



CALIFORNIA

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

CITY OF PORTERVILLE, CALIFORNIA

PREPARED BY THE DEPARTMENT OF FINANCE

MARIA C. BEMIS

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Introductory Section



Maria Bemis
Finance Director
(559) 782-7435



291 North Main Street
Porterville, CA 93257

December 31, 2014

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, 2014, 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, 2014. 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 local economy has shown slight improvements for the past few years. For the current year, both sales tax and utility users tax collections had stayed flat but the City experienced a 10.2 percent increase in property tax revenues during the year, primarily from the growth in assessed property values. Another factor was the increase in the

amount of “triple-flip” sales tax for property tax swap received from the County Auditor with the “true-up” adjustment made during the year to account for the improved actual sales and use tax collections in the prior year. The City’s unemployment rate remains high at 12.4 percent, although this is an improvement from a high of 14.4 percent four years ago. With the recent development activities within the City, it is anticipated that retail sales will show improvement in the next year while the unemployment rate continue to decline.

Retail recruitment remains a high priority for the City. Several projects are currently under development including Me-N-Ed’s Pizzeria, Panera, as well as Phase 1 of the Village at Henderson with 168 new market-rate apartments. More development projects are anticipated in the coming year include Applebee’s, Phase 2 of the Village at Henderson with a new anchor tenant, and a new commercial center. Meanwhile, the construction of the Walmart Supercenter, a 43,000 square foot retail store is further delayed due to the Court of Appeals ruling against the City and Walmart. The project is expected to greatly impact downtown revitalization with approximately 300 new jobs plus increased sales tax revenues for the City.

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 \$13,006,932. In accordance with general fund policy, \$3,459,711 or 15 percent of appropriation is in the budget stabilization reserve. Another \$500,000 is set aside for catastrophic and emergency reserve.

In the next fiscal year, the City will be looking into refinancing its \$21,060,000 variable rate lease agreement pertaining to the refunded 2005 Infrastructure Financing Project Certificates of Participation, in order to lock-in lower interest rates before they start to rise. Additionally, the City will consider financing its unfunded liability obligations to the California Public Employees’ Retirement System (CalPERS). At June 30, 2013, the City’s unfunded liability for its miscellaneous and safety plans are \$26,698,782 and \$12,558,540, respectively.

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.

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. Beginning with the next fiscal year, the City will implement cost-saving amendments to the healthcare benefits as well as increased contributions by employees and dependents, and retirees. In addition, the City will increase its contributions to the healthcare plan’s assets. The City will continue

to monitor the plan and take the necessary steps to keep it funded for the benefit of its employees.

In August of 2014, the City purchased the Centennial Plaza building for \$2.4 million, to be utilized as an extension of the Main Library and a space for other community programs and services. In September 2014, the City Council approve a resolution for the City acquisition of the recently abandoned railroad right-of-way, to preserve the railroad property within and near the City for the purpose of meeting future transportation needs. The City received \$3 million from the Tulare County Association of Governments for the acquisition cost.

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 will soon be completed. This project will provide access from Highway 190 to Olive Avenue and to the new courthouse.

The construction of a new park named "Fallen Heroes Park" has been completed and officially opened to the public in November 2014. It includes a walking trail, a multi-purpose playing field, playgrounds, and picnic pavilions. 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 a new Public Safety Station to be located on Jaye Street, south of Highway 190 has begun and is expected to be completed and operational in the fall of 2015. 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.

The widening of the Jaye Street Bridge is currently under design and depending on environmental regulations and approval could begin construction in the summer of 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.

Caltrans has completed the State Route 190 project initiation document and is currently preparing the project approval and environmental document which is a necessary step in securing State and/or Measure R Regional funds for the 4 near-term improvement projects 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) widening the off-ramp at Main Street and SR 190 intersection to accommodate a designated right-turn lane onto northbound Main Street. 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 total project is estimated to cost around \$17.4 million.

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 two 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.

After several years of budgetary and political challenges and delays, the City of Porterville Successor Agency completed the acquisition of the former Porterville Hotel property in August of 2014 for \$1.65 million. Bond proceeds from the refinancing of tax allocation bonds in 2008 was the funding source this acquisition. The site will be prepared and then marketed for private development.

Construction of new pedestrian walkways on Garden Avenue and Oak Avenue, between the new courthouse and Main Street, is projected to begin in the spring of 2015. The project includes widened, stamped-concrete sidewalks, nostalgic streetlights, installation of benches, planting of trees and shrubs, and the painting of murals. The City was awarded approximately \$850,000 of Transportation Enhancement funds from the US Department of Transportation to partially fund this project.

Several downtown parking lots are also slated to be rehabilitated in the next year. The project will refurbish blighted and deteriorated parking lots in the downtown area which will provide benefits to the businesses in the commercial district. The project consists of reconstructing portion of the existing parking lots by removing portions of asphalt, concrete and trees, and installing new concrete, asphalt, landscaping and irrigation.

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, 2013. This was the twenty-fourth 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 black ink that reads "Maria Bemis". The signature is fluid and cursive, with the first name "Maria" and last name "Bemis" clearly distinguishable.

Maria Bemis
Finance Director



Government Finance Officers Association

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

Presented to

**City of Porterville
California**

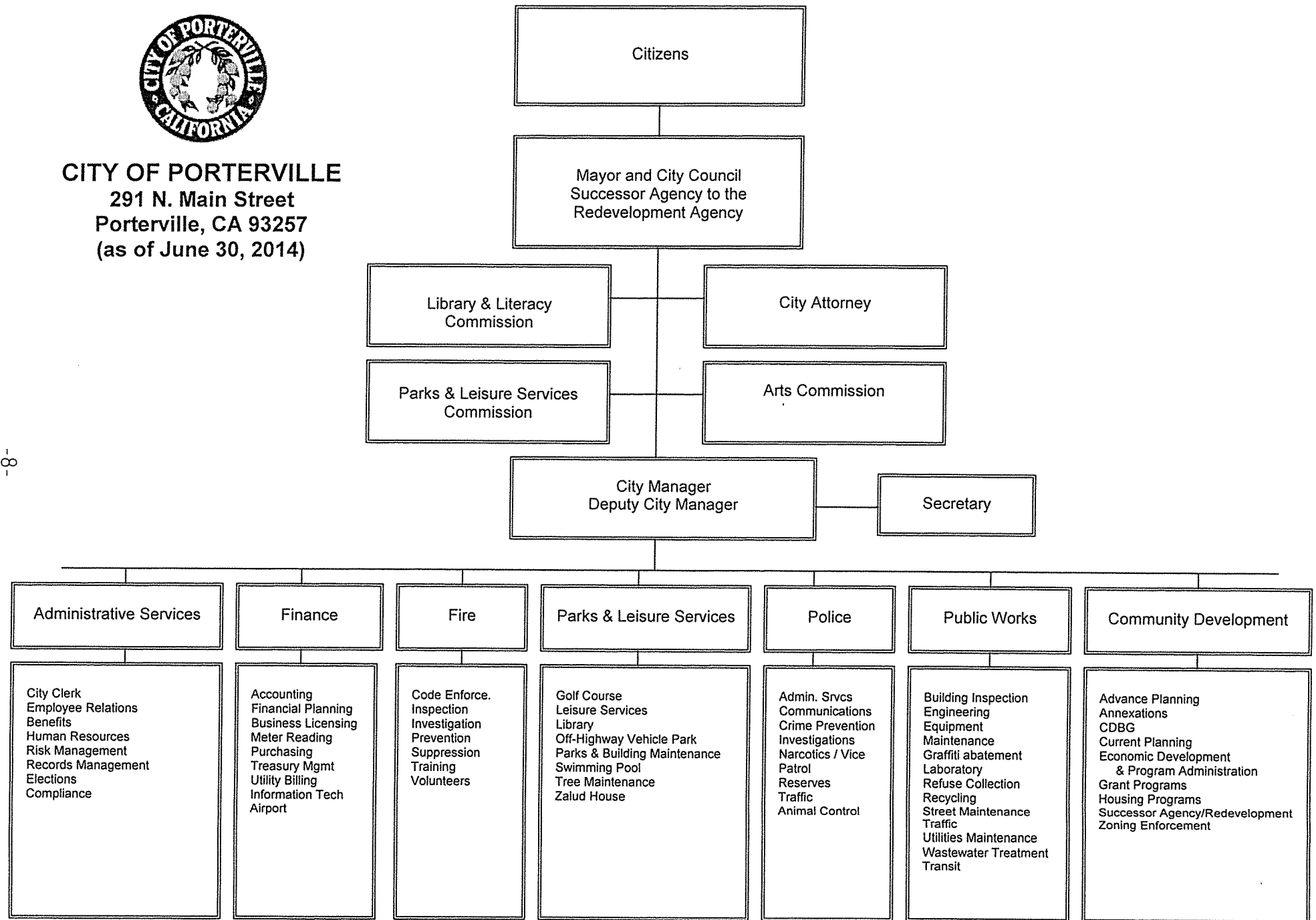
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



CITY OF PORTERVILLE
291 N. Main Street
Porterville, CA 93257
(as of June 30, 2014)



CITY OF PORTERVILLE
CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES
As of June 30, 2014

<u>City Council and Successor Agency to the Redevelopment Agency Board</u>		<u>Term Expires</u>
Cameron Hamilton	Mayor and Chairperson	June 2016
Vacant	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
Virginia Gurrola	Council Member and Agency Member	June 2016
Milt Stowe	Council Member – Elect	June 2018

City Manager and Department Directors

John D. Lollis	City Manager/City Clerk
Jenni Byers	Interim 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, Chairperson
Allan Bailey, Vice-Chairperson
Jennifer Biagiò, Member
Catherine May, Member
Edith LaVonne, Member
Tamara Bishop-Mitchell, Member
Carol Wilkins, Member

Parks and Leisure Services Commission

Rick Vafeades, Chairperson
Richard Rankin, Vice Chairperson
Monte Moore, Member
Carroll Land, Member
Leticia Lupio, Member
Rocco Calantone, Member
Shannon Bennett, Member
Eric Mendoza, Member

Arts Commission

Deanna Worthington, Chairperson
Joan Claire Givan, Vice-Chairperson
Mel Gosage, Member
Judy Holloway, 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, 2014, 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, 2014, 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, schedule of funding progress for pension and OPEB, 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, 2014 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, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Porterville exceeded its liabilities at the close of the most recent fiscal year by \$473,647,937 (*net position*). Of this amount, \$54,614,105 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 \$16,192,572 from a combination of increase of \$12,866,887 in the governmental activities and an increase of \$3,325,685 in the business-type activities. This increase is primarily from some major capital asset additions.
- At June 30, 2014, the City of Porterville's governmental funds reported combined fund balances of \$36,698,983, an increase of \$538,669 in comparison with the prior year. Approximately 5 percent of this amount (\$1,538,931) 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 \$13,006,932, or approximately 61 percent of total general fund expenditures.
- On November 25, 2013, the City issued its 2013 Taxable Pension Obligation Bond at an aggregate principal amount of \$3,765,000 to refinance the obligation of the City owing to the California Public Employees Retirement System in connection with the City's side fund obligation related to its public safety employees.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 28 - 29 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 30 - 33 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 34 – 36 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 37 - 38 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 40 - 74 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 76 - 80 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 82 - 109 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 \$473,647,937 at June 30, 2014.

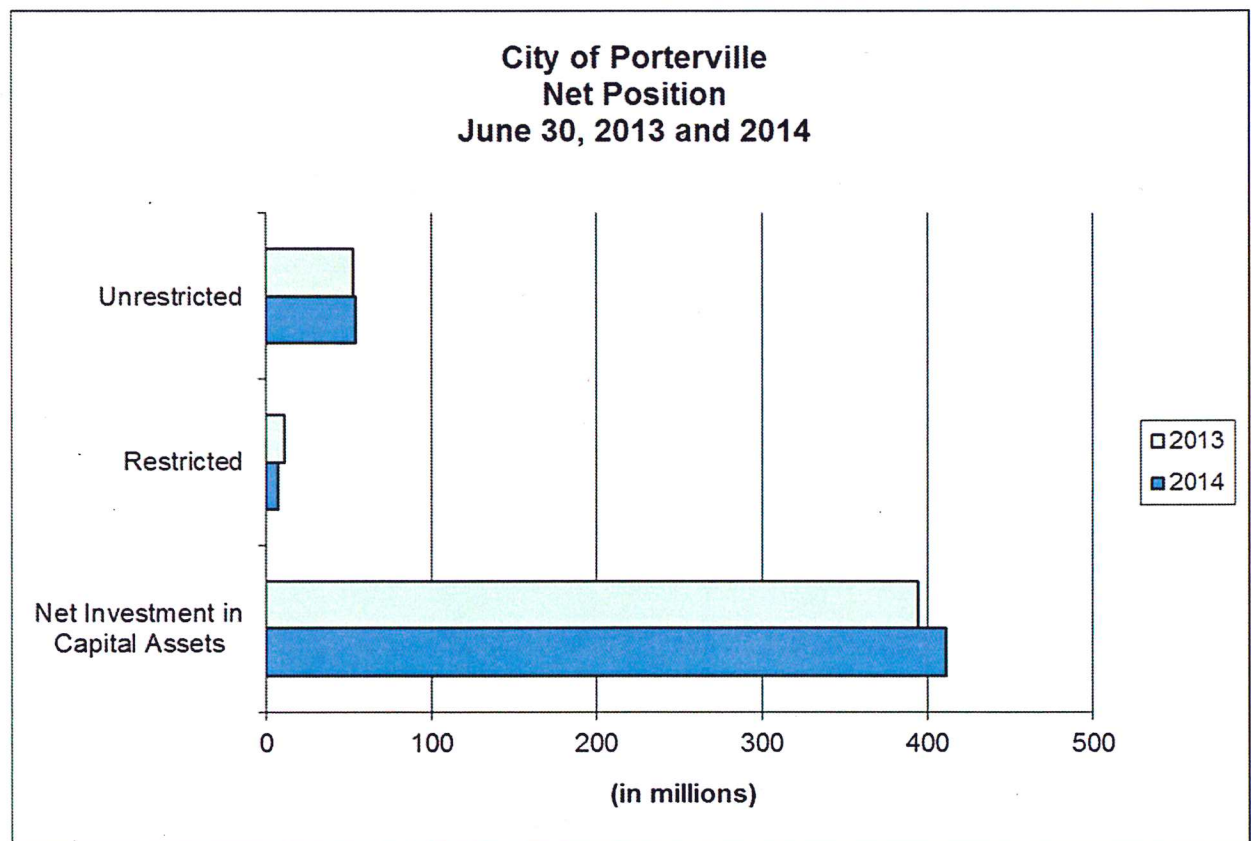
City of Porterville's Net Position						
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 59,153,132	\$ 56,760,535	\$ 36,076,595	\$ 38,334,265	\$ 95,229,727	\$ 95,094,800
Capital assets	<u>387,197,205</u>	<u>373,962,109</u>	<u>76,857,357</u>	<u>73,278,572</u>	<u>464,054,562</u>	<u>447,240,681</u>
Total assets	<u>446,350,337</u>	<u>430,722,644</u>	<u>112,933,952</u>	<u>111,612,837</u>	<u>559,284,289</u>	<u>542,335,481</u>
Deferred outflow of resources	<u>2,319,199</u>	<u>--</u>	<u>1,249,959</u>	<u>--</u>	<u>3,569,158</u>	<u>--</u>
Long-term liabilities outstanding	<u>34,270,878</u>	<u>28,191,054</u>	<u>37,000,627</u>	<u>36,882,777</u>	<u>71,271,505</u>	<u>65,073,831</u>
Other liabilities	<u>15,229,140</u>	<u>15,642,122</u>	<u>2,704,865</u>	<u>3,026,177</u>	<u>17,934,005</u>	<u>18,668,299</u>
Total liabilities	<u>49,500,018</u>	<u>43,833,176</u>	<u>39,705,492</u>	<u>39,908,954</u>	<u>89,205,510</u>	<u>83,742,130</u>
Net position:						
Net investment in capital assets	362,674,602	350,078,264	48,934,301	44,211,363	411,608,903	394,289,627
Restricted	4,152,302	8,266,566	3,272,627	3,238,642	7,424,929	11,505,208
Unrestricted	<u>32,342,614</u>	<u>28,544,638</u>	<u>22,271,491</u>	<u>24,256,878</u>	<u>54,614,105</u>	<u>52,798,516</u>
Total net position	<u>\$ 399,169,518</u>	<u>\$ 386,889,468</u>	<u>\$ 74,478,419</u>	<u>\$ 71,703,883</u>	<u>\$ 473,647,937</u>	<u>\$ 458,593,351</u>

By far, the largest portion of the City's net position, \$411,608,903 (86.9 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, \$7,424,929 (1.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$54,614,105 (11.5 percent) may be used to meet the City's ongoing obligations to its citizens and creditors.

At June 30, 2014, 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 \$16,192,572 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 \$12,866,887 from the prior fiscal year for an ending balance of \$399,169,518.

Total governmental revenues for the year of \$44,626,185 were 31 percent higher than the prior year revenues of \$34,008,090. A major portion of the increase, over \$8.2 million, was

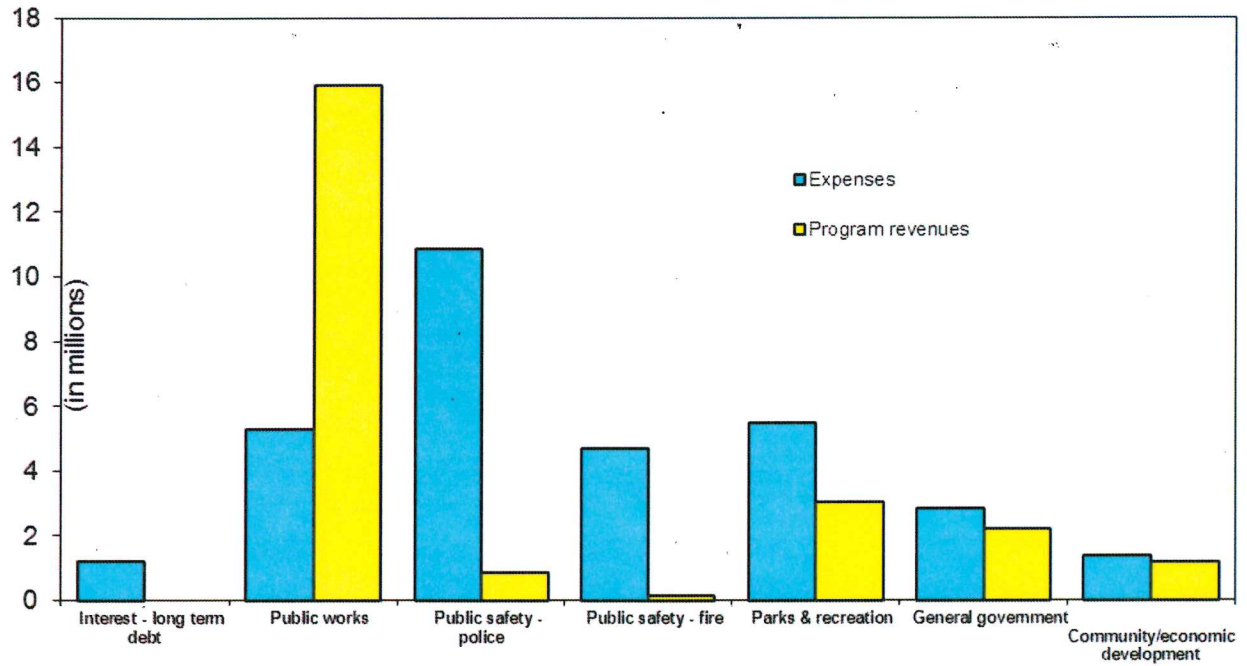
derived from a grant award from the Department of Transportation's Highway Bridge Program for the Plano Bridge widening project. Taxes, which include property, sales, utility users, franchise, and transient occupancy taxes, amounting to \$20,685,718, is just slightly higher, 1.81 percent, compared to the prior fiscal year taxes. Although it is a minor increase, it shows the continued improvement and recovery of the local economy. In addition, the City also experienced an increase in public works permits from \$360,887 in the last fiscal year to \$445,162 in the current year, an increase of 23.3 percent.

Total expenses in governmental activities for the year were \$31,674,226, a decrease of \$108,555 from the prior fiscal year. The largest component of total expenses was for the police department, amounting to \$10,863,234 representing 34.3 percent. Parks and recreation expenses were \$5,490,345, which is 17.3 percent. Expenses in public works amounted to 16.6 percent of total expenses for the year and 14.8 percent was spent in the fire department. Interest in long-term debt was \$1,204,935.

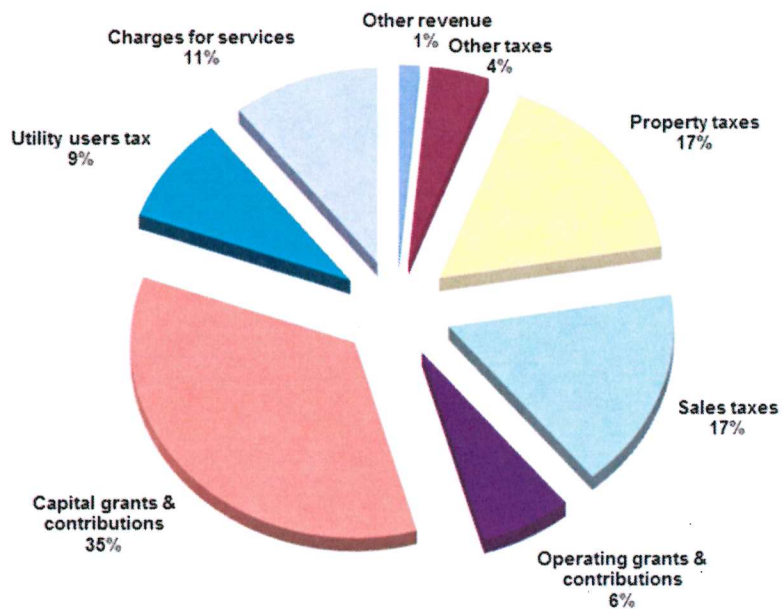
City of Porterville's Changes in Net Position

	Governmental Activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 4,774,982	\$ 4,863,791	\$ 20,016,495	\$ 19,617,542	\$ 24,791,477	\$ 24,481,333
Operating grants and contributions	2,907,590	3,132,027	3,158,711	1,812,510	6,066,301	4,944,537
Capital grants and contributions	15,589,339	5,416,765	2,090,845	1,132,498	17,680,184	6,549,263
General revenues:						
Property taxes	7,406,413	7,346,813	--	--	7,406,413	7,346,813
Other taxes	13,279,305	12,970,356	--	--	13,279,305	12,970,356
Other	660,077	278,338	407,668	632,416	1,067,745	910,754
Total revenues	<u>44,617,706</u>	<u>34,008,090</u>	<u>25,673,719</u>	<u>23,194,966</u>	<u>70,291,425</u>	<u>57,203,056</u>
Expenses:						
Community/economic development	1,350,335	1,450,027	--	--	1,350,335	1,450,027
General government	2,815,570	2,922,898	--	--	2,815,570	2,922,898
Parks and recreation	5,490,345	5,349,678	--	--	5,490,345	5,349,678
Public safety - fire	4,692,111	4,498,053	--	--	4,692,111	4,498,053
Public safety - police	10,855,276	9,788,016	--	--	10,855,276	9,788,016
Public works	5,257,175	6,694,076	--	--	5,257,175	6,694,076
Interest on long-term debt	1,204,935	1,080,033	2,066,603	2,146,196	3,271,538	3,226,229
Airport	--	--	1,533,043	1,332,226	1,533,043	1,332,226
Golf course	--	--	402,877	382,891	402,877	382,891
Sewer	--	--	4,934,807	4,637,978	4,934,807	4,637,978
Solid waste	--	--	5,445,185	5,233,331	5,445,185	5,233,331
Transit	--	--	3,082,630	2,303,052	3,082,630	2,303,052
Water	--	--	4,942,338	4,282,707	4,942,338	4,282,707
Zalud estate	--	--	25,623	26,929	25,623	26,929
Total expenses	<u>31,665,747</u>	<u>31,782,781</u>	<u>22,433,106</u>	<u>20,345,310</u>	<u>54,098,853</u>	<u>52,128,091</u>
Increase (decrease) in net position before transfers	12,951,959	2,225,309	3,240,613	2,849,656	16,192,572	5,074,965
Transfers	<u>(85,072)</u>	<u>109,136</u>	<u>85,072</u>	<u>(109,136)</u>	--	--
Increase (decrease) in net position	12,866,887	2,334,445	3,325,685	2,740,520	16,192,572	5,074,965
Net position - July 1	386,889,468	384,555,023	71,703,883	68,963,363	458,593,351	453,518,386
Prior period adjustments	<u>(586,837)</u>	--	<u>(551,149)</u>	--	<u>(1,137,986)</u>	--
Net position - June 30	<u>\$ 399,169,518</u>	<u>\$ 386,889,468</u>	<u>\$ 74,478,419</u>	<u>\$ 71,703,883</u>	<u>\$ 473,647,937</u>	<u>\$ 458,593,351</u>

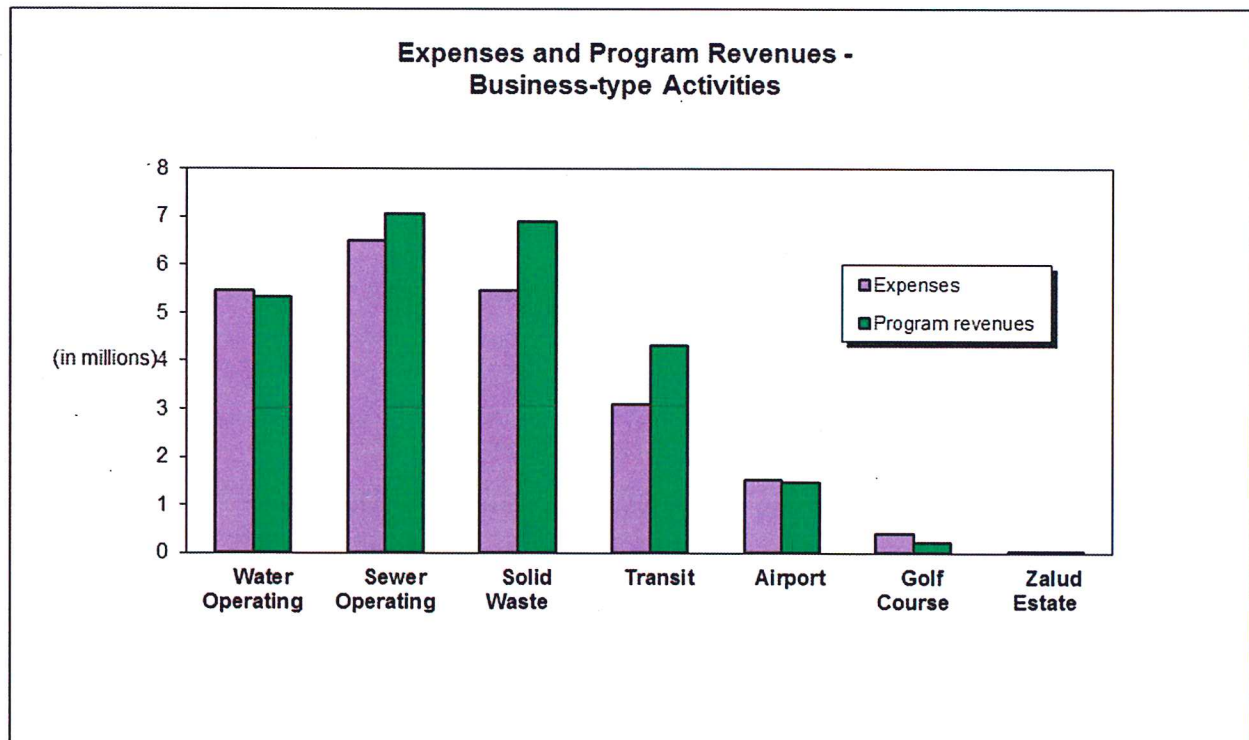
Expenses and Program Revenues - Governmental Activities

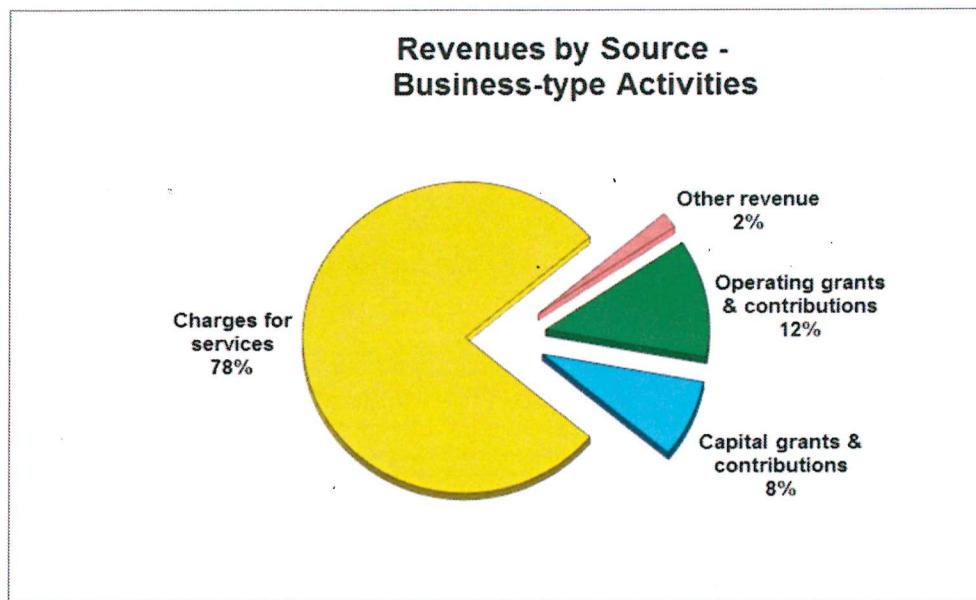


Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City of Porterville's net position by \$3,325,685 ending the year with net position of \$74,478,419. This is a 4.6 percent increase from the prior fiscal year. Total revenues in the business-type activities of the City increased by \$2,514,749 with an increase of \$2,304,548 in grants and contributions and \$398,953 in charges for services. Total expenses for the year amounted to \$22,469,102, an increase of \$2,123,792 or 10.4 percent from prior year. The cost of transit operations in the current year increased \$780,808, which is 33.9 percent higher than the previous year, mainly due to the cost of the addition of a new route and extended hours and Sunday services. Expenses in the water department also show an increase of \$643,026 or 13.3 percent. During the 2013-2014 fiscal year, the City experienced an increase in the cost of pumping for 2 reasons: one is the increase in electric utility rate and the other is the lower pumping levels brought on by the drought. Several major well repairs were completed during the year and in addition, the EPA required UCMR 3 monitoring of the City's water system was implemented in the current fiscal year.





Financial Analysis of the Government's Fund

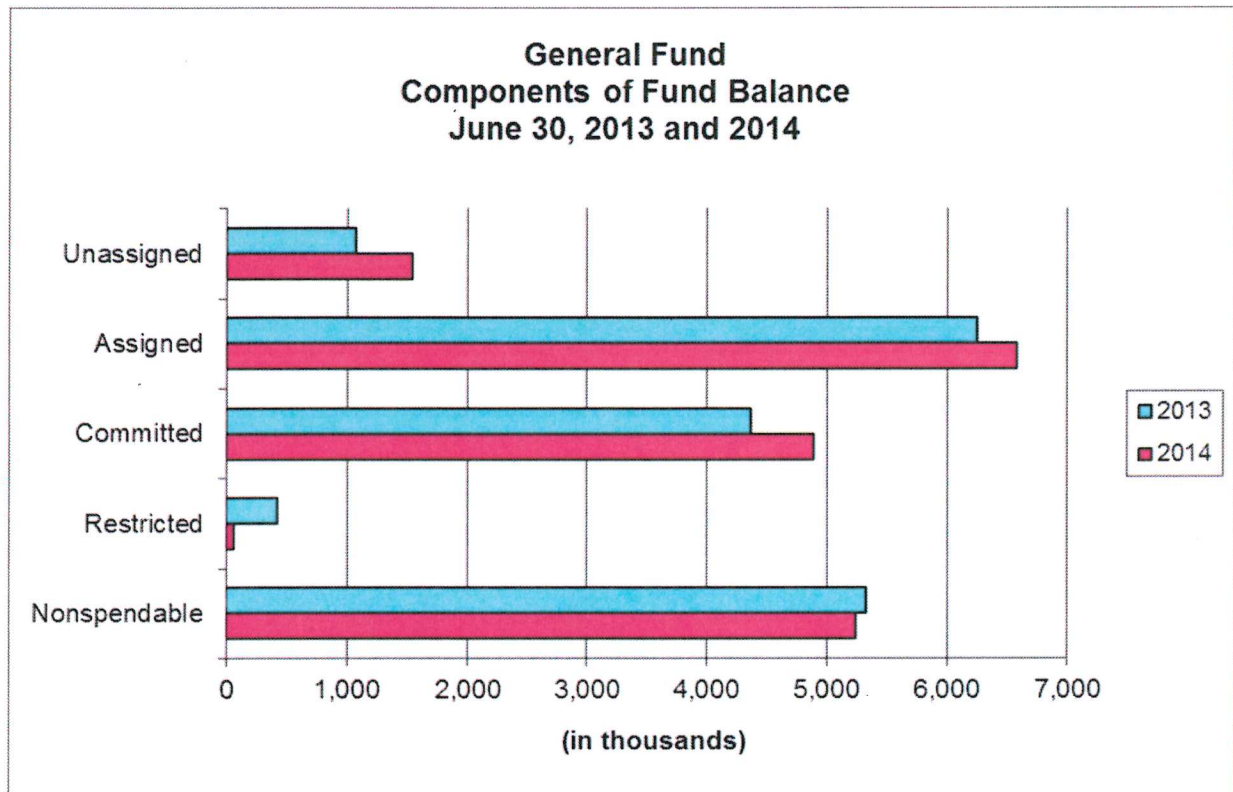
As noted earlier, the City of Porterville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, 2014, the City of Porterville's governmental funds reported combined ending fund balances of \$36,698,983, an increase of \$538,669. Of this total amount, \$1,538,931 (4.2 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 \$6,573,514 and \$4,894,487, respectively. Fund balance of \$5,244,721 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, \$18,447,330 is *restricted* for particular purposes.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2014, unassigned fund balance of the general fund was \$1,538,931, while total fund balance reached \$18,313,474. 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 7.2 percent of total general fund expenditures, while total fund balance represents 85.9 percent of that same amount.

The fund balance of the City of Porterville's general fund increased \$878,542 during the current fiscal year. Total revenues of \$24,450,353 were higher than prior year revenues by \$1,414,016 and total expenditures increased to \$21,317,308, a rise of \$444,537. The increase in revenues was mainly due to the increase in intergovernmental revenues, particularly the receipt of \$1.2 million of CA Prop 84 grant funds for the construction of a new park. The City also observed growth in property taxes during the year, but none in both sales and utility users taxes. The increase in expenditures was mainly due to the purchase of several equipment including a new motor grader and CNG dump truck for the streets department.



At June 30, 2014, 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 \$4,338,723, an increase of \$303,150 from prior year. District sales tax revenues increased by 8.6 percent during the year and ended up at \$3,182,807. Total expenditures were only slightly higher than prior year at \$2,599,364 compared to \$2,556,400. Capital outlay of \$346,043 was spent towards the design and construction of a new public safety station.

The community development block grant fund has a total fund balance of \$745,650 at the end of the fiscal year, all of which is reserved for housing projects for low and moderate income families, for the business assistance program and the neighborhood and park improvement programs. This was an increase of \$271,872. Fewer loans were issued during the year.

The capital projects fund has a total fund balance of \$1,332,735 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, 2014, amounted to \$29,443,993 an increase of \$924,727 from prior year. Of the total net position, \$12,144,300 or 41.2 percent is unrestricted, \$14,732,832, 50 percent is invested in capital assets and \$2,566,861 is restricted for debt service.

The Water Operations fund total net position at the end of the current fiscal year was \$22,314,682 with 24 percent of it or \$5,346,904 unrestricted. Net position invested in capital assets amounted to \$16,262,012 or 72.9 percent and \$705,766 is restricted for debt service.

At June 30, 2014, the Solid Waste fund had total net position of \$7,298,605, an increase of \$1,621,478 or 28.6 percent from the previous year. Total amount invested in capital assets amounted to \$2,685,905 or 36.8 percent and the rest is unrestricted.

For fiscal year 2013-2014, the Transit Operations Fund is reported as a major fund. Operating and capital contributions from federal and state grants amounted to \$2,080,361 during the year. Total net position at June 30, 2014 was \$7,992,879, an increase of \$1,196,468 or 17.6 percent from prior year. Of the total net position, \$8,220,076 is invested in capital assets which leaves the fund with a deficit unrestricted net position of \$227,197.

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. Adjustments were made to grant revenues and library and parks and recreation expenditures to reflect the receipt of additional grant funds. Appropriations were increased during the year for some capital projects to reflect additional costs.

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	\$7,058,762	\$7,406,413	\$347,651
Intergovernmental	2,134,828	1,508,653	(626,175)
Recreational activities	1,751,922	1,600,988	(150,934)
Investment earnings	183,000	291,275	108,275

Due to the economic recession in the past few years, the City has conservatively estimated General Fund revenues. The County's reassessment of property values had improved property tax revenues for the City for the fiscal year. Intergovernmental is the classification used to report grant revenues. The State of California has awarded the City grant funds for the construction of a new park. The City had anticipated that the construction of the park would have been completed by the end of the fiscal year, and therefore had budgeted grant revenues as such. But the new park was not finished until after the year-end which accounts for the variance in intergovernmental revenues. During the budgeting process, the City expected to provide additional services for the afterschool recreational activities program for the fiscal year but this did not materialize. Investment earnings show a positive variance for the year. Higher market values at the end of June helped increase interest earnings for the year.

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.

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, 2014, amounts to \$464,054,562 (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 \$16,813,881.

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

- The Plano Bridge widening project began construction in July of 2013 and at the end of the fiscal year was almost 80% completed. Expenditures for the year were \$9,355,732 with 88.5% of the construction cost funded by a grant from the Department of Transportation's Highway Bridge Program.
- The construction of the Jaye Street and Montgomery Avenue Roundabout was nearly complete by the end of the fiscal year. Cost of \$1,384,210 was spent on the project during the year. Congestion Mitigation and Air Quality (CMAQ) grant funds were awarded to the City which constitutes a major portion of the funding for this project.
- Several other street projects were completed during the year including the Olive Ave rehabilitation project for \$607,451, the North Grand reconstruction project from Prospect St to Highway 65 for \$549,522, and the Matthew Street and Indiana Street shoulder stabilization projects for \$586,015.
- Installation of new sewer mains and sewer laterals in two of the five annexed areas in the City was completed during the year. The total cost of the improvements on both areas was \$3,371,979.

- Three new immersible influent pumps with variable frequency drives were installed with the waste water treatment facility influent pump station replacement project. The total cost of the project was \$928,900.
- Work on a new well (#32) commenced during the year. Cost of \$519,256 was incurred during the year.
- The City acquired 2 Class H, 32' CNG buses at a total cost of \$920,578.
- Installation of a new passenger information system (Intelligent Transportation System) on the transit fleet was completed during the year at a total cost of \$652,576.
- Construction on the new public safety station began late in the fiscal year. Total expenditures for the year was \$311,258.
- During the year, the City purchased 4 CNG refuse loaders for a total cost of \$1,097,004, a CNG powered street sweeper for \$282,547, and a CNG dump truck for \$180,183. A major portion of the cost of these CNG equipment was funded by CMAQ grant funds. The City also acquired a new motor grader for the streets department with a value of \$301,282. In addition, the City purchased 9 vehicles for the police department for \$317,894, a backhoe loader for the water department for \$104,038 and several other vehicle and equipment.
- The construction and development of the new park, Fallen Heroes Park, is nearing completion. In the current fiscal year, \$1,351,938 was spent towards the project.
- The installation of perimeter field lighting for the sports complex softball and sports fields was completed during the year at a total cost of \$359,739.
- In December 2013, the City accepted a grant deed in fee from the City of Lindsay for a 5.31 acre improved property which includes an animal shelter for \$251,948, paid through in-kind services.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 269,161,736	\$ 269,023,213	\$ 4,938,508	\$ 4,938,508	\$ 274,100,244	\$ 273,961,721
Works of art and collections	183,938	183,938	--	--	183,938	183,938
Buildings	8,649,026	8,741,520	3,331,178	3,436,843	11,980,204	12,178,363
Improvements other than buildings	5,351,654	5,136,873	6,032,244	6,146,063	11,383,898	11,282,936
Machinery and equipment	5,536,292	5,262,823	7,728,709	6,050,494	13,265,001	11,313,317
Infrastructure	82,608,422	83,100,409	798,407	--	83,406,829	83,100,409
Distribution and collection systems	--	--	52,072,398	49,447,595	52,072,398	49,447,595
Construction in progress	15,706,137	2,513,333	1,955,913	3,259,069	17,662,050	5,772,402
Total	<u>\$ 387,197,205</u>	<u>\$ 373,962,109</u>	<u>\$ 76,857,357</u>	<u>\$ 73,278,572</u>	<u>\$ 464,054,562</u>	<u>\$ 447,240,681</u>

Additional information on the City's capital assets can be found in Note 1-E-4 on page 44 and Note 4-D on pages 56 – 57 of this report.

Long-term debt. At the end of the current fiscal year, the City of Porterville had total debt outstanding of \$67,284,529. This amount was comprised of \$19,555,000 in revenue bonds, \$3,765,000 in pension obligation bonds, \$29,385,000 in certificates of participation, and \$14,579,529 in notes payable.

City of Porterville's Outstanding Debt

	Governmental activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ --	\$ --	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000
Pension obligation bonds	3,765,000	--	--	--	3,765,000	--
Certificates of participation	23,345,000	23,725,000	6,040,000	7,040,000	29,385,000	30,765,000
Notes payable	2,556,000	2,747,000	12,023,529	12,371,524	14,579,529	15,118,524
Total	<u>\$ 29,666,000</u>	<u>\$ 26,472,000</u>	<u>\$ 37,618,529</u>	<u>\$ 38,966,524</u>	<u>\$ 67,284,529</u>	<u>\$ 65,438,524</u>

The City's total debt increased \$1,846,005 during the current fiscal year. On November 25, 2013, the City issued its 2013 taxable pension obligation bond at an amount of \$3,765,000, with an interest rate of 3 percent maturing on October 1, 2020. The issuance of the bond was undertaken to refund the City's public safety employee side fund obligation to the California Public Employees' Retirement System and take advantage of the lower interest rate. The one term bond was purchased in whole by Rabobank, N.A.

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 58 - 62 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 growth in sales taxes are projected for the next fiscal year. Permits for new construction are anticipated to improve yet remain sluggish. A number of retail and commercial developments are anticipated to begin construction in the coming year.
- For fiscal year 2014-2015, operating expenditures in the General Fund are estimated to be approximately 7.7 percent higher than the 2013-2014 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 percent in the coming year.
- The construction of the new Fallen Heroes Park is well under way. The construction is fully funded by a grant from the State of California's Proposition 84 park improvement bonds. It is anticipated to open to the public in the fall of 2014 and with a total cost of over \$2 million.
- The City's risk management fund, particularly the health and life component of the fund, continues to deteriorate. The cost of health care has steadily increased over time while revenues have remained constant. To address this continuing shortfall, the City will work with its employee associations to modify the health plan for cost-savings and to increase both employer and employee contributions to the fund. The City is also looking to increase the retired employee contributions.
- The construction of a new Public Safety Station is anticipated to be completed by the end of the next fiscal year. The total cost of the project is estimated to be close to \$5 million with funding from the Measure H Public Safety Sales Tax Fund. The City expects to hire 3 additional fire department personnel when the facility becomes operational in the 2015-2016 fiscal year.
- The completion of the Plano Street Bridge widening project remains the primary project in the upcoming fiscal year. 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 Garden Avenue and Oak Avenue pedestrian walkways at downtown, the West North Grand Avenue reconstruction project, the Lime Street reconstruction project, the Gibbons Avenue reconstruction project, and several street shoulder stabilization projects around the City.

- The construction and development of well #32 is expected to be completed in the coming fiscal year with funds from the remainder of the loan from the California Infrastructure and Economic Development Fund.
- As part of the Akin Water Company services agreement, the development of another well, well #33, will begin in the 2014-2015 fiscal year, with approximately \$1.5 million in funding to be provided by the Department of Water Resources.
- For the next fiscal year, the City is considering a comprehensive review of its water operations, development and replacement programs. Although the City's existing water supply is expected to meet the needs of its residents, given the current drought conditions, the City can anticipate that an increasing number of private wells in the community (both inside and outside City limits) will become dry, and parties will be seeking approval to connect to the City's water system.
- As construction of sewer system improvements on two island annexation project areas were completed in the 2013-2014 fiscal year, construction on the third project area will commence in the next fiscal year with the other 2 areas next. 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.



**Basic
Financial Statements**



City of Porterville
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,575	\$ 710	\$ 3,285
Investments	27,195,979	24,502,481	51,698,460
Receivables - utility (net of allowance for uncollectibles)	-	2,256,466	2,256,466
Receivables - misc (net of allowance for uncollectibles)	2,303,388	573,039	2,876,427
Receivables - housing (net of allowance for uncollectibles)	10,925,006	-	10,925,006
Inventories	-	190,440	190,440
Prepays	23,015	-	23,015
Internal balances	749,462	(749,462)	-
Restricted assets - intergovernmental	7,464,436	531,792	7,996,228
Restricted assets - cash and cash equivalents	-	2	2
Restricted assets - investments	2,941,780	8,771,127	11,712,907
Notes receivable	4,096,241	-	4,096,241
Net pension asset	3,451,250	-	3,451,250
Capital assets not being depreciated:			
Land	269,161,736	4,938,508	274,100,244
Construction in progress	15,706,137	1,955,913	17,662,050
Works of art and collection	183,938	-	183,938
Capital assets, net of accumulated depreciation:			
Buildings	8,649,026	3,331,178	11,980,204
Improvements other than buildings	5,351,654	6,032,244	11,383,898
Machinery and equipment	5,536,292	7,728,709	13,265,001
Infrastructure	82,608,422	798,407	83,406,829
Distribution and collection systems	-	52,072,398	52,072,398
Total Assets	<u>446,350,337</u>	<u>112,933,952</u>	<u>559,284,289</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,319,199	1,249,959	3,569,158
Total Deferred Outflows of Resources	<u>2,319,199</u>	<u>1,249,959</u>	<u>3,569,158</u>
LIABILITIES			
Accounts payable and other current liabilities	3,823,392	836,005	4,659,397
Accrued interest payable	298,531	511,772	810,303
Intergovernmental payable	182,211	-	182,211
Unearned revenue	10,925,006	1,357,088	12,282,094
Non-current liabilities - due in 1 year	2,524,660	1,534,051	4,058,711
Non-current liabilities - due in more than 1 year	31,746,218	35,466,576	67,212,794
Total Liabilities	<u>49,500,018</u>	<u>39,705,492</u>	<u>89,205,510</u>
NET POSITION			
Net investment in capital assets	362,674,602	48,934,301	411,608,903
Restricted for capital projects	1,541,821	-	1,541,821
Restricted for debt service	1,814,270	3,272,627	5,086,897
Restricted for self-insurance	565,168	-	565,168
Restricted for grant programs	231,043	-	231,043
Unrestricted	32,342,614	22,271,491	54,614,105
Total Net Position	<u>\$ 399,169,518</u>	<u>\$ 74,478,419</u>	<u>\$ 473,647,937</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, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital	Primary Government		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Community and economic development	\$ 1,350,335	\$ 372,859	\$ 796,308	\$ -	\$ (181,168)	\$ -	\$ (181,168)
General government	2,815,570	1,746,007	449,125	-	(620,438)	-	(620,438)
Parks and recreation	5,490,345	1,694,453	33,442	1,282,689	(2,479,761)	-	(2,479,761)
Public safety - fire	4,692,111	86,332	75,983	-	(4,529,796)	-	(4,529,796)
Public safety - police	10,855,276	485,344	246,533	107,904	(10,015,495)	-	(10,015,495)
Public works	5,257,175	389,987	1,306,199	14,198,746	10,637,757	-	10,637,757
Interest on long-term debt	1,204,935	-	-	-	(1,204,935)	-	(1,204,935)
Total governmental activities	31,665,747	4,774,982	2,907,590	15,589,339	(8,393,836)	-	(8,393,836)
Business-type Activities:							
Airport	1,534,403	1,415,428	10,000	34,957	-	(74,018)	(74,018)
Golf course	402,877	213,949	-	-	-	(188,928)	(188,928)
Sewer operating	6,495,876	7,011,240	-	34,097	-	549,461	549,461
Solid waste	5,445,185	5,675,503	8,215	1,221,313	-	1,459,846	1,459,846
Transit	3,082,630	623,608	3,140,496	550,714	-	1,232,188	1,232,188
Water operating	5,446,512	5,073,329	-	249,764	-	(123,419)	(123,419)
Zalud estate	25,623	3,438	-	-	-	(22,185)	(22,185)
	22,433,106	20,016,495	3,158,711	2,090,845	-	2,832,945	2,832,945
Total primary government	\$ 54,098,853	\$ 24,791,477	\$ 6,066,301	\$ 17,680,184	(8,393,836)	2,832,945	(5,560,891)
General revenues:							
Property taxes					7,406,413	-	7,406,413
Sales tax					7,401,187	-	7,401,187
Utility users tax					3,955,357	-	3,955,357
Franchise tax					1,551,762	-	1,551,762
Transient occupancy tax					370,999	-	370,999
Unrestricted investment earnings					602,417	407,668	1,010,085
Miscellaneous					57,660	-	57,660
Transfers					(85,072)	85,072	-
Total general revenues and transfers					21,260,723	492,740	21,753,463
Change in net position					12,866,887	3,325,685	16,192,572
Net position - beginning					386,889,468	71,703,883	458,593,351
Prior period adjustments					(586,837)	(551,149)	(1,137,986)
Net position - ending					\$ 399,169,518	\$ 74,478,419	\$ 473,647,937

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

City of Porterville
Balance Sheet
Governmental Funds
June 30, 2014

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,575	\$ -	\$ -	\$ -	\$ -	\$ 2,575
Investments	12,292,505	4,234,215	581,700	180,533	7,981,258	25,270,211
Receivables - misc (net):						
Interest	98,525	-	-	-	2,273	100,798
Taxes	957,413	228,600	-	-	339,449	1,525,462
Other	534,811	-	-	-	85,047	619,858
Receivables - housing (net)	-	-	10,925,006	-	-	10,925,006
Intergovernmental receivables	2,041,486	-	209,476	2,033,063	2,497,243	6,781,268
Interfund receivables	-	-	-	-	629,849	629,849
Prepaid items	23,015	-	-	-	-	23,015
Restricted - cash/fiscal agent	-	-	-	1,378,397	1,563,383	2,941,780
Notes receivable	4,096,241	-	-	-	-	4,096,241
Total assets	<u>\$ 20,046,571</u>	<u>\$ 4,462,815</u>	<u>\$ 11,716,182</u>	<u>\$ 3,591,993</u>	<u>\$ 13,098,502</u>	<u>\$ 52,916,063</u>
LIABILITIES						
Accounts and other payables	\$ 335,594	\$ 35,477	\$ 80	\$ 2,224,288	\$ 147,875	\$ 2,743,314
Payroll payable	582,988	88,615	5,313	34,970	10,317	722,203
Interfund payable	15,779	-	-	-	-	15,779
Intergovernmental payables	182,211	-	-	-	-	182,211
Advances payable	616,525	-	-	-	-	616,525
Total liabilities	<u>1,733,097</u>	<u>124,092</u>	<u>5,393</u>	<u>2,259,258</u>	<u>158,192</u>	<u>4,280,032</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred housing loan principal	-	-	10,925,006	-	-	10,925,006
Unavailable revenue - intergovernmental	-	-	40,133	-	971,909	1,012,042
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>10,965,139</u>	<u>-</u>	<u>971,909</u>	<u>11,937,048</u>
FUND BALANCES						
Nonspendable	5,244,721	-	-	-	-	5,244,721
Restricted	61,821	4,338,723	745,650	1,332,735	11,968,401	18,447,330
Committed	4,894,487	-	-	-	-	4,894,487
Assigned	6,573,514	-	-	-	-	6,573,514
Unassigned	1,538,931	-	-	-	-	1,538,931
Total fund balances	<u>18,313,474</u>	<u>4,338,723</u>	<u>745,650</u>	<u>1,332,735</u>	<u>11,968,401</u>	<u>36,698,983</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,046,571</u>	<u>\$ 4,462,815</u>	<u>\$ 11,716,182</u>	<u>\$ 3,591,993</u>	<u>\$ 13,098,502</u>	<u>\$ 52,916,063</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, 2014

Fund balances of governmental funds	\$ 36,698,983
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.	(31,044,070)
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.	2,081,388
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenue in the funds.	1,012,042
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	386,969,925
The net pension asset is not an available resource and, therefore, is not reported in the funds.	3,451,250
Net position of governmental activities	\$ <u>399,169,518</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, 2014

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 7,406,413	\$ -	\$ -	\$ -	\$ -	\$ 7,406,413
Sales taxes	4,218,380	3,182,807	-	-	-	7,401,187
Utility users tax	3,955,357	-	-	-	-	3,955,357
Franchise tax	1,551,762	-	-	-	-	1,551,762
Transient occupancy tax	370,999	-	-	-	-	370,999
Licenses and permits	881,532	-	-	-	-	881,532
Vehicle license fees	23,542	-	-	-	-	23,542
Intergovernmental	1,508,653	-	756,175	8,244,481	5,574,435	16,083,744
Charges for services	3,961,139	427	350,774	-	-	4,312,340
Special assessments and fees	5,833	-	-	-	407,181	413,014
Fines and forfeitures	74,151	-	-	-	205,800	279,951
Investment earnings	399,255	65,323	28,217	22,994	152,417	668,206
Miscellaneous	93,337	-	-	-	2,145	95,482
Total revenues	<u>24,450,353</u>	<u>3,248,557</u>	<u>1,135,166</u>	<u>8,267,475</u>	<u>6,341,978</u>	<u>43,443,529</u>
EXPENDITURES						
Current:						
Community and economic development	725,461	-	375,197	53,677	-	1,154,335
General government	2,538,499	-	-	23,052	-	2,561,551
Parks and recreation	4,225,116	405,976	-	367	171,792	4,803,251
Public safety - fire	3,037,881	878,610	-	236	32,971	3,949,698
Public safety - police	7,831,424	1,314,778	-	50,932	209,123	9,406,257
Public works	2,048,747	-	-	594,733	-	2,643,480
Debt service:						
Principal	-	-	191,000	-	380,000	571,000
Interest and administrative charges	234	-	150,195	-	863,955	1,014,384
Pension obligation bond issuance costs	-	-	-	-	190,273	190,273
Capital outlay	909,946	-	-	15,802,885	18,066	16,730,897
Total expenditures	<u>21,317,308</u>	<u>2,599,364</u>	<u>716,392</u>	<u>16,525,882</u>	<u>1,866,180</u>	<u>43,025,126</u>
Excess (deficiency) of revenues over expenditures	<u>3,133,045</u>	<u>649,193</u>	<u>418,774</u>	<u>(8,258,407)</u>	<u>4,475,798</u>	<u>418,403</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,894,668	-	-	7,058,980	5,950,796	18,904,444
Transfers out	(8,149,171)	(346,043)	(146,902)	-	(10,347,400)	(18,989,516)
Pension obligation bonds issued	-	-	-	-	3,765,000	3,765,000
Payment to CalPERS	-	-	-	-	(3,559,662)	(3,559,662)
Total other financing sources and uses	<u>(2,254,503)</u>	<u>(346,043)</u>	<u>(146,902)</u>	<u>7,058,980</u>	<u>(4,191,266)</u>	<u>120,266</u>
Net change in fund balances	878,542	303,150	271,872	(1,199,427)	284,532	538,669
Fund balances - beginning	17,434,932	4,035,573	473,778	2,532,162	11,702,420	36,178,865
Prior period adjustment	-	-	-	-	(18,551)	(18,551)
Fund balances - ending	<u>\$ 18,313,474</u>	<u>\$ 4,338,723</u>	<u>\$ 745,650</u>	<u>\$ 1,332,735</u>	<u>\$ 11,968,401</u>	<u>\$ 36,698,983</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, 2014

Net change in fund balances --total governmental funds	\$ 538,669
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.	13,221,895
The net effect of various miscellaneous transactions involving capital assets is to increase net position.	83,509
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	365,662
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.	(878,067)
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.	(1,476,824)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,012,042
Change in net position of governmental activities	\$ <u>12,866,887</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, 2014

	Business-Type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 20	\$ -	\$ -	\$ -	690	710	\$ -
Investments	13,639,221	4,839,509	3,992,244	534,653	1,496,854	24,502,481	1,925,768
Receivables-utility (net of allowance for uncollectibles)	831,104	690,145	735,217	-	-	2,256,466	-
Receivables-misc (net of allowance for uncollectibles)	166,413	15,196	116,319	210,505	64,606	573,039	57,270
Intergovernmental receivables	-	-	14,768	517,017	7	531,792	683,168
Interfund receivable	-	-	-	-	-	-	15,779
Inventories	-	-	-	-	190,440	190,440	-
Temporarily restricted assets - cash	1	1	-	-	-	2	-
Total current assets:	14,636,759	5,544,851	4,858,548	1,262,175	1,752,597	28,054,930	2,681,985
Noncurrent assets:							
Advances receivable	286,212	266,851	-	-	-	553,063	63,462
Capital assets:							
Land	3,142,404	318,092	-	352,599	1,125,413	4,938,508	-
Construction in progress	840,017	562,494	-	444,251	109,151	1,955,913	-
Distribution and collection systems	48,104,031	39,467,533	-	-	-	87,571,564	-
Buildings and equipment	4,358,716	2,238,855	7,345,211	9,073,738	1,615,887	24,632,407	726,874
Improvements other than buildings	-	-	-	910,925	9,253,455	10,164,380	6,639
Infrastructure	-	-	-	825,876	-	825,876	-
Less accumulated depreciation	(22,684,687)	(17,481,466)	(4,659,306)	(3,387,313)	(5,018,519)	(53,231,291)	(506,233)
Restricted assets - investments	6,386,572	2,384,555	-	-	-	8,771,127	-
Total noncurrent assets:	40,433,265	27,756,914	2,685,905	8,220,076	7,085,387	86,181,547	290,742
Total assets	55,070,024	33,301,765	7,544,453	9,482,251	8,837,984	114,236,477	2,972,727
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	1,092,918	157,041	-	-	-	1,249,959	-
Total deferred outflows of resources	1,092,918	157,041	-	-	-	1,249,959	-
LIABILITIES							
Current liabilities:							
Accounts and other payables	177,717	216,946	120,793	125,973	31,886	673,315	333,189
Payroll payable	43,573	44,900	54,161	1,120	13,745	157,499	24,686
Interfund payable	-	-	-	-	629,849	629,849	-
Retainage payable	-	-	-	5,191	-	5,191	-
Accrued claims	-	-	-	-	-	-	764,877
Compensated absences payable	24,911	30,089	47,628	-	6,172	108,800	21,582
Accrued interest payable	348,809	161,185	-	-	1,778	511,772	-
Loans and bonds payable	708,268	705,034	-	-	11,949	1,425,251	-
Unearned revenue	-	-	-	1,357,088	-	1,357,088	-
Total current liabilities:	1,303,278	1,158,154	222,582	1,489,372	695,379	4,868,765	1,144,334
Noncurrent liabilities:							
Accrued claims	-	-	-	-	-	-	409,605
Compensated absences payable	2,956	11,678	23,266	-	1,707	39,607	10,076
Loans and bonds payable	26,215,804	9,937,512	-	-	39,962	36,193,278	-
Unamortized premium on bonds	39,385	36,780	-	-	-	76,165	-
Unamortized discount on bonds	(842,474)	-	-	-	-	(842,474)	-
Total noncurrent liabilities:	25,415,671	9,985,970	23,266	-	41,669	35,466,576	419,681
Total liabilities	26,718,949	11,144,124	245,848	1,489,372	737,048	40,335,341	1,564,015
NET POSITION							
Net investment in capital assets	14,732,832	16,262,012	2,685,905	8,220,076	7,033,476	48,934,301	227,280
Restricted for debt service	2,566,861	705,766	-	-	-	3,272,627	-
Restricted for self-insurance	-	-	-	-	-	-	565,168
Unrestricted	12,144,300	5,346,904	4,612,700	(227,197)	1,067,460	22,944,167	616,264
Total net position	\$ 29,443,993	\$ 22,314,682	\$ 7,298,605	\$ 7,992,879	\$ 8,100,936	75,151,095	\$ 1,408,712
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(672,676)	
Net position of business-type activities						\$ 74,478,419	

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, 2014

	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	\$ 6,550,700	\$ 4,781,505	\$ 5,591,453	\$ 620,098	\$ 1,468,383	\$ 19,012,139	\$ 7,283,354
Connection fees	272,981	32,333	-	-	-	305,314	-
Other revenues	187,559	234,491	84,050	3,510	164,432	674,042	84,035
Total operating revenues	7,011,240	5,048,329	5,675,503	623,608	1,632,815	19,991,495	7,367,389
Operating expenses:							
Cost of sales and services	2,437,855	2,051,803	4,270,409	2,205,934	1,427,098	12,393,099	8,939,804
General and administrative	1,249,696	1,815,682	663,948	317,072	196,199	4,242,597	216,575
Depreciation	1,138,806	996,912	409,639	601,162	310,081	3,456,600	40,983
Total operating expenses	4,826,357	4,864,397	5,343,996	3,124,168	1,933,378	20,092,296	9,197,362
Operating income (loss)	2,184,883	183,932	331,507	(2,500,560)	(300,563)	(100,801)	(1,829,973)
Nonoperating revenues (expenses):							
Intergovernmental revenues	-	-	-	1,610,849	10,000	1,620,849	-
Federal grants	-	-	-	1,467,376	-	1,467,376	-
State grants and reimbursements	-	-	8,215	62,271	-	70,486	-
Investment earnings	237,030	86,230	55,416	4,588	24,404	407,668	42,425
Interest expense	(1,561,069)	(504,174)	-	-	(1,360)	(2,066,603)	-
Sale of capital assets	29,156	25,583	5,027	1,230	-	60,996	521
Total nonoperating revenue (expenses)	(1,294,883)	(392,361)	68,658	3,146,314	33,044	1,560,772	42,946
Income before contributions and transfers	890,000	(208,429)	400,165	645,754	(267,519)	1,459,971	(1,787,027)
Capital contributions and transfers:							
Capital contributions, developer fees	34,097	249,764	-	-	-	283,861	-
Capital contributions, federal and state grants	-	-	1,221,313	550,714	34,957	1,806,984	-
Transfers in	630	587	-	-	84,192	85,409	-
Transfers out	-	(337)	-	-	-	(337)	-
Total capital contributions and transfers	34,727	250,014	1,221,313	550,714	119,149	2,175,917	-
Change in net position	924,727	41,585	1,621,478	1,196,468	(148,370)	3,635,888	(1,787,027)
Net position - beginning	29,070,415	22,273,097	5,677,127	6,796,411	8,249,306		3,195,739
Prior period adjustment	(551,149)	-	-	-	-		-
Net position - ending	\$ 29,443,993	\$ 22,314,682	\$ 7,298,605	\$ 7,992,879	\$ 8,100,936		\$ 1,408,712
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(310,203)	
Change in net position of business-type activities						\$ 3,325,685	

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, 2014**

	Business-type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash receipts from customers	\$ 7,069,448	\$ 5,184,889	\$ 5,706,994	\$ 504,063	\$ 1,676,340	\$ 20,141,734	\$ 7,371,559
Payments to employees	(1,169,392)	(1,101,372)	(1,473,548)	(37,480)	(294,634)	(4,076,426)	(691,215)
Payments to suppliers and others	(2,395,396)	(2,696,713)	(3,462,601)	(2,470,523)	(1,343,881)	(12,369,114)	(8,458,913)
Net cash provided (used) by operating activities	<u>3,504,660</u>	<u>1,386,804</u>	<u>770,845</u>	<u>(2,003,940)</u>	<u>37,825</u>	<u>3,696,194</u>	<u>(1,778,569)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Cash from interfund	-	-	-	-	73,289	73,289	26,375
Intergovernmental - operating assistance	-	-	-	1,184,160	10,000	1,194,160	25,277
Subsidy from federal and state grants	-	-	8,463	1,369,263	-	1,377,726	-
Transfers in from other funds	630	587	-	-	84,192	85,409	-
Transfers out to other funds	-	(337)	-	-	-	(337)	-
Net cash provided (used) by noncapital financing	<u>630</u>	<u>250</u>	<u>8,463</u>	<u>2,553,423</u>	<u>167,481</u>	<u>2,730,247</u>	<u>51,652</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Construction and other capital projects	(2,773,890)	(754,004)	-	(836,371)	(38,914)	(4,403,179)	-
Contributed capital, developer's fees	34,097	249,764	-	-	-	283,861	-
Interest paid on long-term debt and advances	(1,394,958)	(491,657)	-	-	(1,741)	(1,888,356)	-
Principal payments on long-term debt	(668,688)	(668,179)	-	-	(11,129)	(1,347,996)	-
Proceeds from sale of capital assets	4,156	583	5,027	1,230	-	10,996	521
Purchase of capital assets	(114,806)	(143,407)	(1,424,694)	(961,259)	-	(2,644,166)	(37,661)
Subsidy from federal and state grants	-	-	1,221,313	550,714	34,957	1,806,984	-
Net cash provided (used) by capital and related financing activities	<u>(4,914,089)</u>	<u>(1,806,900)</u>	<u>(198,354)</u>	<u>(1,245,686)</u>	<u>(16,827)</u>	<u>(8,181,856)</u>	<u>(37,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	237,030	86,230	55,416	4,588	24,405	407,669	42,425
Net cash provided by investing activities	<u>237,030</u>	<u>86,230</u>	<u>55,416</u>	<u>4,588</u>	<u>24,405</u>	<u>407,669</u>	<u>42,425</u>
Net Increase (decrease) in cash and cash equivalents	(1,171,769)	(333,616)	636,370	(691,615)	212,884	(1,347,746)	(1,721,632)
Balances - beginning of year	21,197,583	7,557,681	3,355,874	1,226,268	1,284,660	34,622,066	3,647,400
Balances - end of the year	<u>\$ 20,025,814</u>	<u>\$ 7,224,065</u>	<u>\$ 3,992,244</u>	<u>\$ 534,653</u>	<u>\$ 1,497,544</u>	<u>\$ 33,274,320</u>	<u>\$ 1,925,768</u>
As shown on the proprietary statement of net position:							
Cash and cash equivalents	\$ 20	\$ -	\$ -	\$ -	\$ 690	\$ 710	\$ -
Investments	13,639,221	4,839,509	3,992,244	534,653	1,496,854	24,502,481	1,925,768
Temporarily restricted cash with fiscal agent	1	1	-	-	-	2	-
Restricted assets, cash with fiscal agent	6,386,572	2,384,555	-	-	-	8,771,127	-
Balances - end of year	<u>\$ 20,025,814</u>	<u>\$ 7,224,065</u>	<u>\$ 3,992,244</u>	<u>\$ 534,653</u>	<u>\$ 1,497,544</u>	<u>\$ 33,274,320</u>	<u>\$ 1,925,768</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 2,184,883	\$ 183,932	\$ 331,507	\$ (2,500,560)	\$ (300,563)	\$ (100,801)	\$ (1,829,973)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	1,138,806	996,912	409,639	601,162	310,081	3,456,600	40,983
Changes in assets and liabilities:							
Accounts payable	117,075	49,389	(5,902)	15,829	2,836	179,227	(98,538)
Accrued claims payable	-	-	-	-	-	-	50,417
Compensated absences	4,968	11,262	2,642	-	(6,827)	12,045	(468)
Customer receivables	58,208	136,560	31,491	(119,545)	43,525	150,239	4,170
Inventory	-	-	-	-	(14,820)	(14,820)	-
Prepaid expenses	-	-	-	-	-	-	56,921
Salaries and benefits payable	720	8,749	1,468	(826)	3,593	13,704	(2,081)
Net cash provided by operating activities	<u>\$ 3,504,660</u>	<u>\$ 1,386,804</u>	<u>\$ 770,845</u>	<u>\$ (2,003,940)</u>	<u>\$ 37,825</u>	<u>\$ 3,696,194</u>	<u>\$ (1,778,569)</u>

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

City of Porterville
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Private- purpose Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ (11,663)	\$ -
Investments at fair value	328,335	1,434,316
Interest receivable	1,271	-
Receivables - housing (net)	263,405	-
Capital assets:		
Land	615,669	-
Construction in progress	19,449	-
Improvements other than buildings	814,652	-
Less accumulated depreciation	(149,032)	-
Notes receivable	930,000	
Restricted cash - bond proceeds	2,632,917	-
Total assets	<u>5,445,003</u>	<u>1,434,316</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	<u>429,030</u>	
Total deferred outflows of resources	<u>429,030</u>	
LIABILITIES		
Accounts and other payables	-	24,332
Payroll payable	542	-
Accrued interest payable	41,354	-
Refundable deposits, utilities	-	354,853
Refundable deposits, miscellaneous	-	581,629
Other deposits, safety	-	473,502
Intergovernmental payable	1,808,165	-
Notes payable	66,650	-
Bonds payable	7,645,000	-
Unamortized discount on bonds	(107,460)	-
Unearned revenue	1,193,405	
Total liabilities	<u>10,647,656</u>	<u>\$ 1,434,316</u>
NET POSITION		
Net position held in trust	\$ <u>(4,773,623)</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, 2014

	<u>Private-purpose Trust Fund</u>
ADDITIONS	
Contributions - Redevelopment Property Tax Trust Fund	\$ 680,625
Housing loan repayments	16,764
Interest and investment revenue	31,979
Other revenue	<u>5</u>
Total additions	<u>729,373</u>
DEDUCTIONS	
Administrative expenses	37,674
Direct property expenses	5,820
Depreciation expense	16,293
Debt redemption, interest	<u>560,729</u>
Total deductions	<u>620,516</u>
Change in net position	108,857
Net position held in trust - beginning	(4,595,888)
Prior-period adjustment	<u>(286,592)</u>
Net position held in trust - ending	<u><u>\$ (4,773,623)</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, 2014

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 California State Controller's Office reviewed the asset transfers made by the Porterville Redevelopment Agency (RDA) after January 1, 2011. The review concluded that the RDA had made unallowable transfers to the Housing Authority and therefore ordered that those transfers be reversed and the assets turned over to the City of Porterville Successor 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, unemployment, employee health, general liability, and property damage).

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

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

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

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

C. Measurement focus and basis of accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 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, 2014, expenditures exceeded appropriations in the Community Development Block Grant Fund by \$217,254. 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 debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond issuance costs are expensed in the year incurred.

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

6. Deferred outflows / inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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, and from the housing loan principal. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Net position flow assumption

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

8. Fund balance flow assumptions

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

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

Committed fund balance – This includes amounts that can only be used for specific purposes determined by action of the City Council which is the highest level of decision-making authority for the City. The City Council, by a simple majority vote can commit fund balance which remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur not later than the close of the reporting period.

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

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

F. Revenues and expenditures / expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenue rather than as program revenues.

2. Property taxes

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

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

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

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

3. *Utility Users Tax*

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

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

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

5. *Compensated absences*

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

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

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

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 \$31,044,070 difference are as follows:

Bonds payable	\$ 27,110,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(2,319,199)
Plus: Issuance premium (to be amortized over life of debt)	28,914
Notes payable	2,556,000
Accrued interest payable	298,531
Net other postemployment benefits obligation	2,295,780
Compensated absences	<u>1,074,044</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>31,044,070</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 \$2,081,388 difference are as follows:

Net position of the internal service funds	\$ 1,408,712
Add: Internal receivable representing costs in excess of charges to business-type activities – prior years	362,473
Add: Internal receivable representing costs in excess of charges to business-type activities – current year	<u>310,203</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>2,081,388</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 \$386,969,925 difference are as follows:

Land	\$ 269,161,736
Construction in progress	15,706,137
Works of art and collection	183,938
Buildings	14,241,986
Less: Accumulated depreciation – buildings	(5,592,960)
Improvements other than buildings	7,726,497
Less: Accumulated depreciation – improvements other than buildings	(2,374,843)
Machinery and equipment	11,508,106
Less: Accumulated depreciation – machinery and equipment	(6,199,094)
Infrastructure	108,961,159
Less: Accumulated depreciation - infrastructure	<u>(26,352,737)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>386,969,925</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 \$13,221,895 difference are as follows:

Capital outlay	\$ 16,730,897
Depreciation expense	(3,509,002)
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>\$ 13,221,895</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets is to increase net position." The details of this \$83,509 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.	\$ 127,904
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.	(44,395)
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>\$ 83,509</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 \$365,662 difference are as follows:

Debt issued or incurred:	
Pension obligations bonds issued	\$ (3,765,000)
Principal repayments:	
Certificates of participation	380,000
Notes payable	191,000
Payment to CalPERS	3,559,662
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>\$ 365,662</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 \$878,067 difference are as follows:

Other postemployment benefits	\$ (217,222)
Compensated absences	(156,310)
Accrued interest	(47,642)
Amortization of deferred charge on refunding	(149,943)
Amortization of bond premiums	6,800
Amortization of pension asset	(313,750)
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>\$ (878,067)</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 \$1,476,824 difference are as follows:

Change in net position of the internal service funds	\$ (1,787,027)
Loss from charges to business-type activities	310,203
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>\$ (1,476,824)</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 \$672,676 difference are as follows:

Internal payable representing costs in excess of charges to business-type activities – prior years	\$ (362,473)
Internal payable representing costs in excess of charges to business-type activities – current year	<u>(310,203)</u>
Net adjustment to decrease <i>net position total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	<u>\$ (672,676)</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, 2014.

B. Deficit fund equity

At June 30, 2014, the Golf Course Fund, a nonmajor enterprise fund has a deficit fund balance of \$302,209. 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 \$0 and cash on hand was \$3,285.

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 51,701,745
Cash and investments - restricted	11,712,909
Fiduciary funds:	
Cash and investments	1,750,988
Cash and investments – restricted	2,632,917
Total cash and investments	\$ <u>67,798,559</u>

Cash and investments as of June 30, 2014, consist of the following:

Cash on hand	\$ 3,285
Investments	<u>67,795,274</u>
Total cash and investments	\$ <u>67,798,559</u>

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

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

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

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

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

Investments authorized by debt agreements

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

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

Disclosures relating to interest rate risk

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

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

Investment type		Remaining maturity (in months)			
		12 months or less	13-24 months	25-60 months	More than 60 months
Federal agency securities	\$ 11,455,440	\$ 1,006,170	\$ --	\$ 10,449,270	\$ --
Certificates of Deposit	10,887,224	598,887	1,646,752	8,641,585	--
Corporate bonds	7,013,900	1,004,400	1,012,740	4,996,760	--
Capital stock	107,800	107,800	--	--	--
Money market funds	8,574	8,574	--	--	--
Local Agency Investment Fund	12,275,310	12,275,310	--	--	--
Tulare County Investment Pool	8,509,465	8,509,465	--	--	--
CSJVRMA JPA Investment Pool	6,528,384	6,528,384	--	--	--
Held by bond trustees:					
Money market funds	5,834,722	5,834,722	--	--	--
Federal agency securities	4,518,808	1,511,225	--	3,007,583	--
Certificates of Deposit	655,647	275,647	--	380,000	--
Total	\$ 67,795,274	\$ 37,660,584	\$ 2,659,492	\$ 27,475,198	\$ --

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	\$ 11,455,440	N/A	\$ --	\$ 11,455,440	\$ --	\$ --
Certificates of Deposit	10,887,224	N/A	--	--	--	10,887,224
Corporate notes	7,013,900	A	--	3,016,450	3,997,450	--
Capital stock	107,800	A	--	--	--	107,800
Money market funds	8,574	A	--	--	8,574	--
Local Agency Investment Fund	12,275,310	N/A	--	--	--	12,275,310
Tulare County Investment Pool	8,509,465	N/A	--	--	--	8,509,465
CSJVRMA JPA Investment Pool	6,528,384	N/A	--	--	--	6,528,384
Held by bond trustees:						
Money market funds	5,834,722	A	--	--	4,832,727	1,001,995
Federal agency securities	4,518,808	N/A	--	4,518,808	--	--
Certificates of Deposit	655,647	N/A	--	--	--	655,647
Total	\$ 67,795,274		\$ --	\$ 18,990,698	\$ 8,838,751	\$ 39,965,825

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	\$ 7,519,607
Federal Home Loan Banks	Federal agency securities	\$ 3,968,730

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, 2014, \$1,109,592 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts. As of June 30, 2014, 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	\$ 8,470,690
Certificates of deposit	1,913,043
Corporate notes	5,019,800

Investment in the State Investment Pool

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

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

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

Tulare County Investment Pool

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

B. Receivables

Receivables as of June 30, 2014, for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Sewer Operations
Receivables:					
Interest	\$ 98,525	\$ --	\$ --	\$ --	\$ 4,462
Taxes	957,413	228,600	--	--	--
Other accounts receivable	534,811	--	10,925,006	--	1,018,759
Intergovernmental – restricted	<u>1,947,695</u>	<u>--</u>	<u>209,476</u>	<u>2,033,063</u>	<u>--</u>
Gross receivables	3,538,444	228,600	11,134,482	2,033,063	1,023,221
Less: allowance for uncollectibles	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(25,704)</u>
Net total receivables	<u>\$ 3,538,444</u>	<u>\$ 228,600</u>	<u>\$ 11,134,482</u>	<u>\$ 2,033,063</u>	<u>\$ 997,517</u>

	Water Operations	Solid Waste	Transit Operations	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 1,378	\$ --	\$ --	\$ 2,273	\$ 106,638
Taxes	--	--	--	339,449	1,525,462
Other accounts receivable	725,308	874,275	210,505	206,923	14,495,587
Intergovernmental - restricted	<u>--</u>	<u>14,768</u>	<u>517,017</u>	<u>3,180,418</u>	<u>7,902,437</u>
Gross receivables	726,686	889,043	727,522	3,729,063	24,030,124
Less: allowance for uncollectibles	<u>(21,345)</u>	<u>(22,739)</u>	<u>--</u>	<u>--</u>	<u>(69,788)</u>
Net total receivables	<u>\$ 705,341</u>	<u>\$ 866,304</u>	<u>\$ 727,522</u>	<u>\$ 3,729,063</u>	<u>\$23,960,336</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 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, 2014, the outstanding loan balance is \$1,476,020.

D. Capital assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 269,023,213	\$ 138,523	\$ --	\$ --	\$ 269,161,736
Construction in progress	2,513,333	14,785,915	(1,520,500)	(72,611)	15,706,137
Works of art and collections	183,938	--	--	--	183,938
Total capital assets, not being depreciated	<u>271,720,484</u>	<u>14,924,438</u>	<u>(1,520,500)</u>	<u>(72,611)</u>	<u>285,051,811</u>
<u>Capital assets, being depreciated:</u>					
Buildings	14,040,037	201,948	--	--	14,241,985
Improvements other than buildings	7,332,659	400,477	--	--	7,733,136
Machinery and equipment	11,569,282	1,147,111	(481,412)	--	12,234,981
Infrastructure	<u>107,218,171</u>	<u>1,742,988</u>	<u>--</u>	<u>--</u>	<u>108,961,159</u>
Total capital assets, being depreciated	<u>140,160,149</u>	<u>3,492,524</u>	<u>(481,412)</u>	<u>--</u>	<u>143,171,261</u>
Less accumulated depreciation for:					
Buildings	(5,298,517)	(294,442)	--	--	(5,592,959)
Improvements other than buildings	(2,195,786)	(185,696)	--	--	(2,381,482)
Machinery and equipment	(6,306,459)	(834,872)	442,642	--	(6,698,689)
Infrastructure	<u>(24,117,762)</u>	<u>(2,234,975)</u>	<u>--</u>	<u>--</u>	<u>(26,352,737)</u>
Total accumulated depreciation	<u>(37,918,524)</u>	<u>(3,549,985)</u>	<u>442,642</u>	<u>--</u>	<u>(41,025,867)</u>
Total capital assets, being depreciated, net	<u>102,241,625</u>	<u>(57,461)</u>	<u>(38,770)</u>	<u>--</u>	<u>102,145,394</u>
Governmental activities capital assets, net	<u>\$ 373,962,109</u>	<u>\$ 14,866,977</u>	<u>\$ (1,559,270)</u>	<u>\$ (72,611)</u>	<u>\$ 387,197,205</u>

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

Governmental activities:	
Community and economic development	\$ 42,128
General government	139,102
Parks and recreation	422,185
Public safety – fire	175,505
Public safety – police	351,998
Public works	2,378,084
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	40,983
Total depreciation expense - governmental activities	<u>\$ 3,549,985</u>

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-type activities:					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 4,938,508	\$ --	\$ --	\$ --	4,938,508
Construction in progress	3,259,069	4,372,902	(5,667,255)	(8,803)	1,955,913
Total capital assets, not being depreciated	8,197,577	4,372,902	(5,667,255)	(8,803)	6,894,421
<u>Capital assets, being depreciated:</u>					
Buildings	5,358,573	--	--	--	5,358,573
Improvements other than buildings	10,017,552	146,828	--	--	10,164,380
Machinery and equipment	16,687,579	2,892,527	(306,272)	--	19,273,834
Distribution and collection systems	83,098,255	4,473,309	--	--	87,571,564
Infrastructure	--	825,876	--	--	825,876
Total capital assets, being depreciated	115,161,959	8,338,540	(306,272)	--	123,194,227
Less accumulated depreciation for:					
Buildings	(1,921,730)	(105,665)	--	--	(2,027,395)
Improvements other than buildings	(3,871,489)	(260,648)	--	--	(4,132,137)
Machinery and equipment	(10,637,085)	(1,214,311)	306,272	--	(11,545,124)
Distribution and collection systems	(33,650,660)	(1,848,506)	--	--	(35,499,166)
Infrastructure	--	(27,469)	--	--	(27,469)
Total accumulated depreciation	(50,080,964)	(3,456,559)	306,272	--	(53,231,291)
Total capital assets, being depreciated, net	65,080,995	4,881,941	--	--	69,962,936
Business-type activities capital assets, net	\$ 73,278,572	\$ 9,254,843	\$ (5,667,255)	\$ (8,803)	\$ 76,857,357

E. Interfund and advances receivable/payable, and transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
Nonmajor governmental funds	Nonmajor enterprise funds	\$ 629,849	Temporary operating loan
Internal service funds	General fund	15,779	Current portion of advance for underground storage tank upgrade
Total		\$ 645,628	

Advances receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
Sewer operating fund	General fund	\$ 286,212	Certificate forward purchase proceeds dedicated for sports park
Water operating fund	General fund	266,851	Certificate forward purchase proceeds dedicated for sports park
Internal service fund	General fund	63,462	Advance for underground storage tank upgrade
Total		<u>\$ 616,525</u>	

Interfund transfers

Transfers Out	Transfers In				
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	Total
General fund	\$ --	\$ 2,167,930	\$ 5,901,024	\$ 80,217	\$ 8,149,171
Public safety sales tax fund	--	300,348	45,695	--	346,043
Community development block grant fund	117,492	29,410	--	--	146,902
Nonmajor governmental funds	5,777,176	4,561,292	3,740	5,192	10,347,400
Non major enterprise funds	--	--	337	--	337
Total	<u>\$ 5,894,668</u>	<u>\$ 7,058,980</u>	<u>\$ 5,950,796</u>	<u>\$ 85,409</u>	<u>\$ 18,989,853</u>

Transfers are used to move revenues from the funds with collection authorization to the capital projects fund to finance various capital outlays including several construction projects. General fund revenues were moved to the debt service fund as debt service principal and interest payments become due while funds from non-major funds were moved to the general fund to help pay for debt service. Transfers are also used to move grant revenue from the Community Development Block Grant Fund to the General Fund to reimburse expenditures for the operation of the Youth Center. The 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	\$	2,285,000
2002 Sewer System Refunding Project		3,125,000
2002 Water System Refunding Project		2,915,000
2013 Infrastructure Lease Financing Project		21,060,000
	\$	<u>29,385,000</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
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	1,285,000	674,573	1,360,000	42,840
2020 – 2024	4,990,000	2,853,015	--	--
2025 – 2029	7,280,000	1,865,160	--	--
2030 – 2033	7,100,000	537,570	--	--
Total	\$ <u>23,345,000</u>	\$ <u>9,058,178</u>	\$ <u>6,040,000</u>	\$ <u>997,290</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, 2014 amount to \$19,555,000.

Debt service requirements on revenue bonds are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2015	\$ --	\$ 1,050,808
2016	--	1,050,807
2017	--	1,050,808
2018	--	1,050,807
2019	--	1,050,808
2020 – 2024	3,410,000	4,984,869
2025 – 2029	4,900,000	3,895,302
2030 – 2034	6,440,000	2,297,688
2035 – 2037	4,805,000	415,266
Total	\$ 19,555,000	\$ 16,847,163

Pension Obligation Bond

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

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 490,000	\$ 105,600
2016	505,000	90,675
2017	520,000	75,300
2018	540,000	59,400
2019	555,000	42,975
2020	570,000	26,100
2021	585,000	8,775
Total	\$ 3,765,000	\$ 408,825

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, 2014, the outstanding balance of the note is \$2,556,000.

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, 2014 is \$4,244,071.

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, 2014, \$51,911 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. On March 1, 2014, the City entered into a Replacement Agreement with CIEDB which reduced the interest rate by 25 basis points, to 3.59 percent per annum commencing with the effective date of the replacement agreement and continuing for the remaining term of the agreement. The outstanding balance of the note as of June 30, 2014 is \$6,325,522.

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, 2014, \$1,402,025 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
2015	\$ 204,000	\$ 140,050	\$ 360,251	\$ 400,231
2016	219,000	128,887	372,899	386,814
2017	234,000	116,606	385,955	374,283
2018	251,000	103,179	398,632	361,302
2019	268,000	88,552	398,121	347,895
2020 – 2024	1,380,000	202,776	2,203,407	1,531,493
2025 – 2029	--	--	2,605,708	1,138,441
2030 – 2034	--	--	3,082,669	672,665
2035 – 2039	--	--	2,137,239	207,917
2040	--	--	78,648	1,302
Total	\$ 2,556,000	\$ 780,050	\$ 12,023,529	\$ 5,422,343

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, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Certificates payable	\$ 23,725,000	\$ --	\$ (380,000)	\$ 23,345,000	\$ 405,000
Pension obligation bond	--	3,765,000	--	3,765,000	490,000
Plus deferred amounts:					
For issuance premiums	35,714	--	(6,800)	28,914	--
Total bonds payable	23,760,714	3,765,000	(386,800)	27,138,914	895,000
Notes payable	2,747,000	--	(191,000)	2,556,000	204,000
Claims	1,124,065	4,206,331	(4,155,914)	1,174,482	764,877
Net other postemployment benefits obligation*	2,078,558	931,217	(713,995)	2,295,780	--
Compensated absences*	949,859	1,051,907	(896,064)	1,105,702	660,783
Governmental activity Long-term liabilities	<u>\$ 30,660,196</u>	<u>\$ 9,954,455</u>	<u>\$ (6,343,773)</u>	<u>\$ 34,270,878</u>	<u>\$ 2,524,660</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Certificates payable	\$ 7,040,000	\$ --	\$ (1,000,000)	\$ 6,040,000	\$ 1,065,000
Revenue bonds	19,555,000	--	--	19,555,000	--
Plus deferred amounts:					
For issuance premiums	94,078	--	(17,913)	76,165	--
Less deferred amounts:					
For issuance discounts	(889,555)	--	47,081	(842,474)	--
Total bonds payable	25,799,523	--	(970,832)	24,828,691	1,065,000
Notes payable	12,371,524	--	(347,995)	12,023,529	360,251
Compensated absences	136,362	188,684	(176,639)	148,407	108,800
Business-type activity Long-term liabilities	<u>\$ 38,307,409</u>	<u>\$ 188,684</u>	<u>\$ (1,495,466)</u>	<u>\$ 37,000,627</u>	<u>\$ 1,534,051</u>

G. Fund balance

Stabilization arrangement

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

expenditures, the policy provides that a plan be established to replenish the reserve to the required level within 3 fiscal years.

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

Fund balance components

Governmental fund balances are presented in the following categories: nonspendable, committed, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2014, is as follows:

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Long-term notes receivable	\$4,096,241	--	--	--	--	\$4,096,241
Intergovernmental receivable - Successor Agency	1,125,465	--	--	--	--	1,125,465
Prepaid items	23,015	--	--	--	--	23,015
Total nonspendable	5,244,721	--	--	--	--	5,244,721
Restricted:						
Ballpark projects	61,821	--	--	--	--	61,821
Public safety – fire equipment	--	--	--	--	50,000	50,000
Public safety – police	--	--	--	--	119,222	119,222
Public safety station	--	4,238,723	--	--	--	4,238,723
Literacy center development	--	100,000	--	--	--	100,000
Community development	--	--	745,650	--	--	745,650
Public works projects	--	--	--	1,332,735	8,652,695	9,985,430
Building construction	--	--	--	--	692,451	692,451
Debt service	--	--	--	--	1,814,270	1,814,270
Landscape maintenance districts	--	--	--	--	639,763	639,763
Total restricted	61,821	4,338,723	745,650	1,332,735	11,968,401	18,447,330
Committed:						
Animal shelter construction	625,690	--	--	--	--	625,690
Porterville hotel project	209,086	--	--	--	--	209,086
Budget stabilization	3,459,711	--	--	--	--	3,459,711
Catastrophic/emergency reserve	500,000	--	--	--	--	500,000
Council special purposes	100,000	--	--	--	--	100,000
Total committed	4,894,487	--	--	--	--	4,894,487
Assigned:						
Equipment replacement	6,573,514	--	--	--	--	6,573,514
Total assigned	6,573,514	--	--	--	--	6,573,514
Unassigned	1,538,931	--	--	--	--	1,538,931
Total fund balances	\$18,313,474	4,338,723	745,650	1,332,735	11,968,401	\$36,698,983

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, 2014.

	Workers'	Liability
	Compensation	Programs
<u>Net Position</u>	<u>Programs</u>	<u>Programs</u>
Assets	\$ 58,079,746	\$ 16,698,356
Liabilities to member cities	(50,477,856)	(13,250,144)
Net position, reserved for insurance claims and losses	<u>\$ 7,601,890</u>	<u>\$ 3,448,212</u>
<u>Changes in Net Position</u>		
Operating revenues	\$ 17,246,750	\$ 8,891,406
Operating expenses	(18,057,772)	(9,803,751)
Operating income (loss)	(811,022)	(912,345)
Non-operating revenues	674,879	382,059
Change in net position	(136,143)	(530,286)
Net position, July 1	7,738,033	3,978,498
Net position, June 30	<u>\$ 7,601,890</u>	<u>\$ 3,448,212</u>

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

B. Risk management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective January 1979, the City Council approved a program of self-insurance for workers' compensation, medical and dental, unemployment and, effective July 1985, general liability. The self-insurance program was established as an Internal Service Fund and is supported by charges to various City departments that are reported as 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 / Montpelier Reinsurance / Axis Reinsurance
\$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 \$110,000 per claim. The City then purchases stop loss coverage that covers claim costs above \$110,000 up to \$2,000,000. The maximum payment for dental claims is \$2,000 per employee per year.

The unemployment liability program is administered through the State of California wherein the City is charged for the actual cost of claims paid by the State.

At June 30, 2014, \$1,174,482 has been accrued for claims representing estimates of amounts to be paid for actual claims and incurred but not reported claims based on past actuarial experience. Non-incremental claims adjustment expenses have been included as part of the liability for claims and judgments.

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

		Fiscal year ended	
		June 30, 2014	June 30, 2013
Unpaid claims, beginning of year	\$	1,124,065	\$ 1,976,521
Incurred claims		4,206,331	2,694,959
Claim payments		(4,155,914)	(3,547,415)
Unpaid claims, end of year	\$	<u>1,174,482</u>	<u>\$ 1,124,065</u>

C. Contingencies

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

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

D. 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, 2012. 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.

Beginning on January 1, 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

The City as well as the active plan members are required to contribute a percentage of the annual covered salary to the Plan. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The employer contribution rate is established and may be amended by CalPERS and the contribution requirements of the active plan members are established by State statute. For the period July 1, 2013 to June 30, 2014, the required employer and employee contribution rates are as follows:

	<u>Employer Rate</u>	<u>Employee Rate*</u>
Miscellaneous – Tier 1	22.995%	8.00%
Miscellaneous – Tier 2	22.995%	7.00%
Miscellaneous – Tier 3	22.995%	6.75%
Safety – Tier 1	31.234%**	9.00%
Safety – Tier 2	20.742%	7.00%
Safety – Tier 3	11.500%	11.50%

*For the fiscal year 2013-2014, several of the employee bargaining units signed their Memorandum of Understanding with the City, agreeing to pay a portion of the employer's required contribution rate.

**In November 2013, the City issued taxable pension obligation bonds to prepay the City's safety side fund obligation to CalPERS, which reduced the Safety - Tier 1 employer rate to 21.669 %.

Annual Pension Cost

Under GASB 27, an employer reports an annual pension cost equal to the annual required contribution plus an adjustment for the cumulative difference between the annual pension cost and the employer's actual plan contributions for the year. For the fiscal year 2013-2014, the City's annual pension cost of \$3,238,877 for all plans was equal to the City's required and actual contributions.

Miscellaneous Plan

The annual required contribution (ARC) for the period July 1, 2013 to June 30, 2014 for the Miscellaneous Plan has been determined by an actuarial valuation of the plan as of June 30, 2011 using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions and methods used to determine ARC includes:

Amortization method	level percent of payroll
Average remaining period	25 years as of the valuation date
Asset valuation method	15 year smoothed market
Discount rate	7.50% (net of administrative expenses)
Projected salary increases	3.30% to 14.20% depending on age, service and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry to CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Three-year trend information for the City's annual pension cost for the Miscellaneous Plan follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/12	\$ 2,099,697	100%	--
06/30/13	\$ 1,774,926	100%	--
06/30/14	\$ 1,825,014	100%	--

The funded status of the plan as of June 30, 2013, the plan's most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 74,049,847
Market value of plan assets	<u>47,351,065</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>26,698,782</u>
Funded ratio (market value of plan assets/AAL)	63.9%
Covered payroll	\$ 9,203,279
UAAL as a percentage of covered payroll	290.1%

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. The contractually required contribution for the period July 1, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011 using the entry age normal cost method. The actuarial assumptions and methods used to determine the contractually required contributions for the cost-sharing multiple-employer defined benefit plan includes:

Amortization method	level percent of payroll
Average remaining period	20 years as of the valuation date
Asset valuation method	15 year smoothed market
Discount rate	7.50% (net of administrative expenses)
Projected salary increases	3.30% to 14.20% depending on age, service and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

The City's annual pension cost and prepaid pension asset, computed in accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, for the year ended June 30, 2014, were as follows:

Annual required contribution	\$ 1,413,863
Annual pension cost	1,413,863
Contributions made	(5,178,863)
Amortization of pension asset	313,750
Increase (decrease) in pension asset	(3,451,250)
Net pension asset, beginning of year	--
Net pension asset, end of year	\$ (3,451,250)

The following table shows the City's annual pension cost for the Safety Plan and the percentage contributed for the fiscal year 2013-2014 and each of the two preceding fiscal years:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
06/30/12	\$ 1,803,336	100.00%	\$ --
06/30/13	\$ 1,635,608	100.00%	--
06/30/14	\$ 1,413,863	244.10%	3,451,250

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 nominal monthly contribution rate established 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.

Funding Policy and Actuarial Methods and Assumptions

At this time, the City manages its own other 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 for the initial unfunded actuarial accrued liability (UAAL) as well as for any residual UAAL. 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 based on assumed long-term return on

employer assets, (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, 2014:

Annual required contribution	\$	898,319
Interest on net OPEB obligation / (asset)		103,928
Adjustment to annual required contribution		<u>(71,030)</u>
Annual OPEB cost (expense)		931,217
Contributions made		<u>(713,995)</u>
Increase in net OPEB obligation / (asset)		217,222
Net OPEB obligation / (asset) – beginning of year		<u>2,078,558</u>
Net OPEB obligation / (asset) – end of year	\$	<u><u>2,295,780</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>
06/30/12	\$ 701,991	\$ 275,785	39.3%	\$ 1,587,786
06/30/13	\$ 906,678	415,906	45.9%	2,078,558
06/30/14	\$ 931,217	\$ 713,995	76.7%	\$ 2,295,780

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		12,341,952
UAAL as a percentage of covered payroll		56.9%

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. 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, 2014, the amount of the defeased debt outstanding amounted to \$17,440,000.

NOTE 7 – Prior period adjustments

Pursuant to GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", the City no longer amortizes the cost of debt issuance. These amounts should be expensed in the year they are incurred. The City made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. These adjustments resulted in the decrease of \$568,286 in the net position for governmental activities and \$551,149 in the net position for business-type activities, particularly in the sewer operations fund. An adjustment was also made for the Successor Agency which reduced its net position by \$305,143.

In September of 2013, the California State Controller's Office (SCO) performed a review of all asset transfers made by the Porterville Redevelopment Agency (RDA) to the City of Porterville or any other public agency after January 1, 2011. The SCO asset transfer review report concluded that the asset transfers made by the RDA on February 1, 2012 to the Porterville Housing Authority (Authority), which was formed and designated as the Housing Successor Agency, were unallowable pursuant to Health and Safety Code section 34167.5, and ordered the Authority to reverse the transfers and turn over the assets to the Porterville Successor Agency. This resulted in a prior period adjustment that reduced the net position for governmental activities and fund balances of governmental funds by \$18,551. For the Successor Agency, the adjustment increased net position by \$18,551.

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, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 615,669	\$ --	\$ --	\$ 615,669
Construction in progress	--	19,449	--	19,449
Improvements other than buildings	814,652	--	--	814,652
Accumulated depreciation - improvements	(132,739)	(16,293)	--	(149,032)
Capital assets, net	<u>\$ 1,297,582</u>	<u>\$ 3,156</u>	<u>\$ --</u>	<u>\$ 1,300,738</u>

Note receivable

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

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 \$2,275,000 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, 2014 amount to \$7,645,000.

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, 2014, \$66,650 is owed in principal and deferred interest.

Fiscal Year Ending June 30	Revenue Bonds		Promissory Note	
	Principal	Interest	Principal	Interest
2015	\$ 130,000	\$ 496,253	\$ 26,066	\$ 1,805
2016	135,000	489,579	26,854	1,018
2017	145,000	482,585	13,730	206
2018	155,000	474,800	--	--
2019	160,000	466,372	--	--
2020 – 2024	945,000	2,179,445	--	--
2025 – 2029	1,265,000	1,847,475	--	--
2030 – 2034	1,735,000	1,376,780	--	--
2035 – 2039	2,400,000	710,608	--	--
2040	575,000	39,467	--	--
Total	<u>\$ 7,645,000</u>	<u>\$ 8,563,364</u>	<u>\$ 66,650</u>	<u>\$ 3,029</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 7,770,000	\$ --	\$ (125,000)	\$ 7,645,000	\$ 135,000
Less deferred amounts:					
For issuance discounts	(111,716)	--	4,256	(107,460)	--
On refunding	(481,034)	--	52,004	(429,030)	--
Total bonds payable	7,177,250	--	(68,740)	7,108,510	125,000
Notes payable	91,952	--	(25,302)	66,650	26,066
Total long-term liabilities	<u>\$ 7,269,202</u>	<u>\$ --</u>	<u>\$ (94,042)</u>	<u>\$ 7,175,160</u>	<u>\$ 151,066</u>

Intergovernmental payable

Advances in the amount of \$1,714,374 made by the City of Porterville to the former redevelopment agency for various redevelopment purposes, before its dissolution, were transferred to the Successor Agency private-purpose trust fund as intergovernmental payable. In November 19, 2013, the Successor Agency entered into a loan agreement with the City of Porterville for the reimbursement of costs resulting from a deficit of Redevelopment Property Tax Trust Funds (RPTTF) available to pay for enforceable obligations including administrative expenses. On February 7, 2014, the Oversight Board to the Successor Agency adopted Resolution Number 2014-01 approving the loan in the amount of \$93,791.

The composition of intergovernmental payable as of June 30, 2014 is as follows:

<u>Purpose</u>	<u>Amount</u>
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
Reimbursement of RPTTF deficit	93,791
Total intergovernmental payable	\$ <u>1,808,165</u>

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).

NOTE 9 – New Pronouncements

The following GASB Statements will be implemented in future financial statements:

Statement No. 68	Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27	The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.
Statement No. 69	Government Combinations and Disposals of Government Operations	The requirement of this Statement are effective for financial statements for fiscal years beginning after December 15, 2013.
Statement No. 71	Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68	The requirements of this statement should be applied simultaneously with the requirements of Statement No. 68.

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**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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive(Negative)
REVENUES				
Property taxes	\$ 7,058,762	\$ 7,058,762	\$ 7,406,413	\$ 347,651
Sales taxes	4,182,651	4,182,651	4,218,380	35,729
Utility users tax	4,000,000	4,000,000	3,955,357	(44,643)
Franchise tax	1,471,134	1,471,134	1,551,762	80,628
Transient occupancy tax	315,000	315,000	370,999	55,999
Business licenses	395,000	395,000	417,856	22,856
Building permits	160,000	160,000	206,815	46,815
Plumbing permits	100,000	100,000	175,405	75,405
Electrical permits	50,000	50,000	62,942	12,942
Other licenses and permits	17,000	17,000	18,514	1,514
Vehicle license fees	29,379	29,379	23,542	(5,837)
Federal grants	391,823	391,823	208,850	(182,973)
State grants/reimbursements	1,674,522	1,743,005	1,299,803	(443,202)
Planning and zoning	35,000	35,000	22,085	(12,915)
Engineering and inspection	61,100	61,100	73,738	12,638
Police services	374,000	374,000	407,366	33,366
Fire services	28,000	28,000	60,172	32,172
Library services	40,000	40,000	42,251	2,251
Recreational activities	1,751,922	1,751,922	1,600,988	(150,934)
Other service charges	2,900	2,900	6,240	3,340
Interdepartmental service charge	1,600,000	1,600,000	1,748,299	148,299
Special assessments and fees	5,848	5,848	5,833	(15)
Parking fines	12,000	12,000	13,579	1,579
Vehicle code fines	3,000	3,000	3,688	688
Other fines	50,000	50,000	56,884	6,884
Interest	183,000	183,000	291,275	108,275
Rent	102,277	102,277	107,980	5,703
Contributions	4,000	4,150	4,570	420
Other revenues	63,000	63,000	80,810	17,810
Total revenues	24,161,318	24,229,951	24,442,396	212,445
EXPENDITURES				
Current:				
Community Development	806,231	806,231	725,461	80,770
General government	2,700,795	2,719,595	2,538,855	180,740
Parks and recreation	4,596,240	4,640,293	4,225,116	415,177
Public safety - fire	3,468,299	3,492,822	3,120,349	372,473
Public safety - police	8,387,421	8,387,421	7,970,708	416,713
Public works	2,265,810	2,265,810	2,048,747	217,063
Debt service:				
Interest and administrative charges	-	-	234	(234)
Capital outlay	789,823	870,482	909,946	(39,464)
Total expenditures	23,014,619	23,182,654	21,539,416	1,643,238
Excess (deficiency) of revenues over (under) expenditures	1,146,699	1,047,297	2,902,980	1,855,683
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	7,957	7,957
Transfers in	1,309,199	1,309,199	5,894,668	4,585,469
Transfers out	(79,000)	(79,000)	(7,927,063)	(7,848,063)
Total other financing sources (uses)	1,230,199	1,230,199	(2,024,438)	(3,254,637)
Net change in fund balances	2,376,898	2,277,496	878,542	(1,398,954)
Fund balance - beginning	17,434,932	17,434,932	17,434,932	-
Fund balance - ending	\$ 19,811,830	\$ 19,712,428	\$ 18,313,474	\$ (1,398,954)

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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget Positive(Negative)
REVENUES				
Sales tax	\$ 2,939,507	\$ 2,939,507	\$ 3,182,807	\$ 243,300
Charges for services	-	-	427	427
Interest	35,000	35,000	65,323	30,323
Total revenues	2,974,507	2,974,507	3,248,557	274,050
EXPENDITURES				
Current:				
Parks and leisure services	440,000	440,000	405,976	34,024
Public safety - fire	976,906	981,998	903,736	78,262
Public safety - police	1,363,634	1,363,634	1,335,347	28,287
Total expenditures	2,780,540	2,785,632	2,645,059	140,573
Excess(deficiency) of revenues over(under) expenditures	193,967	188,875	603,498	414,623
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,600,000)	(3,600,000)	(300,348)	3,299,652
Net change in fund balances	(3,406,033)	(3,411,125)	303,150	3,714,275
Fund balance - beginning	4,035,573	4,035,573	4,035,573	-
Fund balance - ending	\$ 629,540	\$ 624,448	\$ 4,338,723	\$ 3,714,275

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive(Negative)
REVENUES				
Federal grants	\$ 620,694	\$ 620,694	\$ 703,301	\$ 82,607
State grants/reimbursements	250,000	250,000	52,874	(197,126)
Other service charges	149,022	149,022	350,774	201,752
Interest	20,000	20,000	28,217	8,217
Total revenues	<u>1,039,716</u>	<u>1,039,716</u>	<u>1,135,166</u>	<u>95,450</u>
EXPENDITURES				
Current:				
Community Development	157,943	157,943	375,197	(217,254)
Debt Service:				
Principal	191,000	191,000	191,000	-
Interest and administrative charges	150,195	150,195	150,195	-
Total expenditures	<u>499,138</u>	<u>499,138</u>	<u>716,392</u>	<u>(217,254)</u>
Excess(deficiency) of revenues over(under) expenditures	<u>540,578</u>	<u>540,578</u>	<u>418,774</u>	<u>(121,804)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,352,477)</u>	<u>(1,352,477)</u>	<u>(146,902)</u>	<u>1,205,575</u>
Net change in fund balances	(811,899)	(811,899)	271,872	1,083,771
Fund balance - beginning	<u>473,778</u>	<u>473,778</u>	<u>473,778</u>	<u>-</u>
Fund balance - ending	<u>\$ (338,121)</u>	<u>\$ (338,121)</u>	<u>\$ 745,650</u>	<u>\$ 1,083,771</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
06/30/11	\$ 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%
06/30/13	74,049,847	47,351,065	26,698,782	63.9%	9,203,279	290.1%

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%	\$ 12,184,836	70.2%
03/01/11	--	5,348,777	5,348,777	0.0%	12,489,805	36.1%
03/01/13	--	7,014,995	7,014,995	0.0%	12,341,952	47.8%

An actuarial study of the City of Porterville's retiree health liabilities is conducted every two years as required by GASB 43 and 45. The next study will be prepared for the fiscal year 2014-2015.

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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. In November of 2014, the California State Controller's Office issued an order to reverse the transfers and turn over the assets to the Successor Agency. As of June 30, 2014, all housing assets and transactions are reported under the Successor 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, 2014

	Special Revenue					
	Porterville Housing Authority	Special Gas Tax	Local Transportation Funds (LTF)	Traffic Safety	Public Safety Grant	Landscape Maintenance District
ASSETS						
Investments	\$ -	\$ 1,992,077	\$ 1,563,827	\$ -	\$ 160,982	\$ 645,516
Receivables - misc (net):						
Interest	-	-	-	-	-	-
Taxes	-	164,339	167,740	-	-	7,370
Other	-	-	-	-	-	-
Intergovernmental receivables	-	21,723	2,403,807	54,053	17,660	-
Interfund receivables	-	-	-	-	-	-
Restricted - cash with fiscal agent	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 2,178,139</u>	<u>\$ 4,135,374</u>	<u>\$ 54,053</u>	<u>\$ 178,642</u>	<u>\$ 652,886</u>
LIABILITIES						
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	\$ 182	\$ 12,044
Payroll payable	-	-	-	-	9,238	1,079
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,420</u>	<u>13,123</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-intergovernmental	-	-	971,909	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>971,909</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted						
Building construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Landscape maintenance districts	-	-	-	-	-	639,763
Public safety	-	-	-	-	169,222	-
Public works	-	2,178,139	3,163,465	54,053	-	-
Total fund balances	<u>-</u>	<u>2,178,139</u>	<u>3,163,465</u>	<u>54,053</u>	<u>169,222</u>	<u>639,763</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 2,178,139</u>	<u>\$ 4,135,374</u>	<u>\$ 54,053</u>	<u>\$ 178,642</u>	<u>\$ 652,886</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	
\$ 1,011,566	\$ -	\$ 2,296,074	\$ 62,602	\$ 248,614	\$ 7,981,258
-	-	-	-	2,273	2,273
-	-	-	-	-	339,449
-	-	85,047	-	-	85,047
-	-	-	-	-	2,497,243
-	-	-	629,849	-	629,849
-	-	-	-	1,563,383	1,563,383
<u>\$ 1,011,566</u>	<u>\$ -</u>	<u>\$ 2,381,121</u>	<u>\$ 692,451</u>	<u>\$ 1,814,270</u>	<u>\$ 13,098,502</u>
\$ -	\$ -	\$ 135,649	\$ -	\$ -	\$ 147,875
-	-	-	-	-	10,317
-	-	135,649	-	-	158,192
-	-	-	-	-	971,909
-	-	-	-	-	971,909
-	-	-	692,451	-	692,451
-	-	-	-	1,814,270	1,814,270
-	-	-	-	-	639,763
-	-	-	-	-	169,222
<u>1,011,566</u>	<u>-</u>	<u>2,245,472</u>	<u>-</u>	<u>-</u>	<u>8,652,695</u>
<u>1,011,566</u>	<u>-</u>	<u>2,245,472</u>	<u>692,451</u>	<u>1,814,270</u>	<u>11,968,401</u>
<u>\$ 1,011,566</u>	<u>\$ -</u>	<u>\$ 2,381,121</u>	<u>\$ 692,451</u>	<u>\$ 1,814,270</u>	<u>\$ 13,098,502</u>

CITY OF PORTERVILLE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014**

	Special Revenue					
	Porterville Housing Authority	Special Gas Tax	Local Transportation Funds (LTF)	Traffic Safety	Public Safety Grant	Landscape Maintenance District
Revenues:						
Intergovernmental	\$ -	\$ 2,270,795	\$ 2,996,147	\$ -	\$ 307,493	\$ -
Special assessments and fees	-	-	-	-	-	49,924
Fines and forfeitures	-	-	-	205,800	-	-
Investment earnings	-	34,876	41,742	370	2,407	-
Miscellaneous	-	-	-	-	505	-
Total revenues	-	2,305,671	3,037,889	206,170	310,405	49,924
Expenditures:						
Parks and leisure services	-	-	-	-	-	171,792
Public safety - fire	-	-	-	-	32,971	-
Public safety - police	-	-	-	-	209,123	-
Debt redemption, principal	-	-	-	-	-	-
Debt redemption, interest & charges	-	-	-	-	-	-
Pension obligation bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	-	18,066	-
Total expenditures	-	-	-	-	260,160	171,792
Excess (deficiency) of revenues over (under) expenditures	-	2,305,671	3,037,889	206,170	50,245	(121,868)
Other financing sources (uses):						
Transfers in	-	4,474,497	-	-	-	-
Transfers out	-	(6,877,943)	(2,761,517)	(168,534)	(115,276)	-
Pension obligation bonds issued	-	-	-	-	-	-
Payment to CalPERS	-	-	-	-	-	-
Total other financing sources (uses)	-	(2,403,446)	(2,761,517)	(168,534)	(115,276)	-
Net change in fund balances	-	(97,775)	276,372	37,636	(65,031)	(121,868)
Fund balances - July 1	18,551	2,275,914	2,887,093	16,417	234,253	761,631
Prior period adjustment	(18,551)	-	-	-	-	-
Fund balances - June 30	\$ -	\$ 2,178,139	\$ 3,163,465	\$ 54,053	\$ 169,222	\$ 639,763

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	
\$ -	\$ -	\$ -	\$ -	\$ -	5,574,435
128,356	40,323	188,578	-	-	407,181
-	-	-	-	-	205,800
15,791	73	36,453	11,299	9,406	152,417
-	-	-	1,640	-	2,145
144,147	40,396	225,031	12,939	9,406	6,341,978
-	-	-	-	-	171,792
-	-	-	-	-	32,971
-	-	-	-	-	209,123
-	-	-	-	380,000	380,000
-	-	-	-	863,955	863,955
-	-	-	-	190,273	190,273
-	-	-	-	-	18,066
-	-	-	-	1,434,228	1,866,180
144,147	40,396	225,031	12,939	(1,424,822)	4,475,798
-	-	-	-	1,476,299	5,950,796
(150,000)	(40,396)	(177,493)	(56,241)	-	(10,347,400)
-	-	-	-	3,765,000	3,765,000
-	-	-	-	(3,559,662)	(3,559,662)
(150,000)	(40,396)	(177,493)	(56,241)	1,681,637	(4,191,266)
(5,853)	-	47,538	(43,302)	256,815	284,532
1,017,419	-	2,197,934	735,753	1,557,455	11,702,420
-	-	-	-	-	(18,551)
\$ 1,011,566	\$ -	\$ 2,245,472	\$ 692,451	\$ 1,814,270	\$ 11,968,401

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, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ -	\$ -	\$ -
Other	-	-	-
Total revenues	-	-	-
Expenditures:			
Community development : Administration	-	-	-
Total expenditures	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance - July 1		18,551	
Prior period adjustment		(18,551)	
Fund balance - June 30		\$ -	

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, 2014**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax section 2103	\$ 525,782	\$ 766,362	\$ 240,580
State gasoline tax section 2105	234,682	374,091	139,409
State gasoline tax section 2106	172,282	165,031	(7,251)
State gasoline tax section 2107	369,830	400,210	30,380
State gasoline tax section 2107.5	7,500	7,500	-
Total other taxes	<u>1,310,076</u>	<u>1,713,194</u>	<u>403,118</u>
Intergovernmental:			
State grants	450,000	535,568	85,568
Federal grants	<u>303,500</u>	<u>22,033</u>	<u>(281,467)</u>
Total intergovernmental	<u>753,500</u>	<u>557,601</u>	<u>(195,899)</u>
Interest	<u>20,000</u>	<u>34,876</u>	<u>14,876</u>
Total revenues	<u>2,083,576</u>	<u>2,305,671</u>	<u>222,095</u>
Other financing uses:			
Transfers in	-	4,474,497	4,474,497
Transfers out	<u>(4,045,591)</u>	<u>(6,877,943)</u>	<u>(2,832,352)</u>
Total other financing uses	<u>(4,045,591)</u>	<u>(2,403,446)</u>	<u>1,642,145</u>
Net change in fund balance	\$ <u>(1,962,015)</u>	(97,775)	\$ <u>1,864,240</u>
Fund balance - July 1		<u>2,275,914</u>	
Fund balance - June 30		\$ <u>2,178,139</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, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax - LTF	\$ 400,000	\$ 1,015,758	\$ 615,758
Sales tax - County Measure R	3,283,800	1,344,132	(1,939,668)
Total other taxes	3,683,800	2,359,890	(1,323,910)
Intergovernmental:			
Federal grants	2,559,100	636,257	(1,922,843)
Interest	8,000	41,742	33,742
Total revenues	6,250,900	3,037,889	(3,213,011)
Other financing uses:			
Transfers out	(5,775,396)	(2,761,517)	3,013,879
Total other financing uses	(5,775,396)	(2,761,517)	3,013,879
Net change in fund balance	\$ 475,504	276,372	\$ (199,132)
Fund balance - July 1		2,887,093	
Fund balance - June 30		\$ 3,163,465	

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, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 150,000	\$ 205,800	\$ 55,800
Interest	300	370	70
Total revenues	<u>150,300</u>	<u>206,170</u>	<u>55,870</u>
Other financing uses:			
Transfers out	<u>(150,500)</u>	<u>(168,534)</u>	<u>(18,034)</u>
Total other financing uses	<u>(150,500)</u>	<u>(168,534)</u>	<u>(18,034)</u>
Net change in fund balance	\$ <u>(200)</u>	37,636	\$ <u>37,836</u>
Fund balance - July 1		<u>16,417</u>	
Fund balance - June 30		\$ <u>54,053</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, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grants	\$ 230,000	\$ 270,231	\$ 40,231
Federal grants	36,412	37,262	850
Total intergovernmental	<u>266,412</u>	<u>307,493</u>	<u>41,081</u>
Interest	1,000	2,407	1,407
Other	<u>505</u>	<u>505</u>	<u>-</u>
Total revenues	<u>267,917</u>	<u>310,405</u>	<u>42,488</u>
Expenditures:			
Public safety - fire	79,912	32,971	46,941
Public safety - police	345,360	209,123	136,237
Capital outlay	<u>-</u>	<u>18,066</u>	<u>(18,066)</u>
Total expenditures	<u>425,272</u>	<u>260,160</u>	<u>165,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(157,355)</u>	<u>50,245</u>	<u>207,600</u>
Other financing uses:			
Transfers out	<u>(112,981)</u>	<u>(115,276)</u>	<u>(2,295)</u>
Total other financing uses	<u>(112,981)</u>	<u>(115,276)</u>	<u>(2,295)</u>
Net change in fund balance	\$ <u>(270,336)</u>	(65,031)	\$ <u>205,305</u>
Fund balance - July 1		<u>234,253</u>	
Fund balance - June 30		\$ <u>169,222</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, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 44,362	\$ 49,924	\$ 5,562
Total revenues	<u>44,362</u>	<u>49,924</u>	<u>5,562</u>
Expenditures:			
Parks and leisure services:			
Cost of service	<u>170,080</u>	<u>171,792</u>	<u>(1,712)</u>
Total expenditures	<u>170,080</u>	<u>171,792</u>	<u>(1,712)</u>
Net change in fund balance	\$ <u>(125,718)</u>	(121,868)	\$ <u>7,274</u>
Fund balance - July 1		<u>761,631</u>	
Fund balance - June 30		\$ <u>639,763</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, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 200,000	\$ 128,356	\$ (71,644)
Interest	5,000	15,791	10,791
Total revenues	<u>205,000</u>	<u>144,147</u>	<u>(60,853)</u>
Other financing uses:			
Transfers out	<u>(241,750)</u>	<u>(150,000)</u>	<u>91,750</u>
Total financing uses	<u>(241,750)</u>	<u>(150,000)</u>	<u>91,750</u>
Net change in fund balance	\$ <u>(36,750)</u>	(5,853)	\$ <u>30,897</u>
Fund balance - July 1		<u>1,017,419</u>	
Fund balance - June 30		\$ <u>1,011,566</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, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 20,000	\$ 40,323	\$ 20,323
Interest	-	73	73
Total revenues	20,000	40,396	20,396
Other financing uses:			
Transfers out	(20,000)	(40,396)	(20,396)
Total other financing uses	(20,000)	(40,396)	(20,396)
Net change in fund balance	\$ -	-	\$ -
Fund balance - July 1		-	
Fund balance - June 30		\$ -	

CITY OF PORTERVILLE

STORM DRAIN DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 100,000	\$ 188,578	\$ 88,578
Interest	15,000	36,453	21,453
Total revenues	115,000	225,031	110,031
Other financing uses:			
Transfers out	(2,022,765)	(177,493)	1,845,272
Total other financing uses	(2,022,765)	(177,493)	1,845,272
Net change in fund balance	\$ <u>(1,907,765)</u>	47,538	\$ <u>1,955,303</u>
Fund balance - July 1		<u>2,197,934</u>	
Fund balance - June 30		\$ <u>2,245,472</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, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 6,000	\$ 11,299	\$ 5,299
Other	-	1,640	1,640
Total revenues	6,000	12,939	6,939
Other financing uses:			
Transfers out	(579,500)	(56,241)	523,259
Total other financing uses	(579,500)	(56,241)	523,259
Net change in fund balance	\$ <u>(573,500)</u>	(43,302)	\$ <u>530,198</u>
Fund balance - July 1		<u>735,753</u>	
Fund balance - June 30		\$ <u>692,451</u>	

CITY OF PORTERVILLE

GENERAL GOVERNMENT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 5,000	\$ 9,406	\$ 4,406
Total revenues	5,000	9,406	4,406
Expenditures:			
General government:			
Administration	1,500	2,000	(500)
Debt redemption, principal	380,000	380,000	-
Debt redemption, interest & charges	822,422	861,955	(39,533)
Pension obligation bonds issuance costs	-	190,273	(190,273)
Total expenditures	1,203,922	1,434,228	(230,306)
Excess (deficiency) of revenues over (under) expenditures	(1,198,922)	(1,424,822)	(225,900)
Other financing sources (uses):			
Transfers in	1,205,942	1,476,299	270,357
Pension obligation bonds issued	-	3,765,000	3,765,000
Payment to CalPERS	-	(3,559,662)	(3,559,662)
Total other financing sources (uses)	1,205,942	1,681,637	475,695
Net change in fund balance	\$ 7,020	256,815	\$ 249,795
Fund balance - July 1		1,557,455	
Fund balance - June 30		\$ 1,814,270	

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, 2014

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 10	\$ 180	\$ 500	\$ 690
Investments	81,766	1,415,088	-	1,496,854
Accounts receivable, net of allowance for uncollectibles	-	61,267	3,339	64,606
Intergovernmental receivables	-	7	-	7
Inventories	-	190,440	-	190,440
Total current assets	81,776	1,666,982	3,839	1,752,597
Noncurrent assets:				
Capital assets:				
Land	23,240	1,000,125	102,048	1,125,413
Construction in progress	-	100,286	8,865	109,151
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	(107,639)	(4,412,846)	(498,034)	(5,018,519)
Total noncurrent assets	58,015	6,687,867	339,505	7,085,387
Total assets	139,791	8,354,849	343,344	8,837,984
LIABILITIES				
Current liabilities:				
Accounts and other payables	385	22,069	9,432	31,886
Payroll payable	504	8,160	5,081	13,745
Interfund payable	-	-	629,849	629,849
Compensated absences payable	-	4,981	1,191	6,172
Accrued interest payable	-	1,778	-	1,778
Loans payable - current	-	11,949	-	11,949
Total current liabilities	889	48,937	645,553	695,379
Noncurrent liabilities:				
Compensated absences payable	-	1,707	-	1,707
Loans payable	-	39,962	-	39,962
Total noncurrent liabilities	-	41,669	-	41,669
Total liabilities	889	90,606	645,553	737,048
NET POSITION				
Net investment in capital assets	58,015	6,635,956	339,505	7,033,476
Unrestricted	80,887	1,628,287	(641,714)	1,067,460
Total net position	\$ 138,902	\$ 8,264,243	\$ (302,209)	\$ 8,100,936

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, 2014

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 3,090	\$ 1,251,811	\$ 213,482	\$ 1,468,383
Other revenues	348	163,617	467	164,432
Total operating revenues	3,438	1,415,428	213,949	1,632,815
Operating expenses:				
Cost of sales and services	17,820	1,146,840	262,438	1,427,098
General and administrative	4,366	104,620	87,213	196,199
Depreciation/amortization	3,437	267,335	39,309	310,081
Total operating expenses	25,623	1,518,795	388,960	1,933,378
Operating income (loss)	(22,185)	(103,367)	(175,011)	(300,563)
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	10,000	-	10,000
Investment earnings	1,274	20,658	2,472	24,404
Interest expense	-	(1,360)	-	(1,360)
Total nonoperating revenue (expenses)	1,274	29,298	2,472	33,044
Income before contributions and transfers	(20,911)	(74,069)	(172,539)	(267,519)
Capital contributions and transfers:				
Capital contributions - federal and state grants	-	34,957	-	34,957
Transfers in	10,000	5,192	69,000	84,192
Total contributions and transfers	10,000	40,149	69,000	119,149
Change in net position	(10,911)	(33,920)	(103,539)	(148,370)
Net position - beginning	149,813	8,298,163	(198,670)	8,249,306
Net position - ending	\$ 138,902	\$ 8,264,243	\$ (302,209)	\$ 8,100,936

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
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 3,438	\$ 1,459,997	\$ 212,905	\$ 1,676,340
Payments to employees	(14,999)	(137,002)	(142,633)	(294,634)
Payments to suppliers and others	(7,308)	(1,121,540)	(215,033)	(1,343,881)
Net cash provided by operating activities	(18,869)	201,455	(144,761)	37,825
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash from interfund	-	-	73,289	73,289
Intergovernmental - operating assistance	-	10,000	-	10,000
Transfers in from other funds	10,000	5,192	69,000	84,192
Net cash (used) by noncapital financing	10,000	15,192	142,289	167,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Construction and other capital projects	-	(38,914)	-	(38,914)
Interest paid on long-term debt and advances	-	(1,741)	-	(1,741)
Principal payments on long-term debt	-	(11,129)	-	(11,129)
Subsidy from federal and state grants	-	34,957	-	34,957
Net cash (used) by capital and related financing activities	-	(16,827)	-	(16,827)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,275	20,658	2,472	24,405
Net cash provided by investing activities	1,275	20,658	2,472	24,405
Net Increase (decrease) in cash and cash equivalents	(7,594)	220,478	-	212,884
Balances - beginning of year	89,370	1,194,790	500	1,284,660
Balances - end of the year	\$ 81,776	\$ 1,415,268	\$ 500	\$ 1,497,544
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (22,185)	\$ (103,367)	\$ (175,011)	\$ (300,563)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	3,437	267,335	39,309	310,081
Changes in assets and liabilities:				
Accounts payable	124	5,648	(2,936)	2,836
Compensated absences	-	(1,661)	(5,166)	(6,827)
Customer receivables	-	44,569	(1,044)	43,525
Inventory	-	(14,820)	-	(14,820)
Salaries and benefits payable	(245)	3,751	87	3,593
Net cash provided by operating activities	\$ (18,869)	\$ 201,455	\$ (144,761)	\$ 37,825

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, 2014

	Risk Management	Equipment Management	Total Internal Service Funds
ASSETS			
Current assets:			
Investments	\$ 1,138,644	\$ 787,124	\$ 1,925,768
Accounts receivable, net of allowance for uncollectibles	18,015	39,255	57,270
Intergovernmental receivable	682,700	468	683,168
Interfund receivable	15,779	-	15,779
Total current assets:	<u>1,855,138</u>	<u>826,847</u>	<u>2,681,985</u>
Noncurrent assets:			
Advances receivable	63,462	-	63,462
Capital assets:			
Buildings and equipment	-	726,874	726,874
Improvements other than buildings	-	6,639	6,639
Less accumulated depreciation	-	(506,233)	(506,233)
Total noncurrent assets:	<u>63,462</u>	<u>227,280</u>	<u>290,742</u>
Total assets	<u>1,918,600</u>	<u>1,054,127</u>	<u>2,972,727</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	165,038	168,151	333,189
Payroll payable	5,852	18,834	24,686
Accrued claims	764,877	-	764,877
Compensated absences payable	5,893	15,689	21,582
Total current liabilities	<u>941,660</u>	<u>202,674</u>	<u>1,144,334</u>
Noncurrent liabilities:			
Accrued claims	409,605	-	409,605
Compensated absences payable	2,167	7,909	10,076
Total noncurrent liabilities	<u>411,772</u>	<u>7,909</u>	<u>419,681</u>
Total liabilities	<u>1,353,432</u>	<u>210,583</u>	<u>1,564,015</u>
NET POSITION			
Net investment in capital assets	-	227,280	227,280
Restricted for self-insurance	565,168	-	565,168
Unrestricted	-	616,264	616,264
Total net position	<u>\$ 565,168</u>	<u>\$ 843,544</u>	<u>\$ 1,408,712</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, 2014

	Risk Management	Equipment Management	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 4,174,577	\$ 3,108,777	\$ 7,283,354
Other revenues	6,085	77,950	84,035
Total operating revenues	<u>4,180,662</u>	<u>3,186,727</u>	<u>7,367,389</u>
Operating expenses:			
Cost of sales and services	6,002,926	2,936,878	8,939,804
General and administrative	145,535	71,040	216,575
Depreciation/amortization	-	40,983	40,983
Total operating expenses	<u>6,148,461</u>	<u>3,048,901</u>	<u>9,197,362</u>
Operating income (loss)	(1,967,799)	137,826	(1,829,973)
Nonoperating revenues (expenses):			
Investment earnings	32,081	10,344	42,425
Sale of capital assets	-	521	521
Change in net position	(1,935,718)	148,691	(1,787,027)
Net position - beginning	<u>2,500,886</u>	<u>694,853</u>	<u>3,195,739</u>
Net position - ending	<u>\$ 565,168</u>	<u>\$ 843,544</u>	<u>\$ 1,408,712</u>

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, 2014

	Risk Management	Equipment Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customer	\$ 4,178,520	\$ 3,193,039	\$ 7,371,559
Payments to employees	(141,290)	(549,925)	(691,215)
Payments to suppliers and others	(6,059,205)	(2,399,708)	(8,458,913)
Net cash provided by operating activities	<u>(2,021,975)</u>	<u>243,406</u>	<u>(1,778,569)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances to other funds	26,375	-	26,375
Intergovernmental - operating assistance	-	25,277	25,277
Net cash (used) by noncapital financing	<u>26,375</u>	<u>25,277</u>	<u>51,652</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	521	521
Purchase of capital assets	-	(37,661)	(37,661)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(37,140)</u>	<u>(37,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	32,081	10,344	42,425
Net cash provided by investing activities	<u>32,081</u>	<u>10,344</u>	<u>42,425</u>
Net Increase (decrease) in cash and cash equivalents	<u>(1,963,519)</u>	<u>241,887</u>	<u>(1,721,632)</u>
Balances - beginning of year	3,102,163	545,237	3,647,400
Balances - end of the year	<u>\$ 1,138,644</u>	<u>\$ 787,124</u>	<u>\$ 1,925,768</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,967,799)	\$ 137,826	\$ (1,829,973)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	40,983	40,983
Changes in assets and liabilities:			
Accounts payable	(160,313)	61,775	(98,538)
Accrued claims	50,417	-	50,417
Compensated absences	553	(1,021)	(468)
Customer receivables	(2,142)	6,312	4,170
Prepaid expenses	56,921	-	56,921
Salaries and benefits payable	388	(2,469)	(2,081)
Net cash provided by operating activities	<u>\$ (2,021,975)</u>	<u>\$ 243,406</u>	<u>\$ (1,778,569)</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, 2014

<u>Special Deposits</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>
Assets				
Cash and investments	\$ 1,605,152	\$ 532,043	\$ 702,879	\$ 1,434,316
Accounts and other receivables	874	-	874	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>1,606,026</u>	\$ <u>532,043</u>	\$ <u>703,753</u>	\$ <u>1,434,316</u>
Liabilities				
Accounts and other payables	\$ 80,605	\$ 529,360	\$ 585,633	\$ 24,332
Refundable deposits, utilities	341,635	109,860	96,642	354,853
Refundable deposits, miscellaneous	637,813	368,187	424,371	581,629
Other deposits, safety	545,973	57,165	129,636	473,502
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ <u>1,606,026</u>	\$ <u>1,064,572</u>	\$ <u>1,236,282</u>	\$ <u>1,434,316</u>

Statistical Section



STATISTICAL SECTION

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

Contents	Page
Financial Trends	112
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	118
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	123
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	127
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	129
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)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental activities:										
Net investment in capital assets	\$ 10,074	\$ 17,122	\$ 314,402	\$ 337,298	\$ 349,278	\$ 351,422	\$ 351,797	\$ 352,352	\$ 350,078	\$ 362,675
Restricted	8,317	10,326	14,739	12,732	15,181	14,383	11,681	9,160	8,266	4,152
Unrestricted	1,314	(96)	21,232	26,116	16,992	15,908	17,321	23,043	28,545	32,343
Total governmental activities net position	<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>	<u>\$ 399,170</u>
Business-type activities:										
Net investment in capital assets	\$ 26,133	\$ 26,690	\$ 32,940	\$ 39,016	\$ 41,328	\$ 35,164	\$ 46,006	\$ 44,059	\$ 44,211	\$ 43,444
Restricted	4,114	4,061	3,960	2,494	1,453	1,450	3,251	3,271	3,239	3,272
Unrestricted	19,269	21,323	18,172	18,641	18,807	26,701	18,665	21,633	24,254	27,762
Total business-type activities net position	<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>	<u>\$ 74,478</u>
Primary government:										
Net investment in capital assets	\$ 36,207	\$ 43,812	\$ 346,623	\$ 376,314	\$ 390,606	\$ 386,586	\$ 397,803	\$ 396,411	\$ 394,289	\$ 406,119
Restricted	12,431	14,387	18,699	15,226	16,634	15,833	14,932	12,431	11,505	7,424
Unrestricted	20,583	21,227	40,123	44,757	35,799	42,609	35,986	44,676	52,799	60,105
Total primary government net position	<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>	<u>\$ 473,648</u>

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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
EXPENSES										
Governmental activities:										
Community and economic development	\$ 3,484	\$ 2,355	\$ 2,401	\$ 3,595	\$ 2,690	\$ 3,284	\$ 3,070	\$ 1,975	\$ 1,450	\$ 1,350
General government	7,498	2,614	2,619	2,726	2,847	4,925	3,613	3,041	2,923	2,816
Parks and recreation	3,211	4,088	4,140	5,018	5,165	5,528	5,449	5,832	5,350	5,490
Public safety - fire	2,142	3,015	3,306	3,721	3,979	4,410	4,646	4,878	4,498	4,692
Public safety - police	4,973	6,632	7,285	8,335	9,023	9,746	9,725	10,368	9,788	10,863
Public works	1,209	2,461	3,776	4,106	4,654	5,448	6,392	7,135	6,694	5,258
Interest on long-term debt	2,478	2,587	1,796	1,746	1,909	1,942	1,934	1,524	1,080	1,205
Total governmental activities expenses	<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>	<u>31,674</u>
Business-type activities:										
Airport	764	972	1,290	1,562	1,656	974	1,287	1,563	1,335	1,534
Golf course	352	398	382	388	419	386	376	384	383	403
Sewer operating	5,778	5,888	6,464	6,378	6,501	6,032	6,170	6,697	6,235	6,500
Solid waste	4,121	5,087	4,857	5,159	5,181	5,310	5,358	5,338	5,233	5,450
Transit	1,845	1,939	1,843	2,056	2,037	2,017	2,151	2,210	2,303	3,084
Water operating	4,039	4,278	4,554	4,619	4,746	5,106	4,967	4,971	4,829	5,472
Zalud estate	31	27	29	29	31	24	29	28	27	26
Total business-type activities expenses	<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>	<u>22,469</u>
Total primary government expenses	<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>	<u>\$ 54,143</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Community and economic development	\$ 231	\$ 795	\$ 783	\$ 528	\$ 236	\$ 211	\$ 263	\$ 258	\$ 352	\$ 373
General government	3,771	1,864	1,658	1,786	1,494	1,585	1,613	1,622	1,656	1,746
Parks and recreation	949	1,014	1,324	1,307	1,603	1,731	1,891	1,931	1,942	1,695
Public safety - fire	13	27	30	22	36	45	23	80	70	86
Public safety - police	183	208	380	510	520	598	461	587	624	485
Public works	1,131	750	244	256	233	167	204	298	219	390
Operating grants and contributions:										
Community and economic development	--	--	1,019	2,626	1,600	1,388	1,576	1,489	854	796
General government	16	30	394	427	486	599	476	469	469	449
Parks and recreation	195	139	250	123	163	206	199	53	243	33
Public safety - fire	17	261	76	5	--	30	304	6	71	76
Public safety - police	367	350	638	185	263	334	308	400	255	247
Public works	2,253	1,718	2,865	1,611	1,348	1,275	1,699	1,850	1,241	1,306
Capital grants and contributions:										
Community and economic development	1,019	2,019	40	66	--	--	--	--	--	--
Parks and recreation	157	236	696	177	42	1,159	282	59	331	1,283
Public safety - fire	1	17	36	--	--	--	100	128	50	--
Public safety - police	--	--	--	45	--	--	85	76	141	108
Public works	347	1,966	1,089	5,876	5,637	3,444	3,392	4,854	4,894	14,199
Total governmental activities program revenues	<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>	<u>23,272</u>

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Business-type activities:										
Charges for services:										
Airport	683	829	1,138	1,488	1,597	805	1,288	1,485	1,206	1,415
Golf course	272	313	308	299	323	281	225	235	226	214
Sewer operating	6,701	7,268	7,166	7,584	6,554	7,042	6,964	6,868	7,115	7,011
Solid waste	4,221	4,928	5,131	5,468	4,971	5,290	5,418	5,536	5,659	5,676
Transit	274	307	323	345	375	332	357	381	462	624
Water operating	4,569	4,717	4,869	5,169	4,371	4,621	4,842	4,736	4,942	5,073
Zalud estate	3	3	3	2	3	7	5	7	7	3
Operating grants and contributions:										
Airport	85	31	10	10	10	--	20	10	10	10
Sewer operating	--	--	--	--	--	--	--	--	--	--
Solid waste	--	--	--	3	7	12	6	10	6	8
Transit	918	1,158	1,218	1,305	1,943	1,315	1,470	1,452	1,796	3,140
Capital grants and contributions:										
Airport	--	--	310	68	57	477	1,850	306	32	35
Sewer operating	173	122	255	47	49	32	51	16	25	34
Solid waste	--	--	405	--	--	--	421	525	--	1,221
Transit	415	529	88	2,039	528	704	1,387	69	1,001	551
Water operating	331	184	--	92	99	191	177	33	75	250
Total business-type activities program revenues	18,645	20,389	21,224	23,919	20,887	21,109	24,481	21,669	22,562	25,265
Total primary government program revenues	\$ 29,295	\$ 31,783	\$ 32,746	\$ 39,469	\$ 34,548	\$ 33,881	\$ 37,357	\$ 35,829	\$ 35,974	\$ 48,537
Net (expense)/revenue										
Governmental activities	\$ (14,345)	\$ (12,358)	\$ (13,801)	\$ (13,697)	\$ (16,606)	\$ (22,511)	\$ (21,953)	\$ (20,593)	\$ (18,371)	\$ (8,402)
Business-type activities	1,715	1,800	1,805	3,728	316	1,260	4,143	478	2,217	2,796
Total primary government net expense	\$ (12,630)	\$ (10,558)	\$ (11,996)	\$ (9,969)	\$ (16,290)	\$ (21,251)	\$ (17,810)	\$ (20,115)	\$ (16,154)	\$ (5,606)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 5,606	\$ 6,520	\$ 7,557	\$ 8,301	\$ 8,408	\$ 7,644	\$ 7,777	\$ 7,238	\$ 7,347	\$ 7,406
Sales taxes	3,669	4,339	7,319	6,882	6,147	5,785	6,122	6,484	7,163	7,401
Utility users tax	3,001	3,384	3,665	3,854	3,894	4,046	4,048	3,908	3,970	3,955
Other taxes	3,011	2,218	2,803	2,598	2,312	2,128	2,028	1,819	1,838	1,923
Unrestricted investment earnings	714	822	1,623	1,790	1,428	1,060	704	666	191	603
Miscellaneous	216	387	215	933	178	2,007	324	96	87	66
Transfers	(202)	(158)	(95)	(309)	(455)	103	(68)	(83)	109	(85)
Total governmental activities	16,015	17,512	23,087	24,049	21,912	22,773	20,935	20,128	20,705	21,269
Business-type activities:										
Unrestricted investment earnings	543	598	980	965	661	569	386	479	105	408
Miscellaneous	4	--	118	78	5	--	10	1	528	36
Transfers	202	158	95	309	455	(103)	68	83	(109)	85
Total business-type activities	749	756	1,193	1,352	1,121	466	464	563	524	529
Total primary government	\$ 16,764	\$ 18,268	\$ 24,280	\$ 25,401	\$ 23,033	\$ 23,239	\$ 21,399	\$ 20,691	\$ 21,229	\$ 21,798
Extraordinary item - governmental activities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,221	\$ --	\$ --
Change in Net Position										
Governmental activities	\$ 1,670	\$ 5,154	\$ 9,286	\$ 10,352	\$ 5,306	\$ 262	\$ (1,018)	\$ 3,756	\$ 2,334	\$ 12,867
Business-type activities	2,464	2,556	2,998	5,080	1,437	1,726	4,607	1,041	2,741	3,325
Total primary government	\$ 4,134	\$ 7,710	\$ 12,284	\$ 15,432	\$ 6,743	\$ 1,988	\$ 3,589	\$ 4,797	\$ 5,075	\$ 16,192

**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>
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
2013-14	7,406,413	1,551,762	3,955,357	370,999	7,401,187	23,542	20,709,260

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

	<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>	<u>2013-14</u>
General fund:										
Nonspendable	\$ 1,493	\$ 1,475	\$ 1,355	\$ 1,316	\$ 1,262	\$ 4,041	\$ 8,400	\$ 5,551	\$ 5,323	\$ 5,245
Restricted	--	--	--	--	--	--	518	439	418	62
Committed	2,213	2,213	1,867	1,867	1,867	2,462	2,644	2,091	4,373	4,894
Assigned	3,189	2,361	3,284	4,061	4,706	4,890	5,361	5,654	6,251	6,573
Unassigned	<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>	<u>1,539</u>
Total general fund	<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>	<u>\$ 18,313</u>
All other governmental funds:										
Nonspendable	\$ 280	\$ --	\$ --	\$ --	\$ 930	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	14,376	16,927	16,728	16,146	18,483	18,848	17,821	17,341	18,744	18,386
Unassigned	<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>\$ 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>	<u>\$ 18,386</u>

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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:										
Taxes	\$ 13,935	\$ 16,289	\$ 21,343	\$ 21,636	\$ 20,761	\$ 19,603	\$ 19,975	\$ 19,450	\$ 20,317	\$ 20,709
Licenses and permits	668	802	1,368	1,141	957	836	825	749	780	882
Intergovernmental	5,049	5,828	4,407	7,221	7,979	7,291	6,744	8,202	6,879	16,084
Charges for services	2,844	3,808	3,877	3,903	3,520	3,703	3,845	4,178	4,263	4,312
Special assessments and fees	1,160	965	1,442	2,206	705	515	1,032	539	933	413
Fines and forfeitures	195	169	214	269	268	355	240	286	233	280
Investment earnings	715	697	1,309	1,436	1,183	891	702	665	279	668
Miscellaneous	521	600	263	993	373	114	220	109	145	96
Total revenues	25,087	29,158	34,223	38,805	35,746	33,308	33,583	34,178	33,829	43,444
Expenditures:										
Community/Economic development	1,870	2,469	2,314	3,545	2,582	3,114	2,964	1,860	1,373	1,154
General government	2,711	2,286	2,536	2,600	2,733	4,638	3,449	2,674	2,612	2,562
Parks and recreation	3,500	3,934	4,044	4,687	4,861	5,026	4,888	5,149	4,809	4,803
Public safety:										
Fire	2,569	2,960	3,306	3,592	3,817	4,033	4,305	4,501	4,203	3,950
Police	5,930	6,587	7,118	7,990	8,584	8,887	8,848	9,441	8,957	9,406
Public works	1,559	1,678	1,903	2,205	2,483	2,972	3,777	4,642	4,140	2,643
Capital outlay	7,687	5,913	4,216	9,298	7,288	4,601	2,755	4,142	3,544	16,731
Debt service:										
Principal	839	980	3,019	1,012	1,117	981	974	914	948	571
Interest and other charges	1,639	2,279	2,023	1,732	2,207	1,872	1,894	1,516	1,810	1,205
Total expenditures	28,304	29,086	30,479	36,661	35,672	36,124	33,854	34,839	32,396	43,025
Excess of revenues over (under) expenditures	(3,217)	72	3,744	2,144	74	(2,816)	(271)	(661)	1,433	419
Other financing sources (uses):										
Transfers in	8,567	6,931	7,297	11,788	13,845	11,090	8,066	9,798	7,914	18,904
Transfers out	(8,769)	(7,090)	(7,386)	(12,070)	(13,373)	(11,382)	(8,128)	(9,851)	(7,805)	(18,989)
Other debt issued	--	6,024	--	--	8,543	--	--	--	21,060	3,765
Payments to refunded bond escrow	--	(3,282)	--	--	(5,003)	--	--	--	(19,887)	(3,560)
Sale of capital assets	--	92	162	697	15	2,030	198	15	16	-
Total other financing sources (uses)	(202)	2,675	73	415	4,027	1,738	136	(38)	1,298	120
Net change in fund balances before extraordinary items	(3,419)	2,747	3,817	2,559	4,101	(1,078)	(135)	(699)	2,731	539
Extraordinary item:										
RDA dissolution	--	--	--	--	--	--	--	(1,586)	--	--
Net change in fund balances	\$ (3,419)	\$ 2,747	\$ 3,817	\$ 2,559	\$ 4,101	\$ (1,078)	\$ (135)	\$ (2,285)	\$ 2,731	\$ 539
Debt service as a percentage of noncapital expenditures	12.019%	14.064%	19.198%	10.028%	11.711%	9.051%	9.222%	7.916%	9.559%	6.754%

**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>
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%
2013-14	2,048,455,363	2,191,850	81,633,705	2,132,280,918	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>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
City Direct Rates:							
City Basic Rate	<u>0.1180</u>	<u>0.1183</u>	<u>0.1182</u>	<u>0.1182</u>	<u>0.1183</u>	<u>0.1182</u>	<u>0.1181</u>
Total City Direct Rate	0.1180	0.1183	0.1182	0.1182	0.1183	0.1182	0.1181
Overlapping Rates:							
County of Tulare	0.1815	0.1821	0.1825	0.1820	0.1820	0.1814	0.1806
Porterville Elementary School	0.2530	0.2477	0.2471	0.2497	0.2443	0.2544	0.2577
Porterville High School	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294
Kern Community College	0.0838	0.0848	0.0851	0.0858	0.0848	0.0842	0.0884
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>0.2383</u>	<u>0.2374</u>	<u>0.2371</u>	<u>0.2376</u>	<u>0.2376</u>	<u>0.2383</u>	<u>0.2391</u>
Total Direct Rate	<u>1.0633</u>	<u>1.0591</u>	<u>1.0588</u>	<u>1.0621</u>	<u>1.0557</u>	<u>1.0652</u>	<u>1.0726</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	2013-14			2004-2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Realty Company	\$ 77,665,419	1	3.64%	\$ 65,784,859	1	4.42%
Del Mesa Farms	41,773,887	2	1.96%			-
Target Corporation	18,828,906	3	0.88%	6,375,841	8	0.43%
Lowe's HIW Inc	14,131,690	4	0.66%			-
Royalty Carpet Mills Inc	11,943,560	5	0.56%	14,328,069	3	0.96%
Daryl & Victoria Nicholson (TRS)	11,749,319	6	0.55%			-
Cherry Keith (SCSR)	11,281,261	7	0.53%			-
Beckman Coulter Inc	10,739,648	8	0.50%	11,322,671	4	0.76%
Grand-Prospect Partners LP	9,916,778	9	0.47%			-
Porterville Investments 2005 LP	9,818,000	10	0.46%			-
Foster Farms			-	39,558,194	2	2.66%
Save Mart - West			-	9,588,000	5	0.64%
Porterville Retirement Residence			-	8,395,632	6	0.56%
Home Depot			-	7,416,731	7	0.50%
Mervyns			-	5,577,196	9	0.37%
Sierra Valley Rehab			-	4,473,041	10	0.30%
Subtotal	217,848,468		10.22%	172,820,234		11.60%
Total taxable assessed value of other taxpayers	<u>1,914,432,450</u>		<u>89.78%</u>	<u>1,316,943,834</u>		<u>88.40%</u>
Total taxable assessed value	<u>\$ 2,132,280,918</u>		<u>100.00%</u>	<u>\$ 1,489,764,068</u>		<u>100.00%</u>

Source: County of Tulare Office of the Auditor-Controller

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collections within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
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%	83,571	2,254,596	67.97%
2013-14	3,423,529	2,354,390	68.77%		2,354,390	68.77%

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>
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
2013-14	6,171,141	379,558	-	272,981	187,559	7,011,240

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

	<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>	<u>2013-14</u>
Governmental activities:										
Notes	\$ 5,869	\$ 5,729	\$ 3,885	\$ 3,737	\$ 3,779	\$ 3,611	\$ 3,232	\$ 2,925	\$ 2,747	\$ 2,556
Revenue bonds	5,510	4,753	4,587	4,406	7,392	7,344	7,295	-	-	-
Pension obligation bond	-	-	-	-	-	-	-	-	-	3,765
Certificates of Participation	22,865	25,501	24,533	23,929	23,295	22,631	21,948	21,220	21,292	23,374
Business-type activities:										
Notes	5,356	5,474	5,343	5,208	5,069	13,181	13,032	12,708	12,372	12,024
Revenue bonds	69	-	-	-	-	-	17,652	17,483	17,630	18,712
Certificates of Participation:	25,340	22,428	21,485	20,482	19,414	18,280	8,462	7,633	6,745	6,116
Capital lease	266	262	253	244	233	-	-	-	-	-
Total primary government	<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>	<u>\$ 66,547</u>
Percentage of personal income (1)	N/A	N/A	N/A	7.66%	7.23%	7.13%	7.78%	6.61%	6.56%	6.93%
Per capita (1)	1,467	1,262	1,167	1,118	1,137	1,228	1,322	1,125	1,095	1,195

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, 2014

2013-14 Assessed Valuation: \$ 2,132,280,918
Redevelopment Incremental Valuation: 93,213,485
Adjusted Assessed Valuation: 2,225,494,403

	Total Debt 6/30/14	% Applicable	City's Share of Debt 6/30/14
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Kern Community College District Safety, Repair and Improvement District	\$ 151,861,262	2.747%	\$ 4,171,629
Porterville Unified School District	2,685,000	0.056%	1,504
Porterville Unified School District School Facilities Improvement District	19,549,772	77.844%	15,218,325
Burton School District	1,823,641	92.838%	1,693,032
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 21,084,490
<u>DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT:</u>			
Tulare County Certificates of Participation	\$ 48,900,000	8.030%	\$ 3,926,670
Tulare County Board of Education Certificates of Participation	37,570,000	8.030%	3,016,871
Kern Community College District Certificates of Participation	82,245,000	2.484%	2,042,966
Kern Community College District Benefit Obligations	59,870,000	2.484%	1,487,171
Porterville Unified School District Certificates of Participation	29,660,000	44.366%	13,158,956
Burton School District Certificates of Participation	3,825,000	92.838%	3,551,054
City of Porterville General Fund Obligations	23,373,914	100.000%	23,373,914
City of Porterville Pension Obligation Bonds	3,765,000	100.000%	3,765,000
City of Porterville Notes Payable	2,556,000	100.000%	2,556,000
TOTAL DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT			\$ 56,878,602
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 7,645,000	100.000%	\$ 7,645,000
TOTAL DIRECT DEBT			\$ 27,138,914
TOTAL OVERLAPPING DEBT			\$ 58,469,178
COMBINED TOTAL DEBT			\$ 85,608,092 (2)

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:

Overlapping Tax and Assessment Debt	2.63%
Total Direct Debt (\$27,110,000)	1.22%
Combined Total Debt	3.85%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$93,213,485):

Total Overlapping Tax Increment Debt	8.20%
--------------------------------------	-------

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)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Assessed valuation	\$ 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	\$ 2,132,281
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	368,533	392,132	447,572	534,930	562,475	542,712	540,691	532,165	516,545	533,070
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	55,280	58,820	67,136	80,240	84,371	81,407	81,104	79,825	77,482	79,961
Total net debt applicable to limit: General obligation bonds (1)	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ <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>	\$ <u>79,961</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>
Water system improvement projects									
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
2013-14	5,135	3,867	1,268	684	1.85	584	476	1.23	108
Sewer system improvement projects									
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
2013-14	7,248	3,688	3,560	728	4.89	2,832	1,336	2.12	1,496

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>
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%
2013-14	55,697	\$ 960,661,856	\$ 17,248	29.6	68.9% High school graduate or higher	18,892	12.4%

Sources:

(1) City of Porterville Community Development Department

(2) U.S. Census Bureau "American Community Survey ", at 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

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

Employer	2013-14			2004-05		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville Public Schools	1,580	1	7.49%	1,491	3	8.62%
Porterville State Developmental Center	1,243	2	5.89%	1,918	1	11.09%
Wal-Mart Distribution Center/Retail Store	961	3	4.55%	1,602	2	9.26%
Sierra View District Hospital	942	4	4.46%	798	4	4.61%
City of Porterville	542	5	2.57%	229	10	1.32%
Eagle Mountain Casino	515	6	2.44%	-		0.00%
Foster Farms	454	7	2.15%	364	5	2.10%
Burton School District	442	8	2.09%	357	6	2.06%
Young's Commercial Transfer	289	9	1.37%	-		0.00%
SmithCare, Inc.	284	10	1.35%	-		0.00%
Royalty Carpet	-		0.00%	285	7	1.65%
Beckman Coulter	-		0.00%	258	8	1.49%
U.S. Forest Service	-		0.00%	256	9	1.48%
Total	<u>7,252</u>		<u>34.37%</u>	<u>7,558</u>		<u>43.69%</u>
City labor force	<u>21,100</u>			<u>17,300</u>		

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

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

	<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>	<u>2013-14</u>
Function										
General government	17	25	24	23	24	26	24	25	25	23
Public safety:										
Fire										
Sworn	27	35	35	35	35	35	34	35	32	35
Unsworn	1	1	2	3	3	2	2	3	3	2
Police										
Sworn	49	47	58	54	59	55	60	54	60	59
Unsworn	18	21	21	24	25	25	27	26	28	31
Public works:										
Engineering and building	14	15	17	16	16	17	18	18	17	17
Streets maintenance	3	5	7	5	6	6	6	6	5	5
Community development:										
Planning and zoning	7	9	10	10	10	9	8	6	8	6
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	20	21	20	20	20	18	17	18
Leisure Services	5	5	5	5	5	5	5	5	4	4
Library	7	7	10	10	10	9	10	10	10	10
Sewer operations	16	18	17	14	13	14	16	13	17	16
Solid waste	19	20	22	22	22	21	20	20	20	20
Airport operations	1	1	1	1	1	1	1	1	2	2
Golf course	2	2	2	2	2	2	2	2	2	2
Water operations	18	13	12	14	13	11	12	12	12	15
Equipment maintenance	8	8	6	6	6	6	6	7	7	6
Total	<u>234</u>	<u>254</u>	<u>273</u>	<u>269</u>	<u>274</u>	<u>268</u>	<u>275</u>	<u>265</u>	<u>273</u>	<u>275</u>

Source: City of Porterville, Finance Department

CITY OF PORTERVILLE
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Police										
Crimes (1):										
Homicide	2	5	8	7	2	5	1	3	3	7
Rape	18	23	14	9	9	10	11	7	12	7
Robbery	48	47	76	73	60	60	65	47	73	39
Assaults	605	606	656	582	551	575	606	467	461	408
Burglary	506	533	522	497	351	386	482	558	542	436
Theft	1,351	1,514	1,496	1,422	1,024	1,091	1,242	1,003	936	737
Stolen vehicles	430	484	356	357	262	223	267	162	253	190
Traffic accidents:										
Non-injury	348	423	347	415	349	310	368	373	329	293
Injury	188	195	165	188	187	207	194	220	182	222
Fatal	-	-	3	2	6	5	3	2	6	3
Calls for service	28,143	68,203	76,648	25,941	28,792	30,094	30,753	31,895	31,701	30,263
Officer-initiated activity	23,990	23,342	28,644	27,171	31,303	38,970	37,161	38,394	33,868	33,322
Reports	9,783	9,782	10,999	11,117	9,579	9,503	9,474	9,268	9,159	8,723
Arrests:										
Felony	1,635	1,503	1,716	1,596	1,624	1,506	1,421	1,204	1,246	1,457
Misdemeanor	2,285	1,959	2,420	2,905	2,690	2,527	2,296	2,463	2,094	2,295
Mover citations	1,643	1,490	1,504	2,482	2,387	2,313	2,551	2,725	3,433	2,536
Non-mover and other citations	1,610	1,679	2,982	4,164	2,927	2,369	2,314	2,917	3,965	3,115
Fire										
Emergency responses:										
Fires	434	519	540	555	473	375	413	431	521	409
Medical	1,775	2,153	2,615	3,003	3,040	2,848	2,922	2,985	3,247	3,055
Hazardous materials	-	-	-	-	-	-	-	-	-	-
Other	1,125	1,143	1,061	959	863	881	854	942	1,004	967
Inspections	840	692	645	1,040	865	1,123	1,255	1,125	1,588	1,100
Hazard abatement	33	270	204	126	1,424	1,395	998	1,461	769	1,276
Violations noticed/citations issued	3	5	44	130	244	235	583	154	473	382
Public education - presentations and tours	89	81	123	145	138	179	238	204	123	118
Investigations	N/A	299	347	267	212	158	155	146	262	133

continued

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

FUNCTION	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Public works:										
Building permits issued	374	381	607	474	364	293	230	240	222	211
Streets:										
Street resurfacing (square feet)	9,561	20,592	369,600	350,286	114,000	1,000,071	1,211,969	1,687,492	1,936,432	1,309,796
Potholes repaired (square feet)	2,326	2,438	2,447	10,358	21,000	17,000	14,153	14,396	10,511	8,717
Solid waste:										
Refuse collected (tons/day)	88	91	118	115	109	111	123	123	109	96
Recyclables collected (tons/day)	27	30	39	42	37	38	47	50	50	45
Water:										
Number of consumers	14,690	14,680	14,562	14,486	14,673	14,694	14,843	15,214	15,395	15,450
Water introduced into system (millions of gallons)	4,132	4,025	4,468	4,484	4,271	4,042	3,970	4,208	4,284	4,196
Metered water deliveries (millions of gallons)	3,630	3,668	3,900	3,931	4,201	3,456	3,529	3,955	3,836	3,642
New water connections	109	290	276	193	178	97	156	54	74	102
Water mains breaks	10	10	7	6	6	11	11	3	6	11
Wastewater:										
Average daily sewage treatment (millions of gallons)	4.7	4.7	4.8	4.8	4.8	4.6	4.8	4.8	4.8	4.6
Parks and leisure services:										
Athletic field permits issued	29	N/A	129	114	84	63	64	54	70	69
Facility rentals										
Community rooms/centers	410	N/A	85	34	14	14	29	42	34	28
Municipal swimming pool	35	N/A	65	43	40	32	43	45	56	60
Park pavilions	583	N/A	626	441	392	481	489	525	552	530
Zalud Estate house and gardens	8	N/A	5	1	1	5	6	9	15	11
Recreation program enrollment:										
Recreation afterschool program (RAP)	2,542	2,579	2,620	2,235	1,926	1,579	1,739	1,917	1,622	1,485
Sports activities	1,085	1,123	1,265	1,395	1,617	1,483	1,813	2,101	2,621	2,499
Summer/winter camp	100	157	157	425	552	211	240	417	353	441
Kindergarten/pre-school classes	39	145	600	608	324	420	297	352	316	394

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>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>	<u>2013-14</u>
Function										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	38	52	61	66	70	76	75	68	68
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Hydrants	1,533	1,584	1,619	1,694	1735	1829	1840	1,929	1,937	1,875
Public works:										
Streets, lights, signals										
Miles	171	187	190	193	193	196	196	196	196	196
Streetlights	N/A	N/A	163	3,114	3232	3333	3336	3,336	3,336	3,535
Traffic signals	N/A	N/A	43	48	48	49	49	49	49	49
Sewers (miles)	165	167	170	170	170	170	171	171	171	176
Water mains (miles)	174	178	187	210	210	210	212	212	213	213
Storm drains (miles)	N/A	N/A	52	52	52	52	52	52	52	52
Parks and Leisure Services:										
Parks acreage	306	306	306	306	306	306	306	306	306	308
Parks	24	24	24	24	24	24	24	24	24	25
Community centers	2	2	2	2	2	1	1	1	1	1
Library volumes/circulations	246,487	231,803	228,203	255,025	271,337	271,161	294,212	297,900	288,326	300,662

Sources: Various city departments
N/A = NOT AVAILABLE

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City of Porterville, California

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