



CALIFORNIA

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

CITY OF PORTERVILLE, CALIFORNIA

PREPARED BY THE DEPARTMENT OF FINANCE

MARIA BEMIS

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Introductory Section



Maria Bemis
Finance Director
(559) 782-7435



291 North Main Street
Porterville, CA 93257

January 10, 2018

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

The comprehensive annual financial report of the City of Porterville for the year ended June 30, 2017, is hereby submitted in accordance with Sections 24 and 59 of the City Charter. These ordinances require that the City issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

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

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, have issued an unmodified ("clean") opinion on the City of Porterville's financial statements for the fiscal year ended June 30, 2017. 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 18.73 square miles and serves a population of 59,908. Porterville is empowered to levy property taxes within its boundaries in accordance with Article XIII A of the California Constitution (Proposition 13).

It is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

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

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

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

Local economy

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

The local economy has shown minor improvements for the past few years. For the current year, assessed property values increased 7.4 percent and taxable sales increased 5.5 percent. After several years of declining Utility users taxes, 2017 showed a resurgence of almost of 4.3 percent in UUT revenues. While the City is not a primary tourist destination, and transient occupancy taxes is just a small slice of the City's revenue, the 12.3 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 11.2 percent, although this is an improvement from a high of 13.9 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 new developments have sprouted during the year and more businesses are slated to open in the next year. The new Tractor Supply Company and Mattress Firm opened their doors in 2017. Smart and Final just recently held their grand opening at a larger and newly constructed building. Several retailers like Aldi, Chipotle and Habit Burger are slated to open next year. Downtown Porterville has benefitted with the addition of San Joaquin Valley College offering medical and business programs and Family Healthcare Network has announced their intentions to open a new location.

Greenpower Motor Company, a manufacturer of electric transit and school buses held its groundbreaking ceremony in June with the construction of a new manufacturing facility expected to begin next year. It is estimated that the development will create over 576 jobs and have a net benefit of over \$3.4 million to the community over the first ten years of its operation. This project is also attracting companies within Greenpower's supply chain to evaluate the establishment of supporting facilities in Porterville.

The Walmart SuperCenter most recently announced that they will be submitting for building permits in the spring of 2018, with the intention of breaking ground in late fall, and the store opening scheduled for 2019. The project is expected to attract significant interests from developers and to greatly impact downtown revitalization with approximately 300 new jobs plus increased sales tax revenues for the City.

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) in the general fund at year end was \$18,745,528. In accordance with general fund reserve policy, \$3,981,369 or 15 percent of appropriation resides in the budget stabilization reserve. Another \$2,654,246 is set aside for catastrophic and emergency reserve. At the end of the current fiscal year, the City was able to set aside \$2,937,251 for facility, capital and infrastructure construction, deferred maintenance and improvements.

The most significant issue for the City in the next few years is the anticipated increases in the required employer pension contributions due to the California Public Employees' Retirement System (CalPERS) lowering of the discount rate assumption from 7.5 percent

to 7.0 percent phased in three years, beginning in the fiscal year 2018-2019. For the miscellaneous plan, the City's contribution rate is projected to rise from 31.0 percent in fiscal year 2018-2019 to 41.7 percent in fiscal year 2024-2025. For the safety plan, the employer contribution rate is estimated to increase from 34.4 percent in fiscal year 2018-2019 to 52.0 percent in fiscal year 2024-2025. The City anticipates making additional pension contributions of about \$3.4 million in the next 6 fiscal years.

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

In July of 2016, after a Proposition 218 protest hearing, the City Council approved and adopted another water rate increase effective August 1, 2016. The new water rates increased the monthly bill for a typical single family home from \$29.80 to \$55.00, an escalation of almost 85 percent. The resolution also includes the implementation of a 2.3 percent annual rate increase for the next four fiscal years. Revenue raised from this new rates will not only ensure the continued operation of the system to provide clean, safe and reliable potable water but it would also help meet the debt service coverage ratio required by loan covenants. In addition, the increased revenue will provide for timely maintenance and upgrade of the City's aging water infrastructure and the implementation of the State of California's Sustainable Groundwater Management Act (SGMA) program which includes the construction of monitoring wells, construction of storm drain percolation ponds for groundwater recharge, an annual pipe replacement program, and surface water purchases. An annual appropriation of about \$2 million a year is scheduled in the next 10 years for water capacity enhancement, construction of turnout structures and stormwater capture and recharge. Several water main replacements have been scheduled in the near future plus electrical upgrades to water facilities, the coating and repair of one of the water reservoirs and construction of 2 new wells. A program for the downtown pipe replacement and the implementation of a new water meter radio read are being developed.

Phase I of the East Porterville water supply project has been completed and Phase II is well underway. Almost 400 household have been connected to the City's water system. In addition to the estimated \$5 million in water main infrastructure and household connections, another \$3.5 million in improvements, including a new booster pump and upgrades to 2 other booster pumps, 2 new wells, and a 1.5 mg water reservoir are planned in the next two years to complete the East Porterville improvement project.

As part of the budgeting process, the City annually reviews its 10-year capital improvement strategies. Several major projects are currently in different stages of development. Construction on the Jaye Street Bridge widening project began in July 2017 and is expected to be completed by the end of December 2017. When completed,

this bridge will accommodate four lanes of traffic and provide for a better access to the Riverwalk Marketplace where the new Walmart Supercenter and other smaller retail uses are anticipated to be developed in the very near future. The City is slated to purchase ten zero-emission electric buses in the next two years together with the construction of zero-emission infrastructure to service the buses with a \$9.5 million Cap and Trade grant from the California Air Resources Board. The first two buses are scheduled to be completed and delivered in early 2018. The reconstruction of Main Street is anticipated to take place in the next two years as well as the construction of phase three of the Tule River Parkway project.

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

The final phase of the construction of new sewer system facilities and improvements in annexed areas of the City is currently on hold. Due to unforeseen circumstances, a significant cost variance became evident from the bid results. The City is currently changing the scope of the design of the project. This is part of the \$7 million project funded by the issuance of the 2011 Sewer Revenue bonds to extend sewer services to various scattered areas in the City lacking in sewer facilities.

The Porterville Hotel site restoration project has been completed. The site which is in the downtown district is currently being marketed for private development to be the cornerstone of the community. The City expects the development of a three-story structure with an anticipated mix of uses of offices on the upper floors and retailers on the ground floor.

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 is scheduled to open in 2018 and is expected to create over 100 new employment opportunities.

The Tule River Tribe is currently working towards the relocation of The Eagle Mountain Casino on property the Tribe owns located within the City of Porterville. The Tribe is proposing to construct a \$180 million multi-story casino and resort on their 40-acre property west of the Porterville Municipal Airport. The project consists of a 105,000 square foot casino, a 250-room hotel, food and beverage facilities plus a 29,000 square foot convention center, a 1,700 seat entertainment center, a banquet hall, meeting space, administrative space, and parking structure. The project will create hundreds of temporary jobs during construction and following the construction, it is estimated to employ nearly 1,000 employees to run the casino and resort.

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, 2016. This was the twenty-seventh 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,



Maria Bemis
Finance Director



Government Finance Officers Association

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

Presented to

**City of Porterville
California**

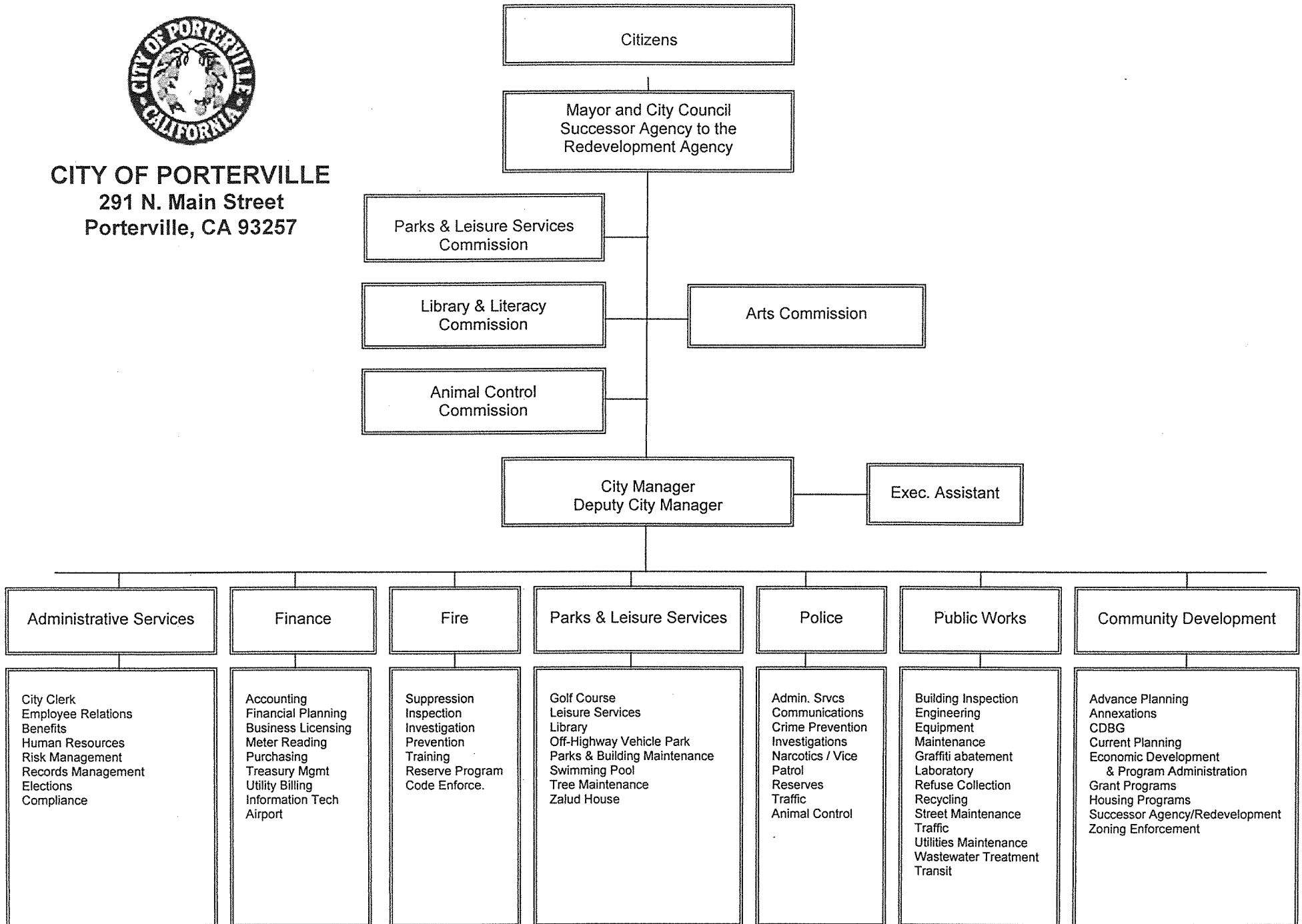
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

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, 2017

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

Milt Stowe	Mayor and Chairperson	Nov 2018
Brian Ward	Vice Mayor and Vice-Chairperson	Nov 2020
Cameron Hamilton	Council Member and Agency Member	Nov 2018
Adrian Monte Reyes	Council Member and Agency Member	Nov 2020
Martha A. Flores	Council Member and Agency Member	Nov 2020

City Manager and Department Directors

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

Library & Literacy Commission

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

Parks and Leisure Services Commission

Rick Vafeades, Chairperson
 Richard Rankin, Vice Chairperson
 Monte Moore, Member
 Carroll Land, Member
 Leticia Lupio-Devine, Member
 Rocco Calantone, Member
 Rachel Lucero, Member

Arts Commission

Donna Serna, Chairperson
Vacant
Vacant
Vacant
Vacant

Animal Control Commission

Florenza Pizanis, Chairperson
 Daniel Penaloza, Vice-Chairperson
 Margaret Land, Member
 Maritza Altamirano, Member
Vacant

Financial Section



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Porterville
Porterville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Porterville, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Porterville as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 7 to the financial statements, prior period adjustments were recorded for the correction of errors in the prior year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios and schedule of plan contributions, schedule of proportionate share of the net pension liability / (asset) and related ratios, schedule of 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and City Council
City of Porterville

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2018, on our consideration of the City of Porterville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Porterville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Porterville's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
January 10, 2018

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Management's Discussion and Analysis

As management of the City of Porterville, we offer readers of the City of Porterville's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Porterville exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$475,683,072 (*net position*). Of this amount, \$38,373,871 represents unrestricted net position, which may be used to meet Porterville's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$19,032,459 from prior year from a combination of increase of \$9,772,023 in the governmental activities and an increase of \$9,260,436 in the business-type activities.
- At June 30, 2017, the City of Porterville's governmental funds reported combined fund balances of \$45,507,226. Approximately 0.97 percent of this amount, \$442,019 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 \$18,745,528, or approximately 77.28 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 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, Community Development Block Grant Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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

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

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

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

The City of Porterville maintains two different types of fiduciary funds. The *Private-purpose trust fund* is used to report resources held and administered by the City acting as the Successor Agency to the former redevelopment agency. The *Agency fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42 - 82 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 84 - 91 of this report.

The combining and individual statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 92 - 117 of this report.

Government-wide Financial Analysis

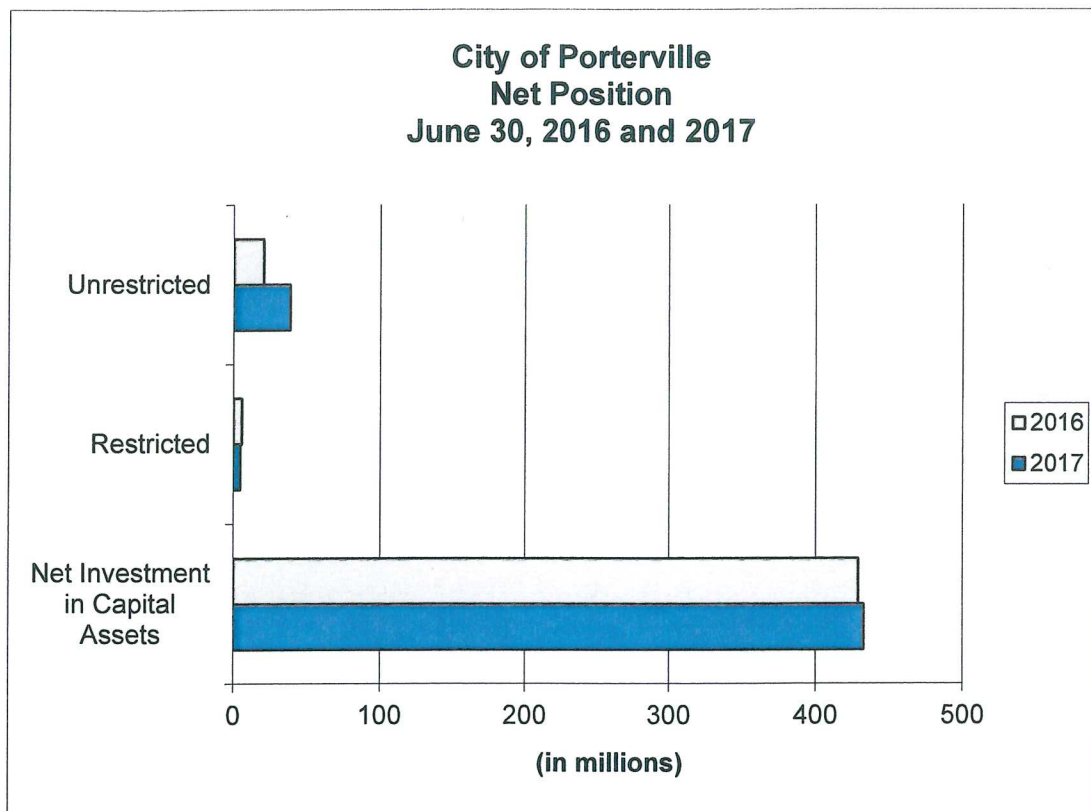
As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. At June 30, 2017, the City of Porterville's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$475,683,072.

By far, the largest portion of the City's net position, \$432,675,897 (90.9 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, \$4,633,304 (1.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$38,373,871 (8.1 percent) may be used to meet the City's ongoing obligations to its citizens and creditors.

At June 30, 2017, 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.

City of Porterville's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 53,267,438	\$ 48,612,939	\$ 39,369,949	\$ 31,370,035	\$ 92,637,387	\$ 79,982,974
Capital assets	<u>403,825,647</u>	<u>399,979,879</u>	<u>81,814,176</u>	<u>83,172,001</u>	<u>485,639,823</u>	<u>483,151,880</u>
Total assets	<u>457,093,085</u>	<u>448,592,818</u>	<u>121,184,125</u>	<u>114,542,036</u>	<u>578,277,210</u>	<u>563,134,854</u>
Deferred outflows of resources	<u>12,682,620</u>	<u>5,290,079</u>	<u>3,664,475</u>	<u>1,781,281</u>	<u>16,347,095</u>	<u>7,071,360</u>
Long-term liabilities outstanding	68,500,274	62,773,234	42,753,378	42,567,531	111,253,652	105,340,765
Other liabilities	<u>3,240,203</u>	<u>2,172,522</u>	<u>1,841,389</u>	<u>2,134,757</u>	<u>5,081,592</u>	<u>4,307,279</u>
Total liabilities	<u>71,740,477</u>	<u>64,945,756</u>	<u>44,594,767</u>	<u>44,702,288</u>	<u>116,335,244</u>	<u>109,648,044</u>
Deferred inflows of resources	<u>2,378,087</u>	<u>4,643,874</u>	<u>227,902</u>	<u>855,534</u>	<u>2,605,989</u>	<u>5,499,408</u>
Net position:						
Net investment in capital assets	380,683,320	376,680,834	51,992,577	52,216,923	432,675,897	428,897,757
Restricted	1,260,316	2,266,166	3,372,988	3,326,148	4,633,304	5,592,314
Unrestricted	<u>13,713,505</u>	<u>5,346,267</u>	<u>24,660,366</u>	<u>15,222,424</u>	<u>38,373,871</u>	<u>20,568,691</u>
Total net position	<u>\$ 395,657,141</u>	<u>\$ 384,293,267</u>	<u>\$ 80,025,931</u>	<u>\$ 70,765,495</u>	<u>\$ 475,683,072</u>	<u>\$ 455,058,762</u>



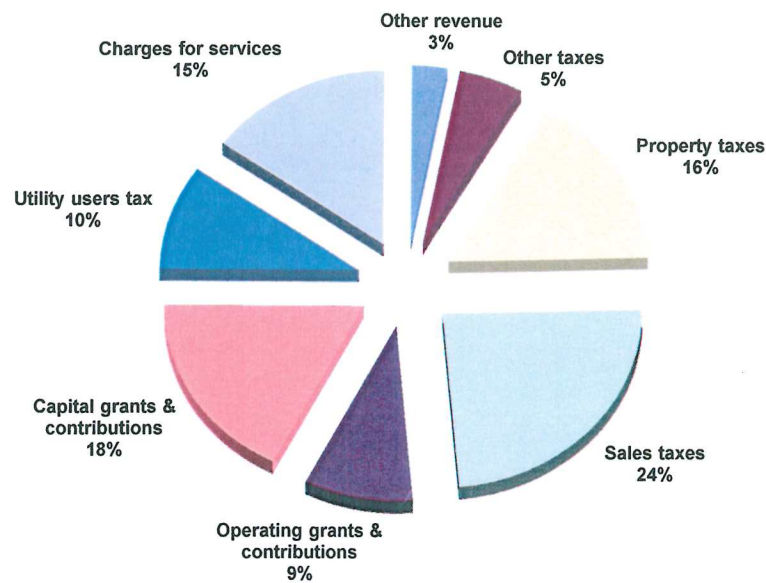
The City's total net position increased by \$19,032,459 compared to the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. During the current fiscal year, the City of Porterville's net position in governmental activities increased by \$9,772,023 from the prior fiscal year for an ending balance of \$395,657,141.

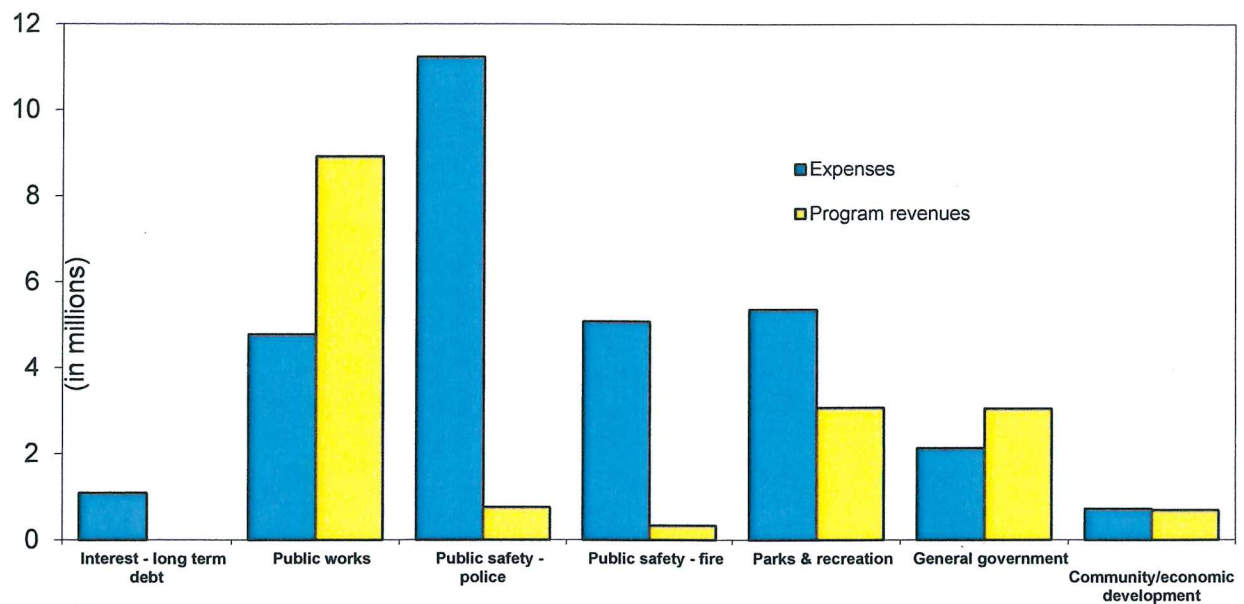
Total governmental revenues for the year of \$40,260,345 were 17.4 percent higher than the prior year revenues of \$34,305,355. A major portion of the increase is in capital grants. In the current fiscal year, the City received a substantial portion of a grant award, \$2,103,703, from the Department of Transportation's Highway Bridge Program for the Jaye Street Bridge. Charges for services are up \$1,222,088 from the prior year, primarily from interdepartmental service charges due to the water rate increase in fiscal year 2016-2017. Taxes, which include property, sales, utility users, franchise, and transient occupancy taxes, amounting to \$22,284,542 is just slightly higher, 2.7 percent, compared to the prior fiscal year taxes. Although minor, it shows the continued improvement and recovery of the local economy.

Total expenses in governmental activities for the year were \$30,399,042, which is a decrease of \$3,745,170 from the prior fiscal year. The year-end adjustment to pension-related items for the fiscal year resulted in a net reduction of \$3,060,473 to pension expense in governmental activities.

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



City of Porterville's Changes in Net Position

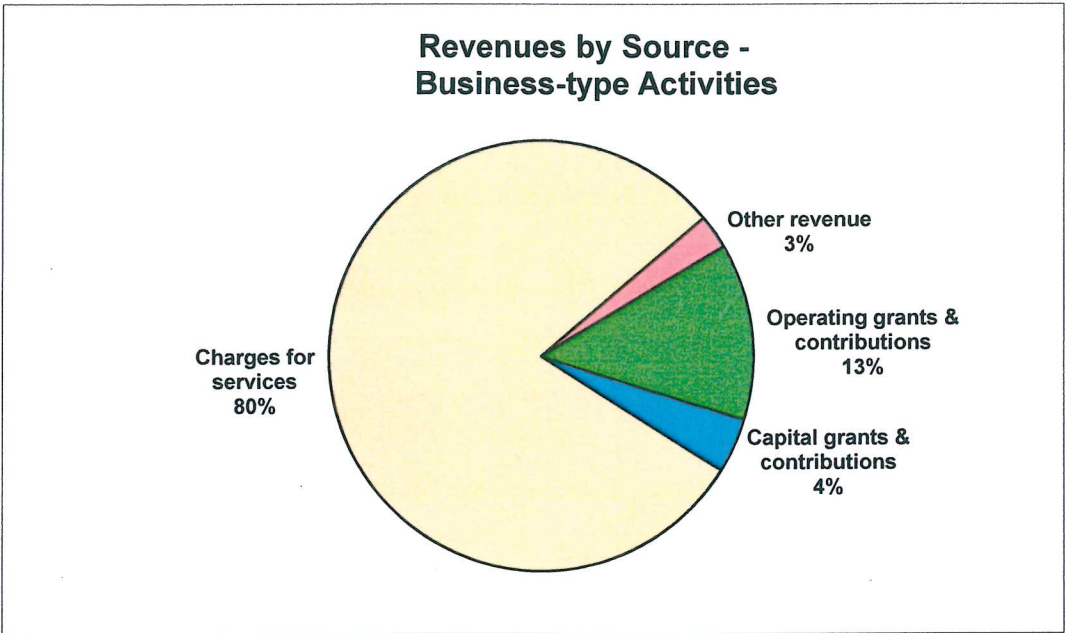
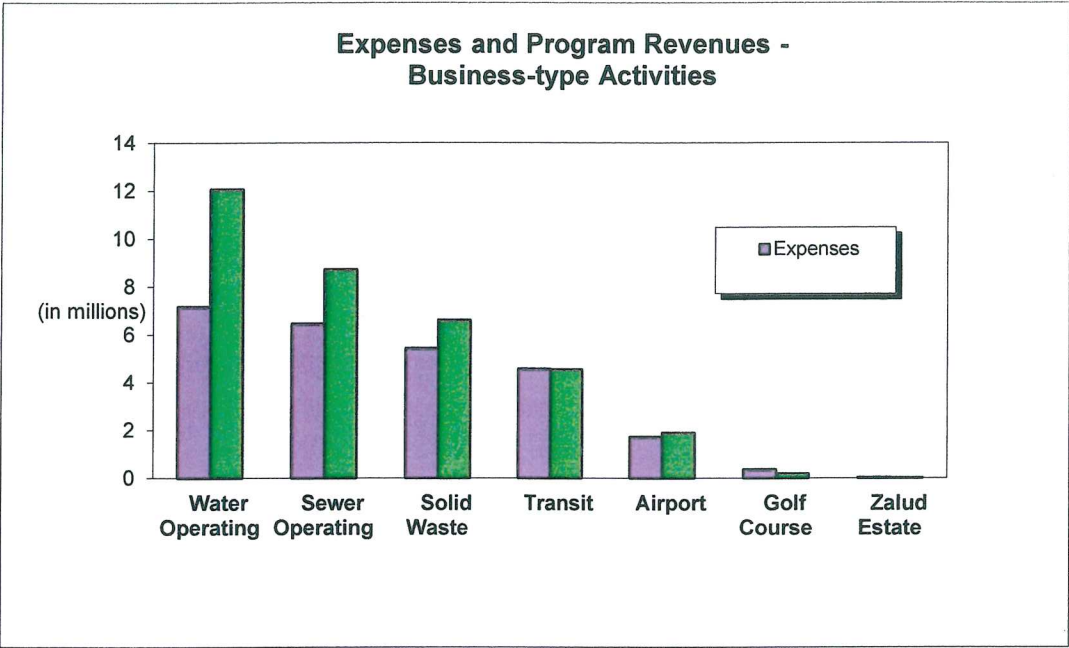
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 6,112,733	\$ 4,890,645	\$ 27,945,479	\$ 21,729,468	\$ 34,058,212	\$ 26,620,113
Operating grants and contributions	3,610,646	4,142,595	4,643,806	4,121,986	8,254,452	8,264,581
Capital grants and contributions	7,085,444	2,836,072	1,437,714	2,392,663	8,523,158	5,228,735
General revenues:						
Property taxes	6,629,521	6,784,136	--	--	6,629,521	6,784,136
Other taxes	15,655,021	14,909,472	--	--	15,655,021	14,909,472
Other	1,166,980	742,435	895,877	518,383	2,062,857	1,260,818
Total revenues	<u>40,260,345</u>	<u>34,305,355</u>	<u>34,922,876</u>	<u>28,762,500</u>	<u>75,183,221</u>	<u>63,067,855</u>
Expenses:						
Community/economic development	724,556	2,155,895	--	--	724,556	2,155,895
General government	2,129,258	3,213,260	--	--	2,129,258	3,213,260
Parks and recreation	5,362,376	6,549,691	--	--	5,362,376	6,549,691
Public safety - fire	5,080,122	4,659,676	--	--	5,080,122	4,659,676
Public safety - police	11,232,822	10,765,422	--	--	11,232,822	10,765,422
Public works	4,781,716	5,678,751	--	--	4,781,716	5,678,751
Interest on long-term debt	1,088,192	1,121,517	--	--	1,088,192	1,121,517
Airport	--	--	1,723,163	1,619,410	1,723,163	1,619,410
Golf course	--	--	357,786	373,231	357,786	373,231
Sewer	--	--	6,466,262	6,976,017	6,466,262	6,976,017
Solid waste	--	--	5,427,937	5,568,177	5,427,937	5,568,177
Transit	--	--	4,584,135	4,459,284	4,584,135	4,459,284
Water	--	--	7,163,325	5,694,708	7,163,325	5,694,708
Zalud estate	--	--	29,112	26,108	29,112	26,108
Total expenses	<u>30,399,042</u>	<u>34,144,212</u>	<u>25,751,720</u>	<u>24,716,935</u>	<u>56,150,762</u>	<u>58,861,147</u>
Increase (decrease) in net position before transfers	9,861,303	161,143	9,171,156	4,045,565	19,032,459	4,206,708
Transfers	<u>(89,280)</u>	<u>(87,410)</u>	<u>89,280</u>	<u>87,410</u>	--	--
Increase (decrease) in net position	9,772,023	73,733	9,260,436	4,132,975	19,032,459	4,206,708
Net position - July 1	384,293,267	384,219,534	70,765,495	66,632,520	455,058,762	450,852,054
Prior period adjustments	1,591,851	--	--	--	1,591,851	--
Net position - June 30	<u>\$ 395,657,141</u>	<u>\$ 384,293,267</u>	<u>\$ 80,025,931</u>	<u>\$ 70,765,495</u>	<u>\$ 475,683,072</u>	<u>\$ 455,058,762</u>

Business-type activities. Business-type activities increased the City of Porterville's net position by \$9,260,436 ending the year with net position of \$80,025,931. This is a 13.1 percent increase from the prior fiscal year.

Total revenues in the business-type activities of the City increased by \$6,160,376. Charges for services in the Water Fund grew 90.2 percent or \$5,052,954, due to a water rate hike of approximately 84.56 percent for a typical single family home, which became effective on August 1, 2016.

Total expenses for the year in the business-type activities amounted to \$25,751,720, an increase of \$1,034,785 or 4.19 percent from prior year. The Water Fund expenses rose \$1,468,617 in the

current fiscal year. This is due to several factors. In fiscal year 2016-2017, the project to connect East Porterville to the City's water system had started in earnest. Over \$800,000 was spent in purchasing water meters, backflow devices and other water parts. In addition, several of the existing water wells suffered failures during the year and the cost of repairs amounted to around \$200,000. The City also began the purchasing of new radio-read meters to replace the older meters and initiated the implementation of a new water meter radio-read test project.



Financial Analysis of the Government's Fund

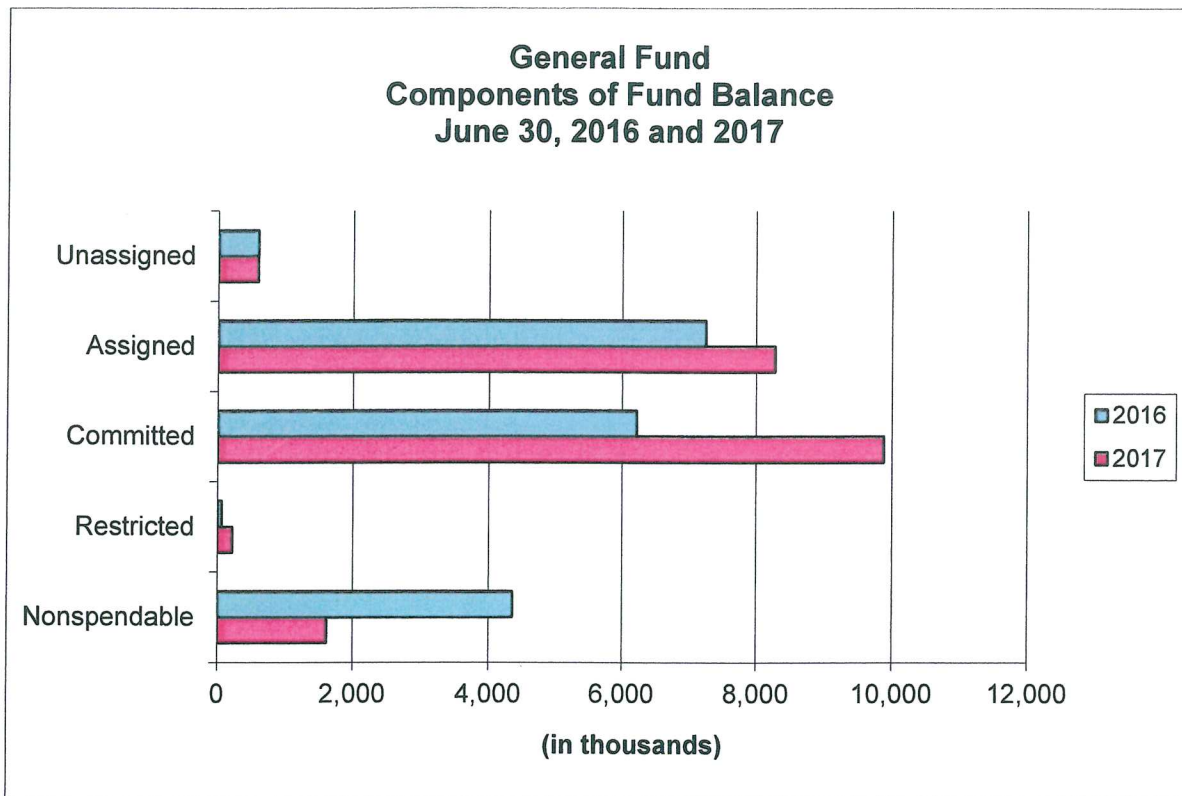
As noted earlier, the City of Porterville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, 2017, the City of Porterville's governmental funds reported combined ending fund balances of \$45,507,226. Of this total amount, \$442,019 (0.97 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 \$8,271,855 and \$9,881,952, respectively. Fund balance of \$1,614,574 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, \$25,296,826 is *restricted* for particular purposes.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2017, unassigned fund balance of the general fund was \$591,721, while total fund balance reached \$20,580,275. 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 2.4 percent of total general fund expenditures, while total fund balance represents 84.8 percent of that same amount. At June 30, 2017, the committed fund balance in the general fund included \$3,981,369 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 increased \$952,020 from current activities. Total revenues of \$26,624,820 were higher than prior year revenues by \$1,470,949 and total expenditures increased 6.5 percent to \$24,256,118. The increase in revenues was mainly due to the growth in sales taxes and utility users taxes amounting to \$554,648 and an increase in charges for services particularly in the Parks and Leisure Services department, from the expansion of the YES (Youth Experiencing Success) program. The increase in departmental expenditures was mainly due to increases in salaries and benefits.



At June 30, 2017, 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 \$1,172,102, an increase of \$691,310 from prior year. This includes an adjustment to increase the prior year fund balance in the amount of \$441,733 to properly record sales tax receipts for the fiscal year earned.

The community development block grant fund has a total fund balance of \$10,051,963 at the end of the fiscal year, all of which is reserved for housing projects for low and moderate income families, for the business assistance program and the neighborhood and park improvement programs.

At the end of the current fiscal year, the capital projects fund has a deficit fund balance of \$149,702. This deficit will be covered by capital grant funds that had been billed but were not available to pay liabilities of the current period.

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

Total net position of the Sewer Operations fund at June 30, 2017, amounted to \$31,096,207 an increase of \$2,315,345 from prior year. Of the total net position, \$12,417,610 or 39.9 percent is unrestricted, 51.6 percent or \$16,033,756, is invested in capital assets and \$2,644,841 is restricted for debt service. Sewer revenue has increased with over 900 new service connections in the past three years from the annexed areas.

The Water Operations fund total net position at the end of the current fiscal year was \$24,849,849, an increase of \$4,918,060. Revenues for the year grew 88.3 percent or \$5,090,373 arising from a new round of water rate hike beginning on August 1, 2016. Unrestricted net position at the end of the year is 32.9 percent of the total or \$8,174,951. Net position invested in capital assets amounted to \$15,946,751 or 64.2 percent and \$728,147 is restricted for debt service.

At June 30, 2017, the Solid Waste fund had total net position of \$6,414,043, an increase of \$1,085,208 or 20.4 percent from the previous year. Total amount invested in capital assets amounted to \$3,084,251 or 48.1 percent and \$3,329,792 or 51.9 percent in unrestricted net position.

The Transit Operations Fund reports total net position of \$10,143,733 at June 30, 2017, a decrease of \$96,111 from the prior year. The City had not received FAA approval of grant funds that would have paid for a portion of the operating expenses and capital outlay for the year. Of the total net position, \$10,587,287 is invested in capital assets which leaves the fund with a deficit unrestricted net position of \$443,554.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or the original budgeted appropriations. Adjustments were made to grant revenues and to the police, library and OHV Park expenditures to reflect the receipt of additional 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	\$6,080,000	\$6,629,521	\$ 549,521
State grants and reimbursements	349,519	650,113	300,594
Recreational activities	2,370,734	2,258,374	(112,360)
Interdepartmental service charges	1,896,656	2,424,069	527,413
Contributions	4,500	164,840	160,340
Other revenues	75,500	376,420	300,920

It has been the City's practice to conservatively estimate General Fund revenues. With the expiration of the sales and use tax 'triple flip', the City had severely reduced the estimated property tax revenue for fiscal year 2016-2017. State grants and reimbursements received during the year included \$149,868 from the State of California Department of Resources Recycling and Recovery for the use of tire-derived products for city parks and \$113,824 from the State of California OHV Grants Program for the OHV Park operations. These grants reimbursed prior year expenditures and were not included in the 2016-2017 budget. With the water rate increase that became effective in August 2016 plus the increase in sewer revenues, interdepartmental service charges to the Water Fund and the Sewer Fund produced a corresponding increase in revenues to the General Fund. During the year, the City received a substantial donation of \$158,352 for the library and a partial insurance reimbursement in the amount of \$137,130.

General Fund expenditures at the end of the year totaled \$24,256,118 and were under budget by \$2,382,004. 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, 2017, amounts to \$485,639,823 (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 \$2,487,943.

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

- In June of 2016, the City awarded the contract for the rehabilitation of the Jaye Street Bridge. The project consists of widening of the bridge at the Tule River from two to four lanes and reconstructing the street approaches to accommodate four lanes of traffic. Total construction cost is estimated to be around \$6,100,984. Funding for the project is a combination of a Highway Bridge Program grant, local transportation funds and proceeds from the issuance of Certificates of Participation. Construction is 61.25 percent complete at the end of the fiscal year.
- The Lime Street reconstruction project which consists of mixing lime and cement with the highly expansive soils within the street reconstruction area began in July of 2016. The total estimated cost of the project is \$1,105,436 with funding from the Local Transportation Fund. At June 30, 2017, the project is 95 percent complete with a total of \$1,053,296 spent to date.
- The contract for the Garden Avenue pedestrian walkway project was awarded in December of 2016. The project includes the removal of existing concrete improvements and replacing them with new ADA access ramps, driveways, stamped concrete, parkway trees, nostalgic lights, and other pedestrian amenities. The total estimated cost of the project is \$763,966. Funding includes an Active Transportation Program grant in the amount of \$232,000, Measure R Alternative Transportation Funds and local transportation funds. The project is 20 percent complete at June 30, 2017.
- The Veterans Park Multi-use Parkway project which includes the installation of a concrete ADA compliant Class 1 multi-use and walking circuit trail through the interior of Veterans Park, plus the installation of new solar lights, began in November 2016. The total estimated project cost is \$442,001 with funding from a Housing-Related Parks grant of \$322,550 and local transportation funds. The project is nearly complete at the end of the fiscal year.
- The installation of a screw press sludge de-watering machine and 3 electric air blowers for the Waste Water Treatment Facility was completed during the fiscal year. The total cost of the project was \$4,754,075.

- During the year, the City purchased several parcels of land which are designated as drainage facilities for the expansion of the City's groundwater recharging capacities, as a component of the City's Groundwater Sustainable Plan. The total spent for these properties is \$485,125 and were purchased with funds from the Water Fund.
- The East Porterville water connection project which began at the beginning of the fiscal year is in progress with over 300 connections completed. As of June 30, 2017, the City has spent \$832,700 in resources.
- The Transit CNG facility expansion project was completed during the fiscal year at a total cost of \$2,368,578. The project included the construction of 20 new 'time-fill' CNG dispenser locations. Funding was a combination of an FTA grant and local transportation funds.
- During the year, the City acquired two CNG refuse front-loader trucks for \$1,134,384 and a CNG regenerative air street sweeper for \$295,834 with major funding from a Congestion Mitigation and Air Quality (CMAQ) Improvement Program grant. In addition, the City purchased nine vehicles for the police department for \$426,911, a wheel loader with bucket for \$166,871 for the refuse department, a new playground equipment for \$51,130 for the parks department, and several other vehicles and equipment.
- In June of 2017, the City purchased a .73 acre parcel of land with the building and improvements on it for \$639,017. This property is to be developed for a new animal shelter inside the city limits.
- During the fiscal year, the City accepted title to 6 properties from the Successor Agency to the Porterville Redevelopment Agency pursuant to the Long Range Property Management Plan approved by the Successor Agency and the California Department of Finance. Five of these properties are encumbered with an Operation and Maintenance Covenant for parking facilities. One of the properties is improved with a 2,446 square foot office building. All of these properties are to remain for governmental use.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 273,893,901	\$273,219,270	\$ 5,423,633	\$ 4,938,508	\$ 279,317,534	\$ 278,157,778
Works of art and collections	183,938	183,938	--	--	183,938	183,938
Buildings	15,661,502	15,488,327	3,018,916	3,146,474	18,680,418	18,634,801
Improvements other than buildings	6,957,328	7,198,663	7,713,537	5,617,271	14,670,865	12,815,934
Machinery and equipment	4,667,856	5,025,112	12,394,496	8,104,315	17,062,352	13,129,427
Infrastructure	94,507,134	97,078,240	990,302	1,108,992	95,497,436	98,187,232
Distribution and collection systems	--	--	50,423,133	51,512,199	50,423,133	51,512,199
Construction in progress	7,953,988	1,786,329	1,850,159	8,744,242	9,804,147	10,530,571
Total	\$ 403,825,647	\$399,979,879	\$81,814,176	\$ 83,172,001	\$ 485,639,823	\$ 483,151,880

Additional information on the City's capital assets can be found in Note 1-E-4 on page 46 and Note 4-D on pages 59 – 60 of this report.

Long-term debt. At the end of the current fiscal year, the City of Porterville had total principal debt outstanding of \$58,999,663. The City's total debt decreased \$2,978,716 during the year.

City of Porterville's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue bonds	\$ --	\$ --	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000
Pension obligation bond	2,250,000	2,770,000	--	--	2,250,000	2,770,000
Certificates of participation	21,820,000	22,390,000	2,635,000	3,840,000	24,455,000	26,230,000
Notes payable	1,899,000	2,133,000	10,840,663	11,290,379	12,739,663	13,423,379
Total	<u>\$ 25,969,000</u>	<u>\$ 27,293,000</u>	<u>\$ 33,030,663</u>	<u>\$ 34,685,379</u>	<u>\$ 58,999,663</u>	<u>\$ 61,978,379</u>

The governmental debt includes certificates of participation (COP'S) in the amount of \$21,820,000 issued in June of 2015 which refunded the 2002 Public Building Refunding Project COP's and the 2013 Infrastructure Lease agreement. It also includes \$2,250,000 in pension obligation bond which financed the City's public safety employee side fund obligation to CalPERS and \$1,899,000 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 \$1,365,000 and \$1,270,000, respectively. The amount outstanding on the notes payable include \$3,754,979 for the sewer fund and \$7,072,079 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 \$13,606 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. On June 6, 2016, S&P downgraded its long-term rating for the 2011 sewer revenue bonds from "AA" to "AA-". The downgrade was driven primarily by the application of S&P's updated criteria.

Additional information on the City's long-term debt can be found in Note 4-F on pages 61 - 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 5.1 percent for 2017-2018 and sales taxes are anticipated to grow a moderate 2.3 percent. Permits for new construction in the last

three fiscal years have been in an upswing and the City expects continued growth. 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 2017-2018, operating expenditures in the General Fund are estimated to be approximately 9.8 percent higher than the 2016-2017 estimates. Factors that contribute to the increase includes higher CalPERS rates, increase in staffing and the rise in minimum wage rate.

As approved by the City Council and after a Proposition 218 protest hearing on July 19, 2016, a 2.3 percent increase in water rates became effective July 1, 2017. The revenue generated by the water rate hikes will be used to upgrade the City's aging water infrastructure and implement the State of California's Sustainable Groundwater Management Act (SGMA) directives for the development of sustainable groundwater which would include significant water purchases for recharge, well monitoring, reporting, and additional infrastructure.

The City continues to closely monitor the Risk Management Fund particularly the health and life component of the fund. The cost of health care has steadily increased over time while revenues have remained constant. No other changes had been made to both the City and the employees' contributions to the fund, but for the first time in over a decade, the fund showed an increase in net position.

Construction of the Jaye Street Bridge is still in progress. The project consists of widening the bridge from two to four lanes. Work on the project had been delayed by five months due to difficult pile driving conditions, rain and flood releases. Additional pile remediation work had been required to provide stable support of the bridge and a budget augmentation of \$855,223 was necessary to complete the project. The current construction schedule shows completion by the end of December 2017.

The following street projects are expected to be completed in the next fiscal year:

- 1) Lime Street reconstruction
- 2) Garden Ave pedestrian walkway
- 3) Veteran's Park multi-use parkway
- 4) Putnam Ave and D Street signal
- 5) Downtown parking lot improvements

Several other street projects are planned in the next fiscal year including the Main Street reconstruction project for \$2 million, the Henderson Ave cold foam project for \$1.2 million, the Orange Avenue rehabilitation project for \$1.1 million, the Plano Street microsurfacing project for \$1 million, and other smaller street projects.

In coordination with State and County representatives, and non-profit partners, work on the East Porterville Water Connection Project is well under way with the goal to support a long-term permanent water connection for the entire East Porterville area and the estimated 1,800 households. As of this date, almost 400 household connections have been completed. The grand plan includes one new booster pump, two booster pump

upgrades, a new water reservoir, and two new wells. It is estimated the whole project will cost over \$12.6 million.

- Other water projects include the construction of another well, Well #34 (Akin) for \$3 million, water capacity enhancement, construction of turnout structures and stormwater capture and recharge for SGMA compliance estimated at almost \$2 million, the Scenic Heights tank coating and repair for \$2.1 million, water main replacements for \$1.8 million, electrical upgrades for water facilities and other water projects.

- In the Sewer Fund, construction of sewer system improvements on the two other annexed areas is still planned for the upcoming fiscal year. This would be the last part of the \$7 million project funded by the issuance of the Sewer Revenue Bonds, Series A in 2011. Other sewer projects include the boiler project and the odor control project for about \$1.2 million.

- Other major capital projects proposed for the next fiscal year includes the transit zero-emission electric bus project estimated to cost over \$11 million, phase 1 of the construction of a bus maintenance and transit administration facility for \$1 million and the construction of phase III of the Tule River Parkway for another \$2.2 million.

- On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.5 percent to 7.0 percent phased-in three years beginning with the contributions for fiscal year 2018-2019. This reduction will tremendously impact public agencies' budgets statewide due to the corresponding increases in contributions. For the City of Porterville, the impact of the decrease in the CalPERS discount rate is estimated to be an additional \$3.4 million in contributions in the next six fiscal years.

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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 33,270,329	\$ 29,039,302	\$ 62,309,631
Receivables - utility (net of allowance for uncollectibles)	-	3,337,030	3,337,030
Receivables - misc (net of allowance for uncollectibles)	3,196,776	749,579	3,946,355
Receivables - housing (net of allowance for uncollectibles)	9,191,323	-	9,191,323
Inventories	-	98,283	98,283
Prepays	23,880	49,200	73,080
Internal balances	945,937	(945,937)	-
Restricted assets - intergovernmental	4,508,127	1,039,871	5,547,998
Restricted assets - investments	1,007,629	5,444,650	6,452,279
Notes receivable	1,123,437	557,971	1,681,408
Capital assets not being depreciated:			
Land	273,893,901	5,423,633	279,317,534
Construction in progress	7,953,988	1,850,159	9,804,147
Works of art and collection	183,938	-	183,938
Capital assets, net of accumulated depreciation:			
Buildings	15,661,502	3,018,916	18,680,418
Improvements other than buildings	6,957,328	7,713,537	14,670,865
Machinery and equipment	4,667,856	12,394,496	17,062,352
Infrastructure	94,507,134	990,302	95,497,436
Distribution and collection systems	-	50,423,133	50,423,133
Total Assets	457,093,085	121,184,125	578,277,210
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,074,342	725,943	2,800,285
Deferred pension-related items	10,608,278	2,938,532	13,546,810
Total Deferred Outflows of Resources	12,682,620	3,664,475	16,347,095
LIABILITIES			
Accounts payable and other current liabilities	3,088,500	1,107,723	4,196,223
Accrued interest payable	102,503	442,207	544,710
Unearned revenue	49,200	291,459	340,659
Non-current liabilities:			
Due in 1 year	3,433,481	1,787,933	5,221,414
Due in more than 1 year	26,050,398	30,755,591	56,805,989
Net pension liability	35,069,011	10,209,854	45,278,865
Net other postemployment benefits obligation	3,947,384	-	3,947,384
Total Liabilities	71,740,477	44,594,767	116,335,244
DEFERRED INFLOWS OF RESOURCES			
Deferred pension-related items	2,378,087	227,902	2,605,989
Total Deferred Inflows of Resources	2,378,087	227,902	2,605,989
NET POSITION			
Net investment in capital assets	380,683,320	51,992,577	432,675,897
Restricted for debt service	954,066	3,372,988	4,327,054
Restricted for grant programs	147,898	-	147,898
Restricted for library purposes	158,352	-	158,352
Unrestricted	13,713,505	24,660,366	38,373,871
Total Net Position	\$ 395,657,141	\$ 80,025,931	\$ 475,683,072

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, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Community and economic development	\$ 724,556	\$ 35,858	\$ 554,328	\$ 101,099	\$ (33,271)	\$ -	\$ (33,271)
General government	2,129,258	2,553,619	491,034	-	915,395	-	915,395
Parks and recreation	5,362,376	2,378,435	263,803	428,471	(2,291,667)	-	(2,291,667)
Public safety - fire	5,080,122	330,526	2,414	-	(4,747,182)	-	(4,747,182)
Public safety - police	11,232,822	387,611	367,143	-	(10,478,068)	-	(10,478,068)
Public works	4,781,716	426,684	1,931,924	6,555,874	4,132,766	-	4,132,766
Interest on long-term debt	1,088,192	-	-	-	(1,088,192)	-	(1,088,192)
Total governmental activities	30,399,042	6,112,733	3,610,646	7,085,444	(13,590,219)	-	(13,590,219)
Business-type Activities:							
Airport	1,723,163	1,831,349	24,971	31,830	-	164,987	164,987
Golf course	357,786	175,850	-	-	-	(181,936)	(181,936)
Sewer operating	6,466,262	8,526,645	-	191,575	-	2,251,958	2,251,958
Solid waste	5,427,937	5,902,201	22,947	695,968	-	1,193,179	1,193,179
Transit	4,584,135	642,886	3,693,653	215,063	-	(32,533)	(32,533)
Water operating	7,163,325	10,856,511	902,235	303,278	-	4,898,699	4,898,699
Zalud estate	29,112	10,037	-	-	-	(19,075)	(19,075)
Total business-type activities	25,751,720	27,945,479	4,643,806	1,437,714	-	8,275,279	8,275,279
Total primary government	\$ 56,150,762	\$ 34,058,212	\$ 8,254,452	\$ 8,523,158	(13,590,219)	8,275,279	(5,314,940)
General revenues:							
					6,629,521	-	6,629,521
					9,626,375	-	9,626,375
					3,912,707	-	3,912,707
					1,564,156	-	1,564,156
					551,783	-	551,783
					325,815	237,982	563,797
					-	657,895	657,895
					841,165	-	841,165
Transfers					(89,280)	89,280	-
Total general revenues and transfers					23,362,242	985,157	24,347,399
Change in net position					9,772,023	9,260,436	19,032,459
Net position - beginning					384,293,267	70,765,495	455,058,762
Prior period adjustments					1,591,851	-	1,591,851
Net position - ending					\$ 395,657,141	\$ 80,025,931	\$ 475,683,072

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

**City of Porterville
Balance Sheet
Governmental Funds
June 30, 2017**

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 16,868,974	\$ 608,398	\$ 817,652	\$ 490,305	\$ 12,385,916	\$ 31,171,245
Receivables - misc (net):						
Interest	193,000	-	-	-	-	193,000
Taxes	1,791,453	694,479	-	-	86,735	2,572,667
Other	353,489	-	-	-	1,387	354,876
Receivables - housing (net)	-	-	9,191,323	-	-	9,191,323
Intergovernmental receivables	987,497	-	49,262	2,487,745	300,303	3,824,807
Interfund receivables	938,280	-	-	-	156,070	1,094,350
Prepaid items	23,880	-	-	-	-	23,880
Restricted - cash/fiscal agent	-	-	-	-	1,007,629	1,007,629
Notes receivable	1,123,437	-	-	-	-	1,123,437
Total assets	<u>\$ 22,280,010</u>	<u>\$ 1,302,877</u>	<u>\$ 10,058,237</u>	<u>\$ 2,978,050</u>	<u>\$ 13,938,040</u>	<u>\$ 50,557,214</u>
LIABILITIES						
Accounts and other payables	\$ 263,902	\$ 10,536	\$ 366	\$ 1,398,638	\$ 16,202	\$ 1,689,644
Payroll payable	812,342	120,239	5,908	44,750	15,687	998,926
Interfund payable	10,565	-	-	-	53,563	64,128
Unearned revenue	49,200	-	-	-	-	49,200
Advances payable	563,726	-	-	-	-	563,726
Total liabilities	<u>1,699,735</u>	<u>130,775</u>	<u>6,274</u>	<u>1,443,388</u>	<u>85,452</u>	<u>3,365,624</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental	-	-	-	1,684,364	-	1,684,364
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,684,364</u>	<u>-</u>	<u>1,684,364</u>
FUND BALANCES						
Nonspendable	1,614,574	-	-	-	-	1,614,574
Restricted	220,173	1,172,102	10,051,963	-	13,852,588	25,296,826
Committed	9,881,952	-	-	-	-	9,881,952
Assigned	8,271,855	-	-	-	-	8,271,855
Unassigned	591,721	-	-	(149,702)	-	442,019
Total fund balances	<u>20,580,275</u>	<u>1,172,102</u>	<u>10,051,963</u>	<u>(149,702)</u>	<u>13,852,588</u>	<u>45,507,226</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,280,010</u>	<u>\$ 1,302,877</u>	<u>\$ 10,058,237</u>	<u>\$ 2,978,050</u>	<u>\$ 13,938,040</u>	<u>\$ 50,557,214</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, 2017

Fund balances of governmental funds	\$	45,507,226
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Amounts reported for *governmental activities* in the statement of net position are different because:

Long-term liabilities, including bonds payable, pension, OPEB, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(63,129,784)
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Deferred outflows arising from pension contributions made subsequent to the actuarial measurement date, the difference between projected and actual earnings on pension plan investments, and the change in proportion are not applicable to the current period and are not reported in the funds.		10,094,072
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Deferred inflows related to pensions, including the changes of assumptions and the difference between actual pension contributions and the proportionate share of contributions are not applicable to the current period and are not reported in the funds.		(2,349,778)
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Internal service funds are used by management to charge the costs of risk management and equipment management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		176,813
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Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenue in the funds.		1,684,364
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		403,674,228
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Net position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">395,657,141</div>
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The notes to the financial statements are an integral part of this statement.

City of Porterville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 6,629,521	\$ -	\$ -	\$ -	\$ -	\$ 6,629,521
Sales taxes	6,035,729	3,590,646	-	-	-	9,626,375
Utility users tax	3,912,707	-	-	-	-	3,912,707
Franchise tax	1,564,156	-	-	-	-	1,564,156
Transient occupancy tax	551,783	-	-	-	-	551,783
Licenses and permits	939,352	-	-	-	-	939,352
Vehicle license fees	26,910	-	-	-	-	26,910
Intergovernmental	693,969	-	655,428	2,474,161	4,155,373	7,978,931
Charges for services	5,189,069	3,314	1,050	-	-	5,193,433
Special assessments and fees	8,631	-	-	-	795,658	804,289
Fines and forfeitures	39,747	-	-	-	157,599	197,346
Investment earnings	491,986	(638)	26,443	10,992	77,742	606,525
Miscellaneous	541,260	1,000	-	-	41,827	584,087
Total revenues	<u>26,624,820</u>	<u>3,594,322</u>	<u>682,921</u>	<u>2,485,153</u>	<u>5,228,199</u>	<u>38,615,415</u>
EXPENDITURES						
Current:						
Community and economic development	781,623	-	284,545	1,791	-	1,067,959
General government	2,817,675	-	-	-	-	2,817,675
Parks and recreation	5,435,359	476,421	-	6,122	155,595	6,073,497
Public safety - fire	3,617,936	1,235,554	-	-	1,174	4,854,664
Public safety - police	8,882,392	1,524,647	-	-	377,274	10,784,313
Public works	2,193,159	-	-	714,119	-	2,907,278
Debt service:						
Principal	-	-	234,000	-	1,090,000	1,324,000
Interest and administrative charges	189	-	38,465	-	936,066	974,720
Capital outlay	527,785	-	-	6,901,036	15,928	7,444,749
Total expenditures	<u>24,256,118</u>	<u>3,236,622</u>	<u>557,010</u>	<u>7,623,068</u>	<u>2,576,037</u>	<u>38,248,855</u>
Excess (deficiency) of revenues over expenditures	<u>2,368,702</u>	<u>357,700</u>	<u>125,911</u>	<u>(5,137,915)</u>	<u>2,652,162</u>	<u>366,560</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,364,448	-	-	4,234,732	1,959,050	7,558,230
Transfers out	(2,918,260)	(108,123)	(190,883)	-	(4,430,244)	(7,647,510)
Insurance recoveries	137,130	-	-	-	-	137,130
Total other financing sources and uses	<u>(1,416,682)</u>	<u>(108,123)</u>	<u>(190,883)</u>	<u>4,234,732</u>	<u>(2,471,194)</u>	<u>47,850</u>
Net change in fund balances	952,020	249,577	(64,972)	(903,183)	180,968	414,410
Fund balances - beginning	18,478,137	480,792	10,116,935	753,481	13,671,620	43,500,965
Prior period adjustments	1,150,118	441,733	-	-	-	1,591,851
Fund balances - ending	<u>\$ 20,580,275</u>	<u>\$ 1,172,102</u>	<u>\$ 10,051,963</u>	<u>\$ (149,702)</u>	<u>\$ 13,852,588</u>	<u>\$ 45,507,226</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, 2017**

Net change in fund balances --total governmental funds	\$ 414,410
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.	3,277,141
The net effect of various miscellaneous transactions involving capital assets is to increase net position.	623,513
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,324,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(564,437)
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.	3,060,473
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.	786,276
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	850,647
Change in net position of governmental activities	<u>\$ 9,772,023</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, 2017

	Business-Type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 13,376,072	\$ 7,972,885	\$ 5,368,842	\$ -	\$ 2,321,503	\$ 29,039,302	\$ 2,099,084
Receivables-utility (net of allowance for uncollectibles)	880,867	1,660,607	795,556	-	-	3,337,030	-
Receivables-misc (net of allowance for uncollectibles)	337,267	82,957	115,120	79,229	135,006	749,579	76,233
Intergovernmental receivables	-	874,238	-	165,633	-	1,039,871	683,320
Interfund receivable	-	-	-	-	-	-	10,565
Inventories	-	-	-	-	98,283	98,283	-
Prepays	-	-	-	49,200	-	49,200	-
Total current assets:	14,594,206	10,590,687	6,279,518	294,062	2,554,792	34,313,265	2,869,202
Noncurrent assets:							
Advances receivable	286,212	266,851	-	-	-	553,063	10,663
Notes receivable	-	-	-	-	557,971	557,971	-
Capital assets:							
Land	3,142,404	803,217	-	352,599	1,125,413	5,423,633	-
Construction in progress	551,585	10,000	-	1,117,283	171,291	1,850,159	-
Buildings	1,676,971	296,688	-	2,757,699	653,716	5,385,074	-
Improvements other than buildings	-	-	-	3,399,726	9,266,120	12,665,846	6,639
Machinery and equipment	8,314,151	2,213,788	7,995,691	7,118,139	1,023,964	26,665,733	835,723
Infrastructure	-	-	-	1,307,602	-	1,307,602	-
Distribution and collection systems	50,179,505	41,456,226	-	-	-	91,635,731	-
Less accumulated depreciation	(26,329,533)	(20,526,502)	(4,911,440)	(5,465,761)	(5,886,366)	(63,119,602)	(690,942)
Restricted assets - investments	4,716,495	728,155	-	-	-	5,444,650	-
Total noncurrent assets:	42,537,790	25,248,423	3,084,251	10,587,287	6,912,109	88,369,860	162,083
Total assets	57,131,996	35,839,110	9,363,769	10,881,349	9,466,901	122,683,125	3,031,285
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	679,701	46,242	-	-	-	725,943	-
Deferred pension-related items	778,702	796,942	1,027,371	94,251	241,266	2,938,532	514,206
Total deferred outflows of resources	1,458,403	843,184	1,027,371	94,251	241,266	3,664,475	514,206
LIABILITIES							
Current liabilities:							
Accounts and other payables	103,946	413,074	127,149	216,520	44,054	904,743	364,461
Payroll payable	49,115	56,290	66,636	4,999	17,394	194,434	35,469
Interfund payable	-	-	-	156,070	884,717	1,040,787	-
Retainage payable	8,546	-	-	-	-	8,546	-
Accrued claims	-	-	-	-	-	-	978,936
Compensated absences payable	26,163	34,553	39,606	-	10,852	111,174	19,840
Accrued interest payable	316,838	124,903	-	-	466	442,207	-
Loans and bonds payable	832,843	830,310	-	-	13,606	1,676,759	-
Unearned revenue	-	-	-	291,459	-	291,459	-
Total current liabilities:	1,337,451	1,459,130	233,391	669,048	971,089	4,670,109	1,398,706
Noncurrent liabilities:							
Accrued claims	-	-	-	-	-	-	701,736
Compensated absences payable	1,123	19,331	34,107	-	21,478	76,039	11,864
Loans and bonds payable	23,156,954	7,522,598	-	-	-	30,679,552	-
Net pension liability	2,930,482	2,764,467	3,621,357	162,819	730,729	10,209,854	1,686,276
Total noncurrent liabilities:	26,088,559	10,306,396	3,655,464	162,819	752,207	40,965,445	2,399,876
Total liabilities	27,426,010	11,765,526	3,888,855	831,867	1,723,296	45,635,554	3,798,582
DEFERRED INFLOWS OF RESOURCES							
Deferred pension-related items	68,182	66,919	88,242	-	4,559	227,902	28,309
Total deferred inflows of resources	68,182	66,919	88,242	-	4,559	227,902	28,309
NET POSITION							
Net investment in capital assets	16,033,756	15,946,751	3,084,251	10,587,287	6,340,532	51,992,577	151,420
Restricted for debt service	2,644,841	728,147	-	-	-	3,372,988	-
Unrestricted	12,417,610	8,174,951	3,329,792	(443,554)	1,639,780	25,118,579	(432,820)
Total net position	\$ 31,096,207	\$ 24,849,849	\$ 6,414,043	\$ 10,143,733	\$ 7,980,312	\$ 80,484,144	\$ (281,400)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(458,213)	
Net position of business-type activities						\$ 80,025,931	

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, 2017

	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	\$ 7,022,901	\$ 10,653,296	\$ 5,807,369	\$ 638,788	\$ 1,862,107	\$ 25,984,461	\$ 9,666,844
Connection fees	1,136,381	16,107	-	-	-	1,152,488	-
Other revenues	367,363	187,108	94,832	4,098	155,129	808,530	268,639
Total operating revenues	8,526,645	10,856,511	5,902,201	642,886	2,017,236	27,945,479	9,935,483
Operating expenses:							
Cost of sales and services	2,349,818	2,461,261	4,311,673	3,069,062	1,549,324	13,741,138	8,551,164
General and administrative	1,460,381	3,324,126	690,506	726,342	281,394	6,482,749	229,908
Depreciation	1,268,426	1,065,723	559,064	852,534	296,771	4,042,518	54,888
Total operating expenses	5,078,625	6,851,110	5,561,243	4,647,938	2,127,489	24,266,405	8,835,960
Operating income (loss)	3,448,020	4,005,401	340,958	(4,005,052)	(110,253)	3,679,074	1,099,523
Nonoperating revenues (expenses):							
Intergovernmental revenues	-	-	-	2,768,951	-	2,768,951	-
Federal grants	-	-	-	924,702	14,971	939,673	-
State grants and reimbursements	-	902,235	22,947	-	10,000	935,182	-
Investment earnings	113,027	75,259	25,335	225	24,136	237,982	12,342
Interest expense	(1,439,910)	(370,254)	-	-	(740)	(1,810,904)	-
Loss on disposal of capital assets	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	657,895	657,895	-
Total nonoperating revenue (expenses)	(1,326,883)	607,240	48,282	3,693,878	706,262	3,728,779	12,342
Income(loss) before contributions and transfers	2,121,137	4,612,641	389,240	(311,174)	596,009	7,407,853	1,111,865
Capital contributions and transfers:							
Capital contributions, developer fees	191,575	303,278	-	-	-	494,853	-
Capital contributions, federal and state grants	-	-	695,968	215,063	31,830	942,861	-
Transfers in	2,633	2,455	-	-	84,506	89,594	-
Transfers out	-	(314)	-	-	-	(314)	-
Total capital contributions and transfers	194,208	305,419	695,968	215,063	116,336	1,526,994	-
Change in net position	2,315,345	4,918,060	1,085,208	(96,111)	712,345	8,934,847	1,111,865
Net position - beginning	28,780,862	19,931,789	5,328,835	10,239,844	7,267,967		(1,393,265)
Net position - ending	\$ 31,096,207	\$ 24,849,849	\$ 6,414,043	\$ 10,143,733	\$ 7,980,312		\$ (281,400)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						325,589	
Change in net position of business-type activities						\$ 9,260,436	

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, 2017**

	Business-type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash receipts from customers	\$ 8,290,667	\$ 10,059,029	\$ 5,837,347	\$ 621,036	\$ 2,140,086	\$ 26,948,165	\$ 9,920,787
Payments to employees	(1,275,931)	(1,335,205)	(1,749,008)	(116,397)	(478,151)	(4,954,692)	(1,041,524)
Payments to suppliers and others	(2,831,840)	(4,466,624)	(3,646,746)	(3,634,700)	(1,463,352)	(16,043,262)	(7,690,873)
Net cash provided (used) by operating activities	4,182,896	4,257,200	441,593	(3,130,061)	198,583	5,950,211	1,188,390
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Advances to other funds	-	-	-	-	-	-	17,554
Cash from interfund	-	-	-	(1,378,142)	111,825	(1,266,317)	(287,726)
Intergovernmental - operating assistance	-	-	-	3,437,924	-	3,437,924	(73)
Subsidy from federal and state grants	-	27,997	22,946	1,279,024	24,971	1,354,938	-
Transfers in from other funds	2,633	2,455	-	-	84,506	89,594	-
Transfers out to other funds	-	(314)	-	-	-	(314)	-
Net cash provided (used) by noncapital financing	2,633	30,138	22,946	3,338,806	221,302	3,615,825	(270,245)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Construction and other capital projects	(360,629)	(898,772)	-	(515,594)	(35,074)	(1,810,069)	-
Contributed capital, developer's fees	191,575	303,278	-	-	-	494,853	-
Interest paid on long-term debt and advances	(1,273,390)	(354,452)	-	-	(1,209)	(1,629,051)	-
Principal payments on long-term debt	(792,841)	(848,286)	-	-	(13,588)	(1,654,715)	-
Proceeds from sale of capital assets	-	-	-	-	99,924	99,924	-
Purchase of capital assets	(22,489)	(42,555)	(1,010,462)	-	(12,664)	(1,088,170)	-
Subsidy from federal and state grants	-	-	1,240,107	306,624	31,830	1,578,561	-
Net cash provided (used) by capital and related financing activities	(2,257,774)	(1,840,787)	229,645	(208,970)	69,219	(4,008,667)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	113,027	75,259	25,335	225	24,136	237,982	12,342
Net cash provided by investing activities	113,027	75,259	25,335	225	24,136	237,982	12,342
Net Increase (decrease) in cash and cash equivalents	2,040,782	2,521,810	719,519	-	513,240	5,795,351	930,487
Balances - beginning of year	16,051,785	6,179,230	4,649,323	-	1,808,263	28,688,601	1,168,597
Balances - end of the year	\$ 18,092,567	\$ 8,701,040	\$ 5,368,842	\$ -	\$ 2,321,503	\$ 34,483,952	\$ 2,099,084
As shown on the proprietary statement of net position:							
Cash and investments	\$ 13,376,072	\$ 7,972,885	\$ 5,368,842	\$ -	\$ 2,321,503	\$ 29,039,302	\$ 2,099,084
Restricted assets, cash with fiscal agent	4,716,495	728,155	-	-	-	5,444,650	-
Balances - end of year	\$ 18,092,567	\$ 8,701,040	\$ 5,368,842	\$ -	\$ 2,321,503	\$ 34,483,952	\$ 2,099,084
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 3,448,020	\$ 4,005,401	\$ 340,958	\$ (4,005,052)	\$ (110,253)	\$ 3,679,074	\$ 1,099,523
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	1,268,426	1,065,723	559,064	852,534	296,771	4,042,518	54,888
Changes in assets and liabilities:							
Accounts payable	(42,919)	212,489	(85,668)	19,879	(72,251)	31,530	98,360
Accrued claims payable	-	-	-	-	-	-	37,835
Compensated absences	(6,376)	8,437	7,201	-	5,318	14,580	279
Customer receivables	(235,978)	(797,482)	(64,854)	(21,850)	122,850	(997,314)	(14,696)
Inventory	-	-	-	-	29,346	29,346	-
Pensions	(239,792)	(241,629)	(311,493)	(24,884)	(73,151)	(890,949)	(155,904)
Prepaid items	-	-	-	49,200	-	49,200	67,244
Salaries and benefits payable	(8,485)	4,261	(3,615)	112	(47)	(7,774)	861
Net cash provided by operating activities	\$ 4,182,896	\$ 4,257,200	\$ 441,593	\$ (3,130,061)	\$ 198,583	\$ 5,950,211	\$ 1,188,390

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

City of Porterville
Statement of Net Position
Fiduciary Funds
June 30, 2017

	Private- purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 488,050	\$ 1,510,515
Receivables - housing (net)	202,289	-
Capital assets:		
Land	1,650,532	-
Construction in progress	268,114	-
Improvements other than buildings	496,251	-
Less accumulated depreciation	(76,919)	-
Notes receivable	930,000	-
Restricted cash - bond proceeds	90,745	-
Total assets	<u>4,049,062</u>	<u>\$ 1,510,515</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	<u>469,832</u>	
Total deferred outflows of resources	<u>469,832</u>	
LIABILITIES		
Accounts and other payables	1,119	\$ 37,524
Payroll payable	3,031	-
Accrued interest payable	23,865	-
Refundable deposits, utilities	-	402,155
Refundable deposits, miscellaneous	-	655,076
Other deposits, safety	-	415,760
Intergovernmental payable	1,149,957	-
Bonds payable	7,185,000	-
Total liabilities	<u>8,362,972</u>	<u>\$ 1,510,515</u>
NET POSITION		
Net position held in trust	<u>\$ (3,844,078)</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, 2017

	<u>Private-purpose Trust Fund</u>
ADDITIONS	
Contributions - Redevelopment Property Tax Trust Fund	\$ 768,682
Interest and investment revenue	7,275
Other revenue	<u>19,211</u>
Total additions	<u>795,168</u>
DEDUCTIONS	
Administrative expenses	80,162
Direct property expenses	7,016
Depreciation expense	13,640
Debt redemption, interest	365,307
Refunding bond issuance costs	559,829
Disposal of capital assets	<u>815,731</u>
Total deductions	<u>1,841,685</u>
Change in net position	(1,046,517)
Net position held in trust - beginning	<u>(2,797,561)</u>
Net position held in trust - ending	<u><u>\$ (3,844,078)</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, 2017

NOTE 1 - Summary of significant accounting policies

A. Reporting entity

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

Blended component units. The Porterville Redevelopment Agency was established in March of 1981 pursuant to the California Community Redevelopment Laws contained in Section 33000 Et. Seq. of Division 24 of the Health and Safety Code. The primary purpose of the Agency is to revitalize targeted areas of blight and deterioration within the city limits so as to eliminate or mitigate existing and potential physical, social, and economic liabilities in the interest of the health, safety, and welfare of all its citizens. Under Assembly Bill 1X 26, the Porterville Redevelopment Agency was dissolved and all of its assets, liabilities and obligations were transferred to the Successor Agency on February 1, 2012.

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

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

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

B. Basis of presentation

Government-wide financial statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the non-fiduciary activities of the primary government and its component units. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exceptions to this general rule are the fleet management and the risk management charges to the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities presents a comparison between program expenses and program revenues for each segment of business-type activities of the City and for each function of the City's governmental activities. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Governmental activities, which normally are supported by taxes and

intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

C. Measurement focus and basis of accounting

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

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

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

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

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

D. Budgetary information

1. Budgetary basis of accounting

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

On or before June 1 of each year, the City Manager submits a proposed budget to the city council for review. The council holds public hearings, and the final budget is adopted by resolution prior to July 1. The appropriated budget is prepared by fund, function, and department. The department heads may make transfers of appropriations within their respective departments. Transfers of appropriations between departments require the approval of the city manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

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

2. Excess of expenditures over appropriations

For the year ended June 30, 2017, no expenditures of any department of the general fund or expenditures of the major governmental funds exceeded appropriations.

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

1. Cash and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Under the provisions of the City's investment policy and California Government Code Section 53601, the City Treasurer is authorized to invest in negotiable certificates of deposit, securities of the U.S. Government, time deposits, banker's acceptance notes, commercial paper, guaranteed investment contracts (GIC), medium term notes, the California Local Agency Investment Fund (LAIF), the Central San Joaquin Valley Risk Management Authority (CSJVRMA) Investment pool, and the County of Tulare Investment pool.

2. Inventories and prepaid items

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

Any payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased.

3. Restricted assets

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

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

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

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

5. Long-term debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as, gains and losses on defeasance, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the year incurred per GASB Statement No. 65.

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

6. Deferred outflows / inflows of resources

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

F. Revenues and expenditures / expenses

1. Program revenues

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

2. Property taxes

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

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

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

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

3. Utility Users Tax

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

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

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

5. Compensated absences

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

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

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, 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 \$63,129,784 difference are as follows:

Bonds payable	\$ 24,070,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(2,074,342)
Plus: Issuance premium (to be amortized over life of debt)	708,583
Notes payable	1,899,000
Accrued interest payable	102,503
Net pension liability	33,382,735
Net other postemployment benefits obligation	3,947,384
Compensated absences	<u>1,093,921</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>63,129,784</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 \$176,813 difference are as follows:

Net position of the internal service funds	\$ (281,400)
Add: Internal receivable representing costs in excess of charges to business-type activities – prior years	783,802
Less: Internal payable representing charges in excess of costs to business-type activities – current year	<u>(325,589)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>(176,813)</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 \$403,674,228 difference are as follows:

Land	\$ 273,893,901
Construction in progress	7,953,988
Works of art and collection	183,938
Buildings	22,305,602
Less: Accumulated depreciation – buildings	(6,644,100)
Improvements other than buildings	10,001,220
Less: Accumulated depreciation – improvements other than buildings	(3,043,892)
Machinery and equipment	11,741,145
Less: Accumulated depreciation – machinery and equipment	(7,224,708)
Infrastructure	127,956,708
Less: Accumulated depreciation - infrastructure	<u>(33,449,574)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>403,674,228</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 \$3,277,141 difference are as follows:

Capital outlay	\$	7,444,749
Depreciation expense		(4,167,608)
<hr/>		
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>3,277,141</u>

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$1,324,000 difference are as follows:

Principal repayments:		
Certificates of participation	\$	570,000
Notes payable		234,000
Pension obligation bond		520,000
<hr/>		
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>1,324,000</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$564,437 difference are as follows:

Other postemployment benefits	\$	(512,232)
Compensated absences		61,456
Accrued interest		6,538
Amortization of deferred charge on refunding		(159,565)
Amortization of bond premiums		39,366
<hr/>		
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>(564,437)</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 \$786,276 difference are as follows:

Change in net position of the internal service funds	\$	1,111,865
Profit from charges to business-type activities		(325,589)
<hr/>		
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>786,276</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 \$458,213 difference are as follows:

Internal payable representing costs in excess of charges to business-type activities – prior years	\$	(783,802)
Internal payable representing charges in excess of costs to business-type activities – current year		<u>325,589</u>
<hr/>		
Net adjustment to decrease <i>net position total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	\$	<u>(458,213)</u>

NOTE 3 - Stewardship, compliance, and accountability

A. Deficit fund equity

At June 30, 2017, the Capital Projects Fund, a major governmental fund has a deficit net position of \$149,702. This deficit is a temporary condition as grant funds billed and reported as unavailable revenue in the current year are expected to be paid and received in the next fiscal year.

At June 30, 2017, the Golf Course Fund, a nonmajor enterprise fund has a deficit net position of \$837,840. For the past several years, expenses have exceeded revenues. There is presently no arrangement on how to eliminate the deficit in future years.

The Risk Management Fund, an internal service fund, also has a deficit net position at June 30, 2017 amounting to \$706,708. The city has a self-funded health plan. Deposits to the fund are made from the various city departments which are charged as benefit to the employees. These deposits had remained constant over several years while health care costs have continued to rise, the result of which is an overall fund deficit. In order to correct this, the city had come into an agreement with its employee associations which modified the health plan for cost savings and increased both employer and employee contributions to the funds as well as the retired employee contributions.

NOTE 4 - Detailed notes on all activities and funds

A. Cash and investments

The City of Porterville follows the practice of pooling cash and investments of all funds except for those required to be held by outside fiscal agents under the provisions of bond indenture. Interest income earned on the pooled cash and investments is allocated monthly to the various funds based on monthly cash balances. At year-end, the City's bank balance was \$694,589 and cash on hand was \$3,285.

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	\$	62,309,631
Cash and investments - restricted		6,452,279
Fiduciary funds:		
Cash and investments		1,998,565
Cash and investments – restricted		90,745
Total cash and investments	\$	<u>70,851,220</u>

Cash and investments as of June 30, 2017, consist of the following:

Cash and cash equivalents	\$	723,693
Outstanding checks		(1,098,267)
Deposits in transit		41,560
Investments		<u>71,184,234</u>
Total cash and investments	\$	<u>70,851,220</u>

Deposits

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a formal deposit policy for custodial credit risk. The Federal Depository Insurance Corporation's standard insurance amount of \$250,000 per depositor, per insured bank, mitigates the City's custodial credit risk for deposits. The remaining deposit is collateralized as required by the California Government Code, by a pledge of securities by the financial institution in an undivided collateral pool held by a depository regulated under state law, the market value of which must equal at least 110% of the total amount deposited by the public agencies.

As of June 30, 2017, \$444,589 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

Investments

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

Management Authority (CSJVRMA), and the investment pool managed by the County of Tulare. As of June 30, 2017, all investments are in compliance with State law and with the City's investment policy.

Investment in the State Investment Pool

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

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

As a member city of the CSJVRMA, the City accepted the opportunity to participate in its sponsored investment pool. The pool is managed by Chandler Asset Management who typically invests in agencies (e.g., FHLB debentures, FNMA and FHLMC notes), treasuries and high-grade corporate stock. Approved investment instruments are asset-backed securities, banker's acceptance, commercial paper and medium term notes, money market accounts, mutual funds, and negotiable certificates of deposit with mixed maturity dates not to exceed 5 years. Investment in repurchase agreements is authorized, but maturity is limited to 1 year maximum.

Tulare County Investment Pool

The City is a voluntary participant in the Tulare County Investment Pool that is managed by the County Treasurer. The pooled investments, which are governed by the California Government Code, include U.S. Treasuries, Federal agencies, medium term/corporate notes, municipals, repurchase agreements, commercial paper, money market funds, and LAIF. Investment earnings is apportioned to the various participants in the investment pool at the end of each calendar quarter.

The following is a summary of investments held by the City at June 30, 2017:

Investment Pool	Fair Value	Interest Rates	Maturities	Weighted Average Maturity
Federal agency securities	\$ 9,997,500	1.0%-2.25%	3/18-6/22	213 days
Corporate bonds	7,009,240	1.25%-2.55%	7/17-4/21	65 days
Negotiable certificates of deposit	7,005,025	1.5%-2.4%	7/17-6/22	133 days
Certificates of deposit	10,850,032	1.0%-2.25%	9/17-6/22	132 days
Money market funds	45,273	variable	On demand	0.00
Capital stock	136,000	--	--	--
Local Agency Investment Fund	14,150,561	variable	On demand	0.00
Tulare County Investment Pool	8,870,186	variable	On demand	0.00
CSJVRMA JPA Investment Pool	6,641,654	variable	On demand	0.00
	<u>64,705,471</u>			
<u>Investments outside investment pool</u>				
Federal agency securities	3,304,376			
Money market funds	3,174,387			
	<u>6,478,763</u>			
Total investments	\$ <u>71,184,234</u>			

Fair value of investments

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

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

As of June 30, 2017, the City has the following recurring fair value measurements:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Federal agency securities	\$13,301,876	\$ -	\$13,301,876	\$ -
Corporate bonds	7,009,240	7,009,240	-	-
Negotiable certificates of deposit	7,005,025	-	7,005,025	-
Total investments measured at fair value	\$ 27,316,141	\$ 7,009,240	\$20,306,901	\$ -
<u>Investments not measured at fair value</u>				
Certificates of deposit	\$ 10,850,032			
Money market mutual funds	3,219,660			
Capital stock	136,000			
Local Agency Investment Fund	14,150,561			
Tulare County Investment Pool	8,870,186			
CSJVRMA JPA Investment Pool	6,641,654			
Total investments	\$ 71,184,234			

Interest Rate Risk

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

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

Investment type			Remaining maturity (in months)			
			12 months or less	13-24 months	25-60 months	More than 60 months
Federal agency securities	\$	9,997,500	\$ 1,997,500	\$ --	\$ 8,000,000	\$ --
Corporate bonds		7,009,240	4,011,740	--	2,997,500	--
Negotiable certificates of deposit		7,005,025	480,000	245,000	6,280,025	--
Certificates of deposit		10,850,032	3,817,410	1,785,553	5,247,069	--
Money market funds		45,273	45,273	--	--	--
Capital stock		136,000	136,000	--	--	--
Local Agency Investment Fund		14,150,561	14,150,561	--	--	--
Tulare County Investment Pool		8,870,186	8,870,186	--	--	--
CSJVRMA JPA Investment Pool		6,641,654	6,641,654	--	--	--
Held by bond trustees:						
Federal agency securities		3,304,376	248,666	1,239,389	1,816,321	--
Money market funds		3,174,387	3,174,387	--	--	--
Total	\$	<u>71,184,234</u>	\$ <u>43,573,377</u>	\$ <u>3,269,942</u>	\$ <u>24,340,915</u>	\$ <u>--</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper to those of "prime" quality of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). Investments in medium-term notes are limited to those that are rated "A" or better by an NRSRO.

The City does not have any investments in commercial paper as of June 30, 2017. Corporate bonds have a rating of "A" or better by at least one of the three major rating services when purchased. As of June 30, 2017, two of the corporate bonds held by the City had been downgraded by at least one of the three major rating services.

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

		Moody's	Standard & Poor's	Fitch Ratings	Percentage of Total Investments
Federal Home Loan Banks	\$ 4,997,500	Aaa	AA+	AAA	6.98%
Federal Home Loan Mortgage Corporation	3,000,000	AAA	AA+	AAA	4.20%
Federal National Mortgage Association	2,352,641	AAA	AA+	AAA	3.28%
Federal Farm Credit Banks	2,951,735	Aaa	AA+	AAA	4.11%
Corporate bonds	1,004,830	Baa1	BBB+	A-	1.44%
Corporate bonds	1,006,910	A2	A	A+	1.40%
Corporate bonds	1,000,000	A2	A	AA-	1.40%
Corporate bonds	1,000,000	Aa3	AA-	A	1.40%
Corporate bonds	1,000,000	A2	A	A	1.41%
Corporate bonds	997,500	A3	A-	A+	1.41%
Corporate bonds	1,000,000	A3	BBB+	A	1.38%
Negotiable certificates of deposit	7,005,025	N/R	N/R	N/R	9.85%
Certificates of deposit	10,850,032	N/R	N/R	N/R	15.24%
Money market funds	3,219,660	N/R	N/R	N/R	4.52%
Capital stock	136,000	N/R	N/R	N/R	0.19%
Local Agency Investment Fund	14,150,561	N/R	N/R	N/R	19.85%
Tulare County Investment Pool	8,870,186	N/R	N/R	N/R	12.43%
CSJVRMA JPA Investment Pool	6,641,654	N/R	N/R	N/R	9.51%
Total Investments	<u>71,184,234</u>				<u>100.00%</u>

N/R = not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of the City of Porterville contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2017, investments in any one issuer (other than mutual funds and external investment pools) that represent 5 percent or more of the total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Banks	Federal agency securities	\$ 4,970,450

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Porterville will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2017, Porterville's investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment type	Reported amount
Federal agency securities	\$ 4,946,650
Certificates of deposit	\$ 1,605,685
Corporate bonds	\$ 4,991,200

B. Receivables

Receivables as of June 30, 2017, for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Sewer Operations
Receivables:					
Interest	\$ 193,000	\$ --	\$ --	\$ --	\$ 14,405
Taxes	1,791,453	694,479	--	--	8,676
Other accounts receivable	353,489	--	9,191,323	--	1,222,296
Intergovernmental – restricted	987,497	--	49,262	2,487,745	--
Gross receivables	3,325,439	694,479	9,240,585	2,487,745	1,245,377
Less: allowance for uncollectibles	--	--	--	--	(27,243)
Net total receivables	\$ 3,325,439	\$ 694,479	\$ 9,240,585	\$ 2,487,745	\$ 1,218,134

	Water Operations	Solid Waste	Transit Operations	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 3,817	\$ --	\$ --	\$ --	\$ 211,222
Taxes	--	--	--	86,735	2,581,343
Other accounts receivable	1,791,106	935,281	79,229	212,626	13,785,350
Intergovernmental - restricted	<u>874,238</u>	<u>--</u>	<u>165,633</u>	<u>983,623</u>	<u>5,547,998</u>
Gross receivables	2,669,161	935,281	244,862	1,282,984	22,125,913
Less: allowance for uncollectibles	<u>(51,359)</u>	<u>(24,605)</u>	<u>--</u>	<u>--</u>	<u>(103,207)</u>
Net total receivables	<u>\$ 2,617,802</u>	<u>\$ 910,676</u>	<u>\$ 244,862</u>	<u>\$ 1,282,984</u>	<u>\$ 22,022,706</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. On December 5, 2016, the City received full payment of the principal and interest owed on the note.

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, 2017, the outstanding loan balance is \$1,093,437.

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

With the execution of the Memorandum of Understanding between the City of Porterville and the Porterville Peace Officers Association (PPOA), a new Local Housing Assistance Program was established to assist PPOA employees in purchasing a home within the City of Porterville. The assistance is a \$10,000 loan with an annual interest rate of 3 percent and a term of 10 years. For each year of employment with the City, 1/10th of the loan shall be forgiven and after the completion of 10 years of employment, the loan plus all accrued interest shall be deemed satisfied.

and paid in full. As of June 30, 2017, there were 3 PPOA employees who have taken advantage of the program and the total outstanding loan balance of \$30,000.

D. Capital assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 273,219,270	\$ 674,631	\$ --	\$ --	\$ 273,893,901
Construction in progress	1,786,329	6,193,359	(25,700)	--	7,953,988
Works of art and collections	183,938	--	--	--	183,938
Total capital assets, not being depreciated	<u>275,189,537</u>	<u>6,867,990</u>	<u>(25,700)</u>	<u>--</u>	<u>282,031,827</u>
Capital assets, being depreciated:					
Buildings	21,696,216	609,386	--	--	22,305,602
Improvements other than buildings	9,977,291	30,568	--	--	10,007,859
Machinery and equipment	12,576,328	672,533	(689,160)	17,167	12,576,868
Infrastructure	127,956,708	--	--	--	127,956,708
Total capital assets, being depreciated	<u>172,206,543</u>	<u>1,312,487</u>	<u>(689,160)</u>	<u>17,167</u>	<u>172,847,037</u>
Less accumulated depreciation for:					
Buildings	(6,207,889)	(436,211)	--	--	(6,644,100)
Improvements other than buildings	(2,778,628)	(271,903)	--	--	(3,050,531)
Machinery and equipment	(7,551,216)	(1,008,302)	667,673	(17,167)	(7,909,012)
Infrastructure	(30,878,468)	(2,571,106)	--	--	(33,449,574)
Total accumulated depreciation	<u>(47,416,201)</u>	<u>(4,287,522)</u>	<u>667,673</u>	<u>(17,167)</u>	<u>(51,053,217)</u>
Total capital assets, being depreciated, net	<u>124,790,342</u>	<u>(2,975,035)</u>	<u>(21,487)</u>	<u>--</u>	<u>121,793,820</u>
Governmental activities capital assets, net	<u>\$ 399,979,879</u>	<u>\$ 3,892,955</u>	<u>\$ (47,187)</u>	<u>\$ --</u>	<u>\$ 403,825,647</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	197,184
Parks and recreation	526,609
Public safety – fire	199,185
Public safety – police	459,345
Public works	2,743,157
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	119,914
Total depreciation expense - governmental activities	<u>\$ 4,287,522</u>

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-type activities:					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 4,938,508	\$ 485,125	\$ --	\$ --	5,423,633
Construction in progress	8,744,242	1,297,849	(8,191,932)	--	1,850,159
Total capital assets, not being depreciated	13,682,750	1,782,974	(8,191,932)	--	7,273,792
<u>Capital assets, being depreciated:</u>					
Buildings	5,385,073	--	--	--	5,385,073
Improvements other than buildings	10,284,604	2,381,242	--	--	12,665,846
Machinery and equipment	22,037,822	6,049,827	(1,421,916)	--	26,665,733
Distribution and collection systems	90,780,001	855,731	--	--	91,635,732
Infrastructure	1,307,602	--	--	--	1,307,602
Total capital assets, being depreciated	129,795,102	9,286,800	(1,421,916)	--	137,659,986
<u>Less accumulated depreciation for:</u>					
Buildings	(2,238,599)	(105,191)	--	(22,367)	(2,366,157)
Improvements other than buildings	(4,667,333)	(284,976)	--	--	(4,952,309)
Machinery and equipment	(13,933,507)	(1,780,735)	1,421,916	21,089	(14,271,237)
Distribution and collection systems	(39,267,802)	(1,946,075)	--	1,278	(41,212,599)
Infrastructure	(198,610)	(118,690)	--	--	(317,300)
Total accumulated depreciation	(60,305,851)	(4,235,667)	1,421,916	--	(63,119,602)
Total capital assets, being depreciated, net	69,489,251	5,051,133	--	--	74,540,384
Business-type activities capital assets, net	\$ 83,172,001	\$ 6,834,107	\$ (8,191,932)	\$ --	\$ 81,814,176

E. Interfund and advances receivable/payable, and transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor enterprise funds	\$ 884,717	Temporary operating loan
General Fund	Nonmajor governmental fund	53,563	Temporary operating loan
Local Transportation Fund	Transit operations fund	156,070	Temporary operating loan
Internal service funds	General fund	10,565	Current portion of advance for underground storage tank upgrade
Total		\$ 1,104,915	

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	10,663	Advance for underground storage tank upgrade
Total		<u>\$ 563,726</u>	

Interfund transfers

Transfers Out	Transfers In				
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	Total
General fund	\$ --	\$ 980,266	\$ 1,853,906	\$ 84,088	\$ 2,918,260
Public safety sales tax fund	--	6,122	102,001	--	108,123
Community development block grant fund	89,784	101,099	--	--	190,883
Nonmajor governmental funds	1,274,664	3,147,245	2,829	5,506	4,430,244
Enterprise funds	--	--	314	--	314
Total	<u>\$ 1,364,448</u>	<u>\$ 4,234,732</u>	<u>\$ 1,959,050</u>	<u>\$ 89,594</u>	<u>\$ 7,647,824</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. The difference between the cash flows required to service the old debt of \$36,612,280 (based on an average rate of 4.80 percent on the variable rate 2013 lease agreement) and the cash flows required to service the new debt of \$32,959,646 is \$3,652,734. This refunding resulted in an economic gain of \$1,549,258.

2002 Sewer System Refunding Project
2002 Water System Refunding Project

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

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

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

2015 Refinancing Project	\$	21,820,000
2002 Sewer System Refunding Project		1,365,000
2002 Water System Refunding Project		<u>1,270,000</u>
	\$	<u>24,455,000</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
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	950,000	724,185	--	--
2022	945,000	687,995	--	--
2023 – 2027	5,595,000	2,838,316	--	--
2028 – 2032	6,810,000	1,656,751	--	--
2033 – 2035	<u>4,755,000</u>	<u>325,422</u>	<u>--</u>	<u>--</u>
Total	\$ <u>21,820,000</u>	\$ <u>8,621,786</u>	\$ <u>2,635,000</u>	\$ <u>168,683</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, 2017 amount to \$19,555,000.

Debt service requirements on revenue bonds are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2018	\$ --	\$ 1,050,807
2019	--	1,050,808
2020	350,000	1,050,807
2021	660,000	1,036,288
2022	765,000	1,004,077
2023 – 2027	4,415,000	4,397,437
2028 – 2032	5,770,000	2,989,500
2033 – 2037	7,595,000	1,115,016
Total	\$ 19,555,000	\$ 13,694,740

Pension Obligation Bond

On July 16, 2013, the City Council of the City of Porterville authorized the issuance of its 2013 taxable pension obligation bonds for the purpose of refunding its public safety employee side fund obligation to the California Public Employee's Retirement System (CalPERS) and take advantage of lower interest rates. On November 22, 2013, Rabobank, N.A. offered to enter into an agreement with the City to purchase all of its 2013 Taxable Pension Obligation Refunding Bond for the purchase price of \$3,765,000. The bond will mature on October 1, 2020 and bears interest at the rate of 3 percent per annum, payable semiannually. The amount outstanding at June 30, 2017 is \$2,250,000.

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 540,000	\$ 59,400
2019	555,000	42,975
2020	570,000	26,100
2021	585,000	8,775
Total	\$ 2,250,000	\$ 137,250

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, 2017, the outstanding balance of the note is \$1,899,000.

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, 2017 is \$3,754,979.

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, 2017, \$13,606 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. On May 9, 2017, the Agreement is further amended with the reduction of the outstanding principal by \$63,760 which is the amount of the remaining project funds which were never disbursed to the City because the project had been completed. The outstanding balance of the note as of June 30, 2017 is \$5,778,084.

In addition, the City entered into a second Enterprise Fund Installment Sale Agreement with CIEDB for \$1,500,000. Proceeds from this loan were used to finance the Rocky Hill Reservoir Project which involves the construction of a 550,000 gallon storage reservoir. The remainder of the loan proceeds funded the construction of a new well and a supplemental booster pump. The term of this agreement is 30 years with interest only payments through July 31, 2011 and principal payments beginning on August 1, 2011. The interest rate on the loan is 3.31 percent per annum. As of June 30, 2017, \$1,293,995 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
2018	\$ 251,000	\$ 36,327	\$ 401,759	\$ 359,580
2019	268,000	33,378	400,926	345,444
2020	285,000	28,916	414,122	332,108
2021	273,000	23,535	427,756	318,329
2022	273,000	17,624	441,843	304,093
2023 – 2027	549,000	14,936	2,437,429	1,289,806
2028 – 2032	--	--	2,866,763	855,841
2033 – 2037	--	--	2,492,449	370,419
2038 – 2039	--	--	957,617	37,915
Total	<u>\$ 1,899,000</u>	<u>\$ 154,716</u>	<u>\$ 10,840,664</u>	<u>\$ 4,213,535</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, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates payable	\$ 22,390,000	\$ --	\$ (570,000)	\$ 21,820,000	\$ 895,000
Pension obligation bond	2,770,000	--	(520,000)	2,250,000	540,000
Plus deferred amounts:					
For issuance premiums	747,948	--	(39,366)	708,582	--
Total bonds payable	25,907,948	--	(1,129,366)	24,778,582	1,435,000
Notes payable	2,133,000	--	(234,000)	1,899,000	251,000
Claims*	1,642,837	3,087,543	(3,049,708)	1,680,672	978,936
Compensated absences*	1,186,802	980,435	(1,041,612)	1,125,625	768,545
Governmental activity Long-term liabilities	<u>\$ 30,870,587</u>	<u>\$ 4,067,978</u>	<u>\$ (5,454,686)</u>	<u>\$ 29,483,879</u>	<u>\$ 3,433,481</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Certificates payable	\$ 3,840,000	\$ --	\$ (1,205,000)	\$ 2,635,000	\$ 1,275,000
Revenue bonds	19,555,000	--	--	19,555,000	--
Plus deferred amounts:					
For issuance premiums	40,340	--	(17,913)	22,427	--
Less deferred amounts:					
For issuance discounts	(746,125)	--	49,346	(696,779)	--
Total bonds payable	22,689,215	--	(1,173,567)	21,515,648	1,275,000
Notes payable	11,290,379	--	(449,716)	10,840,663	401,759
Compensated absences	172,632	178,743	(164,162)	187,213	111,174
Business-type activity Long-term liabilities	<u>\$ 34,152,226</u>	<u>\$ 178,743</u>	<u>\$ (1,787,445)</u>	<u>\$ 32,543,524</u>	<u>\$ 1,787,933</u>

G. Fund balance

Stabilization arrangement

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

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

Fund balance components

Governmental fund balances are presented in the following categories: nonspendable, committed, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2017, is as follows:

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Long-term notes receivable	\$1,123,437	\$ --	\$ --	\$ --	\$ --	\$1,123,437
Intergovernmental receivable - Successor Agency	467,257	--	--	--	--	467,257
Prepaid items	23,880	--	--	--	--	23,880
Total nonspendable	1,614,574	--	--	--	--	1,614,574
Restricted:						
Ballpark projects	61,821	--	--	--	--	61,821
Library	158,352	--	--	--	--	158,352
Public safety	--	1,172,102	--	--	147,898	1,320,000
Community development	--	--	10,051,963	--	--	10,051,963
Public works projects	--	--	--	--	11,696,027	11,696,027
Building construction	--	--	--	--	670,450	670,450
Debt service	--	--	--	--	954,066	954,066
Landscape maintenance districts	--	--	--	--	384,147	384,147
Total restricted	220,173	1,172,102	10,051,963	--	13,852,588	25,296,826
Committed:						
Porterville hotel project	209,086	--	--	--	--	209,086
Budget stabilization	3,981,369	--	--	--	--	3,981,369
Catastrophic/emergency reserve	2,654,246	--	--	--	--	2,654,246
Council special purposes	100,000	--	--	--	--	100,000
Capital construction/improvement	979,084	--	--	--	--	979,084
Facility deferred maintenance and equipment maintenance	979,084	--	--	--	--	979,084
Infrastructure deferred and improvements	979,083	--	--	--	--	979,083
Total committed	9,881,952	--	--	--	--	9,881,952
Assigned:						
Equipment replacement	8,271,855	--	--	--	--	8,271,855
Total assigned	8,271,855	--	--	--	--	8,271,855
Unassigned	591,721	--	--	(149,702)	--	442,019
Total fund balances	\$20,580,275	\$1,172,102	\$10,051,963	(149,702)	\$13,852,588	\$45,507,226

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, 2017 for the workers' compensation and liability programs.

	Workers' Compensation Program	Liability Program
<u>Net Position</u>		
Assets	\$ 71,821,069	\$ 22,179,325
Liabilities to member cities	(62,826,879)	(17,787,910)
Net position, reserved for insurance claims and losses	<u>\$ 8,994,190</u>	<u>\$ 4,391,415</u>
<u>Changes in Net Position</u>		
Operating revenues	\$ 25,918,224	\$ 12,723,832
Operating expenses	(24,797,148)	(11,374,512)
Operating income (loss)	1,121,076	1,349,320
Non-operating revenues	(181,765)	243,533
Change in net position	939,311	1,592,853
Net position, July 1	<u>8,054,879</u>	<u>2,798,562</u>
Net position, June 30	<u>\$ 8,994,190</u>	<u>\$ 4,391,415</u>

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

B. Risk management

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

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

Workers Compensation

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

Liability

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

The City contracts with a third-party administrator to administer all claims under the medical and dental program. Charges per employee are based on total outstanding claims and past history. The City will pay all medical claims up to \$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, 2017, \$1,680,672 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, 2017	June 30, 2016
Unpaid claims, beginning of year	\$ 1,642,837	\$ 687,452
Incurred claims	3,087,543	4,903,942
Claim payments	<u>(3,049,708)</u>	<u>(3,948,557)</u>
Unpaid claims, end of year	\$ <u>1,680,672</u>	\$ <u>1,642,837</u>

C. Contingencies

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

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

D. Construction and other significant commitments

The City has various projects ongoing as of June 30, 2017. The following are the City's significant commitments with contractors at fiscal yearend:

Project	Amount	Spent to Date as of June 30, 2017	Remaining Commitment
Automatic passenger counter system	\$ 324,695	\$ 215,710	\$ 108,985
Digester cleaning, coating & piping replacement	127,308	32,324	94,984
Electronic fareboxes	163,993	--	163,933
Garden Avenue pedestrian walkway	608,635	124,658	483,977
Jaye Street Bridge widening	6,602,056	4,349,999	2,252,057
Jet aircraft refueler	210,134	--	210,134
Lime Street reconstruction	934,973	893,356	41,617
Master plan updates	969,700	26,311	943,389
Mobile fare payment system	616,074	374,084	241,990
Putnam Ave and D St signal	395,779	51,345	344,434
Traveler information system	400,000	121,266	278,734
WWTF dump truck	134,593	--	134,593
Zero-emission buses	8,915,680	--	8,915,680
Zero-emission chargers	585,849	--	585,849

As discussed in note 1.D.1, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2017, the amount of encumbrances to be honored upon performance by the vendor in the next fiscal year are as follows:

General fund	\$	577,231
Public safety sales tax fund		3,116
Community development block grant		47,308
Capital projects fund		3,316,762
Nonmajor enterprise funds		332,842
Sewer operations fund		811,751
Solid waste operations fund		117
Transit operations fund		10,307,321
Water operations fund		378,592
Internal service funds		2,218
Total	\$	<u>15,777,258</u>

E. Deferred compensation plans

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

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

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

F. Defined benefit pension plan

General Information about the Pension Plans

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and their beneficiaries. The Service Retirement Benefit is based on the benefit factor, years of service and final compensation. Members with at least five years of credited service become eligible for service retirement at age 50, for classic CalPERS members or PEPRAs safety members, or age 52 for PEPRAs 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, 2017, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
	Prior to July 1, 2012	On or after July 1, 2012	On or after January 2, 2013
Hire date			
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of credited service	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.0%	7.0%	6.0%
Required employer contribution rates	28.294%	28.294%	28.294%

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

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

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

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

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

For the year ended June 30, 2017, the contributions recognized as part of pension expense for each plan were as follows:

	Miscellaneous			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$1,730,705	\$118,800	\$655,380	\$2,504,885

	Safety			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$1,181,782	\$112,001	\$163,475	\$1,457,258

Actuarial Methods and Assumptions – The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2015-2016 for the Miscellaneous Plan and the Safety Plan were derived from the June 30, 2013 funding valuation report.

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 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.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Details of the Experience Study report can be found on the CalPERS' website.

Change of Assumption – There were no changes of assumptions during the measurement period ended June 30, 2016.

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount for each plan, the amortization and smoothing periods recently adopted by the CalPERS Board were used. Based on the testing, none of the tested plans run out of assets. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 68 section.

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

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

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

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

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

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

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

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

Miscellaneous Agent Multiple-Employer Plan

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2015	\$ 83,387,562	\$ 55,796,999	\$ 27,590,563
Changes recognized for the measurement period:			
Service cost	1,599,260	--	1,599,260
Interest on the total pension liability	6,317,200	--	6,317,200
Changes of assumptions	--	--	--
Differences between expected and actual experience	374,140	--	374,140
Plan to plan resource movement	--	--	--
Contributions – employer	--	2,545,784	(2,545,784)
Contributions - employees	--	811,025	(811,025)
Net investment income	--	273,011	(273,011)
Benefit payments, including refunds of employee contributions	(3,967,074)	(3,967,074)	--
Administrative expense	--	(34,005)	34,005
Net changes during 2015-2016	4,323,526	(371,259)	4,694,785
Balance at June 30, 2016	\$ 87,711,088	\$ 55,425,740	\$ 32,285,348

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 7.65 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% 6.65%	Current Discount Rate 7.65%	Discount Rate + 1% 8.65%
Net pension liability	\$44,429,068	\$32,285,348	\$22,322,465

Pension Expense / (Income) for Measurement Period Ended June 30, 2016

Service cost	\$ 1,599,260
Interest on total pension liability	6,317,200
Recognized changes of assumptions	(403,467)
Recognized differences between expected and actual experience	(41,447)
Plan to plan resource movement	--
Employee contributions	(811,025)
Projected earnings on pension plan investments	(4,227,597)
Recognized differences between projected and actual earnings on plan investments	(435,115)
Administrative expense	34,005
Total pension expense / (income)	\$ 2,902,044

Deferred Outflows and Deferred Inflows of Resources - As of June 30, 2016, the City reports the following deferred outflows and deferred inflows of resources related to pensions for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,504,885	\$ --
Changes of assumptions	--	(726,240)
Differences between expected and actual experiences	275,682	(251,830)
Net difference between projected and actual earnings on pension plan Investments	3,037,313	--
Total	\$ <u>5,817,880</u>	\$ <u>(978,070)</u>

Deferred outflows of \$2,504,885 related to contributions to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30	Deferred Outflows / Inflows of Resources
2018	\$ (9,799)
2019	98,874
2020	1,454,932
2021	790,918
2022	--
Remaining	--

The EARSL for the Plan for the June 30, 2016 measurement date is 3.8 years, which was obtained by dividing the total service years of 1,973 (the sum of remaining service lifetimes of the active employees) by 525 (the total number of participants: active, inactive and retired). Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Safety Cost-Sharing Multiple-Employer Plan

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

The schedules of employer allocation by rate plan include three ratios:

- 1) *Actuarial Accrued Liability* - Determined based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2015 used for funding purposes.
- 2) *Market Value of Assets* – Determined based on the sum of the Market Value of Assets (MVA) from the most recent Actuarial Valuation Report as of June 30, 2015 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

- 3) *Contributions* – Determined based on the legally or statutorily required employer contributions for the fiscal year ended June 30, 2016, including reported contribution adjustments and suspended payroll information. Legally or statutorily required employer contributions were determined by multiplying the employer's contribution rate by the annual benefit compensation (payroll) for the fiscal year and excluding payments for benefit improvements known as Golden Handshakes, which CalPERS considers to be separately financed employer-specific liabilities.

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

- 1) *Total Pension Liability (TPL)* – Allocate based on the employer's share of the actuarial accrued liability.
- 2) *Fiduciary Net Position (FNP)* – Allocate based on the employer's share of the market value of assets.
- 3) *Net Pension Liability (NPL)* – After completing the above calculations, subtract FNP from TPL to calculate the employer's NPL.
- 4) *Deferred Outflows of Resources, Deferred Inflows of Resources and Pension Expense* – Allocate based on the employer's share of contributions.

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, 2016, the measurement date, the City's proportionate share of the Safety Risk Pool's net pension liability is 0.25088 percent. As of June 30, 2017, the City reports net pension liability of \$12,993,517 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 7.65 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% 6.65%	Current Discount Rate 7.65%	Discount Rate + 1% 8.65%
Net pension liability	\$21,208,288	\$12,993,517	\$ 6,250,031

Pension Expense / (Income) for Measurement Period Ended June 30, 2016

Service cost	\$ 1,109,446
Interest on total pension liability	4,096,916
Changes of benefit terms	1,220
Recognized changes of assumptions	(257,503)
Recognized differences between expected and actual experience	(58,035)
Plan to plan resource movement	3,642
Employee contributions	(417,945)
Projected earnings on pension plan investments	(3,173,135)
Recognized differences between projected and actual earnings on plan investments	321,491
Administrative expense	25,534
Total pension expense / (income)	<u>\$ 1,651,630</u>

Deferred Outflows and Deferred Inflows of Resources - As of June 30, 2016, the City reports the following deferred outflows and deferred inflows of resources related to pensions for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,457,258	\$ --
Changes of assumptions		(463,506)
Differences between expected and actual experiences	--	(106,307)
Change in proportion	3,994,488	(560,593)
Difference between projected and actual earnings on investments	2,277,184	--
Difference between actual contributions and proportionate share of contributions	--	(497,513)
Total	\$ <u>7,728,930</u>	\$ <u>(1,627,919)</u>

Deferred outflows of \$1,457,258 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, 2018. Amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Deferred Outflows / Inflows of Resources
2018	\$ 1,770,056
2019	1,461,488
2020	819,391
2022	592,818
2022	-

The EARS� for the public agency cost-sharing multiple-employer defined benefit pension plan for the June 30, 2016 measurement date is 3.7 years, which was obtained by dividing the total service year of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

G. Other postemployment benefits

Plan Description

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

Funding Policy and Actuarial Methods and Assumptions

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

The calculation method used to determine the annual accrual amount was the entry age normal actuarial cost method. The allocation of OPEB cost was based on years of service and the level percentage of payroll method was used to allocate OPEB cost over years of service. The amortization method used to allocate amortization cost by year is 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, 2017:

Annual required contribution	\$	825,616
Interest on net OPEB obligation / (asset)		154,582
Adjustment to annual required contribution		<u>(82,367)</u>
Annual OPEB cost (expense)		897,831
Contributions made		<u>(385,599)</u>
Increase in net OPEB obligation / (asset)		512,232
Net OPEB obligation / (asset) – beginning of year		<u>3,435,152</u>
Net OPEB obligation / (asset) – end of year	\$	<u><u>3,947,384</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contributions</u>	<u>Percentage Contribution</u>	<u>Net OPEB Obligation</u>
06/30/15	\$ 1,059,070	\$ 440,906	41.60%	\$ 2,913,944
06/30/16	\$ 1,086,887	\$ 565,680	52.05%	\$ 3,435,152
06/30/17	\$ 897,831	\$ 385,599	42.95%	\$ 3,947,384

The funded status of the plan as of March 1, 2017, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 7,205,812
Actuarial value of plan assets	<u> -- </u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>7,205,812</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll	13,749,449
UAAL as a percentage of covered payroll	52.4%

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 had been issued and the proceeds have been used to purchase U.S. government securities that were placed in this trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. As of June 30, 2017, the amount of the defeased debt outstanding amounted to \$1,000,000 and the amount in escrow is \$1,081,800.

NOTE 7 – Prior period adjustments

In previous fiscal years, the City had consistently reported 12 months of sales and use tax revenues in the governmental funds, although not necessarily coinciding with the actual months the taxes were earned. The State of California remits a monthly advance of the sales and use taxes earned by each City or County on the second month after the end of each month. The balance of the taxes for the quarter is remitted on the third month after the close of each quarter. It has been the City's practice to accrue only one month of sales and use tax at the end of each year, which would be the May advance. With auditor's recommendation, the City will accrue the sales and use tax revenues earned during the fiscal year which would include those taxes received through September of the next fiscal year.

Additionally, the City had consistently reported 4 quarters of charges for services in the Parks and Leisure Department for the City's administration of the Porterville School District's Youth Experiencing Success (YES) program. These service charges are billed on the month following the end of each quarter. It has been the City's practice not to accrue the fourth quarter billing and record the revenue when billed in the next fiscal year. Beginning with the current fiscal year, the City will be reporting these service charges in the period the services were rendered.

For fiscal year 2016-2017, a prior period adjustment is made to increase the fund balances of the General Fund by \$1,150,118 and the Public Safety Sales Tax Fund by \$441,733. Net position for governmental activities is increased by \$1,591,851.

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, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 2,266,201	\$ --	\$ (615,669)	\$ 1,650,532
Construction in progress	203,458	64,656	--	268,114
Improvements other than buildings	814,652	--	(318,401)	496,251
Accumulated depreciation - improvements	(181,618)	(13,640)	118,339	(76,919)
Capital assets, net	<u>\$ 3,102,693</u>	<u>\$ 51,016</u>	<u>\$ (815,731)</u>	<u>\$ 2,337,978</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.

Long-term debt

On December 21, 2016, the Successor Agency issued \$4,920,000 of Tax Allocation Refunding Bonds, Series 2016A and \$2,455,000 of Taxable Tax Allocation Refunding Bonds, Series 2016B to refund \$7,380,000 of the outstanding 2008 Series Tax Allocation Refunding Bonds issued to finance redevelopment activities and low and moderate housing activities within or of benefit to the Redevelopment Project Area. Interest rates on the new bonds range from 2 percent to 4.625 percent. Terms of the refunding bonds remain the same with final maturity on June 1, 2040. The reacquisition price exceeded the net carrying amount of the old debt by \$480,273. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The difference between the cash flows required to service the old debt of \$14,716,240 and the cash flows required to service the new debt of \$11,521,656 is \$3,194,584. This refunding resulted in an economic gain of \$1,330,999. Proceeds in the amount of \$7,436,302 was deposited into an escrow account for all future debt service payments with respect to the 2008 Bonds. Revenue bonds outstanding at June 30, 2017 amount to \$7,185,000.

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 200,000	\$ 285,681
2019	210,000	279,681
2020	215,000	271,981
2021	225,000	264,081
2022	230,000	255,832
2023 – 2027	1,300,000	1,137,656
2028 – 2032	1,555,000	878,125
2033 – 2037	1,905,000	529,850
2038 – 2040	1,345,000	114,844
Total	<u>\$ 7,185,000</u>	<u>\$ 4,017,731</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 7,380,000	\$ 7,375,000	\$ (7,570,000)	\$ 7,185,000	\$ 200,000
Less deferred amounts:					
For issuance discounts	(98,948)	--	98,948	--	--
Total bonds payable	<u>7,281,052</u>	<u>7,375,000</u>	<u>(7,471,052)</u>	<u>7,185,000</u>	<u>200,000</u>
Total long-term liabilities	<u>\$ 7,281,052</u>	<u>\$ 7,375,000</u>	<u>\$ (7,471,052)</u>	<u>\$ 7,185,000</u>	<u>\$ 200,000</u>

Intergovernmental payable

Advances made by the City of Porterville to the former redevelopment agency for various redevelopment purposes, before its dissolution, were transferred to the Successor Agency private-purpose trust fund as intergovernmental payable. The composition of intergovernmental payable as of June 30, 2017 is as follows:

<u>Purpose</u>	<u>Amount</u>
Start-up costs	\$ 187,750
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>1,149,957</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).

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**Required Supplementary
Information**



REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Plan Agent Multiple-Employer Defined Benefit Pension Plan

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

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

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

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers if Two Years Additional Service Credit (a.k.a. Golden Handshakes).

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

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Plan Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Pension Plan Contributions Last Ten Fiscal Years

	2014	2015	2016	2017
Actuarially determined contribution	\$ 2,163,264	\$ 2,291,778	\$ 2,545,784	\$ 2,504,885
Contributions in relation to the actuarially determined contribution	<u>(2,163,264)</u>	<u>(2,291,778)</u>	<u>(2,545,784)</u>	<u>(2,504,885)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 9,479,377</u>	<u>\$ 9,209,814</u>	<u>\$ 9,567,816</u>	<u>\$ 9,770,692</u>
Contributions as a percentage of covered payroll	<u>22.821%</u>	<u>24.884%</u>	<u>26.608%</u>	<u>25.637%</u>

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Actuarial cost method	Entry age normal
Amortization method / period	Level percent of payroll / closed
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50 net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Pension Plan Contributions Last Ten Fiscal Years

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits Plan Schedule of 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%
03/01/17	-	7,205,812	7,205,812	0.0%	13,749,449	52.4%

City of Porterville
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive(Negative)
REVENUES				
Property taxes	\$ 6,080,000	\$ 6,080,000	\$ 6,629,521	\$ 549,521
Sales taxes	6,050,109	6,050,109	6,035,729	(14,380)
Utility users tax	4,000,000	4,000,000	3,912,707	(87,293)
Franchise tax	1,551,134	1,551,134	1,564,156	13,022
Transient occupancy tax	475,000	475,000	551,783	76,783
Business licenses	440,000	440,000	454,632	14,632
Building permits	230,000	230,000	251,608	21,608
Plumbing permits	125,000	125,000	118,902	(6,098)
Electrical permits	120,000	120,000	100,765	(19,235)
Other licenses and permits	17,600	17,600	13,445	(4,155)
Vehicle license fees	22,000	22,000	26,910	4,910
Federal grants	-	30,818	30,818	-
State grants/reimbursements	349,519	349,519	650,113	300,594
Other grants	-	13,038	13,038	-
Planning and zoning	30,000	30,000	34,808	4,808
Engineering and inspection	50,000	50,000	114,458	64,458
Police services	317,000	317,000	294,675	(22,325)
Fire services	45,000	45,000	17,474	(27,526)
Library services	43,000	43,000	40,351	(2,649)
Recreational activities	2,370,734	2,370,734	2,258,374	(112,360)
Other service charges	6,200	6,200	4,860	(1,340)
Interdepartmental service charge	1,896,656	1,896,656	2,424,069	527,413
Special assessments and fees	5,635	5,635	8,631	2,996
Parking fines	14,000	14,000	19,218	5,218
Vehicle code fines	2,500	2,500	2,247	(253)
Other fines	40,000	40,000	18,282	(21,718)
Interest	195,000	150,000	199,122	49,122
Rent	290,506	335,506	292,864	(42,642)
Contributions	4,500	4,500	164,840	160,340
Other revenues	75,500	75,500	376,420	300,920
Total revenues	24,846,593	24,890,449	26,624,820	1,734,371
EXPENDITURES				
Current:				
Community and economic development	945,121	945,121	781,623	163,498
General government	3,229,463	3,229,463	2,817,675	411,788
Parks and recreation	5,438,851	5,543,873	5,435,359	108,514
Public safety - fire	3,818,044	3,818,044	3,617,936	200,108
Public safety - police	9,505,844	9,536,662	8,882,392	654,270
Public works	2,514,819	2,514,819	2,193,159	321,660
Debt service:				
Interest and administrative charges	140	140	189	(49)
Capital outlay	1,050,000	1,050,000	527,785	522,215
Total expenditures	26,502,282	26,638,122	24,256,118	2,382,004
Excess (deficiency) of revenues over (under) expenditures	(1,655,689)	(1,747,673)	2,368,702	4,116,375
OTHER FINANCING SOURCES (USES)				
Transfers in	1,413,326	1,413,326	1,364,448	(48,878)
Transfers out	(2,260,573)	(2,260,573)	(2,918,260)	(657,687)
Insurance recoveries	-	-	137,130	137,130
Total other financing sources (uses)	(847,247)	(847,247)	(1,416,682)	(569,435)
Net change in fund balance	(2,502,936)	(2,594,920)	952,020	3,546,940
Fund balance - beginning	18,478,137	18,478,137	18,478,137	-
Prior period adjustments	-	-	1,150,118	1,150,118
Fund balance - ending	\$ 15,975,201	\$ 15,883,217	\$ 20,580,275	\$ 4,697,058

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
REVENUES				
Sales tax	\$ 3,509,946	\$ 3,509,946	\$ 3,590,646	\$ 80,700
Charges for services	2,500	2,500	3,314	814
Investment earnings	5,000	5,000	(638)	(5,638)
Miscellaneous	-	-	1,000	1,000
Total revenues	<u>3,517,446</u>	<u>3,517,446</u>	<u>3,594,322</u>	<u>76,876</u>
EXPENDITURES				
Current:				
Parks and recreation	527,358	527,358	476,421	50,937
Public safety - fire	1,464,450	1,464,450	1,235,554	228,896
Public safety - police	<u>1,677,952</u>	<u>1,694,306</u>	<u>1,524,647</u>	<u>169,659</u>
Total expenditures	<u>3,669,760</u>	<u>3,686,114</u>	<u>3,236,622</u>	<u>449,492</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(152,314)</u>	<u>(168,668)</u>	<u>357,700</u>	<u>526,368</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(108,123)</u>	<u>(78,123)</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(108,123)</u>	<u>(78,123)</u>
Net change in fund balance	<u>(182,314)</u>	<u>(198,668)</u>	<u>249,577</u>	<u>448,245</u>
Fund balance - beginning	480,792	480,792	480,792	-
Prior period adjustment	-	-	441,733	441,733
Fund balance - ending	<u>\$ 298,478</u>	<u>\$ 282,124</u>	<u>\$ 1,172,102</u>	<u>\$ 889,978</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
REVENUES				
Federal grants	\$ 634,391	\$ 634,391	\$ 595,228	\$ (39,163)
State grants/reimbursements	145,634	145,634	60,200	(85,434)
Charges for services	500	500	1,050	550
Investment earnings	20,000	20,000	26,443	6,443
Total revenues	<u>800,525</u>	<u>800,525</u>	<u>682,921</u>	<u>(117,604)</u>
EXPENDITURES				
Current:				
Community Development	952,137	952,137	284,545	667,592
Debt Service:				
Principal	234,000	234,000	234,000	-
Interest and administrative charges	38,465	38,465	38,465	-
Total expenditures	<u>1,224,602</u>	<u>1,224,602</u>	<u>557,010</u>	<u>667,592</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(424,077)</u>	<u>(424,077)</u>	<u>125,911</u>	<u>549,988</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(89,783)</u>	<u>(89,783)</u>	<u>(190,883)</u>	<u>(101,100)</u>
Net change in fund balance	<u>(513,860)</u>	<u>(513,860)</u>	<u>(64,972)</u>	<u>448,888</u>
Fund balance - beginning	<u>10,116,935</u>	<u>10,116,935</u>	<u>10,116,935</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,603,075</u>	<u>\$ 9,603,075</u>	<u>\$ 10,051,963</u>	<u>\$ 448,888</u>

**Combining and Individual
Fund Financial Statements**



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Local Transportation Funds Fund - This fund is used to account for monies received from the County of Tulare for public transportation purposes. Revenues to each county's local transportation fund are derived from one-quarter cent of the sales tax collected in that county. Beginning with fiscal year 2007-2008, this fund is also used to account for the one-half cent sales tax measure (Measure R), which the voters of Tulare County approved in the November 2006 election. These funds are to be used for road and transportation improvements.

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

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

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

Transportation Development Fund - This fund was established by Council action on May 5, 1998 to account for the collection and distribution of the newly-adopted Traffic Impact Fee assessed on new developments. These funds are to be used for the implementation of the Circulation Element.

Park Development Fund - This fund was established to account for receipts of federal and state grants for the improvement, maintenance, and acquisition of parks within the City. The current revenue stream consists of developer impact fees and interest income. These funds help pay for debt service on the Infrastructure Refinancing Bonds for that portion spent on the construction of the sports complex.

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

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

DEBT SERVICE FUNDS

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

General Government Fund - This fund is used to account for the payment of principal and interest on the 2002 Public Buildings Refunding Project Certificates of Participation obligation and the 2013 Infrastructure Refunding Lease Agreement.

CITY OF PORTERVILLE

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	Special Revenue					
	Special Gas Tax	Local Transportation Fund	Traffic Safety	Public Safety Grant	Landscape Maintenance District	Transportation Development
ASSETS						
Cash and investments	\$ 1,558,575	\$ 6,434,225	\$ -	\$ 130,730	\$ 393,845	\$ 1,140,795
Receivables - misc (net):						
Taxes	-	85,213	-	-	1,522	-
Other	-	-	-	-	-	-
Intergovernmental receivables	70,178	179,268	13,020	37,837	-	-
Interfund receivables	-	156,070	-	-	-	-
Restricted - cash with fiscal agent	-	-	-	-	-	-
Total assets	<u>\$ 1,628,753</u>	<u>\$ 6,854,776</u>	<u>\$ 13,020</u>	<u>\$ 168,567</u>	<u>\$ 395,367</u>	<u>\$ 1,140,795</u>
LIABILITIES						
Accounts and other payables	\$ -	\$ -	\$ -	\$ 4,982	\$ 11,220	\$ -
Payroll payable	-	-	-	15,687	-	-
Interfund payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,669</u>	<u>11,220</u>	<u>-</u>
FUND BALANCES						
Restricted						
Building construction	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Landscape maintenance districts	-	-	-	-	384,147	-
Public safety	-	-	-	147,898	-	-
Public works	<u>1,628,753</u>	<u>6,854,776</u>	<u>13,020</u>	<u>-</u>	<u>-</u>	<u>1,140,795</u>
Total fund balances	<u>1,628,753</u>	<u>6,854,776</u>	<u>13,020</u>	<u>147,898</u>	<u>384,147</u>	<u>1,140,795</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,628,753</u>	<u>\$ 6,854,776</u>	<u>\$ 13,020</u>	<u>\$ 168,567</u>	<u>\$ 395,367</u>	<u>\$ 1,140,795</u>

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

CITY OF PORTERVILLE

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Park Development	Storm Drain Development	Building Construction	General Government	
ASSETS					
Cash and investments	\$ -	\$ 2,057,296	\$ 670,450	\$ -	\$ 12,385,916
Receivables - misc (net):					
Taxes	-	-	-	-	86,735
Other	-	1,387	-	-	1,387
Intergovernmental receivables	-	-	-	-	300,303
Interfund receivables	-	-	-	-	156,070
Restricted - cash with fiscal agent	-	-	-	1,007,629	1,007,629
Total assets	<u>\$ -</u>	<u>\$ 2,058,683</u>	<u>\$ 670,450</u>	<u>\$ 1,007,629</u>	<u>\$ 13,938,040</u>
LIABILITIES					
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	16,202
Payroll payable	-	-	-	-	15,687
Interfund payable	-	-	-	53,563	53,563
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,563</u>	<u>85,452</u>
FUND BALANCES					
Restricted					
Building construction	-	-	670,450	-	670,450
Debt service	-	-	-	954,066	954,066
Landscape maintenance districts	-	-	-	-	384,147
Public safety	-	-	-	-	147,898
Public works	-	2,058,683	-	-	11,696,027
Total fund balances	<u>-</u>	<u>2,058,683</u>	<u>670,450</u>	<u>954,066</u>	<u>13,852,588</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 2,058,683</u>	<u>\$ 670,450</u>	<u>\$ 1,007,629</u>	<u>\$ 13,938,040</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, 2017**

	Special Revenue					
	Special Gas Tax	Local Transportation Fund	Traffic Safety	Public Safety Grant	Landscape Maintenance District	Transportation Development
Revenues:						
Intergovernmental	\$ 1,791,342	\$ 2,079,436	\$ -	\$ 284,595	\$ -	\$ -
Special assessments and fees	-	-	-	-	79,499	275,014
Fines and forfeitures	-	-	157,599	-	-	-
Investment earnings	7,202	47,051	538	1,740	-	6,004
Miscellaneous	-	5,375	-	46,476	-	-
Total revenues	<u>1,798,544</u>	<u>2,131,862</u>	<u>158,137</u>	<u>332,811</u>	<u>79,499</u>	<u>281,018</u>
Expenditures:						
Parks and leisure services	-	-	-	-	155,595	-
Public safety - fire	-	-	-	1,174	-	-
Public safety - police	-	-	-	377,274	-	-
Debt redemption - principal	-	-	-	-	-	-
Debt redemption - interest & charges	-	-	-	-	-	-
Capital outlay	-	-	-	15,928	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,376</u>	<u>155,595</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,798,544</u>	<u>2,131,862</u>	<u>158,137</u>	<u>(61,565)</u>	<u>(76,096)</u>	<u>281,018</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(1,482,945)</u>	<u>(2,460,421)</u>	<u>(174,227)</u>	<u>(2,829)</u>	<u>-</u>	<u>(150,000)</u>
Total other financing sources (uses)	<u>(1,482,945)</u>	<u>(2,460,421)</u>	<u>(174,227)</u>	<u>(2,829)</u>	<u>-</u>	<u>(150,000)</u>
Net change in fund balances	<u>315,599</u>	<u>(328,559)</u>	<u>(16,090)</u>	<u>(64,394)</u>	<u>(76,096)</u>	<u>131,018</u>
Fund balances - July 1	<u>1,313,154</u>	<u>7,183,335</u>	<u>29,110</u>	<u>212,292</u>	<u>460,243</u>	<u>1,009,777</u>
Fund balances - June 30	<u>\$ 1,628,753</u>	<u>\$ 6,854,776</u>	<u>\$ 13,020</u>	<u>\$ 147,898</u>	<u>\$ 384,147</u>	<u>\$ 1,140,795</u>

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, 2017

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Park Development	Storm Drain Development	Building Construction	General Government	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	4,155,373
Special assessments and fees	86,736	354,409	-	-	795,658
Fines and forfeitures	-	-	-	-	157,599
Investment earnings	126	10,529	2,932	1,620	77,742
Miscellaneous	-	-	-	(10,024)	41,827
Total revenues	86,862	364,938	2,932	(8,404)	5,228,199
Expenditures:					
Parks and leisure services	-	-	-	-	155,595
Public safety - fire	-	-	-	-	1,174
Public safety - police	-	-	-	-	377,274
Debt redemption - principal	-	-	-	1,090,000	1,090,000
Debt redemption - interest & charges	-	-	-	936,066	936,066
Capital outlay	-	-	-	-	15,928
Total expenditures	-	-	-	2,026,066	2,576,037
Excess (deficiency) of revenues over (under) expenditures	86,862	364,938	2,932	(2,034,470)	2,652,162
Other financing sources (uses):					
Transfers in	-	-	-	1,959,050	1,959,050
Transfers out	(86,862)	(64,471)	(8,489)	-	(4,430,244)
Total other financing sources (uses)	(86,862)	(64,471)	(8,489)	1,959,050	(2,471,194)
Net change in fund balances	-	300,467	(5,557)	(75,420)	180,968
Fund balances - July 1	-	1,758,216	676,007	1,029,486	13,671,620
Fund balances - June 30	\$ -	\$ 2,058,683	\$ 670,450	\$ 954,066	\$ 13,852,588

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, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax section 2103	\$ 135,452	\$ 160,330	\$ 24,878
State gasoline tax section 2105	348,833	337,529	(11,304)
State gasoline tax section 2106	175,068	187,817	12,749
State gasoline tax section 2107	484,410	427,931	(56,479)
State gasoline tax section 2107.5	7,500	7,500	-
Total other taxes	<u>1,151,263</u>	<u>1,121,107</u>	<u>(30,156)</u>
Intergovernmental:			
State grants	912,500	600,057	(312,443)
Federal grants	<u>367,355</u>	<u>70,178</u>	<u>(297,177)</u>
Total intergovernmental	<u>1,279,855</u>	<u>670,235</u>	<u>(609,620)</u>
Interest	<u>18,000</u>	<u>7,202</u>	<u>(10,798)</u>
Total revenues	<u>2,449,118</u>	<u>1,798,544</u>	<u>(650,574)</u>
Other financing uses:			
Transfers out	<u>(3,025,591)</u>	<u>(1,482,945)</u>	<u>1,542,646</u>
Total other financing uses	<u>(3,025,591)</u>	<u>(1,482,945)</u>	<u>1,542,646</u>
Net change in fund balance	\$ <u>(576,473)</u>	315,599	\$ <u>892,072</u>
Fund balance - July 1		<u>1,313,154</u>	
Fund balance - June 30		\$ <u><u>1,628,753</u></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, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax - LTF	\$ 300,000	\$ 632,985	\$ 332,985
Sales tax - County Measure R	1,528,385	1,250,772	(277,613)
Total other taxes	<u>1,828,385</u>	<u>1,883,757</u>	<u>55,372</u>
Intergovernmental:			
State grants	100,000	-	(100,000)
Federal grants	2,171,615	195,679	(1,975,936)
Interest	50,000	47,051	(2,949)
Other	-	5,375	5,375
Total revenues	<u>4,050,000</u>	<u>2,131,862</u>	<u>(1,918,138)</u>
Other financing uses:			
Transfers out	<u>(9,658,024)</u>	<u>(2,460,421)</u>	<u>7,197,603</u>
Total other financing uses	<u>(9,658,024)</u>	<u>(2,460,421)</u>	<u>7,197,603</u>
Net change in fund balance	<u>\$ (5,608,024)</u>	(328,559)	<u>\$ 5,279,465</u>
Fund balance - July 1		<u>7,183,335</u>	
Fund balance - June 30		<u>\$ 6,854,776</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, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 165,000	\$ 157,599	\$ (7,401)
Interest	500	538	38
Total revenues	165,500	158,137	(7,363)
Other financing uses:			
Transfers out	(165,500)	(174,227)	(8,727)
Total other financing uses	(165,500)	(174,227)	(8,727)
Net change in fund balance	\$ -	(16,090)	\$ (16,090)
Fund balance - July 1		29,110	
Fund balance - June 30		\$ 13,020	

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, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grants	\$ 150,000	\$ 253,180	\$ 103,180
Federal grants	18,870	31,415	12,545
Total intergovernmental	<u>168,870</u>	<u>284,595</u>	<u>115,725</u>
Interest	2,000	1,740	(260)
Other	<u>49,016</u>	<u>46,476</u>	<u>(2,540)</u>
Total revenues	<u>219,886</u>	<u>332,811</u>	<u>112,925</u>
Expenditures:			
Public safety - fire	3,702	1,174	2,528
Public safety - police	424,112	377,274	46,838
Capital outlay	<u>-</u>	<u>15,928</u>	<u>(15,928)</u>
Total expenditures	<u>427,814</u>	<u>394,376</u>	<u>33,438</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(207,928)</u>	<u>(61,565)</u>	<u>146,363</u>
Other financing uses:			
Transfers out	<u>-</u>	<u>(2,829)</u>	<u>(2,829)</u>
Total other financing uses	<u>-</u>	<u>(2,829)</u>	<u>(2,829)</u>
Net change in fund balance	\$ <u>(207,928)</u>	(64,394)	\$ <u>143,534</u>
Fund balance - July 1		<u>212,292</u>	
Fund balance - June 30		\$ <u>147,898</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, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 92,500	\$ 79,499	\$ (13,001)
Total revenues	<u>92,500</u>	<u>79,499</u>	<u>(13,001)</u>
Expenditures:			
Parks and leisure services:			
Cost of service	<u>174,405</u>	<u>155,595</u>	<u>18,810</u>
Total expenditures	<u>174,405</u>	<u>155,595</u>	<u>18,810</u>
Net change in fund balance	\$ <u>(81,905)</u>	(76,096)	\$ <u>(31,811)</u>
Fund balance - July 1		<u>460,243</u>	
Fund balance - June 30		\$ <u>384,147</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, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 150,000	\$ 275,014	\$ 125,014
Interest	10,000	6,004	(3,996)
Total revenues	<u>160,000</u>	<u>281,018</u>	<u>121,018</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><u>(81,750)</u></u>	131,018	\$ <u><u>212,768</u></u>
Fund balance - July 1		<u>1,009,777</u>	
Fund balance - June 30		\$ <u><u>1,140,795</u></u>	

CITY OF PORTERVILLE

PARK DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 50,000	\$ 86,736	\$ 36,736
Interest	50	126	76
Total revenues	<u>50,050</u>	<u>86,862</u>	<u>36,812</u>
Other financing uses:			
Transfers out	<u>(50,050)</u>	<u>(86,862)</u>	<u>(36,812)</u>
Total other financing uses	<u>(50,050)</u>	<u>(86,862)</u>	<u>(36,812)</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, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 100,000	\$ 354,409	\$ 254,409
Interest	15,000	10,529	(4,471)
Total revenues	<u>115,000</u>	<u>364,938</u>	<u>249,938</u>
Other financing uses:			
Transfers out	<u>(1,692,389)</u>	<u>(64,471)</u>	<u>1,627,918</u>
Total other financing uses	<u>(1,692,389)</u>	<u>(64,471)</u>	<u>1,627,918</u>
Net change in fund balance	\$ <u>(1,577,389)</u>	300,467	\$ <u>1,877,856</u>
Fund balance - July 1		<u>1,758,216</u>	
Fund balance - June 30		\$ <u>2,058,683</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, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 7,000	\$ 2,932	\$ (4,068)
Other	1,500	-	(1,500)
Total revenues	8,500	2,932	(5,568)
Other financing uses:			
Transfers out	(7,000)	(8,489)	(1,489)
Total other financing uses	(7,000)	(8,489)	(1,489)
Net change in fund balance	\$ <u>1,500</u>	(5,557)	\$ <u>(7,057)</u>
Fund balance - July 1		<u>676,007</u>	
Fund balance - June 30		\$ <u>670,450</u>	

CITY OF PORTERVILLE

GENERAL GOVERNMENT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ -	\$ 1,620	\$ 1,620
Other	-	(10,024)	(10,024)
Total revenues	-	(8,404)	(8,404)
Expenditures:			
General government:			
Administration	3,250	1,350	1,900
Debt redemption, principal	1,090,000	1,090,000	-
Debt redemption, interest	934,716	934,716	-
Total expenditures	2,027,966	2,026,066	1,900
Excess (deficiency) of revenues over (under) expenditures	(2,027,966)	(2,034,470)	(6,504)
Other financing sources (uses):			
Transfers in	1,432,666	1,959,050	526,384
Total other financing sources (uses)	1,432,666	1,959,050	526,384
Net change in fund balance	\$ <u>(595,300)</u>	(75,420)	\$ <u>519,880</u>
Fund balance - July 1		<u>1,029,486</u>	
Fund balance - June 30		\$ <u><u>954,066</u></u>	

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, 2017

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ 68,065	\$ 2,252,938	\$ 500	\$ 2,321,503
Accounts receivable, net of allowance for uncollectibles	414	134,592	-	135,006
Inventories	-	98,283	-	98,283
Total current assets	68,479	2,485,813	500	2,554,792
Noncurrent assets:				
Notes receivable	-	557,971	-	557,971
Capital assets:				
Land	23,240	1,000,125	102,048	1,125,413
Construction in progress	-	171,291	-	171,291
Buildings	75,526	506,971	71,219	653,716
Improvements other than buildings	3,547	8,876,655	385,918	9,266,120
Machinery and equipment	63,341	681,784	278,839	1,023,964
Less accumulated depreciation	(117,951)	(5,209,937)	(558,478)	(5,886,366)
Total noncurrent assets	47,703	6,584,860	279,546	6,912,109
Total assets	116,182	9,070,673	280,046	9,466,901
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension-related items	-	141,542	99,724	241,266
Total deferred outflows of resources	-	141,542	99,724	241,266
LIABILITIES				
Current liabilities:				
Accounts and other payables	424	29,337	14,293	44,054
Payroll payable	959	9,476	6,959	17,394
Interfund payable	-	-	884,717	884,717
Compensated absences payable	-	4,789	6,063	10,852
Accrued interest payable	-	466	-	466
Loans payable - current	-	13,606	-	13,606
Total current liabilities	1,383	57,674	912,032	971,089
Noncurrent liabilities:				
Compensated absences payable	-	16,884	4,594	21,478
Net pension liability	-	431,679	299,050	730,729
Total noncurrent liabilities	-	448,563	303,644	752,207
Total liabilities	1,383	506,237	1,215,676	1,723,296
DEFERRED INFLOWS OF RESOURCES				
Deferred pension-related items	-	2,625	1,934	4,559
Total deferred inflow of resources	-	2,625	1,934	4,559
NET POSITION				
Net investment in capital assets	47,703	6,013,283	279,546	6,340,532
Unrestricted	67,096	2,690,070	(1,117,386)	1,639,780
Total net position	\$ 114,799	\$ 8,703,353	\$ (837,840)	\$ 7,980,312

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, 2017

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 9,817	\$ 1,676,455	\$ 175,835	\$ 1,862,107
Other revenues	220	154,894	15	155,129
Total operating revenues	10,037	1,831,349	175,850	2,017,236
Operating expenses:				
Cost of sales and services	20,294	1,305,670	223,360	1,549,324
General and administrative	5,381	169,282	106,731	281,394
Depreciation/amortization	3,437	257,976	35,358	296,771
Total operating expenses	29,112	1,732,928	365,449	2,127,489
Operating income (loss)	(19,075)	98,421	(189,599)	(110,253)
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	24,971	-	24,971
Investment earnings	213	22,681	1,242	24,136
Interest expense	-	(740)	-	(740)
Sale of capital assets	-	657,895	-	657,895
Total nonoperating revenue (expenses)	213	704,807	1,242	706,262
Income before contributions and transfers	(18,862)	803,228	(188,357)	596,009
Capital contributions and transfers:				
Capital contributions - federal and state grants	-	31,830	-	31,830
Transfers in	10,000	5,506	69,000	84,506
Total contributions and transfers	10,000	37,336	69,000	116,336
Change in net position	(8,862)	840,564	(119,357)	712,345
Net position - beginning	123,661	7,862,789	(718,483)	7,267,967
Net position - ending	\$ 114,799	\$ 8,703,353	\$ (837,840)	\$ 7,980,312

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

City of Porterville
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 9,623	\$ 1,954,613	\$ 175,850	\$ 2,140,086
Payments to employees	(11,753)	(264,661)	(201,737)	(478,151)
Payments to suppliers and others	(13,415)	(1,293,757)	(156,180)	(1,463,352)
Net cash provided by operating activities	(15,545)	396,195	(182,067)	198,583
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash from interfund	-	-	111,825	111,825
Subsidy from federal and state grants	-	24,971	-	24,971
Transfers in from other funds	10,000	5,506	69,000	84,506
Net cash (used) by noncapital financing	10,000	30,477	180,825	221,302
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Construction and other capital projects	-	(35,074)	-	(35,074)
Interest paid on long-term debt and advances	-	(1,209)	-	(1,209)
Principal payments on long-term debt	-	(13,588)	-	(13,588)
Proceeds from sale of capital assets	-	99,924	-	99,924
Purchase of capital assets	-	(12,664)	-	(12,664)
Subsidy from federal and state grants	-	31,830	-	31,830
Net cash (used) by capital and related financing activities	-	69,219	-	69,219
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	213	22,681	1,242	24,136
Net cash provided by investing activities	213	22,681	1,242	24,136
Net Increase (decrease) in cash and cash equivalents	(5,332)	518,572	-	513,240
Balances - beginning of year	73,397	1,734,366	500	1,808,263
Balances - end of the year	\$ 68,065	\$ 2,252,938	\$ 500	\$ 2,321,503
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (19,075)	\$ 98,421	\$ (189,599)	\$ (110,253)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	3,437	257,976	35,358	296,771
Changes in assets and liabilities:				
Accounts payable	187	(75,261)	2,823	(72,251)
Compensated absences	-	6,024	(706)	5,318
Customer receivables	(414)	123,264	-	122,850
Inventory	-	29,346	-	29,346
Pensions	-	(42,915)	(30,236)	(73,151)
Salaries and benefits payable	320	(660)	293	(47)
Net cash provided by operating activities	\$ (15,545)	\$ 396,195	\$ (182,067)	\$ 198,583

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, 2017

	Risk Management	Equipment Management	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 772,437	\$ 1,326,647	\$ 2,099,084
Accounts receivable, net of allowance for uncollectibles	51,185	25,048	76,233
Intergovernmental receivable	682,700	620	683,320
Interfund receivable	10,565	-	10,565
Total current assets:	<u>1,516,887</u>	<u>1,352,315</u>	<u>2,869,202</u>
Noncurrent assets:			
Advances receivable	10,663	-	10,663
Capital assets:			
Improvements other than buildings	-	6,639	6,639
Machinery and equipment	-	835,723	835,723
Less accumulated depreciation	-	(690,942)	(690,942)
Total noncurrent assets:	<u>10,663</u>	<u>151,420</u>	<u>162,083</u>
Total assets	<u>1,527,550</u>	<u>1,503,735</u>	<u>3,031,285</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension-related items	98,284	415,922	514,206
Total deferred outflows of resources	<u>98,284</u>	<u>415,922</u>	<u>514,206</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	243,891	120,570	364,461
Payroll payable	5,321	30,148	35,469
Accrued claims	978,936	-	978,936
Compensated absences payable	2,440	17,400	19,840
Total current liabilities	<u>1,230,588</u>	<u>168,118</u>	<u>1,398,706</u>
Noncurrent liabilities:			
Accrued claims	701,736	-	701,736
Compensated absences payable	2,419	9,445	11,864
Net pension liability	385,754	1,300,522	1,686,276
Total noncurrent liabilities	<u>1,089,909</u>	<u>1,309,967</u>	<u>2,399,876</u>
Total liabilities	<u>2,320,497</u>	<u>1,478,085</u>	<u>3,798,582</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension-related items	12,045	16,264	28,309
Total deferred inflows of resources	<u>12,045</u>	<u>16,264</u>	<u>28,309</u>
NET POSITION			
Net investment in capital assets	-	151,420	151,420
Unrestricted	(706,708)	273,888	(432,820)
Total net position	<u>\$ (706,708)</u>	<u>\$ 425,308</u>	<u>\$ (281,400)</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, 2017

	Risk Management	Equipment Management	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 6,611,283	\$ 3,055,561	\$ 9,666,844
Other revenues	664	267,975	268,639
Total operating revenues	<u>6,611,947</u>	<u>3,323,536</u>	<u>9,935,483</u>
Operating expenses:			
Cost of sales and services	5,566,527	2,984,637	8,551,164
General and administrative	159,961	69,947	229,908
Depreciation/amortization	-	54,888	54,888
Total operating expenses	<u>5,726,488</u>	<u>3,109,472</u>	<u>8,835,960</u>
Operating income (loss)	885,459	214,064	1,099,523
Nonoperating revenues (expenses):			
Investment earnings	<u>4,632</u>	<u>7,710</u>	<u>12,342</u>
Change in net position	<u>890,091</u>	<u>221,774</u>	<u>1,111,865</u>
Net position - beginning	<u>(1,596,799)</u>	<u>203,534</u>	<u>(1,393,265)</u>
Net position - ending	<u>\$ (706,708)</u>	<u>\$ 425,308</u>	<u>\$ (281,400)</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, 2017

	Risk Management	Equipment Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customer	\$ 6,598,904	\$ 3,321,883	\$ 9,920,787
Payments to employees	(191,215)	(850,309)	(1,041,524)
Payments to suppliers and others	(5,369,712)	(2,321,161)	(7,690,873)
Net cash provided by operating activities	<u>1,037,977</u>	<u>150,413</u>	<u>1,188,390</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances to other funds	17,554	-	17,554
Cash from interfund	(287,726)	-	(287,726)
Intergovernmental - operating assistance	-	(73)	(73)
Net cash (used) by noncapital financing	<u>(270,172)</u>	<u>(73)</u>	<u>(270,245)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,632	7,710	12,342
Net cash provided by investing activities	<u>4,632</u>	<u>7,710</u>	<u>12,342</u>
Net Increase (decrease) in cash and cash equivalents	<u>772,437</u>	<u>158,050</u>	<u>930,487</u>
Balances - beginning of year	<u>-</u>	<u>1,168,597</u>	<u>1,168,597</u>
Balances - end of the year	<u>\$ 772,437</u>	<u>\$ 1,326,647</u>	<u>\$ 2,099,084</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 885,459	\$ 214,064	\$ 1,099,523
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	54,888	54,888
Changes in assets and liabilities:			
Accounts payable	94,497	3,863	98,360
Accrued claims	37,835	-	37,835
Compensated absences	(2,293)	2,572	279
Customer receivables	(13,043)	(1,653)	(14,696)
Pensions	(29,799)	(126,105)	(155,904)
Prepaid items	67,244	-	67,244
Salaries and benefits payable	(1,923)	2,784	861
Net cash provided by operating activities	<u>\$ 1,037,977</u>	<u>\$ 150,413</u>	<u>\$ 1,188,390</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, 2017

<u>Special Deposits</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>
Assets				
Cash and investments	\$ 1,423,028	\$ 994,178	\$ 906,691	\$ 1,510,515
Total assets	<u>\$ 1,423,028</u>	<u>\$ 994,178</u>	<u>\$ 906,691</u>	<u>\$ 1,510,515</u>
Liabilities				
Accounts and other payables	\$ 47,563	\$ 747,300	\$ 757,339	\$ 37,524
Refundable deposits, utilities	394,733	111,975	104,553	402,155
Refundable deposits, miscellaneous	571,164	560,556	476,644	655,076
Other deposits, safety	409,568	329,371	323,179	415,760
Total liabilities	<u>\$ 1,423,028</u>	<u>\$ 1,749,202</u>	<u>\$ 1,661,715</u>	<u>\$ 1,510,515</u>

Statistical Section



STATISTICAL SECTION

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

Contents	Page
Financial Trends	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	138
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	142
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	144
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)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Governmental activities:										
Net investment in capital assets	\$ 337,298	\$ 349,278	\$ 351,422	\$ 351,797	\$ 352,352	\$ 350,078	\$ 362,675	\$ 376,078	\$ 376,681	\$ 380,683
Restricted	12,732	15,181	14,383	11,681	9,160	8,266	4,152	2,828	2,266	1,260
Unrestricted	26,116	16,992	15,908	17,321	23,043	28,545	32,343	5,314	5,346	13,714
Total governmental activities net position	<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>	<u>\$ 384,293</u>	<u>\$ 395,657</u>
Business-type activities:										
Net investment in capital assets	\$ 39,016	\$ 41,328	\$ 35,164	\$ 46,006	\$ 44,059	\$ 44,211	\$ 43,444	\$ 47,096	\$ 52,217	\$ 51,993
Restricted	2,494	1,453	1,450	3,251	3,271	3,239	3,272	3,297	3,326	3,373
Unrestricted	18,641	18,807	26,701	18,665	21,633	24,254	27,762	16,239	15,222	24,660
Total business-type activities net position	<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>	<u>\$ 70,765</u>	<u>\$ 80,026</u>
Primary government:										
Net investment in capital assets	\$ 376,314	\$ 390,606	\$ 386,586	\$ 397,803	\$ 396,411	\$ 394,289	\$ 406,119	\$ 423,174	\$ 428,898	\$ 432,676
Restricted	15,226	16,634	15,833	14,932	12,431	11,505	7,424	6,125	5,592	4,633
Unrestricted	44,757	35,799	42,609	35,986	44,676	52,799	60,105	21,553	20,568	38,374
Total primary government net position	<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>	<u>\$ 455,058</u>	<u>\$ 475,683</u>

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
EXPENSES										
Governmental activities:										
Community and economic development	\$ 3,595	\$ 2,690	\$ 3,284	\$ 3,070	\$ 1,975	\$ 1,450	\$ 1,350	\$ 1,572	\$ 2,156	\$ 725
General government	2,726	2,847	4,925	3,613	3,041	2,923	2,816	3,197	3,213	2,129
Parks and recreation	5,018	5,165	5,528	5,449	5,832	5,350	5,490	5,865	6,550	5,362
Public safety - fire	3,721	3,979	4,410	4,646	4,878	4,498	4,692	4,283	4,660	5,080
Public safety - police	8,335	9,023	9,746	9,725	10,368	9,788	10,863	10,174	10,765	11,233
Public works	4,106	4,654	5,448	6,392	7,135	6,694	5,258	7,271	5,679	4,782
Interest on long-term debt	1,746	1,909	1,942	1,934	1,524	1,080	1,205	1,203	1,122	1,088
Total governmental activities expenses	<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>	<u>34,145</u>	<u>30,399</u>
Business-type activities:										
Airport	1,562	1,656	974	1,287	1,563	1,335	1,534	1,570	1,619	1,723
Golf course	388	419	386	376	384	383	403	358	373	358
Sewer operating	6,378	6,501	6,032	6,170	6,697	6,235	6,500	6,654	6,976	6,466
Solid waste	5,159	5,181	5,310	5,358	5,338	5,233	5,450	5,574	5,568	5,428
Transit	2,056	2,037	2,017	2,151	2,210	2,303	3,084	3,258	4,459	4,584
Water operating	4,619	4,746	5,106	4,967	4,971	4,829	5,472	5,544	5,695	7,164
Zalud estate	29	31	24	29	28	27	26	21	26	29
Total business-type activities expenses	<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>	<u>24,716</u>	<u>25,752</u>
Total primary government expenses	<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>	<u>\$ 58,861</u>	<u>\$ 56,151</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Community and economic development	\$ 528	\$ 236	\$ 211	\$ 263	\$ 258	\$ 352	\$ 373	\$ 51	\$ 29	\$ 36
General government	1,786	1,494	1,585	1,613	1,622	1,656	1,746	1,786	2,037	2,554
Parks and recreation	1,307	1,603	1,731	1,891	1,931	1,942	1,695	1,766	2,007	2,378
Public safety - fire	22	36	45	23	80	70	86	77	104	331
Public safety - police	510	520	598	461	587	624	485	530	411	388
Public works	256	233	167	204	298	219	390	355	303	427
Operating grants and contributions:										
Community and economic development	2,626	1,600	1,388	1,576	1,489	854	796	904	887	554
General government	427	486	599	476	469	469	449	523	511	491
Parks and recreation	123	163	206	199	53	243	33	89	297	264
Public safety - fire	5	--	30	304	6	71	76	61	72	2
Public safety - police	185	263	334	308	400	255	247	427	354	367
Public works	1,611	1,348	1,275	1,699	1,850	1,241	1,306	1,884	2,022	1,932
Capital grants and contributions:										
Community and economic development	66	--	--	--	--	--	--	--	--	101
Parks and recreation	177	42	1,159	282	59	331	1,283	510	183	428
Public safety - fire	--	--	--	100	128	50	--	27	--	--
Public safety - police	45	--	--	85	76	141	108	21	--	--
Public works	<u>5,876</u>	<u>5,637</u>	<u>3,444</u>	<u>3,392</u>	<u>4,854</u>	<u>4,894</u>	<u>14,199</u>	<u>11,688</u>	<u>2,653</u>	<u>6,556</u>
Total governmental activities program revenues	<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>	<u>11,870</u>	<u>16,809</u>

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Business-type activities:										
Charges for services:										
Airport	1,488	1,597	805	1,288	1,485	1,206	1,415	1,343	1,591	1,831
Golf course	299	323	281	225	235	226	214	208	198	176
Sewer operating	7,584	6,554	7,042	6,964	6,868	7,115	7,011	7,253	7,574	8,527
Solid waste	5,468	4,971	5,290	5,418	5,536	5,659	5,676	5,793	5,970	5,902
Transit	345	375	332	357	381	462	624	622	626	643
Water operating	5,169	4,371	4,621	4,842	4,736	4,942	5,073	4,676	5,766	10,856
Zalud estate	2	3	7	5	7	7	3	6	4	10
Operating grants and contributions:										
Airport	10	10	--	20	10	10	10	10	10	25
Solid waste	3	7	12	6	10	6	8	6	578	23
Transit	1,305	1,943	1,315	1,470	1,452	1,796	3,140	1,673	3,534	3,694
Water operating	--	--	--	--	--	--	--	16	--	902
Capital grants and contributions:										
Airport	68	57	477	1,850	306	32	35	65	33	32
Sewer operating	47	49	32	51	16	25	34	47	87	192
Solid waste	--	--	--	421	525	--	1,221	--	--	696
Transit	2,039	528	704	1,387	69	1,001	551	1,385	2,022	215
Water operating	92	99	191	177	33	75	250	195	251	303
Total business-type activities program revenues	23,919	20,887	21,109	24,481	21,669	22,562	25,265	23,298	28,244	34,027
Total primary government program revenues	\$ 39,469	\$ 34,548	\$ 33,881	\$ 37,357	\$ 35,829	\$ 35,974	\$ 48,537	\$ 43,997	\$ 40,114	\$ 50,836
Net (expense)/revenue										
Governmental activities	\$ (13,697)	\$ (16,606)	\$ (22,511)	\$ (21,953)	\$ (20,593)	\$ (18,371)	\$ (8,402)	\$ (12,866)	\$ (22,275)	\$ (13,590)
Business-type activities	3,728	316	1,260	4,143	478	2,217	2,796	319	3,528	8,275
Total primary government net expense	\$ (9,969)	\$ (16,290)	\$ (21,251)	\$ (17,810)	\$ (20,115)	\$ (16,154)	\$ (5,606)	\$ (12,547)	\$ (18,747)	\$ (5,315)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 8,301	\$ 8,408	\$ 7,644	\$ 7,777	\$ 7,238	\$ 7,347	\$ 7,406	\$ 7,425	\$ 6,784	\$ 6,629
Sales taxes	6,882	6,147	5,785	6,122	6,484	7,163	7,401	7,596	9,049	9,626
Utility users tax	3,854	3,894	4,046	4,048	3,908	3,970	3,955	3,883	3,752	3,913
Other taxes	2,598	2,312	2,128	2,028	1,819	1,838	1,923	2,056	2,108	2,116
Unrestricted investment earnings	1,790	1,428	1,060	704	666	191	603	382	605	326
Miscellaneous	933	178	2,007	324	96	87	66	256	138	841
Transfers	(309)	(455)	103	(68)	(83)	109	(85)	(87)	(87)	(89)
Total governmental activities	24,049	21,912	22,773	20,935	20,128	20,705	21,269	21,511	22,349	23,362
Business-type activities:										
Unrestricted investment earnings	965	661	569	386	479	105	408	292	499	238
Miscellaneous	78	5	--	10	1	528	36	2	19	658
Transfers	309	455	(103)	68	83	(109)	85	87	87	89
Total business-type activities	1,352	1,121	466	464	563	524	529	381	605	985
Total primary government	\$ 25,401	\$ 23,033	\$ 23,239	\$ 21,399	\$ 20,691	\$ 21,229	\$ 21,798	\$ 21,892	\$ 22,954	\$ 24,347
Extraordinary item - governmental activities	\$ --	\$ --	\$ --	\$ --	\$ 4,221	\$ --	\$ --	\$ --	\$ --	\$ --
Change in Net Position										
Governmental activities	\$ 10,352	\$ 5,306	\$ 262	\$ (1,018)	\$ 3,756	\$ 2,334	\$ 12,867	\$ 8,645	\$ 74	\$ 9,772
Business-type activities	5,080	1,437	1,726	4,607	1,041	2,741	3,325	700	4,133	9,260
Total primary government	\$ 15,432	\$ 6,743	\$ 1,988	\$ 3,589	\$ 4,797	\$ 5,075	\$ 16,192	\$ 9,345	\$ 4,207	\$ 19,032

**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>
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
2015-16	6,784,136	1,616,751	3,752,400	491,386	9,048,935	21,693,608
2016-17	6,629,521	1,564,156	3,912,707	551,783	9,626,375	22,284,542

CITY OF PORTERVILLE
FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
LAST TEN 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>	<u>2015-16</u>	<u>2016-17</u>
General fund:										
Nonspendable	\$ 1,316	\$ 1,262	\$ 4,041	\$ 8,400	\$ 5,551	\$ 5,323	\$ 5,245	\$ 4,472	\$ 4,354	\$ 1,614
Restricted	--	--	--	518	439	418	62	62	62	220
Committed	1,867	1,867	2,462	2,644	2,091	4,373	4,894	5,018	6,213	9,882
Assigned	4,061	4,706	4,890	5,361	5,654	6,251	6,573	6,668	7,253	8,272
Unassigned	<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>	<u>596</u>	<u>592</u>
Total general fund	<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>	<u>\$ 18,478</u>	<u>\$ 20,580</u>
All other governmental funds:										
Nonspendable	\$ --	\$ 930	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	16,146	18,483	18,848	17,821	17,341	18,744	18,386	26,420	25,023	25,077
Unassigned	<u>(1,390)</u>	<u>(1,346)</u>	<u>(1,790)</u>	<u>(3,929)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(150)</u>
Total all other governmental funds	<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>	<u>\$ 25,023</u>	<u>\$ 24,927</u>

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenues:										
Taxes	\$ 21,636	\$ 20,761	\$ 19,603	\$ 19,975	\$ 19,450	\$ 20,317	\$ 20,709	\$ 20,959	\$ 21,694	\$ 22,285
Licenses and permits	1,141	957	836	825	749	780	882	967	1,023	966
Intergovernmental	7,221	7,979	7,291	6,744	8,202	6,879	16,084	14,718	5,956	7,979
Charges for services	3,903	3,520	3,703	3,845	4,178	4,263	4,312	3,998	4,257	5,193
Special assessments and fees	2,206	705	515	1,032	539	933	413	318	430	804
Fines and forfeitures	269	268	355	240	286	233	280	231	191	197
Investment earnings	1,436	1,183	891	702	665	279	668	545	880	607
Miscellaneous	993	373	114	220	109	145	96	183	186	584
Total revenues	<u>38,805</u>	<u>35,746</u>	<u>33,308</u>	<u>33,583</u>	<u>34,178</u>	<u>33,829</u>	<u>43,444</u>	<u>41,919</u>	<u>34,617</u>	<u>38,615</u>
Expenditures:										
Community/Economic development	3,545	2,582	3,114	2,964	1,860	1,373	1,154	1,471	2,084	1,068
General government	2,600	2,733	4,638	3,449	2,674	2,612	2,562	2,856	2,909	2,818
Parks and recreation	4,687	4,861	5,026	4,888	5,149	4,809	4,803	5,071	5,959	6,073
Public safety:										
Fire	3,592	3,817	4,033	4,305	4,501	4,203	3,950	4,012	4,263	4,855
Police	7,990	8,584	8,887	8,848	9,441	8,957	9,406	9,514	9,976	10,784
Public works	2,205	2,483	2,972	3,777	4,642	4,140	2,643	3,834	2,994	2,907
Capital outlay	9,298	7,288	4,601	2,755	4,142	3,544	16,731	16,490	4,175	7,445
Debt service:										
Principal	1,012	1,117	981	974	914	948	571	1,099	984	1,324
Interest and other charges	1,732	2,207	1,872	1,894	1,516	1,810	1,205	1,955	952	975
Total expenditures	<u>36,661</u>	<u>35,672</u>	<u>36,124</u>	<u>33,854</u>	<u>34,839</u>	<u>32,396</u>	<u>43,025</u>	<u>46,302</u>	<u>34,296</u>	<u>38,249</u>
Excess of revenues over (under) expenditures	<u>2,144</u>	<u>74</u>	<u>(2,816)</u>	<u>(271)</u>	<u>(661)</u>	<u>1,433</u>	<u>419</u>	<u>(4,383)</u>	<u>321</u>	<u>366</u>
Other financing sources (uses):										
Transfers in	11,788	13,845	11,090	8,066	9,798	7,914	18,904	18,017	7,388	7,558
Transfers out	(12,070)	(13,373)	(11,382)	(8,128)	(9,851)	(7,805)	(18,989)	(18,104)	(7,476)	(7,647)
Issuance of long-term debt	--	8,543	--	--	--	21,060	3,765	23,437	--	--
Payments on refunding	--	(5,003)	--	--	--	(19,887)	(3,560)	(23,186)	--	--
Sale of capital assets	697	15	2,030	198	15	16	--	12	29	--
Insurance recoveries	--	--	--	--	--	--	--	152	--	137
Total other financing sources (uses)	<u>415</u>	<u>4,027</u>	<u>1,738</u>	<u>136</u>	<u>(38)</u>	<u>1,298</u>	<u>120</u>	<u>328</u>	<u>(59)</u>	<u>48</u>
Net change in fund balances before extraordinary items	<u>2,559</u>	<u>4,101</u>	<u>(1,078)</u>	<u>(135)</u>	<u>(699)</u>	<u>2,731</u>	<u>539</u>	<u>(4,055)</u>	<u>262</u>	<u>414</u>
Extraordinary item:										
RDA dissolution	--	--	--	--	(1,586)	--	--	--	--	--
Net change in fund balances	<u>\$ 2,559</u>	<u>\$ 4,101</u>	<u>\$ (1,078)</u>	<u>\$ (135)</u>	<u>\$ (2,285)</u>	<u>\$ 2,731</u>	<u>\$ 539</u>	<u>\$ (4,055)</u>	<u>\$ 262</u>	<u>\$ 414</u>
Debt service as a percentage of noncapital expenditures	10.028%	10.443%	9.051%	9.222%	7.916%	7.490%	6.032%	8.044%	6.417%	7.463%

**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>
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%
2015-16	2,225,814,816	2,267,139	86,102,059	2,314,184,014	0.118%
2016-17	2,397,586,332	1,404,888	86,879,908	2,485,871,128	0.118%

Source: County of Tulare Office of the Auditor-Controller

NOTE:

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

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

LAST NINE FISCAL YEARS

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
City Direct Rates:									
City Basic Rate	<u>0.1183</u>	<u>0.1182</u>	<u>0.1182</u>	<u>0.1183</u>	<u>0.1182</u>	<u>0.1181</u>	<u>0.1181</u>	<u>0.1184</u>	<u>0.1185</u>
Total City Direct Rate	0.1183	0.1182	0.1182	0.1183	0.1182	0.1181	0.1181	0.1184	0.1185
Overlapping Rates:									
County of Tulare	0.1821	0.1825	0.1820	0.1820	0.1814	0.1806	0.1806	0.1808	0.1810
Porterville Elementary School	0.2477	0.2471	0.2497	0.2443	0.2544	0.2577	0.2577	0.2593	0.2593
Porterville High School	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294
Kern Community College	0.0848	0.0851	0.0858	0.0848	0.0842	0.0884	0.0884	0.0893	0.0889
County School Service Fund	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244
Porterville Cemetery District	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046
Porterville Memorial District	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085
Sierra View District Hospital	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193
Tulare County Air Pollution Control District	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003
Tulare County Flood Control District	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021
Education Revenue Augmentation	<u>0.2374</u>	<u>0.2371</u>	<u>0.2376</u>	<u>0.2376</u>	<u>0.2383</u>	<u>0.2391</u>	<u>0.2392</u>	<u>0.2386</u>	<u>0.2384</u>
Total Direct Rate	<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>	<u>1.0752</u>	<u>1.0748</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	2016-17			2007-2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Realty Company	\$ 86,749,547	1	3.75%	\$ -	-	-
Del Mesa Farms	41,791,103	2	1.81%	40,597,161	2	1.90%
Target Corporation	20,299,329	3	0.88%	-	-	-
Lowes HIW Inc	14,191,160	4	0.61%	-	-	-
Beckman Coulter Inc	11,477,244	5	0.50%	10,194,159	7	0.48%
Royalty Carpet Mills Inc	10,644,054	6	0.46%	15,690,200	3	0.73%
Porterville Investments 2005 LP	10,643,200	7	0.46%	11,118,000	5	0.52%
Henderson-Prospect Partners LP	10,609,350	8	0.46%	-	-	-
Wal-Mart Stores Inc	10,142,845	9	0.44%	64,441,571	1	3.01%
Southern California Edison Company	9,380,577	10	0.41%	-	-	-
Ennis Family Investments	-	-	-	14,044,806	4	0.66%
Cherry Keith (SCSR TR R & RT Irrevocable Trust	-	-	-	10,272,000	6	0.48%
Ennis Commercial	-	-	-	9,864,970	8	0.46%
Porterville Meadow Breeze Investors LP	-	-	-	9,339,600	9	0.44%
Nicholson Daryl & Victoria (TRS)	-	-	-	8,988,024	10	0.42%
Subtotal	225,928,409		9.76%	194,550,491		9.09%
Total taxable assessed value of other taxpayers	2,088,255,605		90.24%	1,945,170,922		90.91%
Total taxable assessed value	\$ 2,314,184,014		100.00%	\$ 2,139,721,413		100.00%

Source: County of Tulare Office of the Auditor-Controller

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collections within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
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%	87,311	2,523,512	70.37%
2015-16	3,768,290	2,564,303	68.05%	60,262	2,624,566	69.65%
2016-17	3,921,556	2,668,785	68.05%		2,668,785	68.05%

Source: County of Tulare Office of the Auditor-Controller

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

<u>Fiscal Year</u>	<u>Effective Date</u>	<u>State Tax Rate</u>	<u>County Transportation Tax Rate</u>	<u>City Tax Rate*</u>	<u>County District Tax Rate</u>	<u>Combined Rate</u>
2007-08	04/01/2007	6.25%	0.25%	1.25%	0.50%	8.25%
2008-09	04/01/2007	6.25%	0.25%	1.25%	0.50%	8.25%
	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2009-10	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2010-11	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2011-12	07/01/2011	6.25%	0.25%	1.25%	0.50%	8.25%
2012-13	07/01/2011	6.25%	0.25%	1.25%	0.50%	8.25%
	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2013-14	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2014-15	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2015-16	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
	01/01/2016	6.25%	0.25%	1.50%	0.50%	8.50%
2016-17	01/01/2016	6.25%	0.25%	1.50%	0.50%	8.50%
	01/01/2017	6.00%	0.25%	1.50%	0.50%	8.25%

*includes City district tax of 1/2%

Source: State Board of Equalization, State of California

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

	<u>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>	<u>2015-16</u>	<u>2016-17</u>
General retail	\$ 157,986	\$ 156,348	\$ 151,545	\$ 155,235	\$ 176,415	\$ 185,195	\$ 189,682	\$ 185,774	\$ 177,516	\$ 184,006
Transportation	139,522	101,432	94,669	106,036	118,399	133,007	143,345	153,340	144,124	148,012
Food products	95,008	89,881	90,280	96,805	101,837	104,115	101,042	106,871	113,106	120,458
Construction	64,335	51,732	46,201	46,490	49,088	52,286	56,000	60,825	61,845	69,100
Business to business	22,841	16,874	18,293	17,815	16,211	19,169	24,228	21,304	26,386	30,240
Miscellaneous	<u>5,861</u>	<u>5,452</u>	<u>4,875</u>	<u>5,022</u>	<u>6,007</u>	<u>4,983</u>	<u>6,030</u>	<u>6,253</u>	<u>6,509</u>	<u>6,715</u>
Total	<u>\$ 485,553</u>	<u>\$ 421,719</u>	<u>\$ 405,863</u>	<u>\$ 427,403</u>	<u>\$ 467,957</u>	<u>\$ 498,755</u>	<u>\$ 520,327</u>	<u>\$ 534,367</u>	<u>\$ 529,486</u>	<u>\$ 558,531</u>

Source: MuniServices

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

<u>Fiscal Year</u>	<u>Sewer Service Charges</u>	<u>Lab Service Charges</u>	<u>Reclamation Operation</u>	<u>Connection Fees</u>	<u>Other</u>	<u>Total</u>
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
2015-16	6,202,430	404,022	-	630,011	337,333	7,573,796
2016-17	6,544,083	478,818	-	1,136,381	367,363	8,526,645

**CITY OF PORTERVILLE
SEWER RATES
LAST TEN 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>	<u>2015-16</u>	<u>2016-17</u>
A. Residential										
(rate per month)										
Single Family (per unit)	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87
Multiple Family (per unit)	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52
Mobile Homes Park (per space)	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52
B. Commercial										
(per 100 cubic feet of water used with a minimum of \$26.87 per month)										
Bars, Hotels without Dining	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22
Restaurants	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97
Retail Stores, Offices	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04
Auto Repair, Service Station	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36
Car Wash, Laundry, Packing House	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96
Hospital, Rest Homes	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09
Mortuaries	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96
Schools	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
Churches	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42
City of Porterville	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83
State Hospital	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09
Multi-unit with consumption	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19
C. Industrial										
(per 100 cubic feet of water used with a minimum of \$26.87 per month)										
	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93

Source: City of Porterville Finance Department

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

	2016-17		2007-08	
	Rank	Revenue	Rank	Revenue
Porterville State Developmental Center	1	\$ 169,338	1	\$ 169,338
Foster Farms	2	\$ 130,785	2	\$ 104,456
Golden Hills Mobile Home Park, LLC	3	\$ 68,292	3	\$ 68,292
Mission Bell Park	4	\$ 48,998	4	\$ 48,998
Holiday Retirement Site 5280	5	\$ 39,505		
Ranchview Mobile Home Park	6	\$ 36,443	5	\$ 36,443
Santa Fe Plaza	7	\$ 32,155	6	\$ 32,155
Villa Robles Apartments	8	\$ 31,849	7	\$ 31,849
PI Properties No 112 LLC	9	\$ 27,868		
Parkview Apartments	10	\$ 26,949	8	\$ 26,949
Porterville Family Apartments	-	-	9	\$ 23,887
Foxwood Apartments, LLC	-	-	10	\$ 19,906

Source: City of Porterville Finance Department

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

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Meter Installation Charges</u>	<u>Water Service Charges</u>	<u>Connection Fees</u>	<u>Other</u>	<u>Total</u>
2007-08	\$ 4,869,802	\$ 33,573	\$ 123,900	\$ 38,705	\$ 102,752	\$ 5,168,732
2008-09	4,096,933	43,179	107,282	24,865	99,197	4,371,456
2009-10	4,403,997	22,548	92,591	14,303	88,096	4,621,535
2010-11	4,528,190	25,187	103,066	5,990	179,242	4,841,675
2011-12	4,528,544	10,102	83,691	10,221	102,944	4,735,502
2012-13	4,749,951	13,554	84,139	9,351	85,365	4,942,360
2013-14	4,646,737	37,303	97,465	32,333	234,491	5,048,329
2014-15	4,359,261	30,123	136,988	58,694	90,701	4,675,767
2015-16	5,440,758	29,218	130,366	46,429	119,367	5,766,138
2016-17	10,526,676	18,876	107,744	16,107	187,108	10,856,511

**CITY OF PORTERVILLE
WATER RATES
LAST TEN 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>	<u>2015-16</u>	<u>2016-17*</u>
A. Metered										
Monthly meter charge										
<u>Meter Size</u>										
Less than 1 inch	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 10.00	\$ 16.50
1 inch	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 11.00	\$ 18.15
1-1/4 inch	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 13.50	\$ 22.28
1-1/2 inch	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 16.00	\$ 26.40
2 inches	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 20.00	\$ 33.00
3 inches	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 27.00	\$ 44.55
4 inches	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 33.00	\$ 54.45
6 inches	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 40.00	\$ 66.00
8 inches	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 50.00	\$ 82.50
Water consumption charge										
Per 100 cubic feet of water	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.90	\$ 1.75
B. Unmetered										
Flat rate charge per month	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 42.80	\$ 79.01

*Rates effective August 1, 2016

Source: City of Porterville Finance Department

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

	<u>2016-17</u>		<u>2007-08</u>	
	<u>Rank</u>	<u>Revenue</u>	<u>Rank</u>	<u>Revenue</u>
Foster Farms	1	\$ 234,515	1	\$ 81,109
City of Porterville Sports Complex	2	\$ 60,560		
City of Porterville Golf Course	3	\$ 53,074	3	\$ 25,623
Monache High School	4	\$ 40,728	4	\$ 23,103
Sierra View District Hospital	5	\$ 32,809		
Golden Hills MHP LLC	6	\$ 30,655	6	\$ 19,659
Porterville High School	7	\$ 27,502	8	\$ 15,654
Mission Bell Park	8	\$ 25,979		
Granite Hills High School	9	\$ 25,567	2	\$ 28,264
Mountain View Apartments	10	\$ 23,121		
Kern JT Jr College	-	-	5	\$ 20,118
Burton Middle School	-	-	7	\$ 18,369
City of Porterville Zalud Park	-	-	9	\$ 14,842
Sequoia Middle School	-	-	10	\$ 13,392
Total Number of Connections	<u>16,181</u>		<u>14,658</u>	
Total Water Consumption (in hundred cubic feet)		<u>3,864,904</u>		<u>4,865,725</u>

Source: City of Porterville Finance Department

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

	<u>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>	<u>2015-16</u>	<u>2016-17</u>
Governmental activities:										
Notes	\$ 3,737	\$ 3,779	\$ 3,611	\$ 3,232	\$ 2,925	\$ 2,747	\$ 2,556	\$ 2,352	\$ 2,133	\$ 1,899
Revenue bonds	4,406	7,392	7,344	7,295	-	-	-	-	-	-
Pension obligation bond	-	-	-	-	-	-	3,765	3,275	2,770	2,250
Certificates of Participation	23,929	23,295	22,631	21,948	21,220	21,292	23,374	23,437	23,138	22,529
Business-type activities:										
Notes	5,208	5,069	13,181	13,032	12,708	12,372	12,024	11,663	11,290	10,841
Revenue bonds	-	-	-	17,652	17,483	17,630	18,712	18,760	18,809	18,858
Certificates of Participation:	20,482	19,414	18,280	8,462	7,633	6,745	6,116	5,033	3,880	2,657
Capital lease	244	233	-	-	-	-	-	-	-	-
Total primary government	<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>	<u>\$ 62,020</u>	<u>\$ 59,034</u>
Percentage of personal income (1)	7.66%	7.23%	7.13%	7.78%	6.61%	6.56%	6.93%	6.67%	6.93%	6.04%
Per capita (1)	1,118	1,137	1,228	1,322	1,125	1,095	1,195	1,155	1,032	985

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, 2017

2016-17 Assessed Valuation: \$ 2,485,871,128
Redevelopment Incremental Valuation: 141,121,172
Adjusted Assessed Valuation: 2,626,992,300

	Total Debt 6/30/17	% Applicable	City's Share of Debt 6/30/17
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Kern Community College District School Facilities Improvement District No. 1	\$ 40,225,000	3.228%	\$ 1,298,463
Kern Community College District Safety, Repair and Improvement District	136,776,081	3.247%	4,441,119
Porterville Unified School District - Strathmore High	2,245,000	0.059%	1,325
Porterville Unified School District School Facilities Improvement District	17,106,647	81.470%	13,936,785
Burton School District	4,787,303	95.742%	4,583,460
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 24,261,152
<u>DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT:</u>			
Tulare County Certificates of Participation	\$ 34,535,000	8.222%	\$ 2,839,468
Tulare County Board of Education Certificates of Participation	35,410,000	8.222%	2,911,410
Kern Community College District Certificates of Participation	31,360,000	2.915%	914,144
Kern Community College District Benefit Obligations	79,740,000	2.915%	2,324,421
Porterville Unified School District Certificates of Participation	26,895,000	47.140%	12,678,303
Burton School District Certificates of Participation	19,820,000	95.742%	18,976,064
City of Porterville General Fund Obligations	22,528,583	100.000%	22,528,583
City of Porterville Pension Obligation Bonds	2,250,000	100.000%	2,250,000
City of Porterville Notes Payable - HUD	1,899,000	100.000%	1,899,000
TOTAL DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT			\$ 67,321,393
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 7,185,000	100.000%	\$ 7,185,000
TOTAL DIRECT DEBT			\$ 26,677,583
TOTAL OVERLAPPING DEBT			\$ 72,089,962
COMBINED TOTAL DEBT			\$ 98,767,545 (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 2016-17 Assessed Valuation:

Overlapping Tax and Assessment Debt	0.92%
Total Direct Debt (\$26,677,583)	1.02%
Combined Total Debt	3.76%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$141,121,172):

Total Overlapping Tax Increment Debt	5.09%
--------------------------------------	-------

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)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Assessed valuation	\$ 2,139,721	\$ 2,249,901	\$ 2,170,849	\$ 2,162,765	\$ 2,128,660	\$ 2,066,179	\$ 2,132,281	\$ 2,225,582	\$ 2,314,184	\$ 2,485,871
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	534,930	562,475	542,712	540,691	532,165	516,545	533,070	556,396	578,546	621,468
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	80,240	84,371	81,407	81,104	79,825	77,482	79,961	83,459	86,782	93,220
Total net debt applicable to limit: General obligation bonds (1)	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 86,782</u>	<u>\$ 93,220</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

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

Sources:

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

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

<u>Fiscal Year</u>	<u>Total Revenue (1)</u>	<u>Less: Operating Expense (2)</u>	<u>Net Available Revenue</u>	<u>2002 Senior Bonds Debt Service</u>	<u>Senior Debt Service Coverage</u>	<u>Remaining Net Revenue</u>	<u>Parity / Subordinate Debt Service</u>	<u>Parity / Subordinate Coverage</u>	<u>Net Revenue After Debt Service</u>
Water system improvement projects									
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)
2015-16	5,878	4,171	1,707	684	2.50	1,023	460	2.22	563
2016-17	10,932	5,785	5,147	678	7.59	4,469	524	8.53	3,945
Sewer system improvement projects									
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
2015-16	7,831	4,157	3,674	729	5.04	2,945	1,336	2.20	1,609
2016-17	8,340	3,810	4,530	731	6.20	3,799	1,336	2.84	2,463

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>
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%
2015-16	60,070	\$ 894,933,110	\$ 14,898.17	29.0	66.9% High school graduate or higher	19,151	11.6%
2016-17	59,908	\$ 977,638,652	\$ 16,319	29.1	66.8% High school graduate or higher	19,604	11.2%

Sources:

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

(2) U.S. Census Bureau "American Community Survey ", at www.factfinder2.census.gov

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

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

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

Employer	2016-17			2007-08		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville Public Schools	1,460	1	6.06%	1,281	2	6.16%
Porterville State Developmental Center	1,411	2	5.85%	1,851	1	8.90%
Wal-Mart Distribution Center	1,351	3	5.61%	901	4	4.33%
Sierra View Medical Center	828	4	3.44%	961	3	4.62%
City of Porterville	523	5	2.17%	465	6	2.24%
Burton School District	517	6	2.15%	385	8	1.85%
Eagle Mountain Casino	478	7	1.98%	532	5	2.56%
Wal-Mart Retail Store	445	8	1.85%	392	7	1.88%
Foster Farms	432	9	1.79%	376	9	1.81%
Family Healthcare Network	257	10	1.07%			0.00%
Smithcare, Inc.				350	10	1.68%
Total	<u>7,702</u>		<u>31.96%</u>	<u>7,494</u>		<u>36.03%</u>
City labor force	<u>24,100</u>			<u>20,800</u>		

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

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

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

Source: City of Porterville, Finance Department

CITY OF PORTERVILLE
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Police										
Crimes (1):										
Homicide	7	2	5	1	3	3	7	3	3	4
Rape	9	9	10	11	7	12	7	10	13	14
Robbery	73	60	60	65	47	73	39	37	55	52
Assaults	582	551	575	606	467	461	408	405	444	472
Burglary	497	351	386	482	558	542	436	278	308	306
Theft	1,422	1,024	1,091	1,242	1,003	936	737	717	796	807
Stolen vehicles	357	262	223	267	162	253	190	204	225	279
Traffic accidents:										
Non-injury	415	349	310	368	373	329	293	291	280	313
Injury	188	187	207	194	220	182	222	202	241	273
Fatal	2	6	5	3	2	6	3	4	4	5
Calls for service	25,941	28,792	30,094	30,753	31,895	31,701	30,263	33,848	38,991	38,247
Officer-initiated activity	27,171	31,303	38,970	37,161	38,394	33,868	33,322	31,866	25,606	22,027
Reports	11,117	9,579	9,503	9,474	9,268	9,159	8,723	8,374	8,293	8,038
Arrests:										
Felony	1,596	1,624	1,506	1,421	1,204	1,246	1,457	1,168	1,090	984
Misdemeanor	2,905	2,690	2,527	2,296	2,463	2,094	2,295	2,831	2,937	2,556
Mover citations	2,482	2,387	2,313	2,551	2,725	3,433	2,536	2,233	1,286	1,299
Non-mover and other citations	4,164	2,927	2,369	2,314	2,917	3,965	3,115	2,408	1,711	1,582
Fire										
Emergency responses:										
Fires	555	473	375	413	431	521	409	364	249	252
Medical	3,003	3,040	2,848	2,922	2,985	3,247	3,055	3,582	3,222	3,310
Hazardous materials	-	-	-	-	-	-	-	-	-	-
Other	959	863	881	854	942	1,004	967	1,206	1,345	1,414
Inspections	1,040	865	1,123	1,255	1,125	1,588	1,100	1,038	1,032	1,222
Hazard abatement	126	1,424	1,395	998	1,461	769	1,276	-	-	-
Violations noticed/citations issued	130	244	235	583	154	473	382	66	291	70
Public education - presentations and tours	145	138	179	238	204	123	118	167	77	59
Investigations	267	212	158	155	146	262	133	164	200	236

CITY OF PORTERVILLE
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Public works:										
Building permits issued	474	364	293	230	240	222	211	252	274	292
Streets:										
Street resurfacing (square feet)	350,286	114,000	1,000,071	1,211,969	1,687,492	1,936,432	1,309,796	1,189,247	712,095	446,997
Potholes repaired (square feet)	10,358	21,000	17,000	14,153	14,396	10,511	8,717	8,517	28,962	33,817
Solid waste:										
Refuse collected (tons/day)	115	109	111	123	123	109	96	101	104	107
Recyclables collected (tons/day)	42	37	38	47	50	50	45	31	38	41
Water:										
Number of consumers	14,486	14,673	14,694	14,843	15,214	15,395	15,450	15,576	15,635	15,406
Water introduced into system (millions of gallons)	4,484	4,271	4,042	3,970	4,208	4,284	4,196	3,548	3,019	3,206
Metered water deliveries (millions of gallons)	3,931	4,201	3,456	3,529	3,955	3,836	3,642	3,223	2,552	2,959
New water connections	193	178	97	156	54	74	102	144	148	704
Water mains breaks	6	6	11	11	3	6	11	11	19	17
Wastewater:										
Average daily sewage treatment (millions of gallons)	4.8	4.8	4.6	4.8	4.8	4.8	4.6	4.4	4.4	4.4
Parks and leisure services:										
Athletic field permits issued	114	84	63	64	54	70	69	137	191	188
Facility rentals										
Community rooms/centers	34	14	14	29	42	34	28	40	32	32
Municipal swimming pool	43	40	32	43	45	56	60	52	64	62
Park pavilions	441	392	481	489	525	552	530	592	623	581
Zalud Estate house and gardens	1	1	5	6	9	15	11	14	13	10
Recreation program enrollment:										
Recreation afterschool program (RAP)	2,235	1,926	1,579	1,739	1,917	1,622	1,485	1,663	1,656	1,778
Sports activities	1,395	1,617	1,483	1,813	2,101	2,621	2,499	2,449	2,199	2,016
Summer/winter camp	425	552	211	240	417	353	441	586	607	548
Kindergarten/pre-school classes	608	324	420	297	352	316	394	289	341	328

Sources: Various city departments

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

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

Function	<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>	<u>2015-16</u>	<u>2016-17</u>
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	2	2
Patrol units	61	66	70	76	75	68	68	65	64	74
Fire:										
Stations	2	2	2	2	2	2	2	2	3	3
Hydrants	1,694	1735	1829	1840	1,929	1,937	1,875	1,902	1,916	2,002
Public works:										
Streets, lights, signals										
Miles	193	193	196	196	196	196	196	206	206	206
Streetlights	3,114	3232	3333	3336	3,336	3,336	3,535	3,701	3760	3778
Traffic signals	48	48	49	49	49	49	49	49	50	50
Sewers (miles)	170	170	170	171	171	171	176	179	179	179
Water mains (miles)	210	210	210	212	212	213	213	213	213	213
Storm drains (miles)	52	52	52	52	52	52	52	52	52	52
Parks and Leisure Services:										
Parks acreage	306	306	306	306	306	306	308	308	308	308
Parks	24	24	24	24	24	24	25	25	25	25
Community centers	2	2	1	1	1	1	1	1	1	1
Library volumes/circulations	255,025	271,337	271,161	294,212	297,900	288,326	300,662	296,498	260,834	251,155

Sources: Various city departments



City of Porterville, California

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