



**CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

# **CITY OF PORTERVILLE, CALIFORNIA**

**PREPARED BY THE DEPARTMENT OF FINANCE**

**MARIA C. BEMIS**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

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**For the Fiscal Year Ended June 30, 2015**

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## Introductory Section



Maria Bemis  
Finance Director  
(559) 782-7435



291 North Main Street  
Porterville, CA 93257

January 31, 2016

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, 2015, 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, 2015. 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 55,852. Porterville is empowered to levy property taxes within its boundaries in accordance with Article XIII A of the California Constitution (Proposition 13). It is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.



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

The City of Porterville provides a full range of services, including general administration, human resources, treasury, finance and accounting; risk management; police and fire protection; public works (engineering, building inspection, streets, roads and other infrastructure construction and maintenance); planning, zoning, and economic and community development; and parks and trailways maintenance, community services (including a sports complex, a skate park, an off-highway vehicle park, and a youth center), library, and senior, adult and youth recreational activities. It also administers low-income housing programs and manages landscape maintenance districts. Transit, water, sewer, and solid waste disposal services are provided through enterprise funds, as are airport, golf course, and the Pearl Zalud Estate museum operations.

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

### ***Local economy***

The City of Porterville's economy is a thriving mixture of agri-business, light industry and commercial enterprise. Local businesses produce a variety of products such as electronic medical instruments, printed forms and specialty documents, food products, machine products, aircraft parts, and lumber. Several public facilities are also located here including the Porterville Developmental Center, Sequoia National Forest Headquarters, the Army Corps of Engineers Lake Success Facility, and the Porterville College campus of the Kern Community College District.

The local economy has shown minor improvements for the past few years. For the current year, sales taxes increased 2.7 percent, property taxes had stayed flat and utility users taxes suffered a drop of 1.9 percent. While the City is not a primary tourist destination, and transient occupancy taxes is just a small slice of the City's revenue, the 20.5 percent increase during the year is an encouraging sign of the development that is happening



within the City and the immediate area. The City's unemployment rate remains high at 12.7 percent, although this is an improvement from a high of 14.4 percent five years ago. With the sustained development activities within the City, it is anticipated that retail sales will show improvement in the next year and the unemployment rate continue to decline.

Retail recruitment remains a high priority for the City. Several developments in the City have sprouted during the year. A new Planet Fitness has just opened to the public and Ulta Beauty recently announced coming to Porterville. Phase 2 of the Village at Henderson, which includes a commercial development and additional multi-family market-rate apartments is also expected to commence in the coming year. More development projects are anticipated in the coming year and the City continues to receive significant interests from national-brand retailers and manufacturing companies to locate in Porterville.

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

Beginning with the fiscal year ending June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions, the chief objective of which is to improve accounting and financial reporting by state and local governments for pension. As required by the Statement, the net pension liability of the City and other pension-related items are now recognized on the financial statements and show the net effect on the City's net position. For the City of Porterville, the result of the implementation of GASB Statement No. 68 is a decrease in total net position of \$39,755,150.

Unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) in the general fund at year end was \$12,284,825. In accordance with general fund policy, \$3,583,720 or 15 percent of appropriation resides in the budget stabilization reserve. Another \$500,000 is set aside for catastrophic and emergency reserve.

A major concern for the City is the sustainability of its self-funded health plan. The City has implemented cost-saving modifications to the healthcare benefits during the year. Increases in contributions to the fund from the City, the employees as well as retirees were also adopted during the year. A review of the health plan's assets after a year has demonstrated that these changes had only a marginal impact to the fund. Beginning in January of 2016, the City will further supplement the health plan by increasing its contributions to the fund with almost a million dollars per year. And the City will continue to monitor the plan and take the necessary steps to keep it funded for the benefit of its employees.

Beginning in July 1, 2015, the City adopted new water rates. The City has not raised its water service fees since 1995. The increase in water rates was a necessary step to keep pace with the rising cost of operations and the maintenance and upgrading of the aging water infrastructure. It was also intended to provide a reserve of funds for future water projects. With the ongoing drought situation, the State of California's mandatory reduction in potable urban water usage had reduced overall water consumption in the City and consequently, resulted in a decrease in water sales. In addition, the state has issued a



new directive for the development of sustainable groundwater which would compel the City to find the resources to conform to its requirements. The City will be reviewing the outcome of the increase in water rates combined with the decline in water consumption and formulate a strategy to accumulate the funds for the continued operation and maintenance of a reliable and resilient water system.

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 has been completed. This bridge provides access from Highway 190 to Olive Avenue and to the new courthouse. The widening of the Jaye Street Bridge is the next big project with construction scheduled to begin in the spring of 2016. The estimated construction cost of the bridge is approximately \$13 million.

Caltrans has completed the draft of the Project Approval and Environmental Document (PA&ED) for the State Route 190 Corridor project and is currently in circulation. The project includes improvements along SR 190 that need immediate attention and planning. The projects being proposed are: (1) a multi-lane roundabout at the intersection of Plano Street and SR 190; (2) a multi-lane roundabout at the Westwood and SR 190 intersection; (3) extension of the existing westbound auxiliary lane from Jaye Street to SR 65; 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 \$18.2 million.

Construction of new sewer system facilities and improvements in annexed areas of the City continues. This \$7 million project funded by the issuance of the 2011 Sewer Revenue bonds would extend sewer services to various scattered areas in the City lacking in sewer facilities and serve over 5,000 residents with 1,500 connections.

The newly constructed Public Safety Station is set to open by the end of January 2016. The single-story structure includes 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.

A new Library Literacy Center is currently being developed to be housed in the newly acquired Centennial Plaza building across from City Hall.

The Porterville Hotel site restoration project has been awarded and construction should begin shortly. The site will be marketed for private development.

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, 2014. This was the twenty-fifth 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 cursive script that reads "Maria Bemis". The signature is written in dark ink and is positioned above the printed name and title.

Maria Bemis  
Finance Director

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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, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is fluid and cursive.

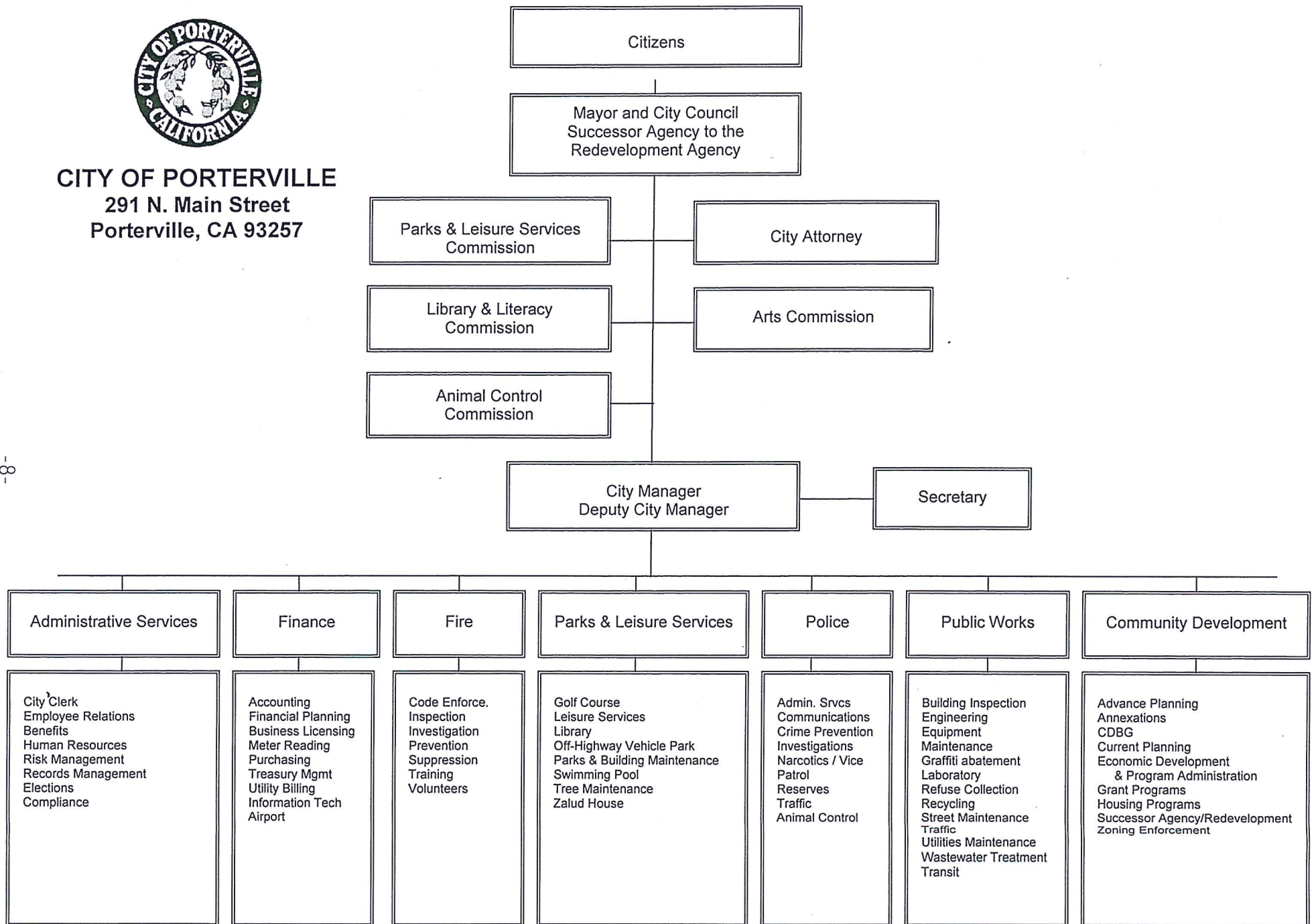
Executive Director/CEO





## CITY OF PORTERVILLE

291 N. Main Street  
Porterville, CA 93257



**CITY OF PORTERVILLE**  
**CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES**  
**As of June 30, 2015**

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

Milt Stowe	Mayor and Chairperson	Nov 2018
Cameron Hamilton	Vice Mayor and Vice-Chairperson	Nov 2016
Virginia Gurrola	Council Member and Agency Member	Nov 2016
Brian Ward	Council Member and Agency Member	Nov 2016
Adrian Monte Reyes	Appt Council Member and Agency Member	Nov 2016

**City Manager and Department Directors**

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

**Library & Literacy Commission**

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

**Arts Commission**

Deanna Worthington, Chairperson  
 Joan Claire Givan, Vice-Chairperson  
 Mel Gosage, Member  
 Judy Holloway, Member

**Animal Control Commission**

Kathy Guinn, Chairperson  
 Margaret Land, Vice-Chairperson  
 Debbie Arthur, Member  
 Maureen Hamilton, Member  
 Shawn Schwartzenberger, 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, 2015, 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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of a matter*

#### *Implementation of New Accounting Pronouncements*

As discussed in Note 1 to the financial statements, effective as of July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 changes in net pension liability and related ratios and schedule of contributions, schedule of funding progress – other postemployment benefits, 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 January 29, 2016 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  
January 29, 2016



## 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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 5 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Porterville exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$450,852,054 (*net position*). Of this amount, \$21,552,221 represents unrestricted net position, which may be used to meet Porterville's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$22,795,883 from prior year. This substantial reduction is due to the City's implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, beginning with the fiscal year June 30, 2015. The primary objective of this Statement is to improve the accounting and reporting of pensions by state and local governments. It required that the net pension liability and other pension-related items be presented on the financial statements. As a result of the adjustments made for pension-related items, net position for governmental activities decreased by \$34,523,230 and net position for business-type activities decreased by \$8,683,170.
- At June 30, 2015, the City of Porterville's governmental funds reported combined fund balances of \$43,238,482. Approximately 2 percent of this amount (\$598,714) 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 \$12,284,825, or approximately 56 percent of total general fund expenditures.
- In June of 2015, the City completed the refunding of its 2002 Public Building Certificates of Participation and the 2013 Infrastructure Lease Agreement with the issuance of the 2015 Refinancing Project Certificates of Participation in the total aggregate principal amount of \$22,650,000.

### 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 30 - 31 of this report.

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

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

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



changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Porterville maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Safety Sales Tax Fund, Local Transportation Fund, Community Development Block Grant Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 32 - 35 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 36 – 38 of this report.

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

The City of Porterville maintains two different types of fiduciary funds. The *Private-purpose trust fund* is used to report resources held and administered by the City acting as the Successor Agency to the former redevelopment agency. The *Agency fund* reports



resources held by the City in a custodial capacity for individuals, private organizations and other governments.

The basic fiduciary fund financial statements can be found on pages 39 - 40 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 - 81 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 82 - 90 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 92 - 117 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. With the implementation of GASB Statement No. 68 in the current fiscal year, the City recognized a net pension liability, plus a deferred outflow and deferred inflow of pension-related items in the financial statements. At June 30, 2015, the City of Porterville's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$450,852,054.

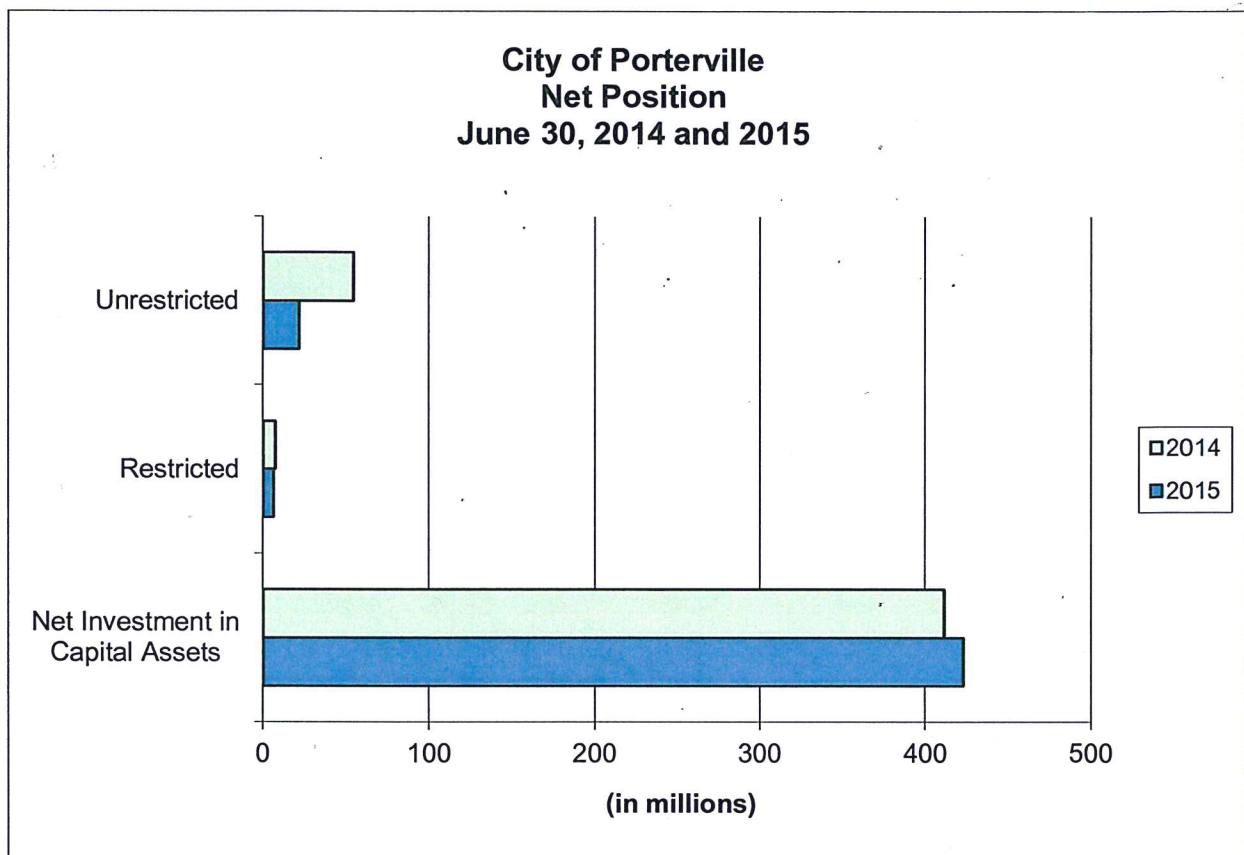
### City of Porterville's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 49,505,216	\$ 59,153,132	\$ 34,751,635	\$ 36,076,595	\$ 84,256,851	\$ 95,229,727
Capital assets	<u>399,685,450</u>	<u>387,197,205</u>	<u>77,625,406</u>	<u>76,857,357</u>	<u>477,310,856</u>	<u>464,054,562</u>
Total assets	<u>449,190,666</u>	<u>446,350,337</u>	<u>112,377,041</u>	<u>112,933,952</u>	<u>561,567,707</u>	<u>559,284,289</u>
Deferred outflows of resources	<u>5,103,709</u>	<u>2,319,199</u>	<u>1,608,296</u>	<u>1,249,959</u>	<u>6,712,005</u>	<u>3,569,158</u>
Long-term liabilities outstanding	61,881,288	34,270,878	43,673,231	37,000,627	105,554,519	71,271,505
Other liabilities	<u>2,522,613</u>	<u>15,229,140</u>	<u>2,528,093</u>	<u>2,704,865</u>	<u>5,050,706</u>	<u>17,934,005</u>
Total liabilities	<u>64,403,901</u>	<u>49,500,018</u>	<u>46,201,324</u>	<u>39,705,492</u>	<u>110,605,225</u>	<u>89,205,510</u>
Deferred inflows of resources	<u>5,670,940</u>	<u>--</u>	<u>1,151,493</u>	<u>--</u>	<u>6,822,433</u>	<u>--</u>
Net position:						
Net investment in capital assets	376,077,786	362,674,602	47,096,409	48,934,301	423,174,195	411,608,903
Restricted	2,828,229	4,152,302	3,297,409	3,272,627	6,125,638	7,424,929
Unrestricted	<u>5,313,519</u>	<u>32,342,614</u>	<u>16,238,702</u>	<u>22,271,491</u>	<u>21,552,221</u>	<u>54,614,105</u>
Total net position	<u>\$ 384,219,534</u>	<u>\$ 399,169,518</u>	<u>\$ 66,632,520</u>	<u>\$ 74,478,419</u>	<u>\$ 450,852,054</u>	<u>\$ 473,647,937</u>

By far, the largest portion of the City's net position, \$423,174,195 (93.9 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, \$6,125,638 (1.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$21,552,221 (4.8 percent) may be used to meet the City's ongoing obligations to its citizens and creditors.

At June 30, 2015, 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.



Current year activities increased the City's net position by \$9,344,485 but overall, net position had decreased 49 percent, (\$22,795,883) compared to the prior fiscal year. This is primarily due to the implementation of GASB Statement No. 68, regarding pensions. For the fiscal year ended June 30, 2015, adjustments were made to the beginning net position to reflect the net pension liability of the City plus other pension-related items on the financial statements. The result was a decrease of \$42,734,859 in the City's total net position.

**Governmental activities.** During the current fiscal year, the City of Porterville's net position in governmental activities decreased by \$14,949,984 from the prior fiscal year for an ending balance of \$384,219,534. Revenues exceeded expenses and transfers by \$8,644,641.

Total governmental revenues for the year of \$42,296,313 were 5.2 percent lower than the prior year revenues of \$44,617,706. A major portion of the decrease is in capital grants. In the prior fiscal year, the City received a substantial portion of 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 \$20,959,271 is just slightly higher, 1.4 percent, compared to the prior fiscal year taxes.

Total expenses in governmental activities for the year were \$33,564,845, an increase of \$1,899,098 from the prior fiscal year. The largest component of total expenses was for the police department, amounting to \$10,173,684 representing 30.4 percent. Parks and



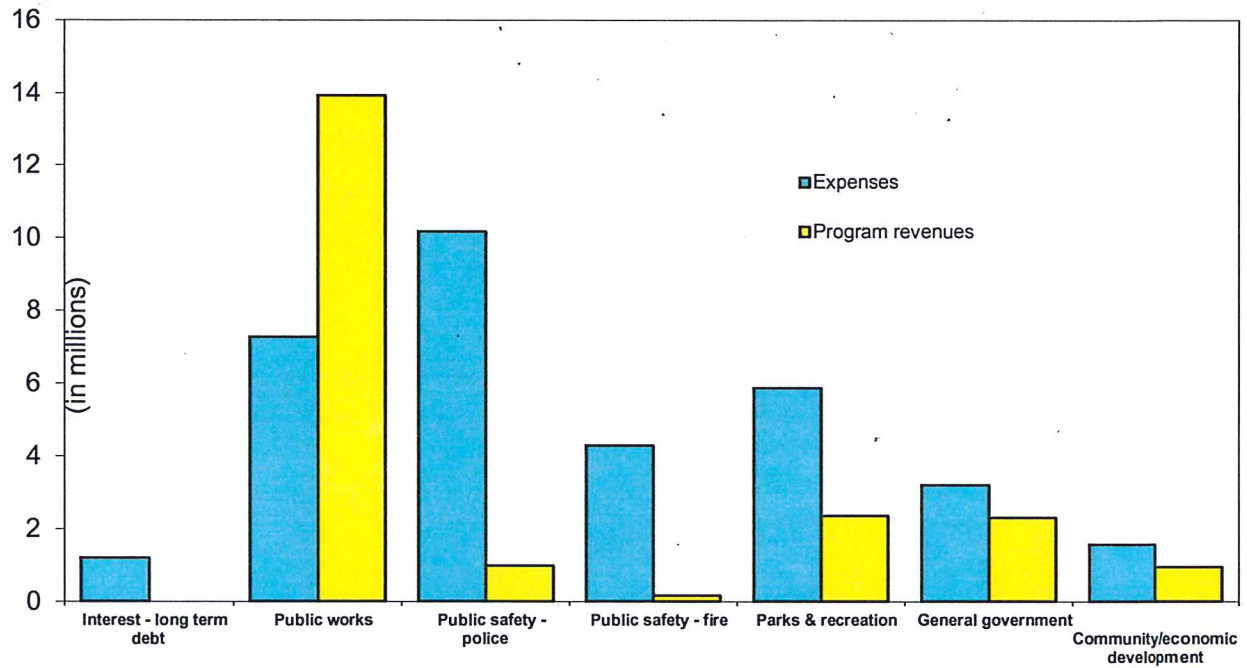
recreation expenses were \$5,865,292, which is 17.5 percent. Expenses in public works amounted to 21.7 percent of total expenses for the year and 12.8 percent was spent in the fire department. General government and community and economic development expenses for the year represented 9.6 percent and 4.7 percent, respectively of the total governmental activities expenses. Interest in long-term debt was \$1,202,983.

Prior period adjustments decreased governmental activities net position by \$23,594,625. The restatement of the beginning net position for the pension-related items reduced net position by \$34,189,116. Additionally, a prior period adjustment to reclassify the balance of CDBG loans outstanding from a deferred revenue account increased net position by \$10,925,006. An adjustment was also made during the fiscal year to write-off a portion of the Porterville Successor Agency loan relating to accrued interest that became uncollectible with the dissolution of the redevelopment agency. This adjustment decreased net position by \$330,515.

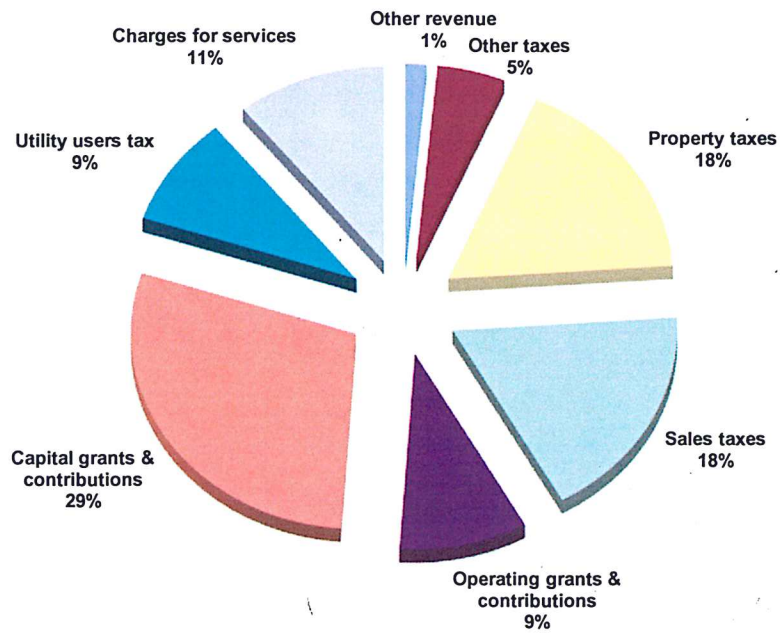
### City of Porterville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 4,564,153	\$ 4,774,982	\$ 19,901,307	\$ 20,016,495	\$ 24,465,460	\$ 24,791,477
Operating grants and contributions	3,888,812	2,907,590	1,704,139	3,158,711	5,592,951	6,066,301
Capital grants and contributions	12,245,579	15,589,339	1,692,783	2,090,845	13,938,362	17,680,184
General revenues:						
Property taxes	7,424,560	7,406,413	--	--	7,424,560	7,406,413
Other taxes	13,534,711	13,279,305	--	--	13,534,711	13,279,305
Other	638,498	660,077	293,804	407,668	932,302	1,067,745
Total revenues	42,296,313	44,617,706	23,592,033	25,673,719	65,888,346	70,291,425
Expenses:						
Community/economic development	1,571,746	1,350,335	--	--	1,571,746	1,350,335
General government	3,196,624	2,815,570	--	--	3,196,624	2,815,570
Parks and recreation	5,865,292	5,490,345	--	--	5,865,292	5,490,345
Public safety - fire	4,283,496	4,692,111	--	--	4,283,496	4,692,111
Public safety - police	10,173,684	10,855,276	--	--	10,173,684	10,855,276
Public works	7,271,020	5,257,175	--	--	7,271,020	5,257,175
Interest on long-term debt	1,202,983	1,204,935	1,979,889	2,066,603	3,182,872	3,271,538
Airport	--	--	1,568,583	1,533,043	1,568,583	1,533,043
Golf course	--	--	357,724	402,877	357,724	402,877
Sewer	--	--	5,130,985	4,934,807	5,130,985	4,934,807
Solid waste	--	--	5,573,747	5,445,185	5,573,747	5,445,185
Transit	--	--	3,257,562	3,082,630	3,257,562	3,082,630
Water	--	--	5,089,234	4,942,338	5,089,234	4,942,338
Zalud estate	--	--	21,292	25,623	21,292	25,623
Total expenses	33,564,845	31,665,747	22,979,016	22,433,106	56,543,861	54,098,853
Increase (decrease) in net position before transfers	8,731,468	12,951,959	613,017	3,240,613	9,344,485	16,192,572
Transfers	(86,827)	(85,072)	86,827	85,072	--	--
Increase (decrease) in net position	8,644,641	12,866,887	699,844	3,325,685	9,344,485	16,192,572
Net position - July 1	399,169,518	386,889,468	74,478,419	71,703,883	473,647,937	458,593,351
Prior period adjustments	(23,594,625)	(586,837)	(8,545,743)	(551,149)	(32,140,368)	(1,137,986)
Net position - June 30	\$ 384,219,534	\$ 399,169,518	\$ 66,632,520	\$ 74,478,419	\$ 450,852,054	\$ 473,647,937

## Expenses and Program Revenues - Governmental Activities



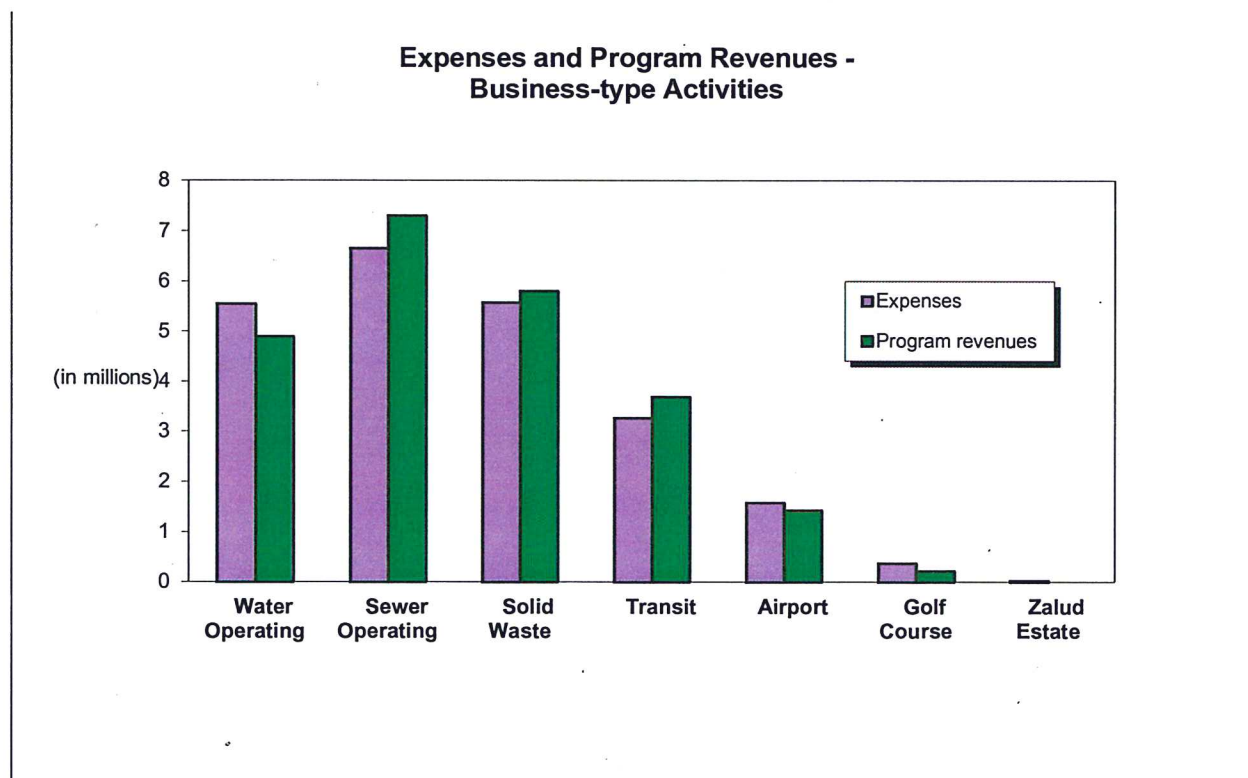
## Revenues by Source - Governmental Activities



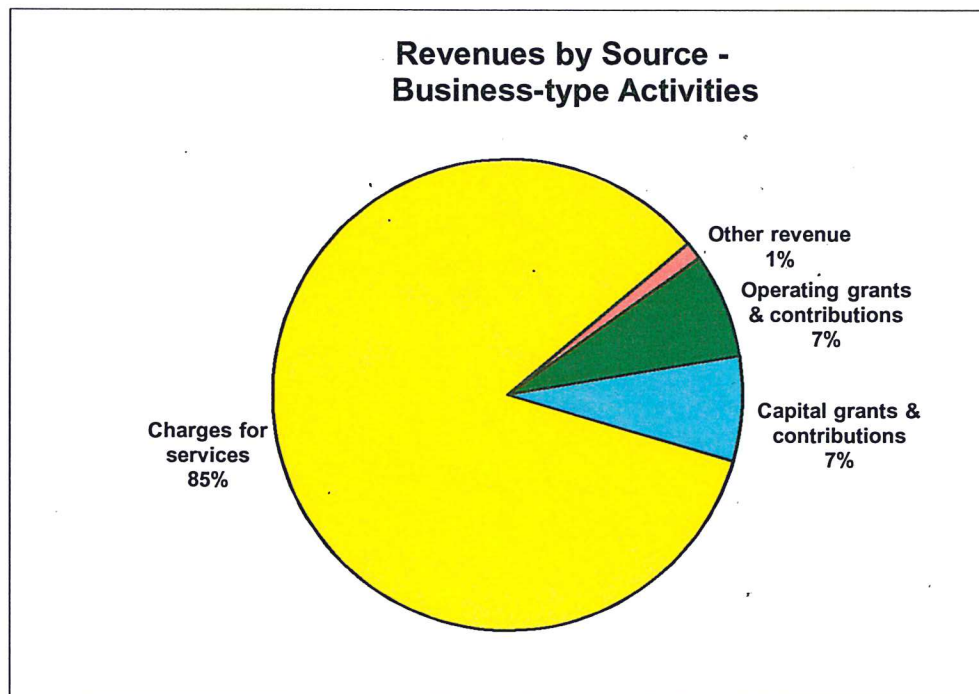
**Business-type activities.** Business-type activities decreased the City of Porterville's net position by \$7,845,899 ending the year with net position of \$66,632,520. This is a 10.6 percent decrease from the prior fiscal year. Current year activities increased net position by \$699,844 but the prior period adjustments for pension-related items resulting from GASB Statement No. 68 reduced the City's business-type net position by \$8,545,743.

Total revenues in the business-type activities of the City decreased by \$2,081,686. Charges for services in the Water Operating Fund declined 5.4 percent or \$255,133, particularly due to the water conservation efforts put in place during the year to help with the drought conditions in the state. Grants and contributions for the year are \$1,852,634 less than that from the prior year. In the preceding year, the City reported \$1,221,313 in CMAQ funds for the purchase of CNG vehicles in the Solid Waste Fund.

Total expenses for the year in the business-type activities amounted to \$22,979,016, just a slight increase of \$545,910 or 2.5 percent from prior year. There were no significant variances in the business-type operations for the current 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.

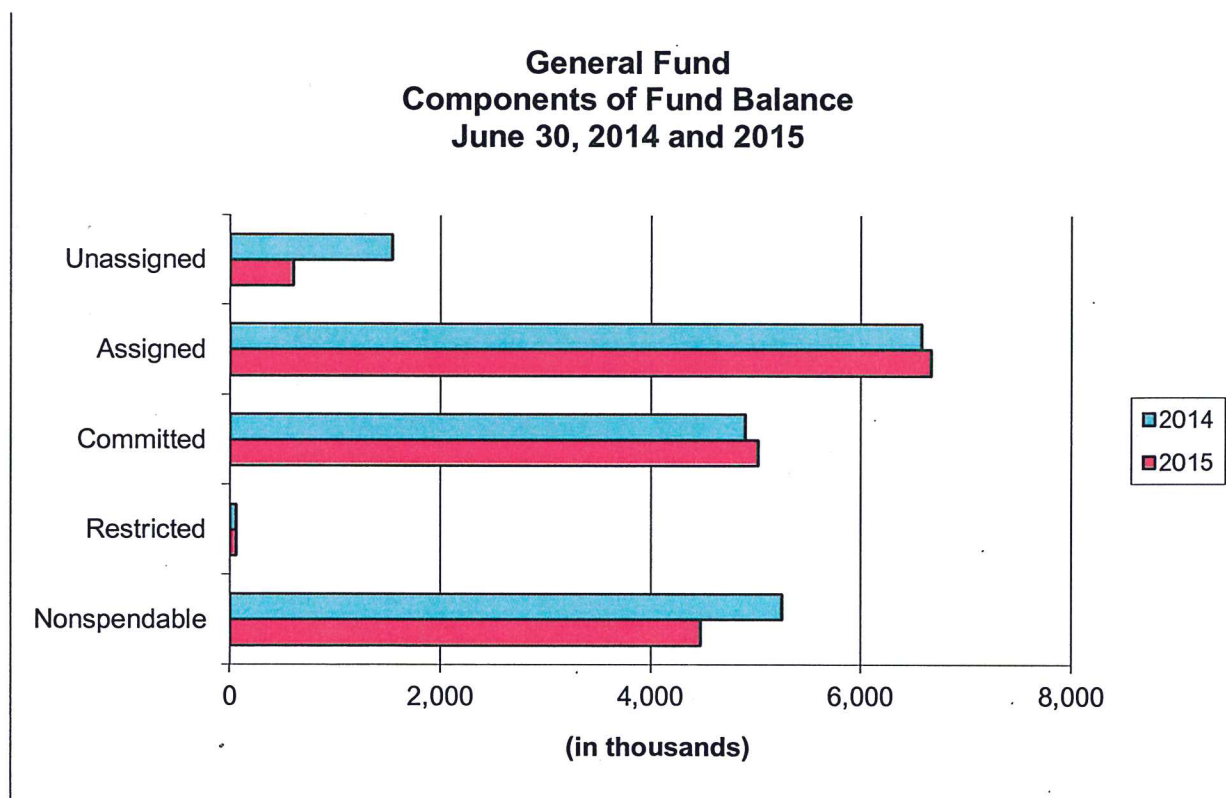
**Governmental funds.** The focus of the City of Porterville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve 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, 2015, the City of Porterville's governmental funds reported combined ending fund balances of \$43,238,482. Of this total amount, \$598,714 (1.4 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 \$6,667,615 and \$5,019,496, respectively. Fund balance of \$4,472,082 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, \$26,481,575 is *restricted* for particular purposes.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2015, unassigned fund balance of the general fund was \$598,714, while total fund balance reached \$16,818,728. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general

fund expenditures. Unassigned fund balance represents 2.8 percent of total general fund expenditures, while total fund balance represents 76.8 percent of that same amount. At June 30, 2015, the committed fund balance in the general fund included \$3,583,720 in the budget stabilization reserve which is 16.4 percent of total general fund expenditures.

The fund balance of the City of Porterville's general fund decreased \$1,164,231 from current activities. It was further reduced by a prior period adjustment of \$330,515 made to write-off a portion of a Successor Agency loan that was disallowed by the State Department of Finance following the dissolution of the redevelopment agency. Total revenues of \$23,837,288 were lower than prior year revenues by \$613,065 and total expenditures increased 2.9 percent to \$21,922,295. The decline in revenues was mainly due to the decrease in intergovernmental revenues. In the prior year, the City received \$1.2 million of CA Prop 84 grant funds for the construction of a new park. Property taxes, sales taxes and franchise taxes were only slightly higher while utility users taxes showed a reduction during the year. The increase in departmental expenditures was mainly due to increases in salaries and benefits.



At June 30, 2015, the public safety sales tax fund which is restricted for police and fire protection and related capital projects and for literacy programs had a total fund balance of \$1,277,447, a drop of \$3,061,276 from prior year. This is due to the increase in capital outlay of over \$3.3 million spent towards the construction of the new public safety station.

The community development block grant fund has a total fund balance of \$11,013,959 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 \$10,268,309 mostly due to a prior period adjustment of \$10,925,006 from the reclassification of the previous year's deferred revenue to fund balance. In prior years, the City reported deferred revenue equivalent to the amount of outstanding CDBG loans.

The capital projects fund has a total fund balance of \$706,856 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.

For the fiscal year 2014-2015, the Local Transportation Fund (LTF) is reported as a major fund with total fund balance of \$5,991,485. Intergovernmental revenues for the year increased \$5,908,220 with \$3 million from Tulare County for the purchase of over 8 miles of rail lines for future development. The City also received over \$1.2 million in federal grants for various street projects.

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

Beginning net position of the funds were restated for the adjustments made for pension-related items required by GASB Statement No. 68. The result is a decrease in net position in each of the funds.

Total net position of the Sewer Operations fund at June 30, 2015, amounted to \$27,747,225 a decrease of \$1,696,768 from prior year. Adjustments for pension-related items reduced net position by \$2,507,082. Of the total net position, \$11,570,753 or 41.7 percent is unrestricted, 49 percent or \$13,590,162, is invested in capital assets and \$2,586,310 is restricted for debt service.

The Water Operations fund total net position at the end of the current fiscal year was \$19,402,166, a decline of \$2,912,516. Current year activities resulted in a decrease of \$599,902 in net position. Revenues for the year have declined 7.4 percent or \$372,562, with less consumption brought about by the water conservation efforts of the City precipitated by the drought situation in the state. Conversely, expenses in the water operations fund rose 4.7% or \$228,214 with higher repairs and maintenance costs due to a few of the older wells breaking down. The beginning net position was adjusted for pension-related items which reduced net position by \$2,312,614. Unrestricted net position at the end of the year is 16.1 percent of the total or \$3,121,744. Net position invested in capital assets amounted to \$15,569,323 or 80.3 percent and \$711,099 is restricted for debt service.

At June 30, 2015, the Solid Waste fund had total net position of \$4,476,844, a decrease of \$2,821,761 or 38.7 percent from the previous year, with \$3,046,527 of pension-related adjustments reducing beginning net position. Total amount invested in capital assets amounted to \$2,494,470 or 55.8 percent and \$1,982,374 or 44.2 percent in unrestricted net position.

The Transit Operations Fund reports total net position of \$8,262,644 at June 30, 2015, a 3.7 percent increase of \$269,765 compared to the prior year. Pension adjustments to



beginning net position was a reduction of \$99,875. Current year activities resulted in an increase of \$369,640 in net position. Of the total net position, \$8,586,131 is invested in capital assets which leaves the fund with a deficit unrestricted net position of \$323,487.

## 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.

*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	\$7,100,442	\$7,424,560	\$324,118
Utility users tax	4,000,000	3,882,942	(117,058)
Franchise tax	1,476,134	1,608,882	132,748
Intergovernmental	67,516	450,133	382,617
Recreation activities	1,830,147	1,742,559	(187,901)
Interdepartmental service charges	1,600,000	1,742,559	142,559

It has been the City's practice to conservatively estimate General Fund revenues. The County's reassessment of property values had improved property tax revenues for the City for the fiscal year. The City suffered about a 20% decline in utility users tax (UUT) from wireless telecommunication. The City has not adopted a modern UUT ordinance that would have updated the definition of telecommunication services. Increases in electric rates and cable TV prices contributed to the positive variance in franchise fees. Intergovernmental is the classification used to report grant revenues. In fiscal year 2014-2015, intergovernmental revenues exceeded budget due to unanticipated reimbursements for prior year SB 90 mandated costs from the State of California. 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.

General Fund expenditures at the end of the year totaled \$22,339,159 and were under budget by \$1,910,904. Variances between the final amended budget and actual expenditures are mainly due to a number of vacant positions in several departments particularly in the police department where challenges in recruiting qualified officers persist. In addition, each department had taken measures to lower spending as directed 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, 2015, amounts to \$477,310,856 (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 \$13,256,294.

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

- The Plano Bridge widening project which began construction in July of 2013 was practically completed by the end of the current fiscal year. Expenditures for the year amounted to \$2,972,831 bringing the total cost of the project to date to \$13,119,456. A majority of the construction cost was funded by a grant from the Department of Transportation's Highway Bridge Program.
- Construction of the new public safety station continued during the fiscal year with total expenditures of \$3,595,551. It is expected to be completed and operational by the middle of the next fiscal year. This project is funded by the Measure H half-cent sales tax revenue.
- The City negotiated an agreement and purchased 8.2 miles of rail line from the Union Pacific Railroad Company at a total cost of \$3,165,425. The City received \$3,000,000 from Tulare County out of the Measure R half-cent sales tax fund for the purchase price of the rail properties.
- The City acquired the Centennial Plaza property across city hall with a 13,119 square foot two-story building for \$2,401,425.
- The Jaye Street and Montgomery Avenue Roundabout was completed during the year with a total cost of \$1,830,525. Congestion Mitigation and Air Quality (CMAQ) grant funds were awarded to the City which constitutes a major portion of the funding for this project.
- The Morton Avenue shoulder stabilization project was completed during the year at a total cost of \$463,828. Work continues on the Newcomb Avenue shoulder stabilization project with \$959,502 spent in 2014-2015. The North Grand Avenue reconstruction project, from Prospect Street to Newcomb Avenue, commenced in January of 2015 and expenditures for the fiscal year amounted to \$482,153.
- The draft of the Project Approval and Environmental Documentation (PA&ED) for the State Route 190 corridor project is near completion. For the fiscal year, \$604,767 was paid to Caltrans for the study.
- The City accepted a grant deed and an easement deed for a total cost of \$514,325. The property will be used for the construction of drainage basin #18.

- The Fallen Heroes Park was completed during the year with the total cost of \$1,748,948. It includes a walking trail, a multi-purpose playing field, picnic pavilions, playground equipment, shade structure, and restrooms.
- Construction of new sewer mains and sewer laterals in one of the five annexed sewer areas in the City was still in progress at the end of June. The total cost of the improvements for the fiscal year was \$639,375.
- The installation of a screw press sludge de-watering machine and 3 electric air blowers for the Waste Water Treatment Facility was initiated during the fiscal year. The amount spent on the project for the year was \$1,003,341.
- Several parking lots in the downtown area are in the process of being rehabilitated. At the end of the fiscal year, \$395,331 has been spent on the project.
- During the year, the City acquired two 32-foot long CNG buses at a total cost of \$986,568 with 80% funding from the Federal Transit Administration. The City also purchased a new sewer cleaner for \$434,541 and a refuse roll-off truck for \$227,221. In addition the City purchased seven vehicles for the police department for \$316,699, a fire rescue vehicle with mini apparatus for \$149,963, three trucks with crane bodies for the water and sewer departments for \$200,823, a new turbo mower for the parks department for \$89,360, and several other vehicles and equipment.
- The City of Porterville Successor Agency completed the acquisition of the former Porterville Hotel property for \$1.65 million. Bond proceeds from the refinancing of tax allocation bonds in 2008 was the funding source. The site will be prepared and then marketed for private development.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 273,219,270	\$269,161,736	\$ 4,938,508	\$ 4,938,508	\$ 278,157,778	\$ 274,100,244
Works of art and collections	183,938	183,938	--	--	183,938	183,938
Buildings	10,474,867	8,649,026	3,251,665	3,331,178	13,726,532	11,980,204
Improvements other than buildings	6,753,414	5,351,654	5,767,925	6,032,244	12,521,339	11,383,898
Machinery and equipment	5,457,021	5,536,292	8,717,616	7,728,709	14,174,637	13,265,001
Infrastructure	82,823,021	82,608,422	863,018	798,407	83,686,039	83,406,829
Distribution and collection systems	--	--	50,272,421	52,072,398	50,272,421	52,072,398
Construction in progress	20,773,919	15,706,137	3,814,253	1,955,913	24,588,172	17,662,050
Total	<u>\$ 399,685,450</u>	<u>\$387,197,205</u>	<u>\$77,625,406</u>	<u>\$ 76,857,357</u>	<u>\$ 477,310,856</u>	<u>\$ 464,054,562</u>



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

**Long-term debt.** At the end of the current fiscal year, the City of Porterville had total principal debt outstanding of \$64,960,278. The City's total debt decreased \$2,324,251 during the year. In June of 2015, the City completed the advance refunding of \$1,880,000 of the 2002 Public Building Refunding Project certificates of participation (COP's) and the current refunding of \$21,060,000 of its 2013 Infrastructure lease agreement by issuing new certificates of participation in the aggregate principal amount of \$22,650,000. The refunding was undertaken to take advantage of lower interest rates in the municipal bond market. The total issue was executed through a private placement with Capital One Public Funding, LLC, at an interest rate of 3.85 percent.

#### City of Porterville's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue bonds	\$ --	\$ --	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000
Pension obligation bond	3,275,000	3,765,000	--	--	3,765,000	3,765,000
Certificates of participation	22,650,000	23,345,000	4,975,000	6,040,000	27,625,000	29,385,000
Notes payable	2,352,000	2,556,000	11,663,278	12,023,529	14,015,278	14,579,529
Total	<u>\$ 28,277,000</u>	<u>\$ 29,666,000</u>	<u>\$ 36,193,278</u>	<u>\$ 37,618,529</u>	<u>\$ 64,960,278</u>	<u>\$ 67,284,529</u>

The governmental debt also includes \$3,275,000 in pension obligation bond which financed the City's public safety employee side fund obligation to CalPERS and \$2,352,000 in notes payable to HUD which funded the construction of the Heritage Community Center.

Under the business-type activities, sewer revenue bonds in the amount of \$19,555,000 remain outstanding. The bonds were issued to fund the extension of sewer service to several areas that were annexed into the City. The 2002 COP's in the sewer and water funds have balances of \$2,575,000 and \$2,400,000, respectively. The amount outstanding on the notes payable include \$4,085,804 for the sewer fund and \$7,537,512 for the water fund both payable to the California Infrastructure and Economic Development Bank. Proceeds from the COP's and the notes were used to fund capital improvements to the sewer and water infrastructure. Also included in the notes payable is a loan from the California Department of Transportation – Division of Aeronautics with a balance of \$39,962 for the airport fund which was used to purchase hangars at the airport.

Standard & Poor's Ratings Services ("S&P") has assigned the rating of "AA" to the 2015 refinancing project certificates of participations as well as the 2011 sewer revenue bonds.

Additional information on the City's long-term debt can be found in Note 4-F on pages 60 - 65 of this report.



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

- The City of Porterville continues to experience incremental economic improvements. Assessed value of taxable property increased 5% for 2015-2016 but no growth is anticipated in sales taxes, with the price of goods remaining stable and gasoline prices heading lower. Permits for new construction are anticipated to improve yet remain sluggish. There continues to be significant interest from national-brand retailers and other manufacturing companies to locate in Porterville. A number of retail and commercial developments are anticipated to begin construction in the coming year.
- For fiscal year 2015-2016, operating expenditures in the General Fund are estimated to be approximately 3 percent higher than the 2014-2015 estimates. Factors that contribute to the increase includes higher CalPERS rates, increase in health benefit plan contributions and the rise in minimum wage rate.
- New water rates became effective July 1, 2015. The new rates included a 100% increase on the flat meter charge (\$5 to \$10 on a typical residential meter) and a 25% increase on the use charge (\$0.18 per 100 cubic feet of water), plus an annual increase tied to the Consumer Price Index (CPI) for the next four years. The increase was essential due to the higher cost of operations, the maintenance of existing facilities and the replacement of the aging water supply and distribution system. The last water rate hike in the City was back in 1995.
- 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. The City had come into an agreement with its employee associations which modified the health plan for cost-savings and increased both employer and employee contributions to the fund as well as the retired employee contributions. Beginning in January 2016, the City is again increasing its contribution to the self-funded plan assets by another \$1 million annually.
- The new Public Safety Station is anticipated to become operational by January 2016. The total cost of the project is estimated to top \$5 million with funding from the Measure H Public Safety Sales Tax Fund. The City expects to hire 3 additional fire department personnel.
- Construction of the Plano Street Bridge has been completed. Focus has now shifted to the Jaye Street Bridge project which is projected to begin construction in the spring of 2016 at an estimated cost of \$12.8 million.
- The West North Grand Avenue reconstruction project is expected to be completed in 2015-2016 as well as the Newcomb Street shoulder stabilization project. The Lime Street, Gibbons Avenue and Henderson Avenue reconstruction projects are anticipated to progress in the coming fiscal year plus the Oak Avenue pedestrian walkway and the Date Avenue widening projects.



- The construction of well #32 is ongoing and expected to be completed in the 2015-2016 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 construction of another well, well #33, will begin in the 2015-2016 fiscal year, with approximately \$1.5 million in funding to be provided by the Department of Water Resources.
- Construction of sewer system improvements on the third project area is anticipated to be completed in 2015-2016. And construction on the last 2 project areas should begin shortly after. This is part of the \$7 million project funded by the issuance of the Sewer Revenue Bonds, Series A in 2011.
- Plans for a new solar farm at the City's waste water treatment facility (WWTF) is currently in the works and is expected to be installed by the end of 2016. The City is in the process of replacing 3 methane-driven blowers at the WWTF with new electric blowers. The solar farm would help defray the cost of the increase in energy consumption.
- The expansion of the transit maintenance and compressed natural gas (CNG) facility project began early in 2015-2016. The project includes the construction of a minimum of 20 CNG dispensers for the use by the City's expanding CNG vehicle fleet. The estimated cost of the project is \$2.5 million.

### **Requests for Information**

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



**Basic  
Financial Statements**





City of Porterville  
Statement of Net Position  
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 26,843,807	\$ 24,267,188	\$ 51,110,995
Receivables - utility (net of allowance for uncollectibles)	-	2,260,735	2,260,735
Receivables - misc (net of allowance for uncollectibles)	1,695,291	501,334	2,196,625
Receivables - housing (net of allowance for uncollectibles)	10,107,849	-	10,107,849
Inventories	-	118,285	118,285
Prepays	29,404	-	29,404
Internal balances	1,182,851	(1,182,851)	-
Restricted assets - intergovernmental	4,815,486	1,374,243	6,189,729
Restricted assets - investments	1,010,307	7,412,701	8,423,008
Notes receivable	3,820,221	-	3,820,221
Capital assets not being depreciated:			
Land	273,219,270	4,938,508	278,157,778
Construction in progress	20,773,919	3,814,253	24,588,172
Works of art and collection	183,938	-	183,938
Capital assets, net of accumulated depreciation:			
Buildings	10,474,867	3,251,665	13,726,532
Improvements other than buildings	6,753,414	5,767,925	12,521,339
Machinery and equipment	5,457,021	8,717,616	14,174,637
Infrastructure	82,823,021	863,018	83,686,039
Distribution and collection systems	-	50,272,421	50,272,421
Total Assets	<u>449,190,666</u>	<u>112,377,041</u>	<u>561,567,707</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	2,393,472	1,075,287	3,468,759
Deferred pension-related items	2,710,237	533,009	3,243,246
Total Deferred Outflows of Resources	<u>5,103,709</u>	<u>1,608,296</u>	<u>6,712,005</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,341,421	917,175	3,258,596
Accrued interest payable	59,718	489,094	548,812
Intergovernmental payable	121,474	-	121,474
Unearned revenue	-	1,121,824	1,121,824
Non-current liabilities:			
Due in 1 year	2,087,043	1,609,699	3,696,742
Due in more than 1 year	28,769,024	33,998,847	62,767,871
Net pension liability	28,111,277	8,064,685	36,175,962
Net other postemployment benefits obligation	2,913,944	-	2,913,944
Total Liabilities	<u>64,403,901</u>	<u>46,201,324</u>	<u>110,605,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension-related items	5,670,940	1,151,493	6,822,433
Total Deferred Inflows of Resources	<u>5,670,940</u>	<u>1,151,493</u>	<u>6,822,433</u>
<b>NET POSITION</b>			
Net investment in capital assets	376,077,786	47,096,409	423,174,195
Restricted for capital projects	915,942	-	915,942
Restricted for debt service	1,177,759	3,297,409	4,475,168
Restricted for self-insurance	454,515	-	454,515
Restricted for grant programs	280,013	-	280,013
Unrestricted	5,313,519	16,238,702	21,552,221
Total Net Position	<u>\$ 384,219,534</u>	<u>\$ 66,632,520</u>	<u>\$ 450,852,054</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Community and economic development	\$ 1,571,746	\$ 50,558	\$ 903,696	\$ -	\$ (617,492)	\$ -	\$ (617,492)
General government	3,196,624	1,786,027	523,006	-	(887,591)	-	(887,591)
Parks and recreation	5,865,292	1,765,733	89,345	509,768	(3,500,446)	-	(3,500,446)
Public safety - fire	4,283,496	76,512	61,481	26,632	(4,118,871)	-	(4,118,871)
Public safety - police	10,173,684	530,085	426,926	21,359	(9,195,314)	-	(9,195,314)
Public works	7,271,020	355,238	1,884,358	11,687,820	6,656,396	-	6,656,396
Interest on long-term debt	1,202,983	-	-	-	(1,202,983)	-	(1,202,983)
Total governmental activities	33,564,845	4,564,153	3,888,812	12,245,579	(12,866,301)	-	(12,866,301)
Business-type Activities:							
Airport	1,570,483	1,342,700	10,000	65,016	-	(152,767)	(152,767)
Golf course	357,724	207,970	-	-	-	(149,754)	(149,754)
Sewer operating	6,654,051	7,253,338	-	47,372	-	646,659	646,659
Solid waste	5,573,747	5,793,494	5,837	-	-	225,584	225,584
Transit	3,257,562	622,427	1,672,551	1,385,493	-	422,909	422,909
Water operating	5,544,157	4,675,767	15,751	194,902	-	(657,737)	(657,737)
Zalud estate	21,292	5,611	-	-	-	(15,681)	(15,681)
Total business-type activities	22,979,016	19,901,307	1,704,139	1,692,783	-	319,213	319,213
Total primary government	\$ 56,543,861	\$ 24,465,460	\$ 5,592,951	\$ 13,938,362	(12,866,301)	319,213	(12,547,088)
General revenues:							
Property taxes					7,424,560	-	7,424,560
Sales tax					7,596,116	-	7,596,116
Utility users tax					3,882,942	-	3,882,942
Franchise tax					1,608,882	-	1,608,882
Transient occupancy tax					446,771	-	446,771
Unrestricted investment earnings					382,476	291,792	674,268
Miscellaneous					256,022	2,012	258,034
Transfers					(86,827)	86,827	-
Total general revenues and transfers					21,510,942	380,631	21,891,573
Change in net position					8,644,641	699,844	9,344,485
Net position - beginning					399,169,518	74,478,419	473,647,937
Prior period adjustments					(23,594,625)	(8,545,743)	(32,140,368)
Net position - ending					\$ 384,219,534	\$ 66,632,520	\$ 450,852,054

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

City of Porterville  
Balance Sheet  
Governmental Funds  
June 30, 2015

	General	Public Safety Sales Tax	Local Transportation Fund (LTF)	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 12,655,153	\$ 1,201,537	\$ 3,575,580	\$ 805,871	\$ 1,454,742	\$ 5,696,739	\$ 25,389,622
Receivables - misc (net):							
Interest	97,287	-	-	-	-	4	97,291
Taxes	896,030	201,000	95,128	-	-	3,747	1,195,905
Other	331,923	220	-	-	-	2,407	334,550
Receivables - housing (net)	-	-	-	10,107,849	-	-	10,107,849
Intergovernmental receivables	1,073,935	-	1,880,308	104,552	1,019,643	53,937	4,132,375
Interfund receivables	50,500	-	440,469	-	-	680,133	1,171,102
Prepaid items	29,404	-	-	-	-	-	29,404
Restricted - cash/fiscal agent	-	-	-	-	-	1,010,307	1,010,307
Notes receivable	3,820,221	-	-	-	-	-	3,820,221
Total assets	<u>\$ 18,954,453</u>	<u>\$ 1,402,757</u>	<u>\$ 5,991,485</u>	<u>\$ 11,018,272</u>	<u>\$ 2,474,385</u>	<u>\$ 7,447,274</u>	<u>\$ 47,288,626</u>
<b>LIABILITIES</b>							
Accounts and other payables	\$ 354,007	\$ 23,629	\$ -	\$ -	\$ 951,445	\$ 10,378	\$ 1,339,459
Payroll payable	630,926	101,681	-	4,313	39,821	6,889	783,630
Interfund payable	11,544	-	-	-	-	-	11,544
Intergovernmental payables	121,474	-	-	-	-	-	121,474
Advances payable	599,563	-	-	-	-	-	599,563
Total liabilities	<u>1,717,514</u>	<u>125,310</u>	<u>-</u>	<u>4,313</u>	<u>991,266</u>	<u>17,267</u>	<u>2,855,670</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - intergovernmental	418,211	-	-	-	776,263	-	1,194,474
Total deferred inflows of resources	<u>418,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,263</u>	<u>-</u>	<u>1,194,474</u>
<b>FUND BALANCES</b>							
Nonspendable	4,472,082	-	-	-	-	-	4,472,082
Restricted	61,821	1,277,447	5,991,485	11,013,959	706,856	7,430,007	26,481,575
Committed	5,018,496	-	-	-	-	-	5,018,496
Assigned	6,667,615	-	-	-	-	-	6,667,615
Unassigned	598,714	-	-	-	-	-	598,714
Total fund balances	<u>16,818,728</u>	<u>1,277,447</u>	<u>5,991,485</u>	<u>11,013,959</u>	<u>706,856</u>	<u>7,430,007</u>	<u>43,238,482</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,954,453</u>	<u>\$ 1,402,757</u>	<u>\$ 5,991,485</u>	<u>\$ 11,018,272</u>	<u>\$ 2,474,385</u>	<u>\$ 7,447,274</u>	<u>\$ 47,288,626</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, 2015

Fund balances of governmental funds	\$ 43,238,482
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Long-term liabilities, including bonds payable, pension, OPEB, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(57,525,380)
Deferred outflows arising from pension contributions made subsequent to the actuarial measurement date are not applicable to the current period and are not reported in the funds.	2,624,065
Deferred inflows related to the excess investment earnings on pension plan investments are not applicable to the current period and are not reported in the funds.	(5,484,775)
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.	682,413
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenue in the funds.	1,194,474
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	399,490,255
Net position of governmental activities	\$ <u><u>384,219,534</u></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, 2015

	General	Public Safety Sales Tax	Local Transportation Fund (LTF)	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 7,424,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,424,560
Sales taxes	4,483,118	3,112,998	-	-	-	-	7,596,116
Utility users tax	3,882,942	-	-	-	-	-	3,882,942
Franchise tax	1,608,882	-	-	-	-	-	1,608,882
Transient occupancy tax	446,771	-	-	-	-	-	446,771
Licenses and permits	966,759	-	-	-	-	-	966,759
Vehicle license fees	22,825	-	-	-	-	-	22,825
Intergovernmental	450,132	-	8,904,367	833,446	2,275,850	2,232,459	14,696,254
Charges for services	3,992,063	3,524	-	2,067	-	-	3,997,654
Special assessments and fees	9,064	-	-	-	-	308,731	317,795
Fines and forfeitures	65,446	-	-	-	-	165,435	230,881
Investment earnings	362,970	24,851	48,815	24,148	15,939	67,843	544,566
Miscellaneous	121,756	-	-	-	-	61,166	182,922
Total revenues	<u>23,837,288</u>	<u>3,141,373</u>	<u>8,953,182</u>	<u>859,661</u>	<u>2,291,789</u>	<u>2,835,634</u>	<u>41,918,927</u>
<b>EXPENDITURES</b>							
Current:							
Community and economic development	628,779	-	-	588,208	254,273	-	1,471,260
General government	2,796,435	-	-	-	59,680	-	2,856,115
Parks and recreation	4,443,297	413,131	-	-	14,333	200,351	5,071,112
Public safety - fire	3,176,524	794,217	-	-	17,345	23,631	4,011,717
Public safety - police	7,948,160	1,321,896	-	-	-	243,900	9,513,956
Public works	2,172,397	-	-	-	1,662,169	-	3,834,566
Debt service:							
Principal	-	-	-	204,000	-	895,000	1,099,000
Interest and administrative charges	158	-	-	216,237	-	1,082,416	1,298,811
Refunding bond issuance costs	-	-	-	-	-	655,830	655,830
Capital outlay	756,545	-	-	-	15,733,022	-	16,489,567
Total expenditures	<u>21,922,295</u>	<u>2,529,244</u>	<u>-</u>	<u>1,008,445</u>	<u>17,740,822</u>	<u>3,101,128</u>	<u>46,301,934</u>
Excess (deficiency) of revenues over expenditures	<u>1,914,993</u>	<u>612,129</u>	<u>8,953,182</u>	<u>(148,784)</u>	<u>(15,449,033)</u>	<u>(265,494)</u>	<u>(4,383,007)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,432,237	11,821	-	-	14,825,592	1,747,310	18,016,960
Transfers out	(4,675,319)	(3,685,226)	(6,125,162)	(507,913)	(2,438)	(3,107,729)	(18,103,787)
Refunding bonds issued	-	-	-	-	-	22,650,000	22,650,000
Premium on refunding bonds issued	-	-	-	-	-	787,314	787,314
Debt redemption - principal	-	-	-	-	-	(21,060,000)	(21,060,000)
Payment to refunded bond escrow agent	-	-	-	-	-	(2,126,330)	(2,126,330)
Sale of capital assets	12,099	-	-	-	-	-	12,099
Insurance recoveries	151,759	-	-	-	-	-	151,759
Total other financing sources and uses	<u>(3,079,224)</u>	<u>(3,673,405)</u>	<u>(6,125,162)</u>	<u>(507,913)</u>	<u>14,823,154</u>	<u>(1,109,435)</u>	<u>328,015</u>
Net change in fund balances	<u>(1,164,231)</u>	<u>(3,061,276)</u>	<u>2,828,020</u>	<u>(656,697)</u>	<u>(625,879)</u>	<u>(1,374,929)</u>	<u>(4,054,992)</u>
Fund balances - beginning	18,313,474	4,338,723	3,163,465	745,650	1,332,735	8,804,936	36,698,983
Prior period adjustments	(330,515)	-	-	10,925,006	-	-	10,594,491
Fund balances - ending	<u>\$ 16,818,728</u>	<u>\$ 1,277,447</u>	<u>\$ 5,991,485</u>	<u>\$ 11,013,959</u>	<u>\$ 706,856</u>	<u>\$ 7,430,007</u>	<u>\$ 43,238,482</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, 2015**

Net change in fund balances --total governmental funds	\$ (4,054,992)
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.	12,774,718
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	(254,387)
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.	848,016
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.	(521,888)
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(311,896)
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.	(17,362)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	182,432
Change in net position of governmental activities	<u>\$ 8,644,641</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, 2015

	Business-Type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 13,138,379	\$ 5,025,562	\$ 4,469,756	\$ -	\$ 1,633,491	\$ 24,267,188	\$ 1,454,185
Receivables-utility (net of allowance for uncollectibles)	834,491	673,109	753,135	-	-	2,260,735	-
Receivables-misc (net of allowance for uncollectibles)	159,643	40,173	130,214	132,082	39,222	501,334	67,545
Intergovernmental receivables	-	-	-	1,341,224	33,019	1,374,243	683,111
Interfund receivable	-	-	-	-	-	-	11,544
Inventories	-	-	-	-	118,285	118,285	-
Total current assets:	14,132,513	5,738,844	5,353,105	1,473,306	1,824,017	28,521,785	2,216,385
Noncurrent assets:							
Advances receivable	286,212	266,851	-	-	-	553,063	46,500
Capital assets:							
Land	3,142,404	318,092	-	352,599	1,125,413	4,938,508	-
Construction in progress	2,687,302	631,681	-	357,438	137,832	3,814,253	-
Distribution and collection systems	48,104,031	39,556,426	-	-	-	87,660,457	-
Buildings and equipment	5,216,204	2,445,885	7,605,227	10,060,306	1,659,665	26,987,287	715,875
Improvements other than buildings	-	-	-	910,925	9,253,455	10,164,380	6,639
Infrastructure	-	-	-	970,637	-	970,637	-
Less accumulated depreciation	(23,937,739)	(18,515,766)	(5,110,757)	(4,065,774)	(5,280,080)	(56,910,116)	(527,319)
Restricted assets - investments	5,723,062	1,689,639	-	-	-	7,412,701	-
Total noncurrent assets:	41,221,476	26,392,808	2,494,470	8,586,131	6,896,285	85,591,170	241,695
Total assets	55,353,989	32,131,652	7,847,575	10,059,437	8,720,302	114,112,955	2,458,080
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	955,179	120,108	-	-	-	1,075,287	-
Deferred pension-related items	156,370	144,241	190,016	6,229	36,153	533,009	86,172
Total deferred outflows of resources	1,111,549	264,349	190,016	6,229	36,153	1,608,296	86,172
<b>LIABILITIES</b>							
Current liabilities:							
Accounts and other payables	69,286	287,204	149,390	131,205	27,342	664,427	189,593
Payroll payable	46,294	47,970	66,561	1,814	13,244	175,883	28,739
Interfund payable	-	-	-	440,469	730,633	1,171,102	-
Retainage payable	73,455	3,410	-	-	-	76,865	-
Accrued claims	-	-	-	-	-	-	459,540
Compensated absences payable	27,423	29,764	38,212	-	6,401	101,800	22,460
Accrued interest payable	338,771	148,954	-	-	1,369	489,094	-
Loans and bonds payable	747,984	747,147	-	-	12,768	1,507,899	-
Unearned revenue	-	-	-	1,121,824	-	1,121,824	-
Total current liabilities:	1,303,213	1,264,449	254,163	1,695,312	791,757	5,308,894	700,332
Noncurrent liabilities:							
Accrued claims	-	-	-	-	-	-	227,912
Compensated absences payable	8,066	16,846	21,049	-	3,932	49,893	8,404
Loans and bonds payable	24,703,265	9,218,495	-	-	27,194	33,948,954	-
Net pension liability	2,365,953	2,182,433	2,875,032	94,252	547,015	8,064,685	1,303,838
Total noncurrent liabilities:	27,077,284	11,417,774	2,896,081	94,252	578,141	42,063,532	1,540,154
Total liabilities	28,380,497	12,682,223	3,150,244	1,789,564	1,369,898	47,372,426	2,240,486
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred pension-related items	337,816	311,612	410,503	13,458	78,104	1,151,493	186,165
Total deferred inflows of resources	337,816	311,612	410,503	13,458	78,104	1,151,493	186,165
<b>NET POSITION</b>							
Net investment in capital assets	13,590,162	15,569,323	2,494,470	8,586,131	6,856,323	47,096,409	195,195
Restricted for debt service	2,586,310	711,099	-	-	-	3,297,409	-
Restricted for self-insurance	-	-	-	-	-	-	113,083
Unrestricted	11,570,753	3,121,744	1,982,374	(323,487)	452,130	16,803,514	(190,677)
Total net position	\$ 27,747,225	\$ 19,402,166	\$ 4,476,844	\$ 8,262,644	\$ 7,308,453	\$ 67,197,332	\$ 117,601
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(564,812)	
Net position of business-type activities						\$ 66,632,520	

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, 2015

	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	\$ 6,555,426	\$ 4,526,372	\$ 5,714,198	\$ 620,597	\$ 1,401,843	\$ 18,818,436	\$ 7,666,084
Connection fees	328,875	58,694	-	-	-	387,569	-
Other revenues	369,037	90,701	79,296	1,830	154,438	695,302	179,765
Total operating revenues	<u>7,253,338</u>	<u>4,675,767</u>	<u>5,793,494</u>	<u>622,427</u>	<u>1,556,281</u>	<u>19,901,307</u>	<u>7,845,849</u>
Operating expenses:							
Cost of sales and services	2,641,566	2,182,408	4,496,304	2,153,162	1,463,384	12,936,824	7,494,349
General and administrative	1,270,980	1,885,374	674,006	482,488	173,156	4,486,004	226,713
Depreciation	1,217,958	1,024,829	451,451	678,461	311,464	3,684,163	44,180
Total operating expenses	<u>5,130,504</u>	<u>5,092,611</u>	<u>5,621,761</u>	<u>3,314,111</u>	<u>1,948,004</u>	<u>21,106,991</u>	<u>7,765,242</u>
Operating income (loss)	<u>2,122,834</u>	<u>(416,844)</u>	<u>171,733</u>	<u>(2,691,684)</u>	<u>(391,723)</u>	<u>(1,205,684)</u>	<u>80,607</u>
Nonoperating revenues (expenses):							
Intergovernmental revenues	-	-	-	887,467	10,000	897,467	-
Federal grants	-	-	-	785,084	-	785,084	-
State grants and reimbursements	-	15,751	5,837	-	-	21,588	-
Investment earnings	163,303	58,558	47,196	3,280	19,455	291,792	9,895
Interest expense	(1,523,066)	(454,923)	-	-	(1,900)	(1,979,889)	-
Sale of capital assets	-	-	-	-	2,012	2,012	-
Total nonoperating revenue (expenses)	<u>(1,359,763)</u>	<u>(380,614)</u>	<u>53,033</u>	<u>1,675,831</u>	<u>29,567</u>	<u>18,054</u>	<u>9,895</u>
Income(loss) before contributions and transfers	<u>763,071</u>	<u>(797,458)</u>	<u>224,766</u>	<u>(1,015,853)</u>	<u>(362,156)</u>	<u>(1,187,630)</u>	<u>90,502</u>
Capital contributions and transfers:							
Capital contributions, developer fees	47,372	194,902	-	-	-	242,274	-
Capital contributions, federal and state grants	-	-	-	1,385,493	65,016	1,450,509	-
Transfers in	801	3,185	-	-	84,302	88,288	-
Transfers out	(930)	(531)	-	-	-	(1,461)	-
Total capital contributions and transfers	<u>47,243</u>	<u>197,556</u>	<u>-</u>	<u>1,385,493</u>	<u>149,318</u>	<u>1,779,610</u>	<u>-</u>
Change in net position	<u>810,314</u>	<u>(599,902)</u>	<u>224,766</u>	<u>369,640</u>	<u>(212,838)</u>	<u>591,980</u>	<u>90,502</u>
Net position - beginning	<u>29,443,993</u>	<u>22,314,682</u>	<u>7,298,605</u>	<u>7,992,879</u>	<u>8,100,936</u>		<u>1,408,712</u>
Prior period adjustments	<u>(2,507,082)</u>	<u>(2,312,614)</u>	<u>(3,046,527)</u>	<u>(99,875)</u>	<u>(579,645)</u>		<u>(1,381,613)</u>
Net position - ending	<u>\$ 27,747,225</u>	<u>\$ 19,402,166</u>	<u>\$ 4,476,844</u>	<u>\$ 8,262,644</u>	<u>\$ 7,308,453</u>		<u>\$ 117,601</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						107,864	
Change in net position of business-type activities						<u>\$ 699,844</u>	

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

City of Porterville  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

	Business-type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash receipts from customers	\$ 7,256,721	\$ 4,667,826	\$ 5,761,681	\$ 700,850	\$ 1,581,665	\$ 19,968,743	\$ 7,835,574
Payments to employees	(1,235,254)	(1,168,124)	(1,526,273)	(41,264)	(313,522)	(4,284,437)	(719,924)
Payments to suppliers and others	(2,735,063)	(2,784,297)	(3,565,681)	(2,586,854)	(1,244,133)	(12,916,028)	(7,606,287)
Net cash provided (used) by operating activities	<u>3,286,404</u>	<u>715,405</u>	<u>669,727</u>	<u>(1,927,268)</u>	<u>24,010</u>	<u>2,768,278</u>	<u>(490,637)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Cash from interfund	-	-	-	440,469	100,784	541,253	21,197
Intergovernmental - operating assistance	-	-	-	652,203	-	652,203	57
Subsidy from federal and state grants	-	15,751	20,606	667,652	10,000	714,009	-
Transfers in from other funds	801	3,186	-	-	84,302	88,289	-
Transfers out to other funds	(930)	(531)	-	-	-	(1,461)	-
Net cash provided (used) by noncapital financing	<u>(129)</u>	<u>18,406</u>	<u>20,606</u>	<u>1,760,324</u>	<u>195,086</u>	<u>1,994,293</u>	<u>21,254</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Construction and other capital projects	(2,045,906)	(154,671)	-	(63,139)	(35,181)	(2,298,897)	-
Contributed capital, developer's fees	47,372	194,902	-	-	-	242,274	-
Interest paid on long-term debt and advances	(1,356,831)	(438,871)	-	-	(2,309)	(1,798,011)	-
Principal payments on long-term debt	(708,268)	(705,034)	-	-	(11,949)	(1,425,251)	-
Proceeds from sale of capital assets	-	-	-	-	2,012	2,012	-
Purchase of capital assets	(550,318)	(197,559)	(260,017)	(986,568)	(87,181)	(2,081,643)	(12,095)
Subsidy from federal and state grants	-	-	-	678,718	32,004	710,722	-
Net cash provided (used) by capital and related financing activities	<u>(4,613,951)</u>	<u>(1,301,233)</u>	<u>(260,017)</u>	<u>(370,989)</u>	<u>(102,604)</u>	<u>(6,648,794)</u>	<u>(12,095)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest received	163,303	58,558	47,196	3,280	19,455	291,792	9,895
Net cash provided by investing activities	<u>163,303</u>	<u>58,558</u>	<u>47,196</u>	<u>3,280</u>	<u>19,455</u>	<u>291,792</u>	<u>9,895</u>
Net Increase (decrease) in cash and cash equivalents	(1,164,373)	(508,864)	477,512	(534,653)	135,947	(1,594,431)	(471,583)
Balances - beginning of year	20,025,814	7,224,065	3,992,244	534,653	1,497,544	33,274,320	1,925,768
Balances - end of the year	<u>\$ 18,861,441</u>	<u>\$ 6,715,201</u>	<u>\$ 4,469,756</u>	<u>\$ -</u>	<u>\$ 1,633,491</u>	<u>\$ 31,679,889</u>	<u>\$ 1,454,185</u>
As shown on the proprietary statement of net position:							
Cash and investments	\$ 13,138,379	\$ 5,025,562	\$ 4,469,756	\$ -	\$ 1,633,491	\$ 24,267,188	\$ 1,454,185
Restricted assets, cash with fiscal agent	5,723,062	1,689,639	-	-	-	7,412,701	-
Balances - end of year	<u>\$ 18,861,441</u>	<u>\$ 6,715,201</u>	<u>\$ 4,469,756</u>	<u>\$ -</u>	<u>\$ 1,633,491</u>	<u>\$ 31,679,889</u>	<u>\$ 1,454,185</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ 2,122,834	\$ (416,844)	\$ 171,733	\$ (2,691,684)	\$ (391,723)	\$ (1,205,684)	\$ 80,607
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	1,217,958	1,024,829	451,451	678,461	311,464	3,684,163	44,180
Changes in assets and liabilities:							
Accounts payable	(108,431)	70,258	28,597	5,232	(4,544)	(8,888)	(143,596)
Accrued claims payable	-	-	-	-	-	-	(487,030)
Compensated absences	7,622	4,843	(11,633)	-	2,454	3,286	(794)
Customer receivables	3,383	(7,941)	(31,813)	78,423	25,384	67,436	(10,275)
Inventory	-	-	-	-	72,155	72,155	-
Pensions	40,317	37,190	48,992	1,606	9,321	137,426	22,218
Salaries and benefits payable	2,721	3,070	12,400	694	(501)	18,384	4,053
Net cash provided by operating activities	<u>\$ 3,286,404</u>	<u>\$ 715,405</u>	<u>\$ 669,727</u>	<u>\$ (1,927,268)</u>	<u>\$ 24,010</u>	<u>\$ 2,768,278</u>	<u>\$ (490,637)</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, 2015

	Private- purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and investments	\$ 281,653	\$ 1,407,233
Interest receivable	1,271	-
Receivables - housing (net)	254,230	-
Capital assets:		
Land	2,266,201	-
Construction in progress	50,196	-
Improvements other than buildings	814,652	-
Less accumulated depreciation	(165,325)	-
Notes receivable	930,000	
Restricted cash - bond proceeds	951,692	-
Total assets	<u>5,384,570</u>	<u>\$ 1,407,233</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	<u>377,027</u>	
Total deferred outflows of resources	<u>377,027</u>	
<b>LIABILITIES</b>		
Accounts and other payables	776	\$ 11,285
Payroll payable	1,101	-
Accrued interest payable	40,798	-
Refundable deposits, utilities	-	375,353
Refundable deposits, miscellaneous	-	594,917
Other deposits, safety	-	425,678
Intergovernmental payable	1,305,157	-
Notes payable	40,584	-
Bonds payable	7,411,796	-
Total liabilities	<u>8,800,212</u>	<u>\$ 1,407,233</u>
<b>NET POSITION</b>		
Net position held in trust	<u>\$ (3,038,615)</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, 2015

	<u>Private-purpose Trust Fund</u>
<b>ADDITIONS</b>	
Contributions - Redevelopment Property Tax Trust Fund	\$ 832,246
Interest and investment revenue	6,031
Other revenue	<u>68</u>
Total additions	<u>838,345</u>
<b>DEDUCTIONS</b>	
Administrative expenses	48,959
Direct property expenses	8,244
Depreciation expense	16,293
Debt redemption, interest	<u>553,761</u>
Total deductions	<u>627,257</u>
Change in net position	211,088
Net position held in trust - beginning	(4,773,623)
Prior-period adjustments	<u>1,523,920</u>
Net position held in trust - ending	<u><u>\$ (3,038,615)</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, 2015**

**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 *local transportation 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 funds allocated to the City from the one-half cent sales tax measure (Measure R), which the voters of the County of Tulare approved in the November 2006 election. These funds are to be used for road and transportation improvements.

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

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



The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

#### **D. New Accounting Pronouncements**

GASB recently released several new accounting and financial reporting standards. The following GASB Statements have been implemented in the current financial reports.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, is effective for periods beginning after December 15, 2013.

GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, is effective for periods beginning after June 15, 2014. This statement clarifies the application of the transition provisions of Statement No. 68, relating to amounts associated with contributions after the measurement date.

#### **E. 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, 2015, expenditures exceeded appropriations in the Community Development Block Grant Fund by \$430,265. These expenditures are funded by federal and state grants and available fund balance.

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

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide statement of net position, the City reports a deferred inflow of pension-related item which constitutes excess investment earnings on pension

plan investments. In the governmental funds balance sheet, the City reports *unavailable revenue* from federal and state grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

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

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

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

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

Committed fund balance – This includes amounts that can only be used for specific purposes determined by action of the City Council which is the highest level of decision-making authority for the City. The formal action that is required to be taken to establish, modify or rescind a fund balance commitment is a resolution by the City Council.

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

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

## **G. 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, pension, OPEB, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$57,525,380 difference are as follows:

Bonds payable	\$ 25,925,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(2,393,472)
Plus: Issuance premium (to be amortized over life of debt)	787,314
Notes payable	2,352,000
Accrued interest payable	59,718
Net pension liability	26,807,439
Net other postemployment benefits obligation	2,913,944
Compensated absences	<u>1,073,437</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>57,525,380</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 \$682,413 difference are as follows:

Net position of the internal service funds	\$ 117,601
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	672,676
Add: Internal receivable representing charges in excess of costs to business-type activities - current year	<u>(107,864)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>682,413</u>



Another element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds." The details of this \$399,490,255 difference are as follows:

Land	\$ 273,219,270
Construction in progress	20,773,919
Works of art and collection	183,938
Buildings	16,321,172
Less: Accumulated depreciation – buildings	(5,846,305)
Improvements other than buildings	9,340,407
Less: Accumulated depreciation – improvements other than buildings	(2,586,993)
Machinery and equipment	11,500,553
Less: Accumulated depreciation – machinery and equipment	(6,238,727)
Infrastructure	111,473,432
Less: Accumulated depreciation - infrastructure	(28,650,411)
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 399,490,255</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 \$12,774,718 difference are as follows:

Capital outlay	\$ 16,489,567
Depreciation expense	(3,714,849)
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>\$ 12,774,718</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 \$254,387 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.	\$ 21,359
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.	(275,746)
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>\$ (254,387)</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 \$848,016 difference are as follows:

Debt issued or incurred:	
Certificates of participation issued	\$ (22,650,000)
Plus premium	(787,314)
Principal repayments:	
Certificates of participation	405,000
Notes payable	204,000
Pension obligation bond	490,000
Payment to defease debt	21,060,000
Payment to refunded bonds escrow agent	2,126,330
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>\$ 848,016</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 \$521,888 difference are as follows:

Other postemployment benefits	\$ (618,164)
Compensated absences	606
Accrued interest	238,813
Amortization of deferred charge on refunding	(149,943)
Amortization of bond premiums	6,800
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>\$ (521,888)</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 \$17,362 difference are as follows:

Change in net position of the internal service funds	\$ 90,502
Income from charges to business-type activities	(107,864)
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>\$ (17,362)</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 \$564,812 difference are as follows:

Internal payable representing costs in excess of charges to business-type activities – prior years	\$ (672,676)
Internal payable representing charges in excess of costs to business-type activities – current year	<u>107,864</u>
Net adjustment to decrease <i>net position total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	\$ <u>(564,812)</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, 2015.

#### B. Deficit fund equity

At June 30, 2015, the Golf Course Fund, a nonmajor enterprise fund has a deficit net position of \$377,706. 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 bank balance was \$1,652,285 and cash on hand was \$3,285.

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 51,110,995
Cash and investments - restricted	8,423,008
Fiduciary funds:	
Cash and investments	1,688,886
Cash and investments – restricted	<u>951,692</u>
Total cash and investments	\$ <u>62,174,581</u>

Cash and investments as of June 30, 2015, consist of the following:

Cash on hand	\$ 3,285
Investments	<u>62,171,296</u>
Total cash and investments	\$ <u>62,174,581</u>

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

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

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

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

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

#### Investments authorized by debt agreements

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

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

#### Disclosures relating to interest rate risk

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

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



Investment type		Remaining maturity (in months)			
		12 months or less	13-24 months	25-60 months	More than 60 months
Federal agency securities	\$ 6,464,965	\$ --	\$ --	\$ 6,464,965	\$ --
Certificates of Deposit	14,313,356	1,401,170	1,938,625	10,973,561	--
Corporate bonds	5,975,890	--	997,790	4,978,100	--
Capital stock	107,800	107,800	--	--	--
Money market funds	2,007,829	2,007,829	--	--	--
Local Agency Investment Fund	9,166,599	9,166,599	--	--	--
Tulare County Investment Pool	8,674,607	8,674,607	--	--	--
CSJVRMA JPA Investment Pool	6,612,188	6,612,188	--	--	--
Held by bond trustees:					
Money market funds	5,172,207	5,172,207	--	--	--
Federal agency securities	3,890,538	--	958,052	2,932,486	--
Certificates of Deposit	33,766	33,766	--	--	--
<b>Total</b>	<b>\$ 62,419,745</b>	<b>\$ 33,176,166</b>	<b>\$ 3,894,467</b>	<b>\$ 25,349,112</b>	<b>\$ --</b>

### 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:

Investment type		Minimum legal rating	Exempt from disclosure	AA+	A	Not rated
Federal agency securities	\$ 6,464,965	N/A	\$ --	\$ 6,464,965	\$ --	\$ --
Certificates of Deposit	14,313,356	N/A	--	--	--	14,313,356
Corporate notes	5,975,890	A	--	--	5,975,890	--
Capital stock	107,800	A	--	--	--	107,800
Money market funds	2,007,829	A	--	--	2,007,829	--
Local Agency Investment Fund	9,166,599	N/A	--	--	--	9,166,599
Tulare County Investment Pool	8,674,607	N/A	--	--	--	8,674,607
CSJVRMA JPA Investment Pool	6,612,188	N/A	--	--	--	6,612,188
Held by bond trustees:						
Money market funds	5,172,207	A	--	--	4,167,824	1,004,383
Federal agency securities	3,890,538	N/A	--	3,890,538	--	--
Certificates of Deposit	33,766	N/A	--	--	--	33,766
<b>Total</b>	<b>\$ 62,419,745</b>		<b>\$ --</b>	<b>\$ 10,355,503</b>	<b>\$ 12,151,543</b>	<b>\$ 39,912,699</b>

### Concentration of credit risk

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

Issuer	Investment type	Reported amount
Federal National Mortgage Association	Federal agency securities	\$ 5,241,149

## 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, 2015, \$1,652,285 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts. As of June 30, 2015, 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	\$ 5,475,535
Certificates of deposit	1,913,487
Corporate notes	3,984,330

## 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, 2015, 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	Local Transportation Fund (LTF)	Community Development Block Grant	Capital Projects	Sewer Operations
Receivables:						
Interest	\$ 97,287	\$ --	\$ --	\$ --	\$ --	\$ 2,639
Taxes	896,030	201,000	95,128	--	--	1,736
Other accounts receivable	331,923	220	--	10,107,849	--	1,015,568
Intergovernmental – restricted	<u>1,073,935</u>	<u>--</u>	<u>1,880,308</u>	<u>104,552</u>	<u>1,019,643</u>	<u>--</u>
Gross receivables	2,399,175	201,220	1,975,436	10,212,401	1,019,643	1,019,943
Less: allowance for uncollectibles	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(25,809)</u>
Net total receivables	<u>\$ 2,399,175</u>	<u>\$ 201,220</u>	<u>\$ 1,975,436</u>	<u>\$ 10,212,401</u>	<u>\$ 1,019,643</u>	<u>\$ 994,134</u>

	Water Operations	Solid Waste	Transit Operations	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 1,378	\$ --	\$ --	\$ 4	\$ 101,308
Taxes	--	--	--	4,124	1,198,018
Other accounts receivable	732,722	906,642	132,082	108,797	13,335,803
Intergovernmental - restricted	<u>--</u>	<u>--</u>	<u>1,341,224</u>	<u>770,067</u>	<u>6,189,729</u>
Gross receivables	734,100	906,642	1,473,306	882,992	20,824,858
Less: allowance for uncollectibles	<u>(20,818)</u>	<u>(23,293)</u>	<u>--</u>	<u>--</u>	<u>( 69,920)</u>
Net total receivables	<u>\$ 713,282</u>	<u>\$ 883,349</u>	<u>\$ 1,473,306</u>	<u>\$ 882,992</u>	<u>\$ 20,754,938</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, 2015, \$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 (Fair) for the purpose of obtaining a loan from the City of Porterville, the proceeds of which shall be used for the construction of improvements on the Fairgrounds facilities in an amount not to exceed \$2,000,000. The actual amount of the loan shall be determined upon completion of all improvements. The term of the loan is 10 years with interest at the rate of 3 percent per annum, compounded semi-annually. Construction of the improvements was completed in 2012 with the City disbursing a total amount of \$1,900,283. Semi-annual

payments commenced on January 15, 2012. On December 2, 2014, the City Council considered the request of the Fair and approved the modification of the Construction Loan Agreement, whereby the Fair would pay to reduce the principal balance of the loan to \$1,200,000 and refinance the new balance over 25 years at an annual interest rate of 4% with annual payments beginning July 15, 2015. As of June 30, 2015, the outstanding loan balance is \$1,200,000.

#### D. Capital assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Governmental activities:</b>					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 269,161,736	\$ 4,057,534	\$ --	\$ --	\$ 273,219,270
Construction in progress	15,706,137	8,954,449	(3,731,076)	(155,591)	20,773,919
Works of art and collections	183,938	--	--	--	183,938
Total capital assets, not being depreciated	<u>285,051,811</u>	<u>13,011,983</u>	<u>(3,731,076)</u>	<u>(155,591)</u>	<u>294,177,127</u>
<u>Capital assets, being depreciated:</u>					
Buildings	14,241,985	2,244,558	(165,371)	--	16,321,172
Improvements other than buildings	7,733,136	1,630,008	(16,099)	--	9,347,045
Machinery and equipment	12,234,981	855,275	(797,002)	(76,825)	12,216,429
Infrastructure	108,961,159	2,512,273	--	--	111,473,432
Total capital assets, being depreciated	<u>143,171,261</u>	<u>7,242,114</u>	<u>(978,472)</u>	<u>(76,825)</u>	<u>149,358,078</u>
Less accumulated depreciation for:					
Buildings	(5,592,959)	(333,641)	80,295	--	(5,846,305)
Improvements other than buildings	(2,381,482)	(227,624)	15,475	--	(2,593,631)
Machinery and equipment	(6,698,689)	(900,090)	762,546	76,825	(6,759,408)
Infrastructure	<u>(26,352,737)</u>	<u>(2,297,674)</u>	<u>--</u>	<u>--</u>	<u>(28,650,411)</u>
Total accumulated depreciation	<u>(41,025,867)</u>	<u>(3,759,029)</u>	<u>858,316</u>	<u>76,825</u>	<u>(43,849,755)</u>
Total capital assets, being depreciated, net	<u>102,145,394</u>	<u>3,483,085</u>	<u>(120,156)</u>	<u>--</u>	<u>105,508,323</u>
Governmental activities capital assets, net	<u>\$ 387,197,205</u>	<u>\$ 16,495,068</u>	<u>\$ (3,851,232)</u>	<u>\$ (155,591)</u>	<u>\$ 399,685,450</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	174,312
Parks and recreation	489,520
Public safety – fire	165,237
Public safety – police	386,055
Public works	2,457,597
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	44,180
Total depreciation expense - governmental activities	<u>\$ 3,759,029</u>



	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Business-type activities:</b>					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 4,938,508	\$ --	\$ --	\$ --	4,938,508
Construction in progress	1,955,913	2,017,968	(159,628)	--	3,814,253
Total capital assets, not being depreciated	6,894,421	2,017,968	(159,628)	--	8,752,761
<u>Capital assets, being depreciated:</u>					
Buildings	5,358,573	26,500	--	--	5,385,073
Improvements other than buildings	10,164,380	--	--	--	10,164,380
Machinery and equipment	19,273,834	2,333,718	( 82,163)	76,825	21,602,214
Distribution and collection systems	87,571,564	88,892	--	--	87,660,456
Infrastructure	825,876	144,761	--	--	970,637
Total capital assets, being depreciated	123,194,227	2,593,871	(82,163)	76,825	125,782,760
Less accumulated depreciation for:					
Buildings	(2,027,395)	(106,013)	--	--	(2,133,408)
Improvements other than buildings	(4,132,137)	(264,318)	--	--	(4,396,455)
Machinery and equipment	(11,545,124)	(1,344,812)	82,163	(76,825)	(12,884,598)
Distribution and collection systems	(35,499,166)	(1,888,869)	--	--	(37,388,035)
Infrastructure	(27,469)	(80,150)	--	--	(107,619)
Total accumulated depreciation	(53,231,291)	(3,684,162)	82,163	(76,825)	(56,910,115)
Total capital assets, being depreciated, net	69,962,936	(1,090,291)	--	--	68,872,645
Business-type activities capital assets, net	\$ 76,857,357	\$ 927,677	\$ (159,628)	\$ --	\$ 77,625,406

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

The composition of interfund balances as of June 30, 2015, is as follows:

##### Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor enterprise funds	\$ 50,500	Temporary operating loan
Local Transportation Fund	Transit operations	440,469	Temporary operating loan
Nonmajor governmental funds	Nonmajor enterprise funds	680,133	Temporary operating loan
Internal service funds	General fund	11,544	Current portion of advance for underground storage tank upgrade
Total		\$ 1,182,646	

### 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	46,500	Advance for underground storage tank upgrade
Total		<u>\$ 599,563</u>	

### Interfund transfers

Transfers Out	Transfers In					
	General Fund	Public Safety Sales Tax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	Total
General fund	\$ --	\$ 11,821	\$ 2,932,470	\$ 1,650,480	\$ 80,548	\$ 4,675,319
Public safety sales tax fund	--	--	3,595,551	89,675	--	3,685,226
Local Transportation fund (LTF)	--	--	6,125,162	--	--	6,125,162
Community development block grant fund	104,602	--	403,311	--	--	507,913
Capital projects fund	--	--	--	--	2438	2,438
Nonmajor governmental funds	1,326,705	--	1,769,098	6,624	5,302	3,107,729
Enterprise funds	930	--	--	531	--	1,461
Total	<u>\$ 1,432,237</u>	<u>\$ 11,821</u>	<u>\$ 14,825,592</u>	<u>\$ 1,747,310</u>	<u>\$ 88,288</u>	<u>\$ 18,105,248</u>

Transfers are used to move revenues from the funds with collection authorization to the capital projects fund to finance various capital outlays including several construction projects. Resources were also moved to the debt service fund as debt service principal and interest payments become due. In turn, the general fund received an infusion of funds from non-major funds to help pay for debt service. CDBG grant funds were transferred to the general fund for the operation of the Youth Center which is one of the approved eligible HUD programs. The golf course and the Zalud enterprise funds received general fund resources to aid in the operations of the funds.

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

### Certificates of Participation

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

#### 2015 Refinancing Project

On June 18, 2015, the City issued certificates of participation in an aggregate principal amount of \$22,650,000 plus premium of \$787,314, through a private placement with Capital One Public Funding, LLC. The certificates will mature on June 1, 2035 with an interest rate of 3.85 percent per annum. Proceeds from the refunding were used to advance refund \$1,880,000 of outstanding 2002 Public Building Refunding Project certificates which had an

interest rate of 6.30 percent, and prepay the outstanding balance of \$21,060,000 on the 2013 Lease Agreement, which had been assigned to Rabobank, N.A., and had a variable interest rate based on the U.S. dollar one month LIBOR plus 2.125 percent. \$1,567,054 of the net proceeds and \$559,273 from the 2002 COP reserve fund were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded 2002 COP's. Net proceeds of \$21,208,516 were immediately transferred to Rabobank, N.A. for the prepayment of the outstanding principal plus accrued interest on the 2013 Lease. As a result, the 2002 COP's and 2013 Lease are considered defeased and the liability has been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debts by \$2,393,472. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt.

2002 Sewer System Refunding Project  
2002 Water System Refunding Project

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

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

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

2015 Refinancing Project	\$ 22,650,000
2002 Sewer System Refunding Project	2,575,000
2002 Water System Refunding Project	<u>2,400,000</u>
	<u>\$ 27,625,000</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
2016	\$ 260,000	\$ 828,344	\$ 1,135,000	\$ 277,673
2017	570,000	859,416	1,205,000	203,962
2018	895,000	831,504	1,275,000	125,843
2019	925,000	796,661	1,360,000	42,840
2020	945,000	760,952	--	--
2021 – 2025	5,110,000	3,244,491	--	--
2026 – 2030	6,310,000	2,156,770	--	--
2031 – 2035	<u>7,635,000</u>	<u>831,408</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 22,650,000</u>	<u>\$ 10,309,546</u>	<u>\$ 4,975,000</u>	<u>\$ 650,318</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, 2015 amount to \$19,555,000.

Debt service requirements on revenue bonds are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2016	\$ --	\$ 1,050,807
2017	--	1,050,808
2018	--	1,050,807
2019	--	1,050,808
2020	350,000	1,050,807
2021 – 2025	3,940,000	4,817,458
2026 – 2030	5,170,000	3,612,813
2031 – 2035	6,805,000	1,924,453
2036 – 2037	3,290,000	187,594
Total	\$ 19,555,000	\$ 15,796,355

### 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. The amount outstanding at June 30, 2015 is \$3,275,000.



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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
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	\$ 3,275,000	\$ 303,225

#### Notes payable

On October 1, 2003, the City of Porterville was awarded \$3,885,000 under the U.S. Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee Program to fund the construction of a new neighborhood community center. Annual debt service payments began on February 1, 2005. Repayment will be made over a 20-year term with interest rates ranging from 2.42 percent to 6.13 percent. In April of 2015, the City opted to participate in HUD's refinancing of the note in a Section 108 public offering to take advantage of lower interest rates. The term of the new note remains the same with final maturity in August of 2023. Interest rates on the new note varies from 0.35 percent to 2.49 percent. As of June 30, 2015, the outstanding balance of the note is \$2,352,000.

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, 2015 is \$4,085,804.

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, 2015, \$39,962 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, 2015 is \$6,170,331.

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, 2015, \$1,367,181 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
2016	\$ 219,000	\$ 26,727	\$ 372,899	\$ 386,814
2017	234,000	38,465	385,955	374,283
2018	251,000	36,327	398,632	361,302
2019	268,000	33,378	398,121	347,895
2020	285,000	28,916	411,668	334,654
2021 – 2025	1,095,000	56,095	3,438,668	1,721,649
2026 – 2030	--	--	2,593,452	868,026
2031 – 2035	--	--	1,844,557	489,576
2036 – 2040	--	--	1,819,326	137,913
Total	<u>\$ 2,352,000</u>	<u>\$ 219,908</u>	<u>\$ 11,663,278</u>	<u>\$ 5,022,112</u>

#### Arbitrage

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

#### Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Certificates payable	\$ 23,345,000	\$ 22,650,000	\$ (23,345,000)	\$ 22,650,000	\$ 260,000
Pension obligation bond	3,765,000	--	(490,000)	3,275,000	505,000
Plus deferred amounts:					
For issuance premiums	28,914	787,314	(28,914)	787,314	--
Total bonds payable	27,138,914	23,437,314	(23,863,914)	26,712,314	765,000
Notes payable	2,556,000	--	(204,000)	2,352,000	219,000
Claims*	1,174,482	2,157,107	(2,644,137)	687,452	459,540
Compensated absences*	1,105,702	990,105	(991,506)	1,104,301	643,503
Governmental activity					
Long-term liabilities	<u>\$ 31,975,098</u>	<u>\$ 26,584,526</u>	<u>\$ (27,703,557)</u>	<u>\$ 30,856,067</u>	<u>\$ 2,087,043</u>

\* Governmental compensated absences are primarily liquidated in the General Fund. 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>
<b>Business-type activities:</b>					
Bonds payable:					
Certificates payable	\$ 6,040,000	\$ --	\$ (1,065,000)	\$ 4,975,000	\$ 1,135,000
Revenue bonds	19,555,000	--	--	19,555,000	--
Plus deferred amounts:					
For issuance premiums	76,165	--	(17,913)	58,252	--
Less deferred amounts:					
For issuance discounts	(842,474)	--	47,797	(794,677)	--
Total bonds payable	24,828,691	--	(1,035,116)	23,793,575	1,135,000
Notes payable	12,023,529	--	(360,251)	11,663,278	372,899
Compensated absences	148,407	168,449	(165,163)	151,693	101,800
Business-type activity					
Long-term liabilities	<u>\$ 37,000,627</u>	<u>\$ 168,449</u>	<u>\$ (1,560,530)</u>	<u>\$ 35,608,546</u>	<u>\$ 1,609,699</u>

## F. 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, 2015, is as follows:

	General	Public Safety Sales Tax	Local Transportation Fund (LTF)	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Long-term notes receivable	\$3,820,221	--	--	--	--	--	\$3,820,221
Intergovernmental receivable - Successor Agency	622,457	--	--	--	--	--	622,457
Prepaid items	29,404	--	--	--	--	--	29,404
<b>Total nonspendable</b>	<b>4,472,082</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4,472,082</b>
<b>Restricted:</b>							
Ballpark projects	61,821	--	--	--	--	--	61,821
Public safety – police	--	--	--	--	--	218,192	218,192
Public safety station	--	1,177,447	--	--	--	--	1,177,447
Literacy center development	--	100,000	--	--	--	--	100,000
Community development	--	--	--	11,013,959	--	--	11,013,959
Public works projects	--	--	5,991,485	--	706,856	4,835,453	11,533,794
Building construction	--	--	--	--	--	680,133	680,133
Debt service	--	--	--	--	--	1,177,759	1,177,759
Landscape maintenance districts	--	--	--	--	--	518,470	518,470
<b>Total restricted</b>	<b>61,821</b>	<b>1,277,447</b>	<b>5,991,485</b>	<b>11,013,959</b>	<b>706,856</b>	<b>7,430,007</b>	<b>26,481,575</b>
<b>Committed:</b>							
Animal shelter construction	625,690	--	--	--	--	--	625,690
Porterville hotel project	209,086	--	--	--	--	--	209,086
Budget stabilization	3,583,720	--	--	--	--	--	3,583,720
Catastrophic/emergency reserve	500,000	--	--	--	--	--	500,000
Council special purposes	100,000	--	--	--	--	--	100,000
<b>Total committed</b>	<b>5,018,496</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5,018,496</b>
<b>Assigned:</b>							
Equipment replacement	6,667,615	--	--	--	--	--	6,667,615
<b>Total assigned</b>	<b>6,667,615</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6,667,615</b>
<b>Unassigned</b>	<b>598,714</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>598,714</b>
<b>Total fund balances</b>	<b>\$16,818,728</b>	<b>1,277,447</b>	<b>5,991,485</b>	<b>11,013,959</b>	<b>706,856</b>	<b>7,430,007</b>	<b>\$43,238,482</b>

## **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, 2015 for the workers' compensation and liability programs.

<u>Net Position</u>	<u>Workers' Compensation Program</u>	<u>Liability Program</u>
Assets	\$ 61,653,186	\$ 19,080,481
Liabilities to member cities	(54,025,290)	(17,983,720)
Net position, reserved for insurance claims and losses	<u>\$ 7,627,896</u>	<u>\$ 1,096,761</u>
<u>Changes in Net Position</u>		
Operating revenues	\$ 21,582,571	\$ 9,577,195
Operating expenses	(22,112,144)	(12,593,721)
Operating income (loss)	(529,573)	(3,016,526)
Non-operating revenues	555,579	665,075
Change in net position	26,006	(2,351,451)
Net position, July 1	<u>7,601,890</u>	<u>3,448,212</u>
Net position, June 30	<u>\$ 7,627,896</u>	<u>\$ 1,096,761</u>

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

## B. Risk management

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

The City's coverage for workers' compensation and general liability is as follows:

<u>Workers Compensation</u>
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, 2015, \$687,452 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, 2015	June 30, 2014
Unpaid claims, beginning of year	\$	1,174,482	\$ 1,124,065
Incurred claims		2,157,107	4,206,331
Claim payments		(2,644,137)	(4,155,914)
Unpaid claims, end of year	\$	<u>687,452</u>	<u>\$ 1,174,482</u>

### **C. Contingencies**

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

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

#### D. Construction and other significant commitments

The City has various construction projects ongoing as of June 30, 2015. The following are the City's significant commitments with contractors at fiscal yearend:

Project	Amount	Spent to Date as of June 30, 2015	Remaining Commitment
CNG facility expansion	\$ 2,027,315	\$ --	\$ 2,027,315
Miscellaneous parking lots	514,553	316,192	198,361
Oak Ave enhancement	397,809	--	397,809
Public safety station	4,658,020	3,822,199	835,821
Sewer annexation project	1,155,064	566,276	588,788
W North Grand reconstruction	1,175,306	363,002	812,303
Well #32	861,000	68,200	792,800
WWTF sludge dewatering & blower project	3,561,739	902,820	2,658,919

As discussed in note 1.D.1, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2015, the amount of encumbrances to be honored upon performance by the vendor in the next fiscal year are as follows:

General fund	\$ 79,795
Capital projects fund	2,697,406
Nonmajor enterprise funds	93,935
Sewer operations fund	3,828,619
Transit operations fund	2,201,502
Water operations fund	879,411
Total	<u>\$ 9,780,668</u>

#### E. Deferred compensation plans

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

Effective on July 1, 2012, the City implemented a two-tiered retirement benefit program. Concurrently, a supplemental deferred compensation (457) plan with a City-match component was implemented for all new employees hired 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.

## F. Defined benefit pension plan

### General Information about the Pension Plans

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City's separate *Miscellaneous, agent multiple-employer defined benefit pension plan*, and *Safety cost-sharing multiple-employer defined benefit pension plan*. Both plans are administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions, as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information.

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	Tier 1 Prior to July 1, 2012	Tier 2 On or after July 1, 2012	PEPRA On or after January 2, 2013
Hire date			
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of credited service	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.0%	7.0%	6.75%
Required employer contribution rates	24.743%	24.743%	24.743%

	Safety		
	Tier 1 Prior to July 1, 2012	Tier 2 On or after July 1, 2012	PEPRA On or after January 2, 2013
Hire date			
Benefit formula	3.0% @ 55	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of credited service	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	9.0%	7.0%	11.50%
Required employer contribution rates	22.250%	20.922%	11.50%



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

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

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each plan were as follows:

	Miscellaneous			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$1,639,050	\$98,597	\$285,294	\$2,022,941

	Safety			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$1,024,743	\$137,426	\$58,136	\$1,222,305

**Actuarial Methods and Assumptions** - For the measurement period ending June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 and the June 30, 2014 total pension liabilities for the *Miscellaneous Plan* and the *Safety Plan* were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Discount rate	7.5%
Inflation	3.0%
Salary increases	Varies by entry age and service
Investment rate of return	7.5% net of pension plan investment and administrative expenses; includes inflation
Mortality rate table <sup>1</sup>	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power Protection allowance floor on purchasing power applies; 2.75% thereafter

<sup>1</sup>The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on the CalPERS' website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS' website under Forms and Publications.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees' Retirement. The stress results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to both the agent and the public agency cost-sharing multiple-employer defined benefit pension plans.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as the methodology is changed.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global equity	47.0%	5.25%	5.71%
Global fixed income	19.0	0.99	2.43
Inflation sensitive	6.0	0.45	3.36
Private equity	12.0	6.83	6.95
Real estate	11.0	4.50	5.13
Infrastructure and forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

1 An expected inflation of 2.5% used for this period.

2 An expected inflation of 3.0% used for this period.

**Recognition of Gains and Losses** – Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

Difference between projected and actual earnings	5-year straight-line method
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

### **Miscellaneous Agent Multiple-Employer Plan**

**Changes in the Net Pension Liability** -The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous Plan and the amount of net pension liability reported at June 30, 2015:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2013	\$77,550,004	\$ 47,450,960	\$ 30,099,044
Changes recognized for the measurement period			
Service cost	1,707,141	-	1,707,141
Interest on the total pension liability	5,754,567	-	5,754,567
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	2,163,264	(2,163,264)
Contributions - employees	-	799,335	(799,335)
Net investment income	-	8,234,935	(8,234,935)
Benefit payments, including refunds of employee contributions	(3,352,011)	(3,352,011)	-
Net changes during 2013-2014	4,109,697	7,845,523	(3,735,826)
Balance at June 30, 2014	\$81,659,701	\$55,296,483	\$ 26,363,218

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the Miscellaneous Plan as of the measurement date, calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or higher than the current rate:

	Discount Rate – 1% 6.5%	Current Discount Rate 7.5%	Discount Rate + 1% 8.5%
Net pension liability	\$37,631,981	\$26,363,218	\$17,088,237

### ***Pension Expense and Deferred Outflows and Deferred Inflows of Resources***

For the year ended June 30, 2015, the City recognized pension expense of \$449,246 for the Miscellaneous Plan as follows:

Change in net pension liability	\$ (3,735,826)
Contributions	2,163,264
Deferral for subsequent contributions	(1,742,389)
Deferred inflow – excess investment earnings	3,764,197
Pension expense	<u>\$ 449,246</u>

At June 30, 2015, the City reports the following deferred outflows and deferred inflows of resources related to pensions for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,742,389	\$ -
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan Investments	-	(3,764,197)
Total	<u>\$ 1,742,389</u>	<u>\$ (3,764,197)</u>

Deferred outflows of \$1,742,389 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Deferred Inflows of Resources
2015	\$ (941,049)
2016	(941,049)
2017	(941,049)
2018	(941,050)

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

***Allocation of Net Pension Liability and Pension Expense to Individual Plans*** – A key aspect of GASB Statement No. 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. GASB Statement No. 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available. The CalPERS Public Agency Cost-Sharing Allocation Methodology Report is available on the CalPERS' website.

***Net Pension Liability*** – The City's net pension liability for its Safety Plan is the proportionate share of the risk pool collective net pension liability. At June 30, 2014, the measurement date, the City's proportionate share of the Safety Risk Pool's net pension liability is 0.26161 percent. As of June 30, 2015, the City reports net pension liability of \$9,812,745 for its proportionate share of the Safety Risk Pool collective net pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the Safety Plan as of the measurement date, calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or higher than the current rate:

	Discount Rate – 1% 6.5%	Current Discount Rate 7.5%	Discount Rate + 1% 8.5%
Net pension liability	\$17,169,744	\$ 9,812,745	\$ 3,750,896

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources**

For the year ended June 30, 2015, the City recognized pension expense of \$22,295 for the Safety Plan as follows:

Change in net pension liability	\$ (6,453,767)
Contributions	4,918,683
Deferral for subsequent contributions	(1,500,857)
Deferred inflow – excess investment earnings	3,058,236
Pension expense	<u>\$ 22,295</u>

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,500,857	\$ -
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan Investments	-	(2,863,234)
Adjustment due to differences in proportions	-	(195,002)
Total	<u>\$ 1,500,857</u>	<u>\$ (3,058,236)</u>

Deferred outflows of \$1,500,857 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Deferred Inflows of Resources
2015	\$ (785,452)
2016	(785,452)
2017	(771,525)
2018	(715,807)



## G. Other postemployment benefits

### Plan Description

In addition to the pension benefits described above in Note 5E, 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 a level percent, closed 30 year amortization period for the initial unfunded actuarial accrued liability (UAAL) and a level percent, open 25 year amortization period 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) 2.75 percent per year inflation rate, (b) an investment return/discount rate of 4.5 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 2.75 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, 2015:

Annual required contribution	\$	1,264,550
Interest on net OPEB obligation / (asset)		103,310
Adjustment to annual required contribution		<u>(308,790)</u>
Annual OPEB cost (expense)		1,059,070
Contributions made		<u>(440,906)</u>
Increase in net OPEB obligation / (asset)		618,164
Net OPEB obligation / (asset) – beginning of year		<u>2,295,780</u>
Net OPEB obligation / (asset) – end of year	\$	<u>2,913,944</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>
06/30/13	\$ 906,678	\$ 415,906	45.9%	\$ 2,078,558
06/30/14	\$ 931,678	\$ 713,995	76.7%	\$ 2,295,780
06/30/15	\$ 1,059,070	\$ 440,906	41.6%	\$ 2,913,944

The funded status of the plan as of March 1, 2015, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 11,823,551
Actuarial value of plan assets	<u>--</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 11,823,551</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll	12,972,210
UAAL as a percentage of covered payroll	91.2%

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 financial statements. As of June 30, 2015, the amount of the defeased debt outstanding amounted to \$18,880,000.

#### **NOTE 7 – Prior period adjustments**

The City adopted the provisions of GASB Statement No. 68 and GASB Statement No. 71, related to pensions, which became effective during the year ended June 30, 2015. As a result of the implementation, beginning net position was reduced by \$34,189,116 for governmental activities and by \$8,545,743 for business-type activities in the government-wide statements. Adjustments were also made to the net positions of the proprietary funds to conform to the requirements of said statements as follows:

Airport Operations	\$ 343,440
Golf Course	236,205
Sewer Operations	2,507,082
Solid Waste	3,046,527
Transit Operations	99,875
Water Operations	<u>2,612,614</u>
Total enterprise funds	\$ <u>8,845,743</u>
Risk Management	\$ 336,028
Equipment Management	<u>1,045,585</u>
Total internal service funds	\$ <u>1,381,613</u>

In previous fiscal years, the City reported a deferred revenue in the Community Development Block Grant (CDBG) fund equivalent to the amount of outstanding loan receivables at the end of each fiscal year. In fiscal year 2014-2015, the prior year balance in deferred revenue was closed into fund balance. This adjustment resulted in the increase of \$10,925,006 in the fund balances of governmental funds and the net position for governmental activities.

As in the CDBG fund, the unearned revenue which had been reported in the private-purpose trust fund in the prior fiscal years for the amount of the outstanding loan receivables was written-off to net position in 2014-2015. The outcome of this adjustment was to increase the net position of the private-purpose trust fund by \$1,193,405.

On December 17, 2014, the California State Department of Finance approved one of the loan agreements between the City and the Porterville Successor Agency, formerly the Porterville Redevelopment Agency. The amount outstanding on the loan was \$752,167. Pursuant to Health and Safety Code section 34191.4, accumulated interest on the loan is recalculated from loan origination at the Local Agency Investment Fund (LAIF) interest rate and supersedes any different interest calculation in the loan agreement. The recalculation of accrued interest on the original principal loan amount resulted in a loss of \$330,515 which decreased the fund balance of the general fund and the net position for governmental activities. Conversely, this adjustment reduced the outstanding liabilities of the Porterville Successor Agency and therefore increased its net position by \$330,515.

#### **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, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 615,669	\$ 1,650,532	--\$	2,266,201
Construction in progress	19,449	30,746	--	50,196
Improvements other than buildings	814,652	--	--	814,652
Accumulated depreciation - improvements	(149,032)	(16,293)	--	(165,325)
Capital assets, net	<u>\$ 1,300,738</u>	<u>\$ 1,664,985</u>	<u>--\$</u>	<u>2,965,724</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 \$2,750,000 of taxable bonds with interest rates ranging from 6.4 percent to 8.5 percent. The issue was undertaken to finance redevelopment activities and low and moderate housing activities within or of benefit to the Redevelopment Project Area, refund \$4,905,000 of the 2002 Revenue Bonds, fund a portion of the reserve account for the bonds, and provide for the costs of issuing the bonds. \$5,093,350 of the proceeds was deposited into an escrow account for all future debt service payments with respect to the 2002 Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$728,052. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. Revenue bonds outstanding at June 30, 2015 amount to \$7,515,000.

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, 2015, \$40,584 is owed in principal and deferred interest.

Fiscal Year Ending June 30	Revenue Bonds		Promissory Note	
	Principal	Interest	Principal	Interest
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	165,000	457,173	--	--
2021 – 2025	1,005,000	2,121,932	--	--
2026 – 2030	1,345,000	1,766,270	--	--
2031 – 2035	1,850,000	1,261,645	--	--
2036 – 2040	2,555,000	546,755	--	--
Total	<u>\$ 7,515,000</u>	<u>\$ 8,067,111</u>	<u>\$ 40,584</u>	<u>\$ 1,224</u>

#### Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 7,645,000	\$ --	\$ (130,000)	\$ 7,515,000	\$ 135,000
Less deferred amounts:					
For issuance discounts	(107,460)	--	4,256	(103,204)	--
Total bonds payable	7,537,540	--	(125,744)	7,411,796	135,000
Notes payable	66,650	--	(26,066)	40,584	26,854
Total long-term liabilities	<u>\$ 7,604,190</u>	<u>\$ --</u>	<u>\$ (151,810)</u>	<u>\$ 7,452,380</u>	<u>\$ 161,854</u>



### Intergovernmental payable

Advances made by the City of Porterville to the former redevelopment agency for various redevelopment purposes, before its dissolution, were transferred to the Successor Agency private-purpose trust fund as intergovernmental payable. The composition of intergovernmental payable as of June 30, 2015 is as follows:

<u>Purpose</u>	<u>Amount</u>
Start-up costs	\$ 342,950
Storm drain repairs	168,595
Payoff note payable to County	79,507
Construction of parking lot	514,105
Payoff note payable to Porterville Civic Development Foundation	200,000
Total intergovernmental payable	\$ <u>1,305,157</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**

GASB recently released several new accounting and financial reporting standards. The following GASB Statements will be implemented in future financial statements.

GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for reporting periods beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, is effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is effective for reporting periods beginning after June 15, 2015.

**Required Supplementary  
Information**



## REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2014</u>
Total pension liability:	
Service cost	\$ 1,707,141
Interest	5,754,567
Benefit payments, including refunds of employee contributions	<u>(3,352,011)</u>
Net change in total pension liability	4,109,697
 Total pension liability, beginning	 <u>77,550,004</u>
 Total pension liability, ending	 <u>\$ 81,659,701</u>
 Plan fiduciary net position:	
Contributions - employer	\$ 2,163,264
Contributions - employee	799,335
Net investment income	8,234,935
Benefit payments, including refunds of employee contributions	<u>(3,352,011)</u>
Net change in fiduciary net position	7,845,523
 Plan fiduciary net position, beginning	 <u>47,450,960</u>
 Plan fiduciary net position, ending	 <u>\$ 55,296,483</u>
 Plan net pension liability / (asset), ending	 <u>\$ 26,363,218</u>
 Plan fiduciary net positions as a percentage of the total pension liability	 67.72%
 Covered employee payroll	 \$ 9,479,377
 Plan net pension liability / (asset) as a percentage of covered employee payroll	 278.11%

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

## REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2014</u>
Actuarially determined contribution	\$ 2,163,264
Contributions in relation to the actuarially determined contribution	<u>(2,163,264)</u>
Contribution deficiency (excess)	<u>\$ 0</u>
Covered employee payroll	\$ 9,479,377
Contributions as a percentage of covered employee payroll	22.82%

#### Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-2014 were from the June 30, 2011 valuations.

Actuarial cost method	Entry age normal
Amortization method / period	Level percent of payroll / closed
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007 . Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

## REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2014</u>
Plan's proportion of the net pension liability / (asset)	0.15770%
Plan's proportionate share of the net pension liability / (asset)	\$ 9,812,745
Plan's covered employee payroll	\$ 5,317,226
Plan's proportionate share of the net pension liability / (asset) as a percentage of its covered employee payroll	184.55%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	82.13%
Plan's proportionate share of aggregate employer contributions	\$ 4,736,050

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



## REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2014</u>
Actuarially determined contribution	\$ 1,359,021
Contributions in relation to the actuarially determined contribution	<u>(4,918,683)</u>
Contributions deficiency (excess)	<u>\$ (3,559,662)</u>
 Covered employee payroll	 \$ 5,317,226
Contributions as a percentage of covered employee payroll	92.50%

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

# REQUIRED SUPPLEMENTARY INFORMATION

## Other Postemployment Benefits Plan Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
03/01/09	\$ -	\$ 9,983,546	\$ 9,983,546	0.0%	\$ 12,184,836	81.9%
03/01/11	-	5,348,777	5,348,777	0.0%	12,489,805	42.8%
03/01/13	-	7,014,995	7,014,995	0.0%	12,341,952	56.8%
03/01/15	-	11,823,551	11,823,551	0.0%	12,972,210	91.1%

City of Porterville  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive(Negative)
<b>REVENUES</b>				
Property taxes	\$ 7,100,442	\$ 7,100,442	\$ 7,424,560	\$ 324,118
Sales taxes	4,431,959	4,431,959	4,483,118	51,159
Utility users tax	4,000,000	4,000,000	3,882,942	(117,058)
Franchise tax	1,476,134	1,476,134	1,608,882	132,748
Transient occupancy tax	350,000	350,000	446,771	96,771
Business licenses	410,000	410,000	439,984	29,984
Building permits	175,000	175,000	233,446	58,446
Plumbing permits	100,000	100,000	149,224	49,224
Electrical permits	50,000	50,000	125,072	75,072
Other licenses and permits	17,000	17,000	19,032	2,032
Vehicle license fees	23,000	23,000	22,825	(175)
Federal grants	-	-	50,911	50,911
State grants/reimbursements	42,000	54,480	386,186	331,706
Other grants	-	13,036	13,036	-
Planning and zoning	35,000	35,000	48,491	13,491
Engineering and inspection	60,000	60,000	74,050	14,050
Police services	385,000	385,000	398,611	13,611
Fire services	28,000	28,000	36,652	8,652
Library services	40,000	40,000	43,029	3,029
Recreational activities	1,830,147	1,830,147	1,642,246	(187,901)
Other service charges	5,000	5,000	6,425	1,425
Interdepartmental service charge	1,600,000	1,600,000	1,742,559	142,559
Special assessments and fees	5,636	5,636	9,064	3,428
Parking fines	12,000	12,000	14,770	2,770
Vehicle code fines	3,000	3,000	2,847	(153)
Other fines	50,000	50,000	47,829	(2,171)
Interest	145,000	145,000	191,143	46,143
Rent	114,401	114,401	171,827	57,426
Contributions	4,000	4,000	5,771	1,771
Other revenues	60,500	60,500	115,985	55,485
Total revenues	22,553,219	22,578,735	23,837,288	1,258,553
<b>EXPENDITURES</b>				
Current:				
Community Development	810,527	810,527	628,779	181,748
General government	2,913,457	2,913,457	2,796,435	117,022
Parks and recreation	4,879,807	4,913,443	4,443,297	470,146
Public safety - fire	3,773,801	3,773,801	3,176,524	597,277
Public safety - police	8,856,918	8,856,918	7,948,160	908,758
Public works	2,403,733	2,403,733	2,172,397	231,336
Debt service:				
Interest and administrative charges	184	184	158	26
Capital outlay	578,000	578,000	756,545	(178,545)
Total expenditures	24,216,427	24,250,063	21,922,295	2,327,768
Excess (deficiency) of revenues over (under) expenditures	(1,663,208)	(1,671,328)	1,914,993	3,586,321
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,319,490	1,309,199	1,432,237	123,038
Transfers out	(2,708,905)	(2,708,905)	(4,675,319)	(1,966,414)
Sale of capital assets	-	-	12,099	12,099
Insurance recoveries	-	-	151,759	151,759
Total other financing sources (uses)	(1,389,415)	(1,399,706)	(3,079,224)	(1,679,518)
Net change in fund balance	(3,052,623)	(3,071,034)	(1,164,231)	1,906,803
Fund balance - beginning	18,313,474	18,313,474	18,313,474	-
Prior period adjustment	-	-	(330,515)	(330,515)
Fund balance - ending	\$ 15,260,851	\$ 15,242,440	\$ 16,818,728	\$ 1,576,288

City of Porterville  
Public Safety Sales Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive(Negative)
<b>REVENUES</b>				
Sales tax	\$ 3,245,254	\$ 3,245,254	\$ 3,112,998	\$ (132,256)
Charges for services	2,500	2,500	3,524	1,024
Interest	25,000	25,000	24,851	(149)
Total revenues	<u>3,272,754</u>	<u>3,272,754</u>	<u>3,141,373</u>	<u>(131,381)</u>
<b>EXPENDITURES</b>				
Current:				
Parks and leisure services	475,000	475,000	413,131	61,869
Public safety - fire	1,012,000	1,012,000	794,217	217,783
Public safety - police	1,452,142	1,452,142	1,321,896	130,246
Total expenditures	<u>2,939,142</u>	<u>2,939,142</u>	<u>2,529,244</u>	<u>409,898</u>
Excess(deficiency) of revenues over(under) expenditures	<u>333,612</u>	<u>333,612</u>	<u>612,129</u>	<u>278,517</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	11,821	11,821
Transfers out	(4,700,000)	(4,700,000)	(3,685,226)	1,014,774
Total other financing sources (uses)	<u>(4,700,000)</u>	<u>(4,700,000)</u>	<u>(3,673,405)</u>	<u>1,026,595</u>
Net change in fund balance	<u>(4,366,388)</u>	<u>(4,366,388)</u>	<u>(3,061,276)</u>	<u>1,305,112</u>
Fund balance - beginning	4,338,723	4,338,723	4,338,723	-
Fund balance - ending	<u>\$ (27,665)</u>	<u>\$ (27,665)</u>	<u>\$ 1,277,447</u>	<u>\$ 1,305,112</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, 2015

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Final Budget</u> <u>Positive(Negative)</u>
REVENUES				
Other taxes:				
State gasoline tax - LTF	\$ 500,000	\$ 500,000	\$ 1,786,423	\$ 1,286,423
Sales tax - County Measure R	3,232,486	3,232,486	5,205,934	1,973,448
Intergovernmental:				
Federal grants	2,295,773	2,295,773	1,912,010	(383,763)
Interest	<u>10,000</u>	<u>10,000</u>	<u>48,815</u>	<u>38,815</u>
Total revenues	<u>6,038,259</u>	<u>6,038,259</u>	<u>8,953,182</u>	<u>2,914,923</u>
OTHER FINANCING USES				
Transfers out	<u>(7,140,613)</u>	<u>(7,140,613)</u>	<u>(6,125,162)</u>	<u>1,015,451</u>
Total other financing uses	<u>(7,140,613)</u>	<u>(7,140,613)</u>	<u>(6,125,162)</u>	<u>1,015,451</u>
Net change in fund balance	<u>(1,102,354)</u>	<u>(1,102,354)</u>	<u>2,828,020</u>	<u>3,930,374</u>
Fund balance - beginning	<u>3,163,465</u>	<u>3,163,465</u>	<u>3,163,465</u>	<u>-</u>
Fund balance - ending	\$ <u>2,061,111</u>	\$ <u>2,061,111</u>	\$ <u>5,991,485</u>	\$ <u>3,930,374</u>



City of Porterville  
Community Development Block Grant  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with
			Actual	Final Budget
	Original	Final	Amounts	Positive(Negative)
REVENUES				
Federal grants	\$ 667,621	\$ 667,621	\$ 662,132	\$ (5,489)
State grants/reimbursements	540,000	540,000	171,314	(368,686)
Other service charges	232,000	232,000	2,067	(229,933)
Interest	20,000	20,000	24,148	4,148
Total revenues	1,459,621	1,459,621	859,661	(599,960)
EXPENDITURES				
Current:				
Community Development	164,956	157,943	588,208	(430,265)
Debt Service:				
Principal	204,000	204,000	204,000	-
Interest and administrative charges	140,050	140,050	216,237	(76,187)
Total expenditures	509,006	501,993	1,008,445	(430,265)
Excess(deficiency) of revenues over(under) expenditures	950,615	957,628	(148,784)	(1,030,225)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,483,571)	(1,483,571)	(507,913)	975,658
Net change in fund balance	(532,956)	(525,943)	(656,697)	(130,754)
Fund balance - beginning	745,650	745,650	745,650	-
Prior period adjustment	-	-	10,925,006	10,925,006
Fund balance - ending	\$ 212,694	\$ 219,707	\$ 11,013,959	\$ 10,794,252

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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.

**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.

**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, 2015**

	Special Revenue				
	Special Gas Tax	Traffic Safety	Public Safety Grant	Landscape Maintenance District	Transportation Development
<b>ASSETS</b>					
Cash and investments	\$ 2,146,655	\$ -	\$ 204,554	\$ 524,566	\$ 956,564
Receivables - misc (net):					
Interest	-	-	-	-	-
Taxes	-	-	-	3,747	-
Other	-	-	-	-	-
Intergovernmental receivables	13,055	19,821	21,061	-	-
Interfund receivables	-	-	-	-	-
Restricted - cash with fiscal agent	-	-	-	-	-
Total assets	<u>\$ 2,159,710</u>	<u>\$ 19,821</u>	<u>\$ 225,615</u>	<u>\$ 528,313</u>	<u>\$ 956,564</u>
<b>LIABILITIES</b>					
Accounts and other payables	\$ -	\$ -	\$ 534	\$ 9,844	\$ -
Payroll payable	-	-	6,889	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>7,423</u>	<u>9,844</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted					
Building construction	-	-	-	-	-
Debt Service	-	-	-	-	-
Landscape maintenance districts	-	-	-	518,469	-
Public safety	-	-	218,192	-	-
Public works	<u>2,159,710</u>	<u>19,821</u>	<u>-</u>	<u>-</u>	<u>956,564</u>
Total fund balances	<u>2,159,710</u>	<u>19,821</u>	<u>218,192</u>	<u>518,469</u>	<u>956,564</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,159,710</u>	<u>\$ 19,821</u>	<u>\$ 225,615</u>	<u>\$ 528,313</u>	<u>\$ 956,564</u>

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

**CITY OF PORTERVILLE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Park Development	Storm Drain Development	Building Construction	General Government	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 1,696,952	\$ -	\$ 167,448	\$ 5,696,739
Receivables - misc (net):					
Interest	-	-	-	4	4
Taxes	-	-	-	-	3,747
Other	-	2,407	-	-	2,407
Intergovernmental receivables	-	-	-	-	53,937
Interfund receivables	-	-	680,133	-	680,133
Restricted - cash with fiscal agent	-	-	-	1,010,307	1,010,307
Total assets	\$ -	\$ 1,699,359	\$ 680,133	\$ 1,177,759	\$ 7,447,274
<b>LIABILITIES</b>					
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	\$ 10,378
Payroll payable	-	-	-	-	6,889
Total liabilities	-	-	-	-	17,267
<b>FUND BALANCES</b>					
Restricted					
Building construction	-	-	680,133	-	680,133
Debt service	-	-	-	1,177,759	1,177,759
Landscape maintenance districts	-	-	-	-	518,469
Public safety	-	-	-	-	218,192
Public works	-	1,699,359	-	-	4,835,454
Total fund balances	-	1,699,359	680,133	1,177,759	7,430,007
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 1,699,359	\$ 680,133	\$ 1,177,759	\$ 7,447,274

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

CITY OF PORTERVILLE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2015

	Special Revenue				
	Special Gas Tax	Traffic Safety	Public Safety Grant	Landscape Maintenance District	Transportation Development
Revenues:					
Intergovernmental	\$ 1,921,667	\$ -	\$ 310,792	\$ -	\$ -
Special assessments and fees	-	-	-	79,057	85,015
Fines and forfeitures	-	165,435	-	-	-
Investment earnings	26,552	823	2,656	-	9,983
Miscellaneous	-	-	59,357	-	-
Total revenues	<u>1,948,219</u>	<u>166,258</u>	<u>372,805</u>	<u>79,057</u>	<u>94,998</u>
Expenditures:					
Parks and leisure services	-	-	-	200,351	-
Public safety - fire	-	-	23,631	-	-
Public safety - police	-	-	243,900	-	-
Debt redemption - principal	-	-	-	-	-
Debt redemption - interest & charges	-	-	-	-	-
Refunding bond issuance costs	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>267,531</u>	<u>200,351</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,948,219</u>	<u>166,258</u>	<u>105,274</u>	<u>(121,294)</u>	<u>94,998</u>
Other financing sources (uses):					
Transfers in	-	-	320	-	-
Transfers out	(1,966,648)	(200,490)	(56,624)	-	(150,000)
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-
Debt redemption - principal	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(1,966,648)</u>	<u>(200,490)</u>	<u>(56,304)</u>	<u>-</u>	<u>(150,000)</u>
Net change in fund balances	<u>(18,429)</u>	<u>(34,232)</u>	<u>48,970</u>	<u>(121,294)</u>	<u>(55,002)</u>
Fund balances - July 1	<u>2,178,139</u>	<u>54,053</u>	<u>169,222</u>	<u>639,763</u>	<u>1,011,566</u>
Fund balances - June 30	<u>\$ 2,159,710</u>	<u>\$ 19,821</u>	<u>\$ 218,192</u>	<u>\$ 518,469</u>	<u>\$ 956,564</u>

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

CITY OF PORTERVILLE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2015

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Park Development	Storm Drain Development	Building Construction	General Government	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	2,232,459
Special assessments and fees	71,477	73,182	-	-	308,731
Fines and forfeitures	-	-	-	-	165,435
Investment earnings	86	21,889	7,093	(1,239)	67,843
Miscellaneous	-	-	1,809	-	61,166
Total revenues	<u>71,563</u>	<u>95,071</u>	<u>8,902</u>	<u>(1,239)</u>	<u>2,835,634</u>
Expenditures:					
Parks and leisure services	-	-	-	-	200,351
Public safety - fire	-	-	-	-	23,631
Public safety - police	-	-	-	-	243,900
Debt redemption - principal	-	-	-	895,000	895,000
Debt redemption - interest & charges	-	-	-	1,082,416	1,082,416
Refunding bond issuance costs	-	-	-	655,830	655,830
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,633,246</u>	<u>3,101,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,563</u>	<u>95,071</u>	<u>8,902</u>	<u>(2,634,485)</u>	<u>(265,494)</u>
Other financing sources (uses):					
Transfers in	-	-	-	1,746,990	1,747,310
Transfers out	(71,563)	(641,184)	(21,220)	-	(3,107,729)
Refunding bonds issued	-	-	-	22,650,000	22,650,000
Premium on refunding bonds issued	-	-	-	787,314	787,314
Debt redemption - principal	-	-	-	(21,060,000)	(21,060,000)
Payment to refunded bond escrow agent	-	-	-	(2,126,330)	(2,126,330)
Total other financing sources (uses)	<u>(71,563)</u>	<u>(641,184)</u>	<u>(21,220)</u>	<u>1,997,974</u>	<u>(1,109,435)</u>
Net change in fund balances	<u>-</u>	<u>(546,113)</u>	<u>(12,318)</u>	<u>(636,511)</u>	<u>(1,374,929)</u>
Fund balances - July 1	<u>-</u>	<u>2,245,472</u>	<u>692,451</u>	<u>1,814,270</u>	<u>8,804,936</u>
Fund balances - June 30	<u>\$ -</u>	<u>\$ 1,699,359</u>	<u>\$ 680,133</u>	<u>\$ 1,177,759</u>	<u>\$ 7,430,007</u>

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

## 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, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax section 2103	\$ 576,073	\$ 515,598	\$ (60,475)
State gasoline tax section 2105	264,741	301,689	36,948
State gasoline tax section 2106	210,830	172,865	(37,965)
State gasoline tax section 2107	325,295	386,107	60,812
State gasoline tax section 2107.5	7,500	7,500	-
Total other taxes	<u>1,384,439</u>	<u>1,383,759</u>	<u>(680)</u>
Intergovernmental:			
State grants	500,000	524,491	24,491
Federal grants	<u>263,000</u>	<u>13,417</u>	<u>(249,583)</u>
Total intergovernmental	<u>763,000</u>	<u>537,908</u>	<u>(225,092)</u>
Interest	<u>15,000</u>	<u>26,552</u>	<u>11,552</u>
Total revenues	<u>2,162,439</u>	<u>1,948,219</u>	<u>(214,220)</u>
Other financing uses:			
Transfers out	<u>(4,160,542)</u>	<u>(1,966,648)</u>	<u>2,193,894</u>
Total other financing uses	<u>(4,160,542)</u>	<u>(1,966,648)</u>	<u>2,193,894</u>
Net change in fund balance	\$ <u>(1,998,103)</u>	(18,429)	\$ <u>1,979,674</u>
Fund balance - July 1		<u>2,178,139</u>	
Fund balance - June 30		\$ <u>2,159,710</u>	



CITY OF PORTERVILLE

TRAFFIC SAFETY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 150,000	\$ 165,435	\$ 15,435
Interest	200	823	623
Total revenues	150,200	166,258	16,058
Other financing uses:			
Transfers out	(150,200)	(200,490)	(50,290)
Total other financing uses	(150,200)	(200,490)	(50,290)
Net change in fund balance	\$ -	(34,232)	\$ (34,232)
Fund balance - July 1		54,053	
Fund balance - June 30		\$ 19,821	

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, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grants	\$ 196,217	\$ 268,605	\$ 72,388
Federal grants	25,100	42,187	17,087
Total intergovernmental	<u>221,317</u>	<u>310,792</u>	<u>89,475</u>
Interest	1,000	2,656	1,656
Other	<u>500</u>	<u>59,357</u>	<u>58,857</u>
Total revenues	<u>222,817</u>	<u>372,805</u>	<u>149,988</u>
Expenditures:			
Public safety - fire	25,100	23,631	1,469
Public safety - police	<u>292,664</u>	<u>243,900</u>	<u>48,764</u>
Total expenditures	<u>317,764</u>	<u>267,531</u>	<u>50,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(94,947)</u>	<u>105,274</u>	<u>200,221</u>
Other financing uses:			
Transfers in	-	320	320
Transfers out	<u>(50,000)</u>	<u>(56,624)</u>	<u>(6,624)</u>
Total other financing uses	<u>(50,000)</u>	<u>(56,304)</u>	<u>(6,304)</u>
Net change in fund balance	\$ <u>(144,947)</u>	48,970	\$ <u>193,917</u>
Fund balance - July 1		<u>169,222</u>	
Fund balance - June 30		\$ <u>218,192</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, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 81,628	\$ 79,057	\$ (2,571)
Total revenues	<u>81,628</u>	<u>79,057</u>	<u>(2,571)</u>
Expenditures:			
Parks and leisure services:			
Cost of service	<u>214,705</u>	<u>200,351</u>	<u>14,354</u>
Total expenditures	<u>214,705</u>	<u>200,351</u>	<u>14,354</u>
Net change in fund balance	\$ <u>(133,077)</u>	(121,294)	\$ <u>(16,925)</u>
Fund balance - July 1		<u>639,763</u>	
Fund balance - June 30		\$ <u>518,469</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, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 150,000	\$ 85,015	\$ (64,985)
Interest	8,000	9,983	1,983
Total revenues	<u>158,000</u>	<u>94,998</u>	<u>(63,002)</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>(83,750)</u>	(55,002)	\$ <u>28,748</u>
Fund balance - July 1		<u>1,011,566</u>	
Fund balance - June 30		\$ <u>956,564</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, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 20,000	\$ 71,477	\$ 51,477
Interest	-	86	86
Total revenues	<u>20,000</u>	<u>71,563</u>	<u>51,563</u>
Other financing uses:			
Transfers out	<u>(20,000)</u>	<u>(71,563)</u>	<u>(51,563)</u>
Total other financing uses	<u>(20,000)</u>	<u>(71,563)</u>	<u>(51,563)</u>
Net change in fund balance	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		\$ <u>-</u>	

CITY OF PORTERVILLE

STORM DRAIN DEVELOPMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 100,000	\$ 73,182	\$ (26,818)
Interest	15,000	21,889	6,889
Total revenues	<u>115,000</u>	<u>95,071</u>	<u>(19,929)</u>
Other financing uses:			
Transfers out	<u>(2,164,971)</u>	<u>(641,184)</u>	<u>1,523,787</u>
Total other financing uses	<u>(2,164,971)</u>	<u>(641,184)</u>	<u>1,523,787</u>
Net change in fund balance	\$ <u>(2,049,971)</u>	(546,113)	\$ <u>1,503,858</u>
Fund balance - July 1		<u>2,245,472</u>	
Fund balance - June 30		\$ <u>1,699,359</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, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 4,000	\$ 7,093	\$ 3,093
Other	-	1,809	1,809
Total revenues	4,000	8,902	4,902
Other financing uses:			
Transfers out	(504,000)	(21,220)	482,780
Total other financing uses	(504,000)	(21,220)	482,780
Net change in fund balance	\$ (500,000)	(12,318)	\$ 487,682
Fund balance - July 1		692,451	
Fund balance - June 30		\$ 680,133	

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, 2015

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 5,000	\$ (1,239)	\$ (6,239)
Other	508,491	-	(508,491)
Total revenues	513,491	(1,239)	(514,730)
Expenditures:			
General government:			
Administration	2,500	2,200	300
Debt redemption, principal	895,000	895,000	-
Debt redemption, interest & charges	931,778	1,080,216	(148,438)
Refunding bonds issuance costs	-	578,966	(578,966)
Total expenditures	1,829,278	2,556,382	(727,104)
Excess (deficiency) of revenues over (under) expenditures	(1,315,787)	(2,557,621)	(1,241,834)
Other financing sources (uses):			
Transfers in	1,231,178	1,746,990	515,812
Refunding bonds issued	-	22,650,000	22,650,000
Premium on refunding bonds issued	-	710,450	710,450
Debt redemption, principal	-	(21,060,000)	(21,060,000)
Payment to refunded bond escrow agent	-	(2,126,330)	(2,126,330)
Total other financing sources (uses)	1,231,178	1,921,110	689,932
Net change in fund balance	\$ (84,609)	(636,511)	\$ (551,902)
Fund balance - July 1		1,814,270	
Fund balance - June 30		\$ 1,177,759	

## **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, 2015

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 80,158	\$ 1,552,833	\$ 500	\$ 1,633,491
Accounts receivable, net of allowance for uncollectibles	-	36,386	2,836	39,222
Intergovernmental receivables	-	33,019	-	33,019
Inventories	-	118,285	-	118,285
Total current assets	80,158	1,740,523	3,336	1,824,017
Noncurrent assets:				
Capital assets:				
Land	23,240	1,000,125	102,048	1,125,413
Construction in progress	-	128,967	8,865	137,832
Buildings and equipment	138,867	1,162,811	357,987	1,659,665
Improvements other than buildings	3,547	8,863,991	385,917	9,253,455
Less accumulated depreciation	(111,076)	(4,678,387)	(490,617)	(5,280,080)
Total noncurrent assets	54,578	6,477,507	364,200	6,896,285
Total assets	134,736	8,218,030	367,536	8,720,302
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension-related items	-	21,421	14,732	36,153
Total deferred outflows of resources	-	21,421	14,732	36,153
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and other payables	304	19,780	7,258	27,342
Payroll payable	428	7,466	5,350	13,244
Interfund payable	-	-	730,633	730,633
Compensated absences payable	-	4,400	2,001	6,401
Accrued interest payable	-	1,369	-	1,369
Loans payable - current	-	12,768	-	12,768
Total current liabilities	732	45,783	745,242	791,757
Noncurrent liabilities:				
Compensated absences payable	-	3,932	-	3,932
Loans payable	-	27,194	-	27,194
Net pension liability	-	324,107	222,908	547,015
Total noncurrent liabilities	-	355,233	222,908	578,141
Total liabilities	732	401,016	968,150	1,369,898
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension-related items	-	46,277	31,827	78,104
Total deferred inflow of resources	-	46,277	31,827	78,104
<b>NET POSITION</b>				
Net investment in capital assets	54,578	6,437,545	364,200	6,856,323
Unrestricted	79,426	1,354,613	(981,909)	452,130
Total net position	\$ 134,004	\$ 7,792,158	\$ (617,709)	\$ 7,308,453

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, 2015

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 5,558	\$ 1,188,404	\$ 207,881	\$ 1,401,843
Other revenues	53	154,296	89	154,438
Total operating revenues	5,611	1,342,700	207,970	1,556,281
Operating expenses:				
Cost of sales and services	13,393	1,217,357	232,634	1,463,384
General and administrative	4,462	85,161	83,533	173,156
Depreciation/amortization	3,437	265,541	42,486	311,464
Total operating expenses	21,292	1,568,059	358,653	1,948,004
Operating income (loss)	(15,681)	(225,359)	(150,683)	(391,723)
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	10,000	-	10,000
Investment earnings	783	17,296	1,376	19,455
Interest expense	-	(1,900)	-	(1,900)
Sale of capital assets	-	1,000	1,012	2,012
Total nonoperating revenue (expenses)	783	26,396	2,388	29,567
Income before contributions and transfers	(14,898)	(198,963)	(148,295)	(362,156)
Capital contributions and transfers:				
Capital contributions - federal and state grants	-	65,016	-	65,016
Transfers in	10,000	5,302	69,000	84,302
Total contributions and transfers	10,000	70,318	69,000	149,318
Change in net position	(4,898)	(128,645)	(79,295)	(212,838)
Net position - beginning	138,902	8,264,243	(302,209)	8,100,936
Prior period adjustments	-	(343,440)	(236,205)	(579,645)
Net position - ending	\$ 134,004	\$ 7,792,158	\$ (617,709)	\$ 7,308,453

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, 2015

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 5,611	\$ 1,367,581	\$ 208,473	\$ 1,581,665
Payments to employees	(10,594)	(179,182)	(123,746)	(313,522)
Payments to suppliers and others	(7,418)	(1,046,997)	(189,718)	(1,244,133)
Net cash provided by operating activities	(12,401)	141,402	(104,991)	24,010
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash from interfund	-	-	100,784	100,784
Subsidy from federal and state grants	-	10,000	-	10,000
Transfers in from other funds	10,000	5,302	69,000	84,302
Net cash (used) by noncapital financing	10,000	15,302	169,784	195,086
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Construction and other capital projects	-	(35,181)	-	(35,181)
Interest paid on long-term debt and advances	-	(2,309)	-	(2,309)
Principal payments on long-term debt	-	(11,949)	-	(11,949)
Proceeds from sale of capital assets	-	1,000	1,012	2,012
Purchase of capital assets	-	(20,000)	(67,181)	(87,181)
Subsidy from federal and state grants	-	32,004	-	32,004
Net cash (used) by capital and related financing activities	-	(36,435)	(66,169)	(102,604)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	783	17,296	1,376	19,455
Net cash provided by investing activities	783	17,296	1,376	19,455
Net Increase (decrease) in cash and cash equivalents	(1,618)	137,565	-	135,947
Balances - beginning of year	81,776	1,415,268	500	1,497,544
Balances - end of the year	\$ 80,158	\$ 1,552,833	\$ 500	\$ 1,633,491
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (15,681)	\$ (225,359)	\$ (150,683)	\$ (391,723)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	3,437	265,541	42,486	311,464
Changes in assets and liabilities:				
Accounts payable	(81)	(2,289)	(2,174)	(4,544)
Compensated absences	-	1,644	810	2,454
Customer receivables	-	24,881	503	25,384
Inventory	-	72,155	-	72,155
Pensions	-	5,523	3,798	9,321
Salaries and benefits payable	(76)	(694)	269	(501)
Net cash provided by operating activities	\$ (12,401)	\$ 141,402	\$ (104,991)	\$ 24,010

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, 2015

	Risk Management	Equipment Management	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 483,730	\$ 970,455	\$ 1,454,185
Accounts receivable, net of allowance for uncollectibles	37,083	30,462	67,545
Intergovernmental receivable	682,700	411	683,111
Interfund receivable	11,544	-	11,544
Total current assets:	<u>1,215,057</u>	<u>1,001,328</u>	<u>2,216,385</u>
Noncurrent assets:			
Advances receivable	46,500	-	46,500
Capital assets:			
Buildings and equipment	-	715,875	715,875
Improvements other than buildings	-	6,639	6,639
Less accumulated depreciation	-	(527,319)	(527,319)
Total noncurrent assets:	<u>46,500</u>	<u>195,195</u>	<u>241,695</u>
Total assets	<u>1,261,557</u>	<u>1,196,523</u>	<u>2,458,080</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension-related items	20,958	65,214	86,172
Total deferred outflows of resources	<u>20,958</u>	<u>65,214</u>	<u>86,172</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	105,861	83,732	189,593
Payroll payable	6,524	22,215	28,739
Accrued claims	459,540	-	459,540
Compensated absences payable	6,593	15,867	22,460
Total current liabilities	<u>578,518</u>	<u>121,814</u>	<u>700,332</u>
Noncurrent liabilities:			
Accrued claims	227,912	-	227,912
Compensated absences payable	612	7,792	8,404
Net pension liability	317,112	986,726	1,303,838
Total noncurrent liabilities	<u>545,636</u>	<u>994,518</u>	<u>1,540,154</u>
Total liabilities	<u>1,124,154</u>	<u>1,116,332</u>	<u>2,240,486</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension-related items	45,278	140,887	186,165
Total deferred inflows of resources	<u>45,278</u>	<u>140,887</u>	<u>186,165</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	195,195	195,195
Restricted for self-insurance	113,083	-	113,083
Unrestricted	-	(190,677)	(190,677)
Total net position	<u>\$ 113,083</u>	<u>\$ 4,518</u>	<u>\$ 117,601</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, 2015

	Risk Management	Equipment Management	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 4,819,381	\$ 2,846,703	\$ 7,666,084
Other revenues	434	179,331	179,765
Total operating revenues	<u>4,819,815</u>	<u>3,026,034</u>	<u>7,845,849</u>
Operating expenses:			
Cost of sales and services	4,782,956	2,711,393	7,494,349
General and administrative	152,990	73,723	226,713
Depreciation/amortization	-	44,180	44,180
Total operating expenses	<u>4,935,946</u>	<u>2,829,296</u>	<u>7,765,242</u>
Operating income (loss)	(116,131)	196,738	80,607
Nonoperating revenues (expenses):			
Investment earnings	74	9,821	9,895
Change in net position	<u>(116,057)</u>	<u>206,559</u>	<u>90,502</u>
Net position - beginning	<u>565,168</u>	<u>843,544</u>	<u>1,408,712</u>
Prior period adjustments	<u>(336,028)</u>	<u>(1,045,585)</u>	<u>(1,381,613)</u>
Net position - ending	<u>\$ 113,083</u>	<u>\$ 4,518</u>	<u>\$ 117,601</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, 2015

	Risk Management	Equipment Management	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customer	\$ 4,800,747	\$ 3,034,827	\$ 7,835,574
Payments to employees	(150,520)	(569,404)	(719,924)
Payments to suppliers and others	(5,326,412)	(2,279,875)	(7,606,287)
Net cash provided by operating activities	<u>(676,185)</u>	<u>185,548</u>	<u>(490,637)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances to other funds	21,197	-	21,197
Intergovernmental - operating assistance	-	57	57
Net cash (used) by noncapital financing	<u>21,197</u>	<u>57</u>	<u>21,254</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	(12,095)	(12,095)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(12,095)</u>	<u>(12,095)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	74	9,821	9,895
Net cash provided by investing activities	<u>74</u>	<u>9,821</u>	<u>9,895</u>
Net Increase (decrease) in cash and cash equivalents	<u>(654,914)</u>	<u>183,331</u>	<u>(471,583)</u>
Balances - beginning of year	<u>1,138,644</u>	<u>787,124</u>	<u>1,925,768</u>
Balances - end of the year	<u>\$ 483,730</u>	<u>\$ 970,455</u>	<u>\$ 1,454,185</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (116,131)	\$ 196,738	\$ 80,607
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	44,180	44,180
Changes in assets and liabilities:			
Accounts payable	(59,177)	(84,419)	(143,596)
Accrued claims	(487,030)	-	(487,030)
Compensated absences	(855)	61	(794)
Customer receivables	(19,068)	8,793	(10,275)
Pensions	5,404	16,814	22,218
Salaries and benefits payable	672	3,381	4,053
Net cash provided by operating activities	<u>\$ (676,185)</u>	<u>\$ 185,548</u>	<u>\$ (490,637)</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, 2015

<u>Special Deposits</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>
<b>Assets</b>				
Cash and investments	\$ 1,434,316	\$ 1,245,183	\$ 1,272,266	\$ 1,407,233
Total assets	<u>\$ 1,434,316</u>	<u>\$ 1,245,183</u>	<u>\$ 1,272,266</u>	<u>\$ 1,407,233</u>
<b>Liabilities</b>				
Accounts and other payables	\$ 24,332	\$ 1,119,841	\$ 1,132,888	\$ 11,285
Refundable deposits, utilities	354,853	115,180	94,680	375,353
Refundable deposits, miscellaneous	581,629	1,065,230	1,051,942	594,917
Other deposits, safety	473,502	68,264	116,088	425,678
Total liabilities	<u>\$ 1,434,316</u>	<u>\$ 2,368,515</u>	<u>\$ 2,395,598</u>	<u>\$ 1,407,233</u>



## Statistical Section



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	120
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	126
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	131
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	135
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	137
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	<u>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>	<u>2014-15</u>
Governmental activities:										
Net investment in capital assets	\$ 17,122	\$ 314,402	\$ 337,298	\$ 349,278	\$ 351,422	\$ 351,797	\$ 352,352	\$ 350,078	\$ 362,675	\$ 376,078
Restricted	10,326	14,739	12,732	15,181	14,383	11,681	9,160	8,266	4,152	2,828
Unrestricted	(96)	21,232	26,116	16,992	15,908	17,321	23,043	28,545	32,343	5,314
Total governmental activities net position	<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>	<u>\$ 384,220</u>
Business-type activities:										
Net investment in capital assets	\$ 26,690	\$ 32,940	\$ 39,016	\$ 41,328	\$ 35,164	\$ 46,006	\$ 44,059	\$ 44,211	\$ 43,444	\$ 47,096
Restricted	4,061	3,960	2,494	1,453	1,450	3,251	3,271	3,239	3,272	3,297
Unrestricted	21,323	18,172	18,641	18,807	26,701	18,665	21,633	24,254	27,762	16,239
Total business-type activities net position	<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>	<u>\$ 66,632</u>
Primary government:										
Net investment in capital assets	\$ 43,812	\$ 346,623	\$ 376,314	\$ 390,606	\$ 386,586	\$ 397,803	\$ 396,411	\$ 394,289	\$ 406,119	\$ 423,174
Restricted	14,387	18,699	15,226	16,634	15,833	14,932	12,431	11,505	7,424	6,125
Unrestricted	21,227	40,123	44,757	35,799	42,609	35,986	44,676	52,799	60,105	21,553
Total primary government net position	<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>	<u>\$ 450,852</u>

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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>EXPENSES</b>										
Governmental activities:										
Community and economic development	\$ 2,355	\$ 2,401	\$ 3,595	\$ 2,690	\$ 3,284	\$ 3,070	\$ 1,975	\$ 1,450	\$ 1,350	\$ 1,572
General government	2,614	2,619	2,726	2,847	4,925	3,613	3,041	2,923	2,816	3,197
Parks and recreation	4,088	4,140	5,018	5,165	5,528	5,449	5,832	5,350	5,490	5,865
Public safety - fire	3,015	3,306	3,721	3,979	4,410	4,646	4,878	4,498	4,692	4,283
Public safety - police	6,632	7,285	8,335	9,023	9,746	9,725	10,368	9,788	10,863	10,174
Public works	2,461	3,776	4,106	4,654	5,448	6,392	7,135	6,694	5,258	7,271
Interest on long-term debt	2,587	1,796	1,746	1,909	1,942	1,934	1,524	1,080	1,205	1,203
Total governmental activities expenses	<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>	<u>33,565</u>
Business-type activities:										
Airport	972	1,290	1,562	1,656	974	1,287	1,563	1,335	1,534	1,570
Golf course	398	382	388	419	386	376	384	383	403	358
Sewer operating	5,888	6,464	6,378	6,501	6,032	6,170	6,697	6,235	6,500	6,654
Solid waste	5,087	4,857	5,159	5,181	5,310	5,358	5,338	5,233	5,450	5,574
Transit	1,939	1,843	2,056	2,037	2,017	2,151	2,210	2,303	3,084	3,258
Water operating	4,278	4,554	4,619	4,746	5,106	4,967	4,971	4,829	5,472	5,544
Zalud estate	27	29	29	31	24	29	28	27	26	21
Total business-type activities expenses	<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>	<u>22,979</u>
Total primary government expenses	<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>	<u>\$ 56,544</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
Community and economic development	\$ 795	\$ 783	\$ 528	\$ 236	\$ 211	\$ 263	\$ 258	\$ 352	\$ 373	\$ 51
General government	1,864	1,658	1,786	1,494	1,585	1,613	1,622	1,656	1,746	1,786
Parks and recreation	1,014	1,324	1,307	1,603	1,731	1,891	1,931	1,942	1,695	1,766
Public safety - fire	27	30	22	36	45	23	80	70	86	77
Public safety - police	208	380	510	520	598	461	587	624	485	530
Public works	750	244	256	233	167	204	298	219	390	355
Operating grants and contributions:										
Community and economic development	--	1,019	2,626	1,600	1,388	1,576	1,489	854	796	904
General government	30	394	427	486	599	476	469	469	449	523
Parks and recreation	139	250	123	163	206	199	53	243	33	89
Public safety - fire	261	76	5	--	30	304	6	71	76	61
Public safety - police	350	638	185	263	334	308	400	255	247	427
Public works	1,718	2,865	1,611	1,348	1,275	1,699	1,850	1,241	1,306	1,884
Capital grants and contributions:										
Community and economic development	2,019	40	66	--	--	--	--	--	--	--
Parks and recreation	236	696	177	42	1,159	282	59	331	1,283	510
Public safety - fire	17	36	--	--	--	100	128	50	--	27
Public safety - police	--	--	45	--	--	85	76	141	108	21
Public works	1,966	1,089	5,876	5,637	3,444	3,392	4,854	4,894	14,199	11,688
Total governmental activities program revenues	<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>	<u>20,699</u>

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Business-type activities:										
Charges for services:										
Airport	829	1,138	1,488	1,597	805	1,288	1,485	1,206	1,415	1,343
Golf course	313	308	299	323	281	225	235	226	214	208
Sewer operating	7,268	7,166	7,584	6,554	7,042	6,964	6,868	7,115	7,011	7,253
Solid waste	4,928	5,131	5,468	4,971	5,290	5,418	5,536	5,659	5,676	5,793
Transit	307	323	345	375	332	357	381	462	624	622
Water operating	4,717	4,869	5,169	4,371	4,621	4,842	4,736	4,942	5,073	4,676
Zalud estate	3	3	2	3	7	5	7	7	3	6
Operating grants and contributions:										
Airport	31	10	10	10	--	20	10	10	10	10
Sewer operating	--	--	--	--	--	--	--	--	--	--
Solid waste	--	--	3	7	12	6	10	6	8	6
Transit	1,158	1,218	1,305	1,943	1,315	1,470	1,452	1,796	3,140	1,673
Water operating	--	--	--	--	--	--	--	--	--	16
Capital grants and contributions:										
Airport	--	310	68	57	477	1,850	306	32	35	65
Sewer operating	122	255	47	49	32	51	16	25	34	47
Solid waste	--	405	--	--	--	421	525	--	1,221	--
Transit	529	88	2,039	528	704	1,387	69	1,001	551	1,385
Water operating	184	--	92	99	191	177	33	75	250	195
Total business-type activities program revenues	20,389	21,224	23,919	20,887	21,109	24,481	21,669	22,562	25,265	23,298
Total primary government program revenues	\$ 31,783	\$ 32,746	\$ 39,469	\$ 34,548	\$ 33,881	\$ 37,357	\$ 35,829	\$ 35,974	\$ 48,537	\$ 43,997
Net (expense)/revenue										
Governmental activities	\$ (12,358)	\$ (13,801)	\$ (13,697)	\$ (16,606)	\$ (22,511)	\$ (21,953)	\$ (20,593)	\$ (18,371)	\$ (8,402)	\$ (12,866)
Business-type activities	1,800	1,805	3,728	316	1,260	4,143	478	2,217	2,796	319
Total primary government net expense	\$ (10,558)	\$ (11,996)	\$ (9,969)	\$ (16,290)	\$ (21,251)	\$ (17,810)	\$ (20,115)	\$ (16,154)	\$ (5,606)	\$ (12,547)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 6,520	\$ 7,557	\$ 8,301	\$ 8,408	\$ 7,644	\$ 7,777	\$ 7,238	\$ 7,347	\$ 7,406	\$ 7,425
Sales taxes	4,339	7,319	6,882	6,147	5,785	6,122	6,484	7,163	7,401	7,596
Utility users tax	3,384	3,665	3,854	3,894	4,046	4,048	3,908	3,970	3,955	3,883
Other taxes	2,218	2,803	2,598	2,312	2,128	2,028	1,819	1,838	1,923	2,056
Unrestricted investment earnings	822	1,623	1,790	1,428	1,060	704	666	191	603	382
Miscellaneous	387	215	933	178	2,007	324	96	87	66	256
Transfers	(158)	(95)	(309)	(455)	103	(68)	(83)	109	(85)	(87)
Total governmental activities	17,512	23,087	24,049	21,912	22,773	20,935	20,128	20,705	21,269	21,511
Business-type activities:										
Unrestricted investment earnings	598	980	965	661	569	386	479	105	408	292
Miscellaneous	--	118	78	5	--	10	1	528	36	2
Transfers	158	95	309	455	(103)	68	83	(109)	85	87
Total business-type activities	756	1,193	1,352	1,121	466	464	563	524	529	381
Total primary government	\$ 18,268	\$ 24,280	\$ 25,401	\$ 23,033	\$ 23,239	\$ 21,399	\$ 20,691	\$ 21,229	\$ 21,798	\$ 21,892
Extraordinary item - governmental activities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,221	\$ --	\$ --	\$ --
Change in Net Position										
Governmental activities	\$ 5,154	\$ 9,286	\$ 10,352	\$ 5,306	\$ 262	\$ (1,018)	\$ 3,756	\$ 2,334	\$ 12,867	\$ 8,645
Business-type activities	2,556	2,998	5,080	1,437	1,726	4,607	1,041	2,741	3,325	700
Total primary government	\$ 7,710	\$ 12,284	\$ 15,432	\$ 6,743	\$ 1,988	\$ 3,589	\$ 4,797	\$ 5,075	\$ 16,192	\$ 9,345



**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>Total</u>
2005-06	\$ 6,520,333	\$ 1,473,974	\$ 3,383,843	\$ 273,584	\$ 4,338,578	\$ 15,990,312
2006-07	7,556,569	1,542,033	3,664,966	268,672	7,318,460	20,350,700
2007-08	8,301,092	1,695,368	3,854,176	319,431	6,881,840	21,051,907
2008-09	8,407,702	1,576,019	3,894,372	310,832	6,147,526	20,336,451
2009-10	7,644,246	1,469,489	4,045,732	276,338	5,784,887	19,220,692
2010-11	7,776,735	1,485,182	4,048,106	301,029	6,121,968	19,733,020
2011-12	7,237,972	1,482,657	3,908,443	309,577	6,484,037	19,422,686
2012-13	7,346,813	1,473,957	3,969,652	335,319	7,163,179	20,288,920
2013-14	7,406,413	1,551,762	3,955,357	370,999	7,401,187	20,685,718
2014-15	7,424,560	1,608,882	3,882,942	446,771	7,596,116	20,959,271

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

	<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>	<u>2014-15</u>
General fund:										
Nonspendable	\$ 1,475	\$ 1,355	\$ 1,316	\$ 1,262	\$ 4,041	\$ 8,400	\$ 5,551	\$ 5,323	\$ 5,245	\$ 4,472
Restricted	--	--	--	--	--	518	439	418	62	62
Committed	2,213	1,867	1,867	1,867	2,462	2,644	2,091	4,373	4,894	5,018
Assigned	2,361	3,284	4,061	4,706	4,890	5,361	5,654	6,251	6,573	6,668
Unassigned	<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>	<u>599</u>
Total general fund	<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>	<u>\$ 16,819</u>
All other governmental funds:										
Nonspendable	\$ --	\$ --	\$ --	\$ 930	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	16,927	16,728	16,146	18,483	18,848	17,821	17,341	18,744	18,386	26,420
Unassigned	<u>(1,257)</u>	<u>(1,443)</u>	<u>(1,390)</u>	<u>(1,346)</u>	<u>(1,790)</u>	<u>(3,929)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total all other governmental funds	<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>	<u>\$ 26,420</u>

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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenues:</b>										
Taxes	\$ 16,289	\$ 21,343	\$ 21,636	\$ 20,761	\$ 19,603	\$ 19,975	\$ 19,450	\$ 20,317	\$ 20,709	\$ 20,959
Licenses and permits	802	1,368	1,141	957	836	825	749	780	882	967
Intergovernmental	5,828	4,407	7,221	7,979	7,291	6,744	8,202	6,879	16,084	14,718
Charges for services	3,808	3,877	3,903	3,520	3,703	3,845	4,178	4,263	4,312	3,998
Special assessments and fees	965	1,442	2,206	705	515	1,032	539	933	413	318
Fines and forfeitures	169	214	269	268	355	240	286	233	280	231
Investment earnings	697	1,309	1,436	1,183	891	702	665	279	668	545
Miscellaneous	600	263	993	373	114	220	109	145	96	183
<b>Total revenues</b>	<b>29,158</b>	<b>34,223</b>	<b>38,805</b>	<b>35,746</b>	<b>33,308</b>	<b>33,583</b>	<b>34,178</b>	<b>33,829</b>	<b>43,444</b>	<b>41,919</b>
<b>Expenditures:</b>										
Community/Economic development	2,469	2,314	3,545	2,582	3,114	2,964	1,860	1,373	1,154	1,471
General government	2,286	2,536	2,600	2,733	4,638	3,449	2,674	2,612	2,562	2,856
Parks and recreation	3,934	4,044	4,687	4,861	5,026	4,888	5,149	4,809	4,803	5,071
Public safety:										
Fire	2,960	3,306	3,592	3,817	4,033	4,305	4,501	4,203	3,950	4,012
Police	6,587	7,118	7,990	8,584	8,887	8,848	9,441	8,957	9,406	9,514
Public works	1,678	1,903	2,205	2,483	2,972	3,777	4,642	4,140	2,643	3,834
Capital outlay	5,913	4,216	9,298	7,288	4,601	2,755	4,142	3,544	16,731	16,490
Debt service:										
Principal	980	3,019	1,012	1,117	981	974	914	948	571	1,099
Interest and other charges	2,279	2,023	1,732	2,207	1,872	1,894	1,516	1,810	1,205	1,955
<b>Total expenditures</b>	<b>29,086</b>	<b>30,479</b>	<b>36,661</b>	<b>35,672</b>	<b>36,124</b>	<b>33,854</b>	<b>34,839</b>	<b>32,396</b>	<b>43,025</b>	<b>46,302</b>
<b>Excess of revenues over (under) expenditures</b>	<b>72</b>	<b>3,744</b>	<b>2,144</b>	<b>74</b>	<b>(2,816)</b>	<b>(271)</b>	<b>(661)</b>	<b>1,433</b>	<b>419</b>	<b>(4,383)</b>
<b>Other financing sources (uses):</b>										
Transfers in	6,931	7,297	11,788	13,845	11,090	8,066	9,798	7,914	18,904	18,017
Transfers out	(7,090)	(7,386)	(12,070)	(13,373)	(11,382)	(8,128)	(9,851)	(7,805)	(18,989)	(18,104)
Issuance of long-term debt	6,024	--	--	8,543	--	--	--	21,060	3,765	23,437
Payments on refunding	(3,282)	--	--	(5,003)	--	--	--	(19,887)	(3,560)	(23,186)
Sale of capital assets	92	162	697	15	2,030	198	15	16	--	12
Insurance recoveries	--	--	--	--	--	--	--	--	--	152
<b>Total other financing sources (uses)</b>	<b>2,675</b>	<b>73</b>	<b>415</b>	<b>4,027</b>	<b>1,738</b>	<b>136</b>	<b>(38)</b>	<b>1,298</b>	<b>120</b>	<b>328</b>
<b>Net change in fund balances before extraordinary items</b>	<b>2,747</b>	<b>3,817</b>	<b>2,559</b>	<b>4,101</b>	<b>(1,078)</b>	<b>(135)</b>	<b>(699)</b>	<b>2,731</b>	<b>539</b>	<b>(4,055)</b>
<b>Extraordinary item:</b>										
RDA dissolution	--	--	--	--	--	--	(1,586)	--	--	--
<b>Net change in fund balances</b>	<b>\$ 2,747</b>	<b>\$ 3,817</b>	<b>\$ 2,559</b>	<b>\$ 4,101</b>	<b>\$ (1,078)</b>	<b>\$ (135)</b>	<b>\$ (2,285)</b>	<b>\$ 2,731</b>	<b>\$ 539</b>	<b>\$ (4,055)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>14.064%</b>	<b>19.198%</b>	<b>10.028%</b>	<b>11.711%</b>	<b>9.051%</b>	<b>9.222%</b>	<b>7.916%</b>	<b>9.559%</b>	<b>6.754%</b>	<b>10.244%</b>

**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>
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%
2014-15	2,140,517,119	2,191,850	82,873,390	2,225,582,359	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 EIGHT 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>	<u>2014-15</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>	<u>0.1181</u>
Total City Direct Rate	0.1180	0.1183	0.1182	0.1182	0.1183	0.1182	0.1181	0.1181
Overlapping Rates:								
County of Tulare	0.1815	0.1821	0.1825	0.1820	0.1820	0.1814	0.1806	0.1806
Porterville Elementary School	0.2530	0.2477	0.2471	0.2497	0.2443	0.2544	0.2577	0.2577
Porterville High School	0.1294	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	0.0884
County School Service Fund	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244
Porterville Cemetery District	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046
Porterville Memorial District	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085
Sierra View District Hospital	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193
Tulare County Air Pollution Control District	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003
Tulare County Flood Control District	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021
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>	<u>0.2392</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>	<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	2014-15			2005-2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Realty Company	\$ 70,767,686	1	3.18%	\$ 73,133,179	1	4.66%
Del Mesa Farms	39,953,846	2	1.80%	31,443,058	2	2.00%
Target Corporation	18,374,029	3	0.83%			-
Lowes HIW Inc	14,027,260	4	0.63%			-
Royalty Carpet Mills Inc	11,668,462	5	0.52%	15,257,689	3	0.97%
Beckman Coulter Inc	11,532,447	6	0.52%	8,547,870	7	0.54%
Cherry Keith (SCSR)	11,414,185	7	0.51%			-
Porterville Investments 2005 LP	9,902,000	8	0.44%	9,591,327	5	0.61%
Daryl & Victoria Nicholson (TRS)	9,886,733	9	0.44%			-
Henderson-Prospect Partners LP	9,828,611	10	0.44%			-
Ennis Family Investments			-	10,150,866	4	0.65%
Porterville Retirement Residence			-	8,631,562	6	0.55%
Home Depot			-	8,231,794	8	0.52%
Ennis Commercial			-	8,181,144	9	0.52%
Colonial Community Homes LLC			-	7,633,416	10	0.49%
Subtotal	207,355,259		9.32%	180,801,905		11.53%
Total taxable assessed value of other taxpayers	2,018,227,100		90.68%	1,387,724,458		88.47%
Total taxable assessed value	\$ 2,225,582,359		100.00%	\$ 1,568,526,363		100.00%

Source: County of Tulare Office of the Auditor-Controller

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

Fiscal Year	Total Tax Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%	80,621	2,435,011	71.13%
2014-15	3,585,992	2,436,201	67.94%		2,436,201	67.94%

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>
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
2014-15	6,186,747	368,679	-	328,875	369,037	7,253,338

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

	<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>	<u>2014-15</u>
Governmental activities:										
Notes	\$ 5,729	\$ 3,885	\$ 3,737	\$ 3,779	\$ 3,611	\$ 3,232	\$ 2,925	\$ 2,747	\$ 2,556	\$ 2,352
Revenue bonds	4,753	4,587	4,406	7,392	7,344	7,295	-	-	-	-
Pension obligation bond	-	-	-	-	-	-	-	-	3,765	3,275
Certificates of Participation	25,501	24,533	23,929	23,295	22,631	21,948	21,220	21,292	23,374	23,437
Business-type activities:										
Notes	5,474	5,343	5,208	5,069	13,181	13,032	12,708	12,372	12,024	11,663
Revenue bonds	-	-	-	-	-	17,652	17,483	17,630	18,712	18,760
Certificates of Participation:	22,428	21,485	20,482	19,414	18,280	8,462	7,633	6,745	6,116	5,033
Capital lease	262	253	244	233	-	-	-	-	-	-
Total primary government	<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>	<u>\$ 64,520</u>
Percentage of personal income (1)	N/A	N/A	7.66%	7.23%	7.13%	7.78%	6.61%	6.56%	6.93%	6.67%
Per capita (1)	1,262	1,167	1,118	1,137	1,228	1,322	1,125	1,095	1,195	1,155

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, 2015**

2014-15 Assessed Valuation: \$ 2,225,582,359  
 Redevelopment Incremental Valuation: 104,643,704  
 Adjusted Assessed Valuation: 2,330,226,063

	Total Debt 6/30/15	% Applicable	City's Share of Debt 6/30/15
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Kern Community College District Safety, Repair and Improvement District	\$ 147,710,854	2.740%	\$ 4,047,277
Porterville Unified School District	2,545,000	0.061%	1,552
Porterville Unified School District School Facilities Improvement District	18,776,741	78.073%	14,659,565
Burton School District	1,688,381	92.559%	1,562,749
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 20,271,143
<u>DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT:</u>			
Tulare County Certificates of Participation	\$ 42,920,000	8.004%	\$ 3,435,317
Tulare County Board of Education Certificates of Participation	36,865,000	8.004%	2,950,675
Kern Community College District Certificates of Participation	38,795,000	2.484%	963,668
Kern Community College District Benefit Obligations	81,460,000	2.484%	2,023,466
Porterville Unified School District Certificates of Participation	28,795,000	44.904%	12,930,107
Burton School District Certificates of Participation	3,555,000	92.559%	3,290,472
City of Porterville General Fund Obligations	23,437,314	100.000%	23,437,314
City of Porterville Pension Obligation Bonds	3,275,000	100.000%	3,275,000
City of Porterville Notes Payable - HUD	2,352,000	100.000%	2,352,000
TOTAL DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT			\$ 54,658,019
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 7,411,796	100.000%	\$ 7,411,796
TOTAL DIRECT DEBT			\$ 29,064,314
TOTAL OVERLAPPING DEBT			\$ 53,276,644
COMBINED TOTAL DEBT			\$ 82,340,958 (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 2014-15 Assessed Valuation:

Overlapping Tax and Assessment Debt	0.87%
Total Direct Debt (\$25,925,000)	1.25%
Combined Total Debt	3.53%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$104,643,704):

Total Overlapping Tax Increment Debt	7.08%
--------------------------------------	-------

Sources: California Municipal Statistics, Inc.  
 City of Porterville Finance Department

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

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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Assessed valuation	\$ 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	\$ 2,225,582
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	392,132	447,572	534,930	562,475	542,712	540,691	532,165	516,545	533,070	556,396
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	58,820	67,136	80,240	84,371	81,407	81,104	79,825	77,482	79,961	83,459
Total net debt applicable to limit: General obligation bonds (1)	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ <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>	\$ <u>83,459</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based on 15% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership of that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that legal debt margin was enacted by the State of California for local governments located within the State.

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

Sources:

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

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

<u>Fiscal Year</u>	<u>Total Revenue (1)</u>	<u>Less: Operating Expense (2)</u>	<u>Net Available Revenue</u>	<u>2002 Senior Bonds Debt Service</u>	<u>Senior Debt Service Coverage</u>	<u>Remaining Net Revenue</u>	<u>Parity/ Subordinate Debt Service</u>	<u>Parity/ Subordinate Coverage</u>	<u>Net Revenue After Debt Service</u>
<b>Water system improvement projects</b>									
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
2014-15	4,734	4,068	666	682	0.98	-	461	-	(461)
<b>Sewer system improvement projects</b>									
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
2014-15	7,417	3,913	3,504	730	4.80	2,774	1,336	2.08	1,438

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>
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%
2014-15	55,852	\$ 967,915,160	\$ 17,330	29.5	67.6% High school graduate or higher	19,039	12.7%

Sources:

(1) City of Porterville Community Development Department

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

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

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

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

Employer	2014-15			2005-06		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville State Developmental Center	1,312	1	5.66%	1,876	1	9.47%
Porterville Public Schools	1,229	2	5.30%	1,403	3	7.09%
Wal-Mart Distribution Center	1,094	3	4.72%	1,668	2	8.42%
Sierra View Medical Center	765	4	3.30%	884	4	4.46%
City of Porterville	542	5	2.34%	424	6	2.14%
Eagle Mountain Casino	516	6	2.22%	600	5	0.00%
Burton School District	474	7	2.04%	357	8	1.80%
Foster Farms	437	8	1.88%	364	7	1.84%
Wal-Mart Retail Store	320	9	1.38%	325	10	1.64%
Tulare County District Family Support	308	10	1.33%	-	-	0.00%
Porterville College	-	-	0.00%	337	9	1.70%
Total	<u>6,997</u>		<u>30.16%</u>	<u>8,238</u>		<u>38.58%</u>
City labor force	<u>23,200</u>			<u>19,800</u>		

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



CITY OF PORTERVILLE  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

FUNCTION	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Police</b>										
Crimes (1):										
Homicide	5	8	7	2	5	1	3	3	7	3
Rape	23	14	9	9	10	11	7	12	7	10
Robbery	47	76	73	60	60	65	47	73	39	37
Assaults	606	656	582	551	575	606	467	461	408	405
Burglary	533	522	497	351	386	482	558	542	436	278
Theft	1,514	1,496	1,422	1,024	1,091	1,242	1,003	936	737	717
Stolen vehicles	484	356	357	262	223	267	162	253	190	204
Traffic accidents:										
Non-injury	423	347	415	349	310	368	373	329	293	291
Injury	195	165	188	187	207	194	220	182	222	202
Fatal	-	3	2	6	5	3	2	6	3	4
Calls for service	68,203	76,648	25,941	28,792	30,094	30,753	31,895	31,701	30,263	33,848
Officer-initiated activity	23,342	28,644	27,171	31,303	38,970	37,161	38,394	33,868	33,322	31,866
Reports	9,782	10,999	11,117	9,579	9,503	9,474	9,268	9,159	8,723	8,374
Arrests:										
Felony	1,503	1,716	1,596	1,624	1,506	1,421	1,204	1,246	1,457	1,168
Misdemeanor	1,959	2,420	2,905	2,690	2,527	2,296	2,463	2,094	2,295	2,831
Mover citations	1,490	1,504	2,482	2,387	2,313	2,551	2,725	3,433	2,536	2,233
Non-mover and other citations	1,679	2,982	4,164	2,927	2,369	2,314	2,917	3,965	3,115	2,408
<b>Fire</b>										
Emergency responses:										
Fires	519	540	555	473	375	413	431	521	409	364
Medical	2,153	2,615	3,003	3,040	2,848	2,922	2,985	3,247	3,055	3,582
Hazardous materials	-	-	-	-	-	-	-	-	-	-
Other	1,143	1,061	959	863	881	854	942	1,004	967	1,206
Inspections	692	645	1,040	865	1,123	1,255	1,125	1,588	1,100	1,038
Hazard abatement	270	204	126	1,424	1,395	998	1,461	769	1,276	-
Violations noticed/citations issued	5	44	130	244	235	583	154	473	382	66
Public education - presentations and tours	81	123	145	138	179	238	204	123	118	167
Investigations	299	347	267	212	158	155	146	262	133	164

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

<b>FUNCTION</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>Public works:</b>										
Building permits issued	381	607	474	364	293	230	240	222	211	252
Streets:										
Street resurfacing (square feet)	20,592	369,600	350,286	114,000	1,000,071	1,211,969	1,687,492	1,936,432	1,309,796	1,189,247
Potholes repaired (square feet)	2,438	2,447	10,358	21,000	17,000	14,153	14,396	10,511	8,717	8,517
Solid waste:										
Refuse collected (tons/day)	91	118	115	109	111	123	123	109	96	101
Recyclables collected (tons/day)	30	39	42	37	38	47	50	50	45	31
Water:										
Number of consumers	14,680	14,562	14,486	14,673	14,694	14,843	15,214	15,395	15,450	15,576
Water introduced into system (millions of gallons)	4,025	4,468	4,484	4,271	4,042	3,970	4,208	4,284	4,196	3,548
Metered water deliveries (millions of gallons)	3,668	3,900	3,931	4,201	3,456	3,529	3,955	3,836	3,642	3,223
New water connections	290	276	193	178	97	156	54	74	102	144
Water mains breaks	10	7	6	6	11	11	3	6	11	11
Wastewater:										
Average daily sewage treatment (millions of gallons)	4.7	4.8	4.8	4.8	4.6	4.8	4.8	4.8	4.6	4.4
<b>Parks and leisure services:</b>										
Athletic field permits issued	N/A	129	114	84	63	64	54	70	69	137
Facility rentals										
Community rooms/centers	N/A	85	34	14	14	29	42	34	28	40
Municipal swimming pool	N/A	65	43	40	32	43	45	56	60	52
Park pavilions	N/A	626	441	392	481	489	525	552	530	592
Zalud Estate house and gardens	N/A	5	1	1	5	6	9	15	11	14
Recreation program enrollment:										
Recreation afterschool program (RAP)	2,579	2,620	2,235	1,926	1,579	1,739	1,917	1,622	1,485	1,663
Sports activities	1,123	1,265	1,395	1,617	1,483	1,813	2,101	2,621	2,499	2,449
Summer/winter camp	157	157	425	552	211	240	417	353	441	586
Kindergarten/pre-school classes	145	600	608	324	420	297	352	316	394	289

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

	<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>	<u>2014-15</u>
<b>Function</b>										
General government	25	24	23	24	26	24	25	25	23	26
Public safety:										
Fire										
Sworn	35	35	35	35	35	34	35	32	35	33
Unsworn	1	2	3	3	2	2	3	3	2	2
Police										
Sworn	47	58	54	59	55	60	54	60	59	56
Unsworn	21	21	24	25	25	27	26	28	31	27
Public works:										
Engineering and building	15	17	16	16	17	18	18	17	17	16
Streets maintenance	5	7	5	6	6	6	6	5	5	5
Community development:										
Planning and zoning	9	10	10	10	9	8	6	8	6	7
Economic development	2	2	2	2	2	2	2	2	2	2
Housing	2	2	2	2	2	2	2	2	2	1
Parks and Leisure Services:										
Parks	18	20	21	20	20	20	18	17	18	19
Leisure Services	5	5	5	5	5	5	5	4	4	4
Library	7	10	10	10	9	10	10	10	10	10
Sewer operations	18	17	14	13	14	16	13	17	16	14
Solid waste	20	22	22	22	21	20	20	20	20	22
Airport operations	1	1	1	1	1	1	1	2	2	2
Golf course	2	2	2	2	2	2	2	2	2	2
Water operations	13	12	14	13	11	12	12	12	15	15
Equipment maintenance	8	6	6	6	6	6	7	7	6	6
Total	<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>	<u>269</u>

Source: City of Porterville, Finance Department

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

	<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>	<u>2014-15</u>
<b>Function</b>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	38	52	61	66	70	76	75	68	68	65
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Hydrants	1,584	1,619	1,694	1735	1829	1840	1,929	1,937	1,875	1,902
Public works:										
Streets, lights, signals										
Miles	187	190	193	193	196	196	196	196	196	206
Streetlights	N/A	163	3,114	3232	3333	3336	3,336	3,336	3,535	3,701
Traffic signals	N/A	43	48	48	49	49	49	49	49	49
Sewers (miles)	167	170	170	170	170	171	171	171	176	179
Water mains (miles)	178	187	210	210	210	212	212	213	213	213
Storm drains (miles)	N/A	52	52	52	52	52	52	52	52	52
Parks and Leisure Services:										
Parks acreage	306	306	306	306	306	306	306	306	308	308
Parks	24	24	24	24	24	24	24	24	25	25
Community centers	2	2	2	2	1	1	1	1	1	1
Library volumes/circulations	231,803	228,203	255,025	271,337	271,161	294,212	297,900	288,326	300,662	296,498

Sources: Various city departments  
N/A = NOT AVAILABLE



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