,060	704	666	191
Miscellaneous	131	216	387	215	933	178	2,007	324	96	87
Transfers	(488)	(202)	(158)	(95)	(309)	(455)	103	(68)	(83)	109
Total governmental activities	13,139	16,015	17,512	23,087	24,049	21,912	22,773	20,935	20,128	20,705
Business-type activities:										
Unrestricted investment earnings	159	543	598	980	965	661	569	386	479	105
Miscellaneous	4	4	--	118	78	5	--	10	1	528
Transfers	488	202	158	95	309	455	(103)	68	83	(109)
Total business-type activities	651	749	756	1,193	1,352	1,121	466	464	563	524
Total primary government	\$ 13,790	\$ 16,764	\$ 18,268	\$ 24,280	\$ 25,401	\$ 23,033	\$ 23,239	\$ 21,399	\$ 20,691	\$ 21,229
Extraordinary item - governmental activities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,221	\$ --
<b>Change in Net Position</b>										
Governmental activities	\$ 3,097	\$ 1,670	\$ 5,154	\$ 9,286	\$ 10,352	\$ 5,306	\$ 262	\$ (1,018)	\$ 3,756	\$ 2,334
Business-type activities	1,381	2,464	2,556	2,998	5,080	1,437	1,726	4,607	1,041	2,741
Total primary government	\$ 4,478	\$ 4,134	\$ 7,710	\$ 12,284	\$ 15,432	\$ 6,743	\$ 1,988	\$ 3,589	\$ 4,797	\$ 5,075

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Utility Users Tax</u>	<u>Transient Occupancy Tax</u>	<u>Sales Tax</u>	<u>Motor Vehicle In-Lieu Tax</u>	<u>Total</u>
2003-04	\$ 2,039,256	\$ 1,325,387	\$ 2,813,354	\$ 224,648	\$ 4,548,448	\$ 1,858,888	\$ 12,809,981
2004-05	5,291,741	1,456,558	3,000,783	253,294	3,808,831	1,177,781	14,988,988
2005-06	6,520,333	1,473,974	3,383,843	273,584	4,338,578	301,100	16,291,412
2006-07	7,556,569	1,542,033	3,664,966	268,672	7,318,460	870,673	21,221,373
2007-08	8,301,092	1,695,368	3,854,176	319,431	6,881,840	498,926	21,550,833
2008-09	8,407,702	1,576,019	3,894,372	310,832	6,147,526	424,887	20,761,338
2009-10	7,644,246	1,469,489	4,045,732	276,338	5,784,887	382,477	19,603,169
2010-11	7,776,735	1,485,182	4,048,106	301,029	6,121,968	242,142	19,975,162
2011-12	7,237,972	1,482,657	3,908,443	309,577	6,484,037	27,107	19,449,793
2012-13	7,346,813	1,473,957	3,969,652	335,319	7,163,179	28,249	20,317,169

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

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
General fund:										
Nonspendable	\$ 1,524	\$ 1,493	\$ 1,475	\$ 1,355	\$ 1,316	\$ 1,262	\$ 4,041	\$ 8,400	\$ 5,551	\$ 5,323
Restricted	--	--	--	--	--	--	--	518	439	418
Committed	1,675	2,213	2,213	1,867	1,867	1,867	2,462	2,644	2,091	4,373
Assigned	--	3,189	2,361	3,284	4,061	4,706	4,890	5,361	5,654	6,251
Unassigned	<u>2,821</u>	<u>3,322</u>	<u>4,642</u>	<u>8,389</u>	<u>10,741</u>	<u>10,940</u>	<u>7,313</u>	<u>4,918</u>	<u>2,372</u>	<u>1,070</u>
Total general fund	<u>\$ 6,020</u>	<u>\$ 10,217</u>	<u>\$ 10,691</u>	<u>\$ 14,895</u>	<u>\$ 17,985</u>	<u>\$ 18,775</u>	<u>\$ 18,706</u>	<u>\$ 21,841</u>	<u>\$ 16,107</u>	<u>\$ 17,435</u>
All other governmental funds:										
Nonspendable	\$ 648	\$ 280	\$ --	\$ --	\$ --	\$ 930	\$ --	\$ --	\$ --	\$ --
Restricted	18,931	14,376	16,927	16,728	16,146	18,483	18,848	17,821	17,341	18,744
Unassigned	<u>(1,214)</u>	<u>(1,257)</u>	<u>(1,257)</u>	<u>(1,443)</u>	<u>(1,390)</u>	<u>(1,346)</u>	<u>(1,790)</u>	<u>(3,929)</u>	--	--
Total all other governmental funds	<u>\$ 18,365</u>	<u>\$ 13,399</u>	<u>\$ 15,670</u>	<u>\$ 15,285</u>	<u>\$ 14,756</u>	<u>\$ 18,067</u>	<u>\$ 17,058</u>	<u>\$ 13,892</u>	<u>\$ 17,341</u>	<u>\$ 18,744</u>



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

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues:											
Taxes	\$ 10,788	\$ 11,057	\$ 13,935	\$ 16,289	\$ 21,343	\$ 21,636	\$ 20,761	\$ 19,603	\$ 19,975	\$ 19,450	\$ 20,317
Licenses and permits	707	698	668	802	1,368	1,141	957	836	825	749	780
Intergovernmental	8,167	7,671	5,049	5,828	4,407	7,221	7,979	7,291	6,744	8,202	6,879
Charges for services	2,436	2,483	2,844	3,808	3,877	3,903	3,520	3,703	3,845	4,178	4,263
Special assessments and fees	1,695	669	1,160	965	1,442	2,206	705	515	1,032	539	933
Fines and forfeitures	129	119	195	169	214	269	268	355	240	286	233
Investment earnings	483	333	715	697	1,309	1,436	1,183	891	702	665	279
Miscellaneous	187	193	521	600	263	993	373	114	220	109	145
Total revenues	<u>24,592</u>	<u>23,223</u>	<u>25,087</u>	<u>29,158</u>	<u>34,223</u>	<u>38,805</u>	<u>35,746</u>	<u>33,308</u>	<u>33,583</u>	<u>34,178</u>	<u>33,829</u>
Expenditures:											
Community/Economic development	896	1,190	1,870	2,469	2,314	3,545	2,582	3,114	2,964	1,860	1,373
General government	2,062	1,997	2,711	2,286	2,536	2,600	2,733	4,638	3,449	2,674	2,612
Parks and recreation	3,539	3,396	3,500	3,934	4,044	4,687	4,861	5,026	4,888	5,149	4,809
Public safety:											
Fire	2,154	2,448	2,569	2,960	3,306	3,592	3,817	4,033	4,305	4,501	4,203
Police	4,826	5,431	5,930	6,587	7,118	7,990	8,584	8,887	8,848	9,441	8,957
Public works	1,582	1,446	1,559	1,678	1,903	2,205	2,483	2,972	3,777	4,642	4,140
Capital outlay	4,392	4,160	7,687	5,913	4,216	9,298	7,288	4,601	2,755	4,142	3,544
Debt service:											
Principal	838	804	839	980	3,019	1,012	1,117	981	974	914	948
Interest and other charges	1,664	1,567	1,639	2,279	2,023	1,732	2,207	1,872	1,894	1,516	1,810
Total expenditures	<u>21,953</u>	<u>22,439</u>	<u>28,304</u>	<u>29,086</u>	<u>30,479</u>	<u>36,661</u>	<u>35,672</u>	<u>36,124</u>	<u>33,854</u>	<u>34,839</u>	<u>32,396</u>
Excess of revenues over (under) expenditures	<u>2,639</u>	<u>784</u>	<u>(3,217)</u>	<u>72</u>	<u>3,744</u>	<u>2,144</u>	<u>74</u>	<u>(2,816)</u>	<u>(271)</u>	<u>(661)</u>	<u>1,433</u>
Other financing sources (uses):											
Transfers in	7,650	6,507	8,567	6,931	7,297	11,788	13,845	11,090	8,066	9,798	7,914
Transfers out	(5,377)	(6,582)	(8,769)	(7,090)	(7,386)	(12,070)	(13,373)	(11,382)	(8,128)	(9,851)	(7,805)
Other debt issued	2	4,377	--	6,024	--	--	8,543	--	--	--	21,060
Payments to refunded bond escrow	--	--	--	(3,282)	--	--	(5,003)	--	--	--	(19,887)
Sale of capital assets	--	--	--	92	162	697	15	2,030	198	15	16
Total other financing sources (uses)	<u>2,275</u>	<u>4,302</u>	<u>(202)</u>	<u>2,675</u>	<u>73</u>	<u>415</u>	<u>4,027</u>	<u>1,738</u>	<u>136</u>	<u>(38)</u>	<u>1,298</u>
Net change in fund balances before extraordinary items	<u>4,914</u>	<u>5,086</u>	<u>(3,419)</u>	<u>2,747</u>	<u>3,817</u>	<u>2,559</u>	<u>4,101</u>	<u>(1,078)</u>	<u>(135)</u>	<u>(699)</u>	<u>2,731</u>
Extraordinary item:											
RDA dissolution	--	--	--	--	--	--	--	--	--	(1,586)	--
Net change in fund balances	<u>\$ 4,914</u>	<u>\$ 5,086</u>	<u>\$ (3,419)</u>	<u>\$ 2,747</u>	<u>\$ 3,817</u>	<u>\$ 2,559</u>	<u>\$ 4,101</u>	<u>\$ (1,078)</u>	<u>\$ (135)</u>	<u>\$ (2,285)</u>	<u>\$ 2,731</u>
Debt service as a percentage of noncapital expenditures	14.247%	12.971%	12.019%	14.064%	19.078%	10.028%	11.711%	9.051%	9.222%	7.916%	9.559%

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

<u>Fiscal Year</u>	<u>Secured Locally Assessed</u>	<u>State Assessed</u>	<u>Unsecured</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>
2003-04	\$ 1,306,593,374	\$ 1,770,228	\$ 74,268,039	\$ 1,382,631,641	0.117%
2004-05	1,411,853,553	1,921,645	60,358,762	1,474,133,960	0.117%
2005-06	1,489,982,506	1,921,062	76,622,795	1,568,526,363	0.117%
2006-07	1,722,052,186	1,903,653	66,330,335	1,790,286,174	0.117%
2007-08	2,067,588,443	1,792,900	70,340,070	2,139,721,413	0.118%
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%

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 SEVEN FISCAL YEARS**

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
City Direct Rates:							
City Basic Rate	<u>0.1166</u>	<u>0.1180</u>	<u>0.1183</u>	<u>0.1182</u>	<u>0.1182</u>	<u>0.1183</u>	<u>0.1182</u>
Total City Direct Rate	0.1166	0.1180	0.1183	0.1182	0.1182	0.1183	0.1182
Overlapping Rates:							
County of Tulare	0.1812	0.1815	0.1821	0.1825	0.1820	0.1820	0.1814
Porterville Elementary School	0.2500	0.2530	0.2477	0.2471	0.2497	0.2443	0.2544
Porterville High School	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294
Kern Community College	0.0810	0.0838	0.0848	0.0851	0.0858	0.0848	0.0842
County School Service Fund	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
Porterville Memorial District	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
Tulare County Air Pollution Control District	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
Education Revenue Augmentation	<u>0.2401</u>	<u>0.2383</u>	<u>0.2374</u>	<u>0.2371</u>	<u>0.2376</u>	<u>0.2376</u>	<u>0.2383</u>
Total Direct Rate	<u>1.0576</u>	<u>1.0633</u>	<u>1.0591</u>	<u>1.0588</u>	<u>1.0621</u>	<u>1.0557</u>	<u>1.0652</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.

Data for fiscal years ended prior to June 30, 2006, is not available in this format.

Source: County of Tulare Office of the Auditor-Controller

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

Taxpayer	2012-13			2003-04		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Realty Company	\$ 80,357,483	1	3.89%	\$ 63,575,277	1	4.52%
Del Mesa Farms	45,064,906	2	2.18%	-		-
Target Corporation	18,288,333	3	0.89%	6,176,897	8	0.44%
Lowes HIW Inc	14,657,433	4	0.71%	-		-
Royalty Carpet Mills Inc	12,667,076	5	0.61%	14,289,287	3	1.02%
Daryl & Victoria Nicholson (TRS)	12,113,348	6	0.59%	-		-
Beckman Coulter Inc	11,702,298	7	0.57%	9,522,635	4	0.68%
Cherry Keith (SCSR)	11,057,668	8	0.54%	-		-
Porterville Investments 2005 LP	9,818,000	9	0.48%	-		-
Grand-Prospect Partners LP	9,722,332	10	0.47%	-		-
Foster Farms	-		-	39,558,194	2	2.81%
Save Mart - West	-		-	8,000,870	5	0.57%
Porterville Retirement Residence	-		-	7,931,511	6	0.56%
Home Depot	-		-	7,416,731	7	0.53%
Mervyns	-		-	5,453,667	9	0.39%
Sierra Valley Rehab	-		-	4,385,334	10	0.31%
Subtotal	225,448,877		10.91%	166,310,403		11.83%
Total taxable assessed value of other taxpayers	1,840,729,724		89.09%	1,239,016,530		88.17%
Total taxable assessed value	\$ 2,066,178,601		100.00%	\$ 1,405,326,933		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
2003-04	\$ 2,060,668	\$ 2,034,837	98.75%	\$ -	\$ 2,034,837	98.75%
2004-05	2,203,906	2,203,906	100.00%	-	2,203,906	100.00%
2005-06	2,761,512	2,652,063	96.04%	-	2,652,063	96.04%
2006-07	3,023,938	2,948,751	97.51%	-	2,948,751	97.51%
2007-08	3,480,712	3,405,377	97.84%	-	3,405,377	97.84%
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%	-	2,171,025	65.45%

Source: County of Tulare Office of the Auditor-Controller

**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>
2003-04	\$ 4,639,986	\$ 344,145	\$ 196,880	\$ 746,201	\$ 83,204	\$ 6,010,416
2004-05	5,113,336	303,835	251,671	948,549	83,400	6,700,791
2005-06	5,602,053	310,594	316,500	956,991	81,888	7,268,026
2006-07	5,510,041	331,909	307,896	930,935	85,382	7,166,163
2007-08	5,955,869	338,697	530,248	648,746	110,412	7,583,972
2008-09	5,394,799	311,697	311,758	445,630	89,896	6,553,780
2009-10	6,013,311	309,356	114,156	455,457	150,307	7,042,587
2010-11	5,961,692	354,055	-	461,041	186,916	6,963,704
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

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

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Governmental activities:										
Notes	\$ 5,898	\$ 5,869	\$ 5,729	\$ 3,885	\$ 3,737	\$ 3,779	\$ 3,611	\$ 3,232	\$ 2,925	\$ 2,747
Revenue bonds	5,695	5,510	4,753	4,587	4,406	7,392	7,344	7,295	-	-
Certificates of Participation	23,490	22,865	25,501	24,533	23,929	23,295	22,631	21,948	21,220	21,292
Business-type activities:										
Notes	-	5,356	5,474	5,343	5,208	5,069	13,181	13,032	12,708	12,372
Revenue bonds	200	69	-	-	-	-	-	17,652	17,483	17,630
Certificates of Participation:	26,300	25,340	22,428	21,485	20,482	19,414	18,280	8,462	7,633	6,745
Capital lease	271	266	262	253	244	233	-	-	-	-
Total primary government	<u>\$ 61,854</u>	<u>\$ 65,275</u>	<u>\$ 64,147</u>	<u>\$ 60,086</u>	<u>\$ 58,006</u>	<u>\$ 59,182</u>	<u>\$ 65,047</u>	<u>\$ 71,621</u>	<u>\$ 61,969</u>	<u>\$ 60,786</u>
Percentage of personal income (1)	N/A	N/A	N/A	N/A	7.66%	7.23%	7.13%	7.78%	6.61%	6.56%
Per capita (1)	1,433	1,467	1,262	1,167	1,118	1,137	1,228	1,322	1,125	1,095

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, 2013**

2012-13 Assessed Valuation: \$ 2,066,178,601  
 Redevelopment Incremental Valuation: 91,594,269  
 Adjusted Assessed Valuation: \$ 2,157,772,870

	Total Debt 6/30/13	% Applicable	City's Share of Debt 6/30/13
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Kern Community College District Safety, Repair and Improvement District	\$ 99,267,372	2.779%	\$ 2,758,640
Porterville Unified School District	2,820,000	0.045%	1,269
Porterville Unified School District School Facilities Improvement District	20,261,310	78.108%	15,825,704
Burton School District	1,963,228	92.542%	1,816,810
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 20,402,423</b>
<b>DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT:</b>			
Tulare County Certificates of Participation	\$ 54,540,000	8.012%	\$ 4,369,745
Kern Community College District Certificates of Participation	84,530,000	2.496%	2,109,869
Kern Community College District Benefit Obligations	82,985,000	2.496%	2,071,306
Porterville Unified School District Certificates of Participation	31,505,000	44.250%	13,940,963
Burton School District Certificates of Participation	4,085,000	92.542%	3,780,341
<b>City of Porterville Certificates of Participation</b>	<b>21,291,572</b>	<b>100.000%</b>	<b>21,291,572</b>
<b>City of Porterville Notes Payable</b>	<b>2,747,000</b>	<b>100.000%</b>	<b>2,747,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT</b>			<b>\$ 50,310,796</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	<b>\$ 7,658,284</b>	<b>100.000%</b>	<b>\$ 7,658,284</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 24,038,572</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 54,332,931</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 78,371,503 (2)</b>

(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 2012-13 Assessed Valuation:**

Overlapping Tax and Assessment Debt	2.52%
<b>Total Direct Debt (\$26,472,000)</b>	<b>1.11%</b>
<b>Combined Total Debt</b>	<b>3.63%</b>

**Ratios to Redevelopment Successor Agency Incremental Valuation (\$91,594,269):**

Total Overlapping Tax Increment Debt	8.36%
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Source: California Municipal Statistics, Inc.  
 City of Porterville Finance Department



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

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Assessed valuation	\$ 1,382,632	\$ 1,474,134	\$ 1,568,526	\$ 1,790,286	\$ 2,139,721	\$ 2,249,901	\$ 2,170,849	\$ 2,162,765	\$ 2,128,660	\$ 2,066,179
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	345,658	368,533	392,132	447,572	534,930	562,475	542,712	540,691	532,165	516,545
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	51,849	55,280	58,820	67,136	80,240	84,371	81,407	81,104	79,825	77,482
Total net debt applicable to limit: General obligation bonds (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 51,849</u>	<u>\$ 55,280</u>	<u>\$ 58,820</u>	<u>\$ 67,136</u>	<u>\$ 80,240</u>	<u>\$ 84,371</u>	<u>\$ 81,407</u>	<u>\$ 81,104</u>	<u>\$ 79,825</u>	<u>\$ 77,482</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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 25% level that was in effect at the time that legal debt margin was enacted by the State of California for local governments located within the State.

(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>									
2003-04	\$ 4,949	\$ 3,137	\$ 1,812	\$ 691	2.62	\$ 1,121	\$ 141	7.95	\$ 980
2004-05	4,794	2,890	1,904	694	2.74	1,210	141	8.58	1,069
2005-06	4,912	3,133	1,779	687	2.59	1,092	71	15.38	1,021
2006-07	5,213	3,426	1,787	688	2.60	1,099	-	-	1,099
2007-08	5,440	3,489	1,951	687	2.84	1,264	-	-	1,264
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
<b>Sewer system improvement projects</b>									
2003-04	\$ 6,080	\$ 3,463	\$ 2,617	\$ 736	3.56	\$ 1,881	\$ 1,013	1.86	\$ 868
2004-05	6,945	3,444	3,501	739	4.74	2,762	1,120	2.47	1,642
2005-06	7,577	3,566	4,011	740	5.42	3,271	1,190	2.75	2,081
2006-07	7,680	4,229	3,451	739	4.67	2,712	1,315	2.06	1,397
2007-08	8,134	4,121	4,013	737	5.45	3,276	1,315	2.49	1,961
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

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>
2003-04	43,150	N/A	\$ 41,693	N/A	N/A	15,444	11.0%
2004-05	44,496	N/A	\$ -	N/A	N/A	16,325	8.3%
2005-06	50,840	N/A	\$ -	N/A	N/A	16,752	7.6%
2006-07	51,467	N/A	\$ -	N/A	N/A	17,214	7.8%
2007-08	51,863	\$ 757,251,663	\$ 14,601	28.7	65.9% High school graduate or higher	17,399	9.0%
2008-09	52,056	\$ 818,997,048	\$ 15,733	28.1	67.6% High school graduate or higher	17,550	13.5%
2009-10	52,960	\$ 911,706,400	\$ 17,215	28.6	61.7% High school graduate or higher	17,112	14.4%
2010-11	54,165	\$ 920,209,185	\$ 16,989	28.8	67.9% High school graduate or higher	18,130	14.3%
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%

Sources:

(1) 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	2012-13			2003-04		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville Public Schools	1,656	1	7.60%	1,184	3	6.23%
Porterville State Developmental Center	1,327	2	6.09%	1,891	1	9.95%
Wal-Mart Distribution Center/Retail Store	1,016	3	4.66%	1,403	2	7.38%
Sierra View District Hospital	965	4	4.43%	760	4	4.00%
Family Healthcare Network	495	5	2.27%	-		0.00%
City of Porterville	505	6	2.32%	236	9	0.00%
Eagle Mountain Casino	529	7	2.43%	-		0.00%
Foster Farms	505	8	2.32%	282	7	1.48%
Burton School District	418	9	1.92%	322	5	0.00%
Bank of the Sierra	355	10	1.63%	-		0.00%
Royalty Carpet	-		0.00%	287	6	1.51%
Beckman Coulter	-		0.00%	275	8	1.45%
U.S. Forest Service	-		0.00%	233	10	1.23%
Total	<u>6,115</u>		<u>35.65%</u>	<u>5,689</u>		<u>33.24%</u>
City labor force	<u>21,800</u>			<u>19,000</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**

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
<b>Function</b>										
General government	22	17	25	24	23	24	26	24	25	25
Public safety:										
Fire										
Sworn	28	27	35	35	35	35	35	34	35	32
Unsworn	1	1	1	2	3	3	2	2	3	3
Police										
Sworn	43	49	47	58	54	59	55	60	54	60
Unsworn	22	18	21	21	24	25	25	27	26	28
Public works:										
Engineering and building	14	14	15	17	16	16	17	18	18	17
Streets maintenance	5	3	5	7	5	6	6	6	6	5
Community development:										
Planning and zoning	7	7	9	10	10	10	9	8	6	8
Economic development	2	2	2	2	2	2	2	2	2	2
Housing	2	2	2	2	2	2	2	2	2	2
Parks and Leisure Services:										
Parks	18	18	18	20	21	20	20	20	18	17
Leisure Services	4	5	5	5	5	5	5	5	5	4
Library	8	7	7	10	10	10	9	10	10	10
Sewer operations	19	16	18	17	14	13	14	16	13	17
Solid waste	20	19	20	22	22	22	21	20	20	20
Airport operations	2	1	1	1	1	1	1	1	1	2
Golf course	2	2	2	2	2	2	2	2	2	2
Water operations	18	18	13	12	14	13	11	12	12	12
Equipment maintenance	8	8	8	6	6	6	6	6	7	7
<b>Total</b>	<u><u>245</u></u>	<u><u>234</u></u>	<u><u>254</u></u>	<u><u>273</u></u>	<u><u>269</u></u>	<u><u>274</u></u>	<u><u>268</u></u>	<u><u>275</u></u>	<u><u>265</u></u>	<u><u>273</u></u>

Source: City of Porterville, Finance Department

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

FUNCTION	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Police</b>										
Crimes (1):										
Homicide	6	2	5	8	7	2	5	1	3	3
Rape	10	18	23	14	9	9	10	11	7	12
Robbery	72	48	47	76	73	60	60	65	47	73
Assaults	576	605	606	656	582	551	575	606	467	461
Burglary	549	506	533	522	497	351	386	482	558	542
Theft	1,206	1,351	1,514	1,496	1,422	1,024	1,091	1,242	1,003	936
Stolen vehicles	427	430	484	356	357	262	223	267	162	253
Traffic accidents:										
Non-injury	495	348	423	347	415	349	310	368	373	329
Injury	225	188	195	165	188	187	207	194	220	182
Fatal	2	-	-	3	2	6	5	3	2	6
Calls for service	26,503	28,143	68,203	76,648	25,941	28,792	30,094	30,753	31,895	31,701
Officer-initiated activity	19,383	23,990	23,342	28,644	27,171	31,303	38,970	37,161	38,394	33,868
Reports	9,201	9,783	9,782	10,999	11,117	9,579	9,503	9,474	9,268	9,159
Arrests:										
Felony	1,327	1,635	1,503	1,716	1,596	1,624	1,506	1,421	1,204	1,246
Misdemeanor	2,165	2,285	1,959	2,420	2,905	2,690	2,527	2,296	2,463	2,094
Mover citations	1,715	1,643	1,490	1,504	2,482	2,387	2,313	2,551	2,725	3,433
Non-mover and other citations	1,688	1,610	1,679	2,982	4,164	2,927	2,369	2,314	2,917	3,965
<b>Fire</b>										
Emergency responses:										
Fires	458	434	519	540	555	473	375	413	431	521
Medical	1,725	1,775	2,153	2,615	3,003	3,040	2,848	2,922	2,985	3,247
Hazardous materials	1	-	-	-	-	-	-	-	-	-
Other	950	1,125	1,143	1,061	959	863	881	854	942	1,004
Inspections	2,071	840	692	645	1,040	865	1,123	1,255	1,125	1,588
Hazard abatement	145	33	270	204	126	1,424	1,395	998	1,461	769
Violations noticed/citations issued	7	3	5	44	130	244	235	583	154	473
Public education - presentations and tours	132	89	81	123	145	138	179	238	204	123
Investigations	N/A	N/A	299	347	267	212	158	155	146	262

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

<b>FUNCTION</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
<b>Public works:</b>										
Building permits issued	398	374	381	607	474	364	293	230	240	222
Streets:										
Street resurfacing (square feet)	1,743	9,561	20,592	369,600	350,286	114,000	1,000,071	1,211,969	1,687,492	1,936,432
Potholes repaired (square feet)	5,488	2,326	2,438	2,447	10,358	21,000	17,000	14,153	14,396	10,511
Solid waste:										
Refuse collected (tons/day)	87	88	91	118	115	109	111	123	123	109
Recyclables collected (tons/day)	26	27	30	39	42	37	38	47	50	50
Water:										
Number of consumers	14,147	14,690	14,680	14,562	14,486	14,673	14,694	14,843	15,214	15,395
Water introduced into system (millions of gallons)	4,166	4,132	4,025	4,468	4,484	4,271	4,042	3,970	4,208	4,284
Metered water deliveries (millions of gallons)	3,754	3,630	3,668	3,900	3,931	4,201	3,456	3,529	3,955	3,836
New water connections	105	109	290	276	193	178	97	156	54	74
Water mains breaks	N/A	10	10	7	6	6	11	11	3	6
Wastewater:										
Average daily sewage treatment (millions of gallons)	N/A	4.7	4.7	4.8	4.8	4.8	4.6	4.8	4.8	4.8
<b>Parks and leisure services:</b>										
Athletic field permits issued	N/A	29	N/A	129	114	84	63	64	54	70
Facility rentals										
Community rooms/centers	N/A	410	N/A	85	34	14	14	29	42	34
Municipal swimming pool	N/A	35	N/A	65	43	40	32	43	45	56
Park pavilions	N/A	583	N/A	626	441	392	481	489	525	552
Zalud Estate house and gardens	N/A	8	N/A	5	1	1	5	6	9	15
Recreation program enrollment:										
Recreation afterschool program (RAP)	N/A	2,542	2,579	2,620	2,235	1,926	1,579	1,739	1,917	1,622
Sports activities	N/A	1,085	1,123	1,265	1,395	1,617	1,483	1,813	2,101	2,621
Summer/winter camp	N/A	100	157	157	425	552	211	240	417	353
Kindergarten/pre-school classes	N/A	39	145	600	608	324	420	297	352	316

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**

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
<b>Function</b>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	N/A	10	38	52	61	66	70	76	75	68
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Hydrants	1,492	1,533	1,584	1,619	1,694	1735	1829	1840	1,929	1,937
Public works:										
Streets, lights, signals										
Miles	171	171	187	190	193	193	196	196	196	196
Streetlights	N/A	N/A	N/A	163	3,114	3232	3333	3336	3,336	3,336
Traffic signals	N/A	N/A	N/A	43	48	48	49	49	49	49
Sewers (miles)	165	165	167	170	170	170	170	171	171	171
Water mains (miles)	174	174	178	187	210	210	210	212	212	213
Storm drains (miles)	N/A	N/A	N/A	52	52	52	52	52	52	52
Parks and Leisure Services:										
Parks acreage	306	306	306	306	306	306	306	306	306	306
Parks	24	24	24	24	24	24	24	24	24	24
Community centers	2	2	2	2	2	2	1	1	1	1
Library volumes/circulations	246,676	246,487	231,803	228,203	255,025	271,337	271,161	294,212	297,900	288,326

Sources: Various city departments  
N/A = NOT AVAILABLE



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