



# **CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

# **CITY OF PORTERVILLE, CALIFORNIA**

**PREPARED BY THE DEPARTMENT OF FINANCE**

**MARIA BEMIS**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**CITY OF PORTERVILLE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2019**

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## **Introductory Section**



Maria Bemis  
Finance Director  
(559) 782-7435



291 North Main Street  
Porterville, CA 93257

December 31, 2019

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, 2019, 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, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

The City of Porterville, incorporated on May 7, 1902, is located midway between San Francisco and Los Angeles, an hour from Fresno and Bakersfield. It is situated in the southeastern portion of California's San Joaquin Valley, the most diverse agricultural area in the world. The City currently occupies a land area of 18.73 square miles and serves a population of 60,260. 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 4.0 percent and taxable sales increased 0.7 percent. In November 2018, voters in the City of Porterville approved a local sales and use tax measure increasing the City's tax rate by one percent effective April 1, 2019. This new sales tax measure generated additional sales tax revenue of over \$1.8 million in the last three months of the current fiscal year and is expected to provide over \$6 million annually.

Both utility users tax and transient occupancy tax were slightly lower in the current year while franchise taxes only grew marginally. The City's unemployment rate declined from 12.1 percent a year ago to 11.9 percent in 2019. The City continues to work with the local development community to promote growth and improvement within the City.

In regards to new residential housing, 215 single-family and 190 multi-family residential units have been approved and are currently under construction or expected to begin soon. In addition, 361 planned single-family units and 343 planned multi-family units are currently being reviewed and considered for approval.

Retail recruitment remains a high priority for the City. Phase 1 of Porter's Crossing has been completed and is now home to Chipotle Mexican Grill, The Habit Burger Grill and Blaze Pizza. Construction of Porter's Crossing 2 will begin soon with a new Panda Express to be its first tenant. Porterville Marketplace remains a vibrant shopping center with the construction of a new Bath and Body Works slated to open in early 2020. Harbor Freight will be opening a new store in Porterville in the next year. And very recently, plans for the development of two new hotels have been submitted for review.

After years of anticipation, the City received news in August that Walmart had decided to pull out the Walmart SuperCenter project and instead shift their focus to e-commerce. Despite this setback, the City continues to move forward to possibly acquire the site for resale. And the developer of the adjacent property is still very much interested in continuing plans for new development.

Downtown Porterville continues to grow. Recently, Family Healthcare Network opened a new facility downtown and several small businesses have opened shop during the year. Early next year, a new restaurant, Fugazzi's Restaurant, is anticipated to open.

The Cornerstone Project at the site of the former Porterville Hotel in the downtown district, is currently under construction and is expected to be completed in 2020. The development project consists of a three-story mixed-use building with almost 50,000 square feet of space. Plans include professional offices of the district attorney and public defender on the second and third floors and retail on the ground floor.

The proposed relocation of the Eagle Mountain Casino by the Tule River Tribe on property the Tribe owns located within the City of Porterville is moving forward. The Federal Bureau of Indian Affairs has approved the environmental impact statement. It has also approved the transfer of the new casino into federal trust for the Tribe. Negotiation of the gaming compact between the governor of California and the Tribe is now underway and awaiting approval. The new casino will be built on the Tribe's 40-acre property west of the Porterville Municipal Airport and is estimated to cost between \$180 million to \$200 million. The multi-story casino and resort 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 multipurpose entertainment event space, a banquet hall, meeting space, administrative space, parking structure, and water reclamation infrastructure. The project will create hundreds of temporary jobs during construction and following the construction, it is estimated to employ nearly 1,000 employees to run the casino and resort.

The City of Porterville has partnered with Turning Point of Central California to develop a navigation center to assist in solving the homeless crisis. The navigation center will be located at a former school site and comprise of up to 15 emergency shelter beds, 15 transitional housing beds and provide wrap around services to assist individuals to become permanently housed. The navigation center is planned to open in the spring of next year.

### ***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 \$17,131,057. In accordance with general fund reserve policy, \$4,341,440 or 15 percent of appropriation resides in the budget stabilization reserve. Another \$2,894,294 is set aside for catastrophic and emergency reserve. At the end of the current fiscal year, the City was able to set aside \$3,052,163 for facility, capital and infrastructure construction, deferred maintenance and improvements.

In the November 6, 2018 election, Porterville voters approved Measure I for an additional one-cent transactions and use tax that would provide local funds for public safety and essential city services including rapid emergency response times, property crime prevention, pothole repairs and street maintenance, school safety, after-school and library programs, and addressing homelessness. It is estimated to provide over \$6 million annually in additional revenue. With the new sales tax generated by the measure, the Fire Department has added 3 new personnel to their ranks. The City's Police Department is expanding its staffing with 14 additional personnel within three years and the Streets Division will be increasing its staffing with 3 new positions.

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

In December 2019, the City issued the 2019 Sewer Revenue Certificates of Participation (COPs) with a principal amount of \$12,095,000 at a premium of \$1,701,994. The issue generated \$13,500,000 in project funds to be used in the construction of sewer infrastructure to further extend the City's sewer system into the rest of the annexed areas lacking in sewer facilities. The all-in true interest cost is 3.12 percent with average yearly debt service of \$692,335 and final maturity in 2049.

The required employer pension contributions due to the California Public Employees' Retirement System (CalPERS) continue to grow. For the miscellaneous plan, the City's contribution rate (as a percentage of payroll) is projected to rise from 37.6 percent in fiscal year 2020-2021 to 41.1 percent in fiscal year 2025-2026. For the safety plan, the employer contribution rate is estimated to increase from 48.2 percent in fiscal year 2020-2021 to 56.9 percent in fiscal year 2025-2026.

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

New water rates became effective on July 1, 2019. Another 2.3 percent water rate hike was implemented as approved by Resolution Number 47-2016 on July 19, 2016. The last of the approved 5-year rate increases will be implemented beginning on July 1, 2020. Revenue raised from this new rates will not only ensure the continued operation of the system to provide clean, safe and reliable potable water but it would also help meet the debt service coverage ratio required

by loan covenants. In addition, the increased revenue will provide for timely maintenance and upgrade of the City's aging water infrastructure and the implementation of the State of California's Sustainable Groundwater Management Act (SGMA) program which includes the construction of monitoring wells, construction of storm drain percolation ponds for groundwater recharge, an annual pipe replacement program, and surface water purchases. An annual appropriation of about \$2 million a year is scheduled in the next 10 years for water capacity enhancement, construction of turnout structures and stormwater capture and recharge. Several water main replacements have been scheduled in the near future plus electrical upgrades to water facilities, the coating and repair of one of the water reservoirs and construction of 2 new wells. A program for the downtown pipe replacement and the implementation of a new water meter radio read are being developed.

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

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. Several street reconstruction and rehabilitation projects are slated in the next few years including the reconstruction of downtown Main Street. The City will continue to facilitate with CalTrans on the implementation of the State Route (SR) 190 corridor study and the immediate term interchange and intersection improvements. SR 190 is the major east-west transportation corridor in Porterville and is of great importance to the economic future and growth of the City. Improvements to the corridor will provide employment opportunities, ease the access to other elements of the state highway system and generate significant revenues for the City.

The City has accepted delivery of 10 zero-emission electric buses. The full cost of the buses is reimbursed by a grant from the California Air Resources Board. Construction of zero-emission infrastructure in the City corporation yard and at the transit station is nearly complete with the installation of 12 200-kilowatt chargers to complement the new fleet of electric buses. In June 2020, phase two of the City's electrification project, the microtransit operation, will begin with the addition of a fleet of 12 electric passenger vans.

The design of the animal shelter facility is currently in progress. In June of 2017, the City purchased a 9,677 square-foot building that will house a new animal shelter. Construction plans are anticipated to be submitted for permit review before the end of the year.

In May 2019, the City purchased 4.61 acres of property that has been reserved for a future recreational facility. The City Council has always maintained that public recreation facilities are an important element of the community. The acquisition of this property is the first step in the development of a larger multi-purpose community and recreation facility.

The City is currently in the process of updating its sanitary sewer, water system and storm drain master plans. In addition, the City has contracted professional services for the preparation of a recycled water feasibility study and for needs assessment of the wastewater treatment facility for the future development of wastewater and recycled water system facilities and improvements.

## ***Awards and Acknowledgements***

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, 2018. This was the twenty-ninth 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 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*

Maria Bemis  
Finance Director





Government Finance Officers Association

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

Presented to

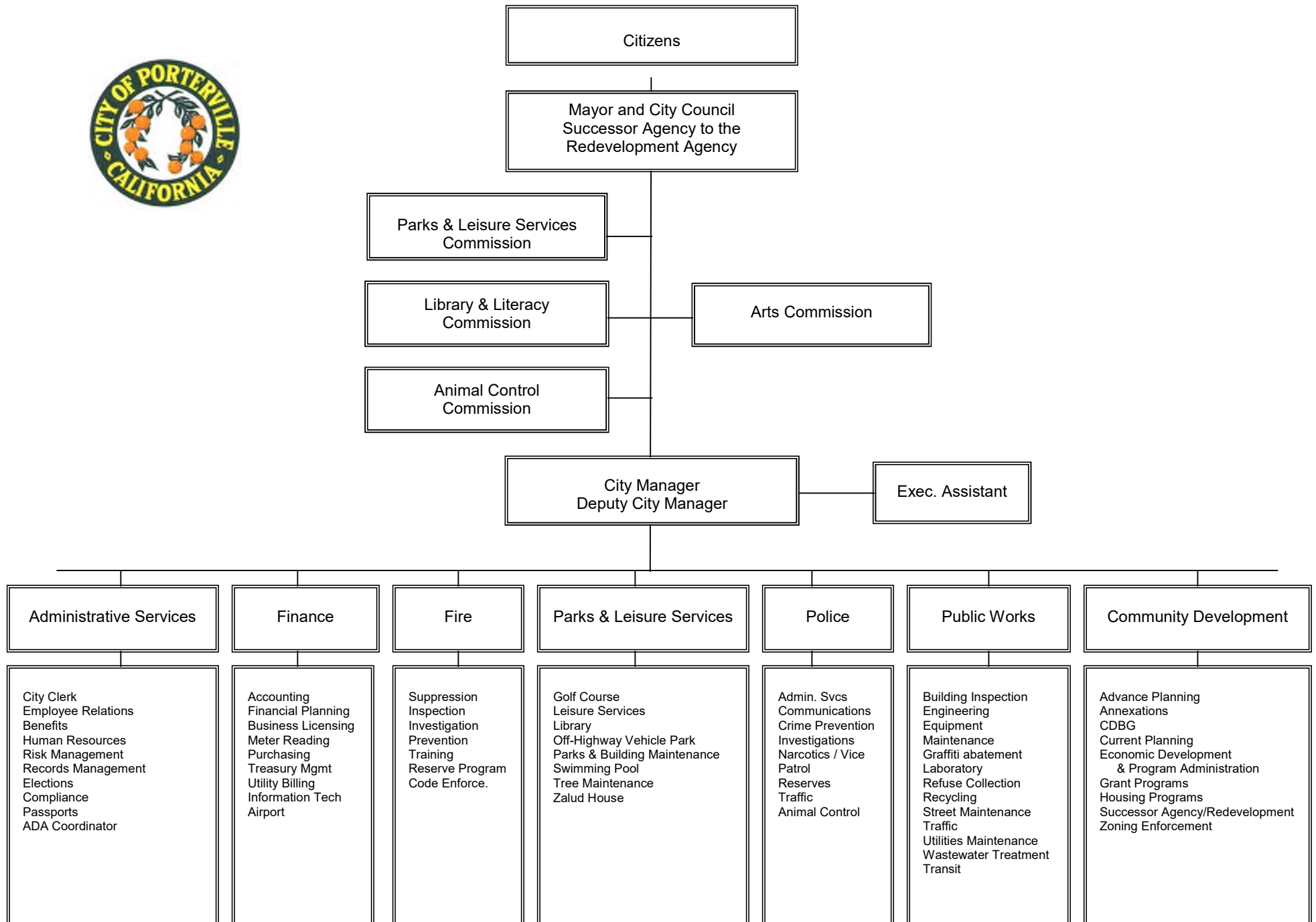
**City of Porterville  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO



**CITY OF PORTERVILLE**  
**CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES**  
**As of June 30, 2019**

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

Martha A. Flores	Mayor and Chairperson	Nov 2020
Adrian Monte Reyes	Vice Mayor and Vice-Chairperson	Nov 2020
Milt Stowe	Council Member and Agency Member	Nov 2022
Daniel Penaloza	Council Member and Agency Member	Nov 2022
Virginia Gurrola	Council Member and Agency Member	Nov 2020

**City Manager and Department Directors**

John D. Lollis	City Manager/City Clerk
Patrice Hildreth	Deputy City Manager
Maria Bemis	Finance Director
Eric Kroutil	Police Chief
David LaPere	Fire Chief
Javier Sanchez	Engineering and Project Management Director
Michael Knight	Public Works Director
Jenni Byers	Community Development Director
Donnie Moore	Parks and Leisure Services Director

**Library & Literacy Commission**

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

**Parks and Leisure Services Commission**

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

**Arts Commission**

Donna Serna, Chairperson  
 Kyree Perkins  
 Emily Luna  
 Diego Monterrubio  
 Wes Maas

**Animal Control Commission**

Florenza Pizanis, Chairperson  
 Valerie Simonich, Member  
 Jerry Hall, Member  
 Kathy Guinn, 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, 2019, 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, 2019, 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.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios and schedule of plan contributions, schedule of proportionate share of the net pension liability / (asset) and related ratios, schedule of change in total OPEB liability and related ratios, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

Honorable Mayor and City Council  
City of Porterville

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the City of Porterville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Porterville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Porterville's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Roseville, California  
December 30, 2019

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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, 2019. 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 \$491,004,565 (*net position*). Of this amount, \$11,591,482 represents unrestricted net position, which may be used to meet Porterville's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$16,054,047 from prior year from current activities. Governmental activities' net position decreased by \$5,158,914 and business-type activities' net position increased by \$10,895,133.
- At June 30, 2019, the City of Porterville's governmental funds reported combined fund balances of \$50,592,194.
- 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 \$17,131,057, or approximately 63.2 percent of total general fund expenditures.

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 32 - 33 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 34 - 37 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 38 – 40 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages 41 - 42 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44 - 86 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the changes in the net pension liability and other postemployment benefits liability of the City of Porterville to its employees and the contributions made to the pension plans.

The City adopts an annual appropriated budget for all governmental funds. Budgetary comparison schedules for the General Fund and the major special revenue funds have been provided to demonstrate compliance with these budgets.

Required supplementary information can be found on pages 88 - 97 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 98 - 123 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, 2019, the City of Porterville's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$491,004,565.



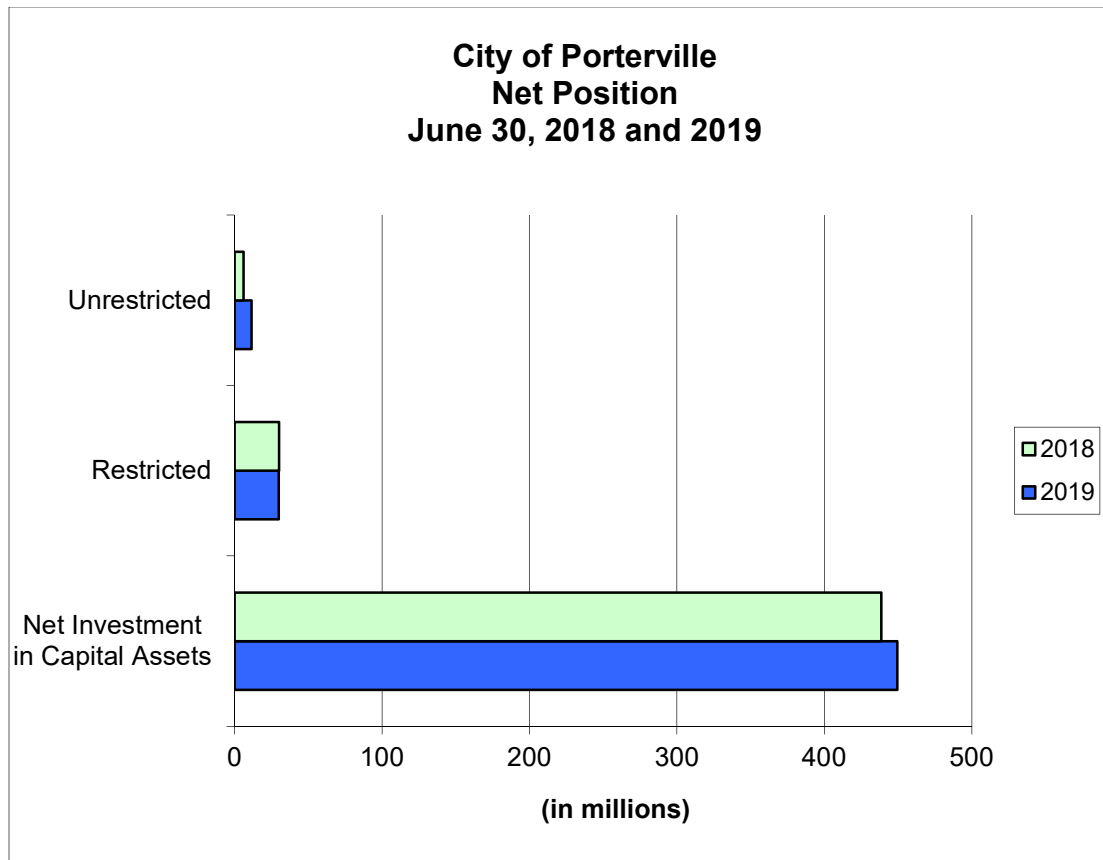
By far, the largest portion of the City's net position, \$449,426,780 (91.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these 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, \$29,986,303 (6.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,591,482 (2.4 percent) may be used to meet the City's ongoing obligations to its citizens and creditors.

At June 30, 2019, the City of Porterville is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 59,665,371	\$ 52,692,651	\$ 46,552,213	\$ 44,429,413	\$ 106,217,584	\$ 97,122,064
Capital assets	<u>408,236,716</u>	<u>406,627,227</u>	<u>88,839,562</u>	<u>82,528,053</u>	<u>497,076,278</u>	<u>489,155,280</u>
Total assets	<u>467,902,087</u>	<u>459,319,878</u>	<u>135,391,775</u>	<u>126,957,466</u>	<u>603,293,862</u>	<u>586,277,344</u>
Deferred outflows of resources	<u>10,838,569</u>	<u>12,998,975</u>	<u>4,180,090</u>	<u>2,908,554</u>	<u>15,018,659</u>	<u>15,907,529</u>
Long-term liabilities outstanding	74,770,708	76,800,649	41,556,261	43,301,172	116,326,969	120,101,821
Other liabilities	<u>4,911,487</u>	<u>2,723,359</u>	<u>2,417,800</u>	<u>2,228,507</u>	<u>7,329,287</u>	<u>4,951,866</u>
Total liabilities	<u>79,682,195</u>	<u>79,524,008</u>	<u>43,974,061</u>	<u>45,529,679</u>	<u>123,656,256</u>	<u>125,053,687</u>
Deferred inflows of resources	<u>2,955,336</u>	<u>1,850,634</u>	<u>696,364</u>	<u>330,034</u>	<u>3,651,700</u>	<u>2,180,668</u>
Net position:						
Net investment in capital assets	387,285,000	384,473,760	62,141,780	54,180,041	449,426,780	438,653,801
Restricted	29,986,303	26,719,022	--	3,433,685	29,986,303	30,152,707
Unrestricted	<u>(21,168,178)</u>	<u>(20,248,571)</u>	<u>32,759,660</u>	<u>26,392,581</u>	<u>11,591,482</u>	<u>6,144,010</u>
Total net position	<u>\$ 396,103,125</u>	<u>\$ 390,944,211</u>	<u>\$ 94,901,440</u>	<u>\$ 84,006,307</u>	<u>\$ 491,004,565</u>	<u>\$ 474,950,518</u>



The City's total net position increased by \$16,054,047 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.

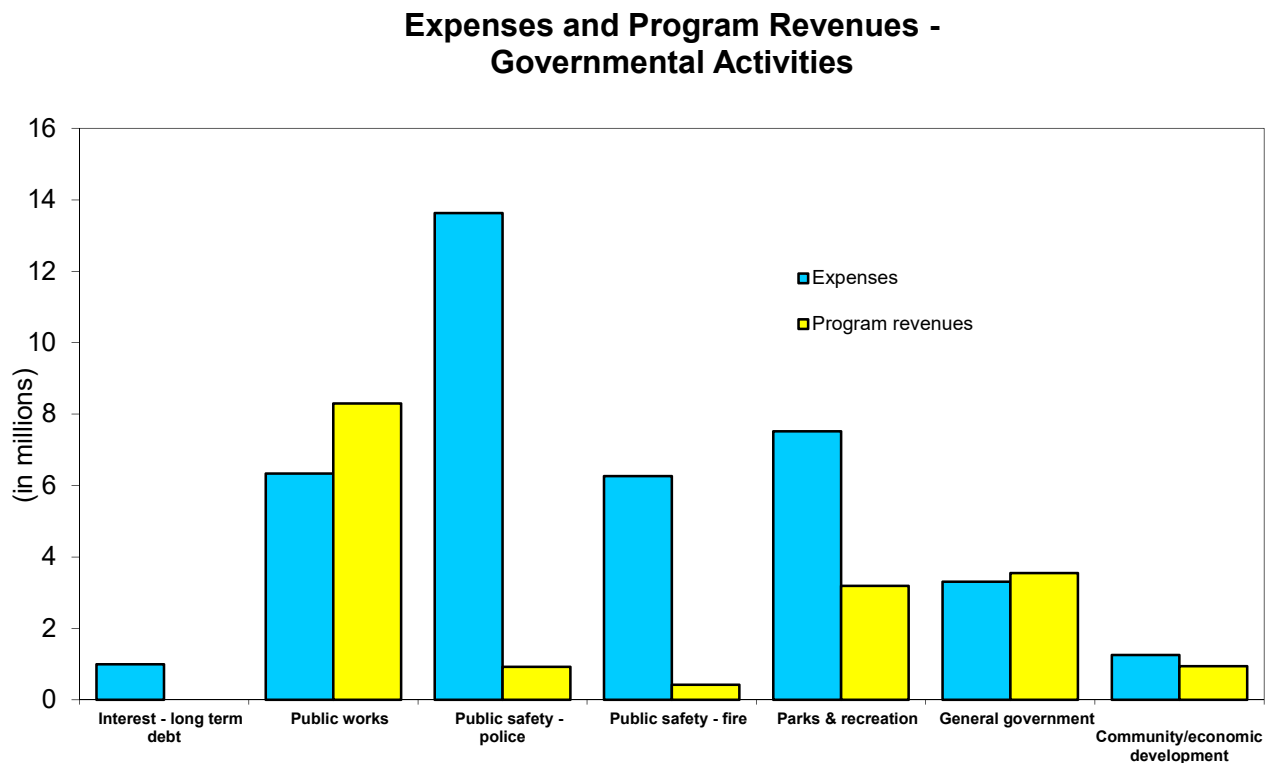
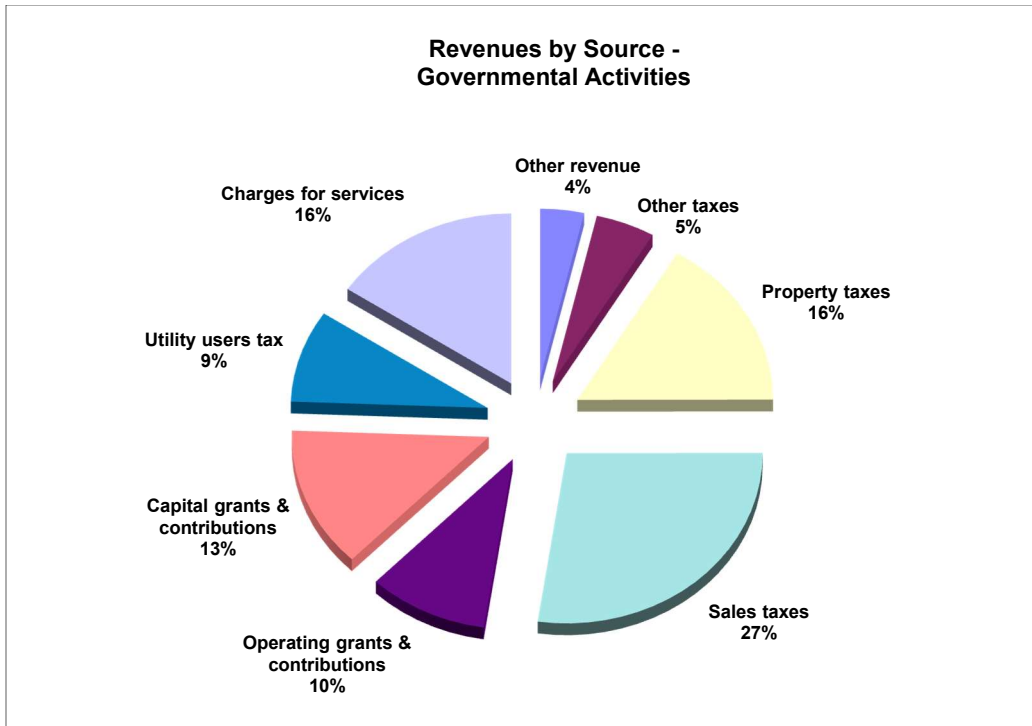
**Governmental activities.** During the current fiscal year, the City of Porterville's net position in governmental activities increased by \$5,158,914 from the prior fiscal year for an ending balance of \$396,103,125.

Total governmental revenues for the year of \$44,561,115 were 11.2 percent higher than the prior year revenues of \$40,063,306. This is primarily due to the new one cent sales and use tax approved by voters of the City of Porterville in November of 2018 which became effective on April 1<sup>st</sup>, 2019. Sales and use tax revenues increased by \$2,476,938, a 25.5 percent rise from the prior fiscal year. Property taxes grew by 4.4 percent in the current year. Capital grants and contributions are up by \$1,748,463 or 4.1 percent mainly from local transportation funds for streets allocated by the County which were \$2,146,629 higher than the prior year's revenue. Other revenue also shows an increase of \$986,884 largely due to the higher market value of investments at June 30, 2019.

Total expenses in governmental activities for the year were \$39,291,088, which is a minor decrease of \$1,305,719 or 3.2 percent from the prior fiscal year. Except for the Parks and Recreation Department, all other departments ended the fiscal year at slightly lower level of expenses.

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

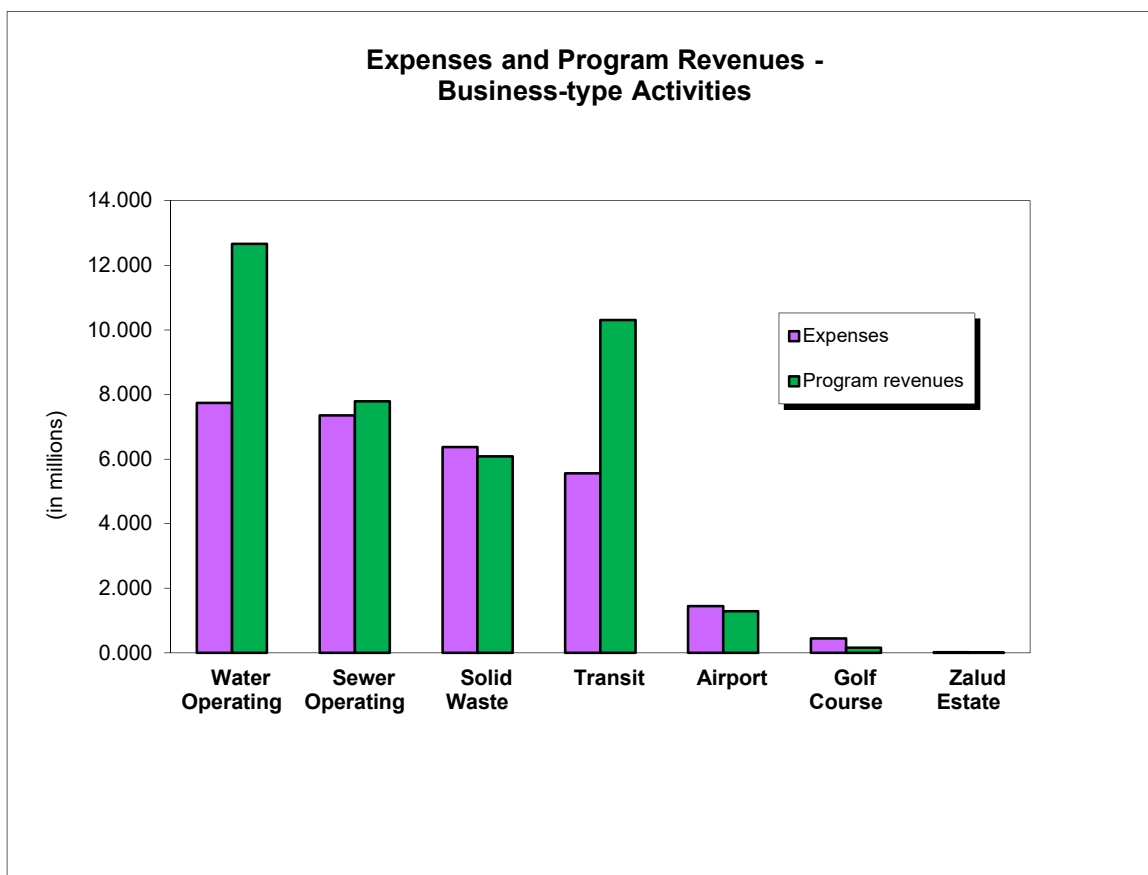
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 6,964,588	\$ 6,754,946	\$ 27,344,333	\$ 27,575,797	\$ 34,308,921	\$ 34,330,743
Operating grants and contributions	4,397,333	5,477,773	3,799,968	4,087,621	8,197,301	9,565,394
Capital grants and contributions	5,956,782	4,208,319	7,145,429	1,777,778	13,102,211	5,986,097
General revenues:						
Property taxes	7,355,066	7,041,157	--	--	7,355,066	7,041,157
Other taxes	18,282,241	15,962,890	--	--	18,282,241	15,962,890
Other	1,605,105	618,221	1,459,548	235,763	3,064,653	853,984
Total revenues	<u>44,561,115</u>	<u>40,063,306</u>	<u>39,749,278</u>	<u>33,676,959</u>	<u>84,310,393</u>	<u>73,740,265</u>
Expenses:						
Community/economic development	1,250,288	1,594,310	--	--	1,250,288	1,594,310
General government	3,304,738	3,415,457	--	--	3,304,738	3,415,457
Parks and recreation	7,513,979	7,332,317	--	--	7,513,979	7,332,317
Public safety - fire	6,263,248	6,805,120	--	--	6,263,248	6,805,120
Public safety - police	13,630,395	13,822,104	--	--	13,630,395	13,822,104
Public works	6,337,966	6,582,863	--	--	6,337,966	6,582,863
Interest on long-term debt	990,474	1,044,636	--	--	990,474	1,044,636
Airport	--	--	1,449,448	1,728,791	1,449,448	1,728,791
Golf course	--	--	451,462	448,599	451,462	448,599
Sewer	--	--	7,357,295	7,145,537	7,357,295	7,145,537
Solid waste	--	--	6,374,576	6,184,652	6,374,576	6,184,652
Transit	--	--	5,562,927	4,909,919	5,562,927	4,909,919
Water	--	--	7,742,381	7,106,121	7,742,381	7,106,121
Zalud estate	--	--	27,169	27,198	27,169	27,198
Total expenses	<u>39,291,088</u>	<u>40,596,807</u>	<u>28,965,258</u>	<u>27,550,817</u>	<u>68,256,346</u>	<u>68,147,624</u>
Increase (decrease) in net position before transfers	5,270,027	(533,501)	10,784,020	6,126,142	16,054,047	5,592,641
Transfers	<u>(111,113)</u>	<u>(95,192)</u>	<u>111,113</u>	<u>95,192</u>	<u>--</u>	<u>--</u>
Increase (decrease) in net position	5,158,914	(628,693)	10,895,133	6,221,334	16,054,047	5,592,641
Net position - July 1	390,944,211	395,657,141	84,006,307	80,025,931	474,950,518	475,683,072
Prior period adjustments	<u>--</u>	<u>(4,084,237)</u>	<u>--</u>	<u>(2,240,958)</u>	<u>--</u>	<u>(6,325,195)</u>
Net position - June 30	<u>\$ 396,103,125</u>	<u>\$ 390,944,211</u>	<u>\$ 94,901,440</u>	<u>\$ 84,006,307</u>	<u>\$ 491,004,565</u>	<u>\$ 474,950,518</u>

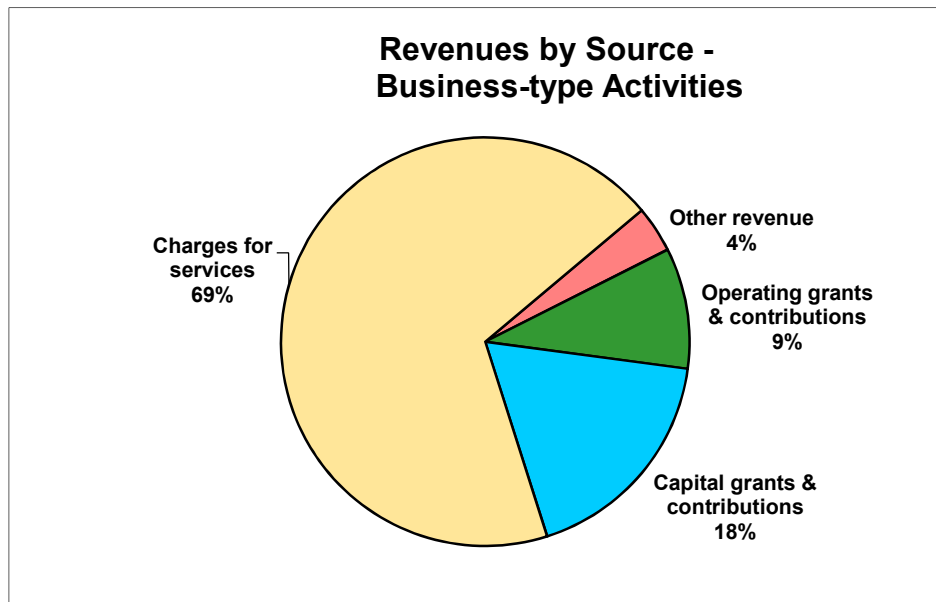


**Business-type activities.** Business-type activities increased the City of Porterville's net position by \$10,895,133 in the current year, \$4,673,799 more than the increase in prior year.

Total revenues in the business-type activities of the City increased by \$6,072,319 or 18.0 percent. This is mainly due to capital grants and reimbursements earned during the year, particularly in the Transit Fund where \$5,829,510 in grant funds from the California Air Resources Board was booked. The grant funds reimbursed the total cost of the zero-emission electric buses purchased by the City.

Total expenses for the year in the business-type activities amounted to \$28,965,258, an increase of \$1,414,441 or 5.1 percent from prior year. Except for the Airport Operating Fund which ended the year with lower expenses, all other enterprise funds indicated higher expenses in the current year. In the Transit Fund, expenses rose 13.3 percent or \$653,008. Insurance cost in the current year was \$89,154 higher in 2019. Depreciation cost increased by \$487,322 from the prior year with seven new electric buses added to the fleet and a new mobile fare collection system and passenger counter system. In the Water Operating Fund, current year expenses grew by 8.9 percent or \$636,260. With better drought conditions in 2019, the City was able to purchase \$267,545 more in available water for groundwater recharge. Salaries and benefits increased as well as maintenance costs for the current year.





### Financial Analysis of the Government's Fund

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

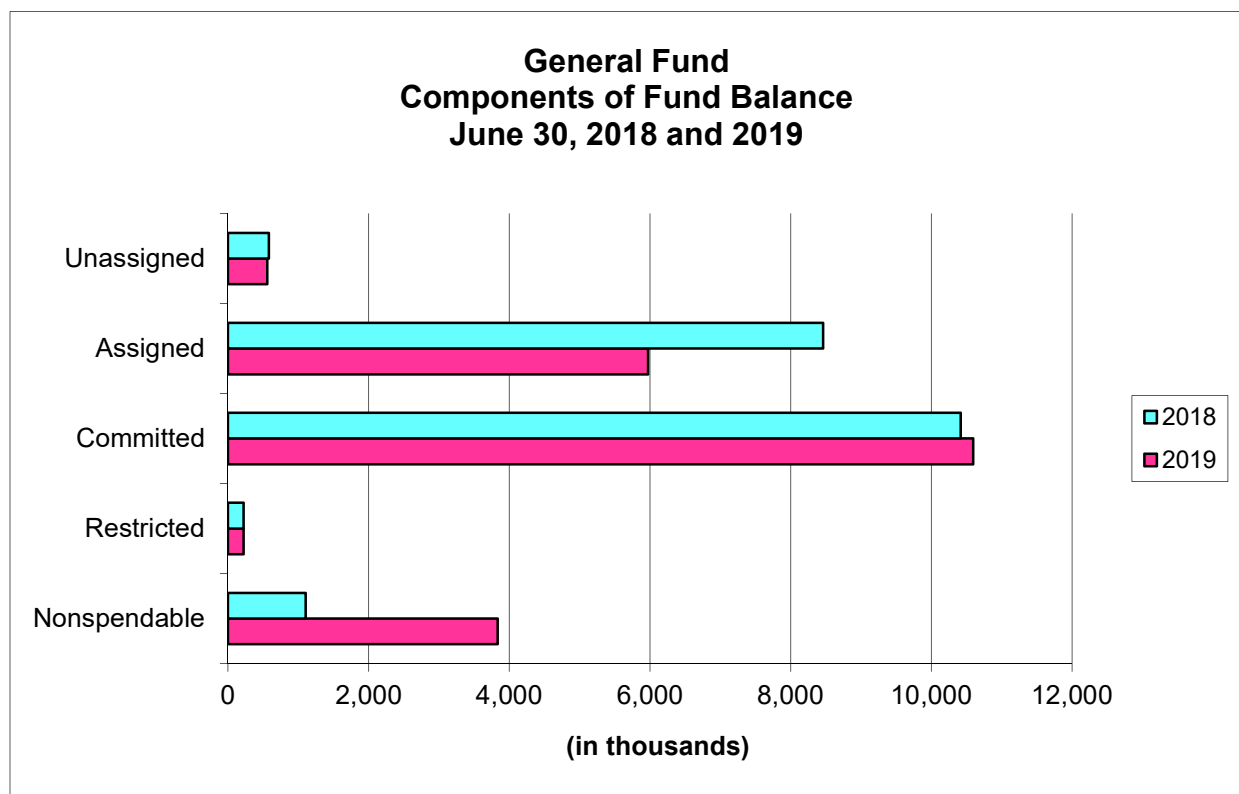
**Governmental funds.** The focus of the City of Porterville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2019, the City of Porterville's governmental funds reported combined ending fund balances of \$50,592,194. Fund balance of \$3,834,021 is classified as *nonspendable* and not available for spending in the current period. This includes the long-term portion of loans receivable. \$30,080,760 is *restricted* for particular purposes. *Assigned fund balance* and *committed fund balance* which represent those amounts that are constrained by the City's intended use amounts to \$5,973,725 and \$10,596,983, respectively. Total unassigned fund balance at the end of the fiscal year is \$106,705.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2019, unassigned fund balance of the general fund was \$560,349, while total fund balance reached \$21,185,251. 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 2.1 percent of total general fund expenditures, while total fund balance

represents 78.1 percent of that same amount. At June 30, 2019, the committed fund balance in the general fund included \$4,341,440 in the budget stabilization reserve which is 16.0 percent of total general fund expenditures. \$2,894,294 is committed for catastrophic/emergency reserve and \$3,052,163 for capital construction or improvements, facility, equipment and infrastructure deferred maintenance and improvements.

The fund balance of the City of Porterville's general fund increased \$400,461 from current activities. Total revenues of \$28,826,824 were higher than prior year revenues by \$1,734,432 and total expenditures increased 5.4 percent to \$27,123,268. Property taxes grew 4.5 percent or \$313,909. Sales taxes increased by \$446,446 or 7.3 percent. Intergovernmental revenues were up \$407,216 from prior fiscal year mostly from CalOES reimbursements for emergency fire services. Investment earnings rose \$626,489 or 154.1 percent mainly due to the change in market values. The increase in departmental expenditures was generally due to increases in salaries and benefits and maintenance costs. In the Police Department, several new officers were hired during the year.



At June 30, 2019, 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 \$1,488,149, an increase of \$272,170 from prior year. Sales taxes increased \$186,261 or 5.1 percent in the current year.

Due to an increase in revenues, the Local Transportation Fund is classified as a major fund in fiscal year 2018-2019. Fund balance grew 5.3 percent to \$9,715,572 from \$6,327,088 in the prior fiscal year.

The Community Development Block Grant Fund has a total fund balance of \$10,451,306 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 \$453,644. This deficit will be covered by capital grant funds that had been billed but were not available to pay liabilities of the current period.

Other governmental funds column includes a new special revenue fund, Measure I Sales Tax Fund. This fund was established during the year to account for revenues received from the new one cent transaction and use tax approved by the voters of the City of Porterville. The new district tax became effective on April 1, 2019. This fund is classified as a nonmajor fund and presented in the combining and individual statements section of this report following the required supplementary information.

***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, 2019, amounted to \$32,192,917 with an increase of \$981,135 from activities in the current year. Of the total net position, \$13,684,609 or 42.5 percent is unrestricted and 57.5 percent is invested in capital assets.

The Water Operations Fund's total net position at the end of the current fiscal year was \$34,770,247. Current activities increased net position by \$5,476,095. The City booked \$949,155 in capital grants from the State Department of Water Resources in the current fiscal year for the amount spent on the household tanks removal project which included the installation of water mains where household tanks were installed during the severe drought conditions. Unrestricted net position at the end of the year is 45.4 percent of the total or \$15,778,074. Net position invested in capital assets amounted to \$18,992,173 or 54.6 percent.

At June 30, 2019, the Solid Waste fund had total net position of \$5,253,884, a decrease of \$27,557 from current year activities. Total amount invested in capital assets amounted to \$2,110,617 or 42.1 percent and \$3,143,267 or 57.9 percent in unrestricted net position.

The Transit Operations Fund reports total net position of \$15,784,193 at June 30, 2019. Current activities increased net position by \$4,798,312 primarily from the reimbursement grant of \$6,028,338 from the California Air Resources Board for the purchase of new electric buses. Of the total net position, \$16,431,262 is invested in capital assets which leaves the fund with a deficit unrestricted net position of \$647,069.

## **General Fund Budgetary Highlights**

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



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

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Property taxes	\$6,999,846	\$7,355,066	\$ 355,220
Sales taxes	6,218,601	6,516,730	298,129
Utility users tax	4,125,000	3,911,568	(213,432)
State grants and reimbursements	139,764	470,652	330,888
Interdepartmental service charges	2,896,113	2,542,559	(353,554)
Interest	240,000	742,857	502,857

It has been the City's practice to conservatively estimate General Fund revenues. In FY 2018-2019, both property taxes and sales taxes finished the year higher than what was estimated for the year while utility users tax did not quite reach the budgeted amount. Actual utility users tax revenues in the current year declined by 3.5 percent at \$3,911,568 compared to \$4,055,845 in the prior year. In state grants and reimbursement, the general fund budget did not include reimbursement funds from CalOES in the amount of \$250,142 for the services rendered by the City's Fire Department during emergency callouts across the state. Interdepartmental revenues for the year ended with a negative variance from budget. Lastly, interest revenues showed a positive variance from the estimates. This is mostly due to the change in the market values of investments held at the end of the fiscal year.

General Fund expenditures at the end of the year totaled \$27,123,268 and were under budget by \$2,581,099. Variances between the final amended budget and actual expenditures are mainly due to a number of vacant positions in several departments.

### **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, 2019, amounts to \$449,426,780 (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 \$10,772,979.

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

- In June of 2016, the City awarded the contract for the rehabilitation of the Jaye Street Bridge. The project consists of widening of the bridge at the Tule River from two to four lanes and reconstructing the street approaches to accommodate four lanes of traffic. Funding for the project is a combination of a Highway Bridge Program grant, local transportation funds and proceeds from the issuance of Certificates of Participation. Construction is almost complete at the end of the fiscal year with the total spent to date of \$8,570,231.

- The City acquired approximately 4.61 acres of real property in May 2019 at a cost of \$381,553. The City intends to construct a multi-purpose community and recreation facility on the site.
- In September of 2018, the City awarded the contract for architectural design and construction assistance services for the new animal shelter facility. The contract also includes additional design services for a pedestrian trail and a dog park behind the facility. Total contract amount is \$719,130 and at June 30, 2019, \$112,188 has been spent on the project.
- Construction on the Orange Avenue and Henderson Avenue rehabilitation project commenced in July 2018. The project consists of removing and replacing the asphalt layer, installing new curb ramps and alley approaches and upgrading 2 traffic signals. At the end of the fiscal year, \$1,547,906 has been spent and construction is close to completion.
- In August 2018, the City awarded a contract for various concrete and ADA improvements along city hall and the Centennial Plaza building, at the Police Department shooting range and portions of concrete curb, gutter and sidewalk along Second Street and Third Street. The City continues to actively update city facilities to conform to ADA policies. \$334,755 has been spent on the project as of June 30, 2019 and is near completion.
- The Plano Street water main replacement and concrete improvements project which includes the construction of ADA access ramps began in October 2017. At June 30, 2019, the total spent to date on concrete improvements was \$1,449,798 and \$485,144 on the water main replacement.
- The parking lot improvement project which included 4 parking lots in downtown Porterville was completed during the fiscal year at a total cost of \$667,417. The project consisted of new ADA access ramps, driveways, stamped concrete, parkway trees, nostalgic lights, and other pedestrian amenities.
- The contracts for the lighted crosswalks project at the Rails to Trails corridor and Olive Avenue corridor were awarded in December 2018. The project consists of the installation of high visibility crosswalk light systems and is estimated to cost \$825,546. Funding for the project includes Active Transportation Program grant funds in the amount of \$414,000.
- By the end of the fiscal year, design on the Main Street and Villa Street reconstruction projects have begun. The City awarded contracts in the amount of \$563,115.
- The installation of the odor control system equipment at the City's wastewater treatment facility was completed during the fiscal year. The total cost of the project was \$1,255,346.
- Construction of sewer mains, sewer laterals and appurtenances on 3 areas within the City that were previously annexed began in earnest. As of June 30, 2019, the total cost to date of the project was \$1,469,773. Completion of the project is expected in a few months.
- During the year, the City purchased 2 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 \$755,058.

- In January 2019, the City awarded the construction contract for the household water tanks removal project which consists of installing new water mains within the city limits where household tanks were installed during the severe drought conditions. The City received a grant from the Department of Water Resources to fund the project. As of June 30, 2019, \$913,895 has been spent on the project.
- As of the end of the fiscal year, the City has received 7 of the 10 zero-emission 40-foot electric transit buses and expended \$5,833,338 for the year. The full cost of the buses is reimbursed to the City by a grant from the California Air Resources Board.
- During the year, the City acquired a new street sweeper for \$302,492, an asphalt paver for \$202,616 and an asphalt roller for \$152,879 for the streets division. The City also purchased a wheel loader for the wastewater treatment facility for \$201,464 and a dump truck for \$135,557 for the water department. In addition, the City purchased nine vehicles for the police department for \$362,024, and several other vehicles and equipment for various departments including five electric utility vehicles for \$73,158 with grant funds from the San Joaquin Valley Air Pollution District.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 274,174,169	\$274,115,001	\$ 6,680,664	\$ 5,824,321	\$ 280,854,833	\$ 279,939,322
Works of art and collections	183,938	183,938	--	--	183,938	183,938
Buildings	14,762,097	15,211,799	2,812,856	2,915,886	17,574,953	18,127,685
Improvements other than buildings	7,586,590	6,806,804	6,995,213	7,352,444	14,581,803	14,159,248
Machinery and equipment	5,273,058	4,796,505	16,810,953	12,032,260	22,084,011	16,828,765
Infrastructure	92,309,843	94,955,001	773,139	871,611	93,082,982	95,826,612
Distribution and collection systems	--	--	46,817,883	48,468,354	46,817,883	48,468,354
Construction in progress	13,947,021	10,558,179	7,948,854	5,063,177	21,895,875	15,621,356
Total	<u>\$ 408,236,716</u>	<u>\$406,627,227</u>	<u>\$88,839,562</u>	<u>\$82,528,053</u>	<u>\$ 497,076,278</u>	<u>\$ 489,155,280</u>

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

**Long-term debt.** At the end of the current fiscal year, the City of Porterville had total principal debt outstanding of \$51,855,978. The City's total debt decreased \$3,780,926 during the year.

#### City of Porterville's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ --	\$ --	\$ --	\$ 19,555,000	\$ --	\$ 19,555,000
Pension obligation bond	1,155,000	1,710,000	--	--	1,155,000	1,710,000
Certificates of participation	20,000,000	20,925,000	--	1,360,000	20,000,000	22,285,000
Notes payable	1,380,000	1,648,000	29,320,978	10,438,904	30,700,978	12,086,904
Total	<u>\$ 22,535,000</u>	<u>\$ 24,283,000</u>	<u>\$ 29,320,978</u>	<u>\$ 31,353,904</u>	<u>\$ 51,855,978</u>	<u>\$ 55,636,904</u>

The governmental debt includes certificates of participation (COP's) in the amount of \$20,000,000 issued in June of 2015 which refunded the 2002 Public Building Refunding Project COP's and the 2013 Infrastructure Lease agreement. It also includes \$1,155,000 in pension obligation bond which financed the City's public safety employee side fund obligation to CalPERS and \$1,380,000 in notes payable to HUD which funded the construction of the Heritage Community Center.

Under the business-type activities, the Sewer Revenue Bonds, 2011 Series A, which had an outstanding balance of \$19,555,000 was refunded through a private placement. The new installment sale agreement was sold and assigned to Banner Bank for a consideration of \$19,283,000. The original bonds were issued to fund the extension of sewer service to several areas that were annexed into the City. Final maturity on the 2002 COP's in the sewer and water funds occurred in October 2018 and the COP's have been paid in full. The amount outstanding on the notes payable include \$3,404,143 for the sewer fund and \$6,633,836 for the water fund both payable to the California Infrastructure and Economic Development Bank. Proceeds from these notes were used to fund capital improvements to the sewer and water infrastructure. The notes payable amount outstanding at June 30, 2019 also includes \$19,283,000 from the new installment sale agreement with Banner Bank which refunded the 2011 sewer revenue bonds.

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

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

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

- The City of Porterville continues to experience incremental economic improvements. Assessed value of taxable property increased 5.2 percent for 2019-2020 and sales taxes are anticipated to remain static. Both property taxes and sales taxes are budgeted conservatively in FY2019-2020. Total General Fund revenues for the next fiscal year are projected to be 3.8 percent higher than the 2018-2019 estimates.

- For fiscal year 2019-2020, operating expenditures in the General Fund are estimated to be approximately 3.5 percent higher than the 2018-2019 projections. Factors that contribute to the increase includes higher CalPERS rates, increase in staffing and the rise in minimum wage rate.
- Permits for new construction in the last five fiscal years have been in an upswing and the City expects continued growth. Current single family and multi-family residential developments with 215 and 190 units respectively, have been approved and under construction. Another 361 planned single family residential units and 343 planned multi-family residential units are being considered for approval in 2019-2020. Current commercial developments, including the Cornerstone project, Porter Crossings and the animal shelter are in progress.
- The new Measure I Sales Tax Fund is projected to generate over \$6.5 million in revenues in the fiscal year 2019-2020, resulting from an additional one cent transactions and use tax approved by the voters of the City of Porterville in the last general elections. These revenues will provide additional funds for the maintenance of essential local city services including police, fire, 9-1-1 emergency and medical aid response, street maintenance, and other services.
- As approved by the City Council and after a Proposition 218 protest hearing on July 19, 2016, another 2.3 percent increase in water rates became effective July 1, 2019. The revenue generated by the water rate hikes will be used to upgrade the City's aging water infrastructure and implement the State of California's Sustainable Groundwater Management Act (SGMA) directives for the development of sustainable groundwater which would include significant water purchases for recharge, well monitoring, reporting, and additional infrastructure.
- The City continues to closely monitor the Risk Management Fund particularly the health and life component of the fund. The cost of health care has steadily increased over time while revenues have remained constant. No other changes had been made to both the City and the employees' contributions to the fund, and the net position of the fund continues to improve.
- Construction of the Jaye Street Bridge is complete. The project consists of widening the bridge from two to four lanes. The City is in the process of completing an Amendment/Modification Summary for submission to Caltrans for additional grant funds from the Highway Bridge Program before the final costs of the project is paid and finalized.
- Several street projects are anticipated to be completed in 2019-2020 including the two lighted crosswalks projects and the Orange Avenue and the Henderson Avenue rehabilitation projects. Several more are in the design stages including the Villa Street, Union Avenue and downtown Main Street reconstruction projects.
- Construction plans for the City's new animal shelter are anticipated to be submitted for permit review before the end of the fiscal year 2019-2020.
- The removal of household water tanks and the construction of new water mains was halfway complete by the end of June 2019. It is expected to be completed before the end of 2020 allowing property owners to connect to the City's water system. The estimated

cost of the project is \$2,800,000 and is funded by grant funds from the California Department of Water Resources.

- Work on the East Porterville Water infrastructure project continues with the goal to support a long-term permanent water connection for the entire East Porterville area and the estimated 1,800 households. The grand plan includes one booster pump, upgrades to two booster pumps, a new 1.5MG water reservoir, and two new wells. It is estimated the whole project will cost over \$12.6 million. This project is partially funded by a grant from the California State Water Resources Control Board.
- Other water projects include the construction of another well, Well #35, water capacity enhancement, construction of turnout structures and stormwater capture and recharge basin and infrastructure improvements for SGMA compliance estimated at over \$3.6 million.
- In the Sewer Fund, construction of sewer system improvements on the two other annexed areas will be completed by the end of 2020 with estimated cost of \$2.8 million. This would be the last part of the \$7 million project funded by the issuance of the Sewer Revenue Bonds, Series A in 2011.
- The City is poised to issue new bonds for sewer system improvements with total principal amount not to exceed \$14,500,000 to be used to further extend the City's sewer system and serve the rest of the areas annexed to the City which are lacking in sewer infrastructure.
- Phase 1 of the transit electrification project is anticipated to be completed in 2019-2020 with the installation of ten 200-kilowatt chargers at the corporation yard for charging the City's new electric bus fleet. Construction of phase 2 is projected to begin in June of 2020. Phase 2 will implement the City's new microtransit operation with a fleet of 12 new electric vans.

## **Requests for Information**

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

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**Basic  
Financial Statements**





**City of Porterville**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 34,111,199	\$ 41,801,341	\$ 75,912,540
Receivables - utility (net of allowance for uncollectibles)	-	3,498,580	3,498,580
Receivables - misc (net of allowance for uncollectibles)	5,921,252	560,826	6,482,078
Receivables - housing (net of allowance for uncollectibles)	8,922,335	-	8,922,335
Inventories	-	159,763	159,763
Prepays	66,358	-	66,358
Internal balances	3,180,655	(3,180,655)	-
Restricted assets - intergovernmental	1,697,424	3,265,386	4,962,810
Restricted assets - investments	1,011,418	-	1,011,418
Notes receivable	4,754,730	446,972	5,201,702
Capital assets not being depreciated:			
Land	274,174,169	6,680,664	280,854,833
Construction in progress	13,947,021	7,948,854	21,895,875
Works of art and collection	183,938	-	183,938
Capital assets, net of accumulated depreciation:			
Buildings	14,762,097	2,812,856	17,574,953
Improvements other than buildings	7,586,590	6,995,213	14,581,803
Machinery and equipment	5,273,058	16,810,953	22,084,011
Infrastructure	92,309,843	773,139	93,082,982
Distribution and collection systems	-	46,817,883	46,817,883
Total Assets	467,902,087	135,391,775	603,293,862
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	1,755,212	2,232,744	3,987,956
Deferred pension-related items	8,781,881	1,863,320	10,645,201
Deferred OPEB-related items	301,476	84,026	385,502
Total Deferred Outflows of Resources	10,838,569	4,180,090	15,018,659
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	4,824,017	1,668,455	6,492,472
Accrued interest payable	87,470	349,409	436,879
Unearned revenue	-	399,936	399,936
Non-current liabilities:			
Due in 1 year	3,640,712	1,059,399	4,700,111
Due in more than 1 year	22,406,925	28,436,495	50,843,420
Net pension liability	39,559,297	9,503,779	49,063,076
Other postemployment benefits liability	9,163,774	2,556,588	11,720,362
Total Liabilities	79,682,195	43,974,061	123,656,256
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension-related items	2,535,120	579,178	3,114,298
Deferred OPEB-related items	420,216	117,186	537,402
Total Deferred Inflows of Resources	2,955,336	696,364	3,651,700
<b>NET POSITION</b>			
Net investment in capital assets	387,285,000	62,141,780	449,426,780
Restricted for:			
Ballpark projects	61,821	-	61,821
Building construction	478,470	-	478,470
Community development	10,451,306	-	10,451,306
Debt service	1,021,636	-	1,021,636
Landscape maintenance districts	261,689	-	261,689
Library	158,352	-	158,352
Public safety	2,528,281	-	2,528,281
Public works	15,024,748	-	15,024,748
Unrestricted	(21,168,178)	32,759,660	11,591,482
Total Net Position	\$ 396,103,125	\$ 94,901,440	\$ 491,004,565

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, 2019**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Community and economic development	\$ 1,250,288	\$ 56,246	\$ 887,004	\$ -	\$ (307,038)	\$ -	\$ (307,038)
General government	3,304,738	2,627,447	507,730	409,407	239,846	-	239,846
Parks and recreation	7,513,979	2,945,253	122,613	125,009	(4,321,104)	-	(4,321,104)
Public safety - fire	6,263,248	385,254	-	32,976	(5,845,018)	-	(5,845,018)
Public safety - police	13,630,395	518,437	238,956	161,587	(12,711,415)	-	(12,711,415)
Public works	6,337,966	431,951	2,641,030	5,227,803	1,962,818	-	1,962,818
Interest on long-term debt	990,474	-	-	-	(990,474)	-	(990,474)
Total governmental activities	39,291,088	6,964,588	4,397,333	5,956,782	(21,972,385)	-	(21,972,385)
Business-type Activities:							
Airport	1,449,448	1,250,590	10,000	27,175	-	(161,683)	(161,683)
Golf course	451,462	160,472	-	-	-	(290,990)	(290,990)
Sewer operating	7,357,295	7,573,598	150,262	66,243	-	432,808	432,808
Solid waste	6,374,576	6,044,823	35,323	-	-	(294,430)	(294,430)
Transit	5,562,927	669,165	3,604,383	6,028,338	-	4,738,959	4,738,959
Water operating	7,742,381	11,639,339	-	1,023,673	-	4,920,631	4,920,631
Zalud estate	27,169	6,346	-	-	-	(20,823)	(20,823)
Total business-type activities	28,965,258	27,344,333	3,799,968	7,145,429	-	9,324,472	9,324,472
Total primary government	\$ 68,256,346	\$ 34,308,921	\$ 8,197,301	\$ 13,102,211	(21,972,385)	9,324,472	(12,647,913)
General revenues:							
Property tax					7,355,066	-	7,355,066
Sales tax					12,201,075	-	12,201,075
Utility users tax					3,911,568	-	3,911,568
Franchise tax					1,630,365	-	1,630,365
Transient occupancy tax					539,233	-	539,233
Unrestricted investment earnings					1,494,836	1,455,500	2,950,336
Sale of capital assets					9,903	4,048	13,951
Miscellaneous					100,366	-	100,366
Transfers					(111,113)	111,113	-
Total general revenues and transfers					27,131,299	1,570,661	28,701,960
Change in net position					5,158,914	10,895,133	16,054,047
Net position - beginning					390,944,211	84,006,307	474,950,518
Net position - ending					\$ 396,103,125	\$ 94,901,440	\$ 491,004,565

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

**City of Porterville  
Balance Sheet  
Governmental Funds  
June 30, 2019**

	General	Public Safety Sales Tax	Local Transportation Fund	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 14,918,417	\$ 992,545	\$ 6,859,774	\$ 499,962	\$ 2,072,122	\$ 5,459,382	\$ 30,802,202
Receivables - misc (net):							
Interest	285,020	-	-	339,419	-	13,794	638,233
Taxes	1,687,447	648,902	87,072	-	-	1,679,831	4,103,252
Other	1,085,814	-	-	-	-	4,869	1,090,683
Receivables - housing (net)	-	-	-	8,922,335	-	-	8,922,335
Intergovernmental receivables	268,831	1,645	753,633	65,055	490,000	87,557	1,666,721
Interfund receivables	1,279,505	-	2,015,093	-	-	-	3,294,598
Prepaid items	54,291	12,067	-	-	-	-	66,358
Restricted - cash/fiscal agent	-	-	-	-	-	1,011,418	1,011,418
Notes receivable	3,779,730	-	-	975,000	-	-	4,754,730
Total assets	<u>\$ 23,359,055</u>	<u>\$ 1,655,159</u>	<u>\$ 9,715,572</u>	<u>\$ 10,801,771</u>	<u>\$ 2,562,122</u>	<u>\$ 8,256,851</u>	<u>\$ 56,350,530</u>
<b>LIABILITIES</b>							
Accounts and other payables	\$ 623,165	\$ 26,309	\$ -	\$ 936	\$ 2,485,220	\$ 26,979	\$ 3,162,609
Payroll payable	842,793	140,701	-	10,110	40,546	20,736	1,054,886
Interfund payable	-	-	-	-	-	3,576	3,576
Advances payable	553,063	-	-	-	-	-	553,063
Total liabilities	<u>2,019,021</u>	<u>167,010</u>	<u>-</u>	<u>11,046</u>	<u>2,525,766</u>	<u>51,291</u>	<u>4,774,134</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - intergovernmental	154,783	-	-	339,419	490,000	-	984,202
Total deferred inflows of resources	<u>154,783</u>	<u>-</u>	<u>-</u>	<u>339,419</u>	<u>490,000</u>	<u>-</u>	<u>984,202</u>
<b>FUND BALANCES</b>							
Nonspendable	3,834,021	-	-	-	-	-	3,834,021
Restricted	220,173	1,488,149	9,715,572	10,451,306	-	8,205,560	30,080,760
Committed	10,596,983	-	-	-	-	-	10,596,983
Assigned	5,973,725	-	-	-	-	-	5,973,725
Unassigned	560,349	-	-	-	(453,644)	-	106,705
Total fund balances	<u>21,185,251</u>	<u>1,488,149</u>	<u>9,715,572</u>	<u>10,451,306</u>	<u>(453,644)</u>	<u>8,205,560</u>	<u>50,592,194</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,359,055</u>	<u>\$ 1,655,159</u>	<u>\$ 9,715,572</u>	<u>\$ 10,801,771</u>	<u>\$ 2,562,122</u>	<u>\$ 8,256,851</u>	<u>\$ 56,350,530</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, 2019**

Fund balances of governmental funds	\$	50,592,194
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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.		(69,268,709)
--	--	--------------

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.		8,473,761
--	--	-----------

Deferred outflows arising from changes in assumptions related to other postemployment benefits are not applicable to the current period and are not reported in the funds.		288,676
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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.		(2,448,363)
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Deferred inflows related to other postemployment benefits, including changes of assumptions are not applicable to the current period and are not reported in the funds.		(402,108)
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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.		57,747
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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.		984,202
--	--	---------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		407,825,725
--	--	-------------

Net position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">396,103,125</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, 2019**

	General	Public Safety Sales Tax	Local Transportation Fund	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 7,355,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,355,066
Sales taxes	6,516,730	3,840,114	-	-	-	1,844,231	12,201,075
Utility users tax	3,911,568	-	-	-	-	-	3,911,568
Franchise tax	1,630,365	-	-	-	-	-	1,630,365
Transient occupancy tax	539,233	-	-	-	-	-	539,233
Licenses and permits	1,035,248	-	-	-	-	-	1,035,248
Vehicle license fees	29,183	-	-	-	-	-	29,183
Intergovernmental	503,628	-	4,649,039	969,045	1,597,553	3,240,082	10,959,347
Charges for services	6,160,375	2,625	-	445	-	-	6,163,445
Special assessments and fees	5,272	-	-	-	-	453,492	458,764
Fines and forfeitures	21,673	-	-	-	-	102,445	124,118
Investment earnings	1,032,907	30,439	258,667	37,590	8,751	285,488	1,653,842
Miscellaneous	85,576	7,600	-	-	-	42,259	135,435
Total revenues	<u>28,826,824</u>	<u>3,880,778</u>	<u>4,907,706</u>	<u>1,007,080</u>	<u>1,606,304</u>	<u>5,967,997</u>	<u>46,196,689</u>
<b>EXPENDITURES</b>							
Current:							
Community and economic development	841,897	-	-	286,700	-	-	1,128,597
General government	2,971,671	-	-	-	-	-	2,971,671
Parks and recreation	6,125,366	520,467	-	-	12,673	159,473	6,817,979
Public safety - fire	3,911,851	1,470,387	-	-	45,278	64,859	5,492,375
Public safety - police	9,915,603	1,656,957	-	-	-	238,572	11,811,132
Public works	2,435,307	-	-	-	981,262	-	3,416,569
Debt service:							
Principal	-	-	-	268,000	-	1,480,000	1,748,000
Interest and administrative charges	92	-	-	33,378	-	844,036	877,506
Capital outlay	921,481	-	-	-	4,935,559	-	5,857,040
Total expenditures	<u>27,123,268</u>	<u>3,647,811</u>	<u>-</u>	<u>588,078</u>	<u>5,974,772</u>	<u>2,786,940</u>	<u>40,120,869</u>
Excess (deficiency) of revenues over expenditures	<u>1,703,556</u>	<u>232,967</u>	<u>4,907,706</u>	<u>419,002</u>	<u>(4,368,468)</u>	<u>3,181,057</u>	<u>6,075,820</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,442,376	-	-	-	5,798,837	2,514,307	9,755,520
Transfers out	(2,974,493)	(111,820)	(1,519,222)	(104,796)	-	(5,156,302)	(9,866,633)
Sale of capital assets	229,022	151,023	-	-	-	-	380,045
Total other financing sources and uses	<u>(1,303,095)</u>	<u>39,203</u>	<u>(1,519,222)</u>	<u>(104,796)</u>	<u>5,798,837</u>	<u>(2,641,995)</u>	<u>268,932</u>
Net change in fund balances	400,461	272,170	3,388,484	314,206	1,430,369	539,062	6,344,752
Fund balances - beginning	<u>20,784,790</u>	<u>1,215,979</u>	<u>6,327,088</u>	<u>10,137,100</u>	<u>(1,884,013)</u>	<u>7,666,498</u>	<u>44,247,442</u>
Fund balances - ending	<u>\$ 21,185,251</u>	<u>\$ 1,488,149</u>	<u>\$ 9,715,572</u>	<u>\$ 10,451,306</u>	<u>\$ (453,644)</u>	<u>\$ 8,205,560</u>	<u>\$ 50,592,194</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, 2019**

Net change in fund balances --total governmental funds	\$ 6,344,752
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.	1,582,669
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	(108,403)
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.	1,748,000
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.	(99,361)
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.	(1,679,690)
Other postemployment benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(727,450)
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.	319,133
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,220,736)
Change in net position of governmental activities	<u>\$ 5,158,914</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, 2019**

	Business-Type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 16,165,347	\$ 16,376,098	\$ 6,548,025	\$ 30,995	\$ 2,680,876	\$ 41,801,341	\$ 3,308,997
Receivables-utility (net of allowance for uncollectibles)	920,391	1,738,958	839,231	-	-	3,498,580	-
Receivables-misc (net of allowance for uncollectibles)	233,718	47,131	124,210	89,975	65,792	560,826	89,084
Intergovernmental receivables	14,632	955,611	-	2,280,559	14,584	3,265,386	30,703
Inventories	-	-	-	-	159,763	159,763	-
Total current assets:	17,334,088	19,117,798	7,511,466	2,401,529	2,921,015	49,285,896	3,428,784
Noncurrent assets:							
Advances receivable	286,212	266,851	-	-	-	553,063	-
Notes receivable	-	-	-	-	446,972	446,972	-
Capital assets:							
Land	3,443,689	1,758,963	-	352,599	1,125,413	6,680,664	-
Construction in progress	1,859,365	1,801,355	63,673	3,931,994	292,467	7,948,854	178,888
Buildings	1,676,971	296,688	-	2,757,699	653,716	5,385,074	-
Improvements other than buildings	-	-	-	3,399,726	9,260,527	12,660,253	6,639
Machinery and equipment	10,438,832	2,645,757	8,023,753	12,155,318	1,289,166	34,552,826	864,987
Infrastructure	-	-	-	1,307,602	-	1,307,602	-
Distribution and collection systems	50,136,641	41,757,005	-	-	-	91,893,646	-
Less accumulated depreciation	(28,983,244)	(22,633,759)	(5,976,809)	(7,473,676)	(6,521,869)	(71,589,357)	(793,733)
Total noncurrent assets:	38,858,466	25,892,860	2,110,617	16,431,262	6,546,392	89,839,597	256,781
Total assets	56,192,554	45,010,658	9,622,083	18,832,791	9,467,407	139,125,493	3,685,565
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	2,232,744	-	-	-	-	2,232,744	-
Deferred pension-related items	427,713	602,965	633,553	66,873	132,216	1,863,320	308,120
Deferred OPEB-related items	15,573	22,190	37,364	2,054	6,845	84,026	12,800
Total deferred outflows of resources	2,676,030	625,155	670,917	68,927	139,061	4,180,090	320,920
<b>LIABILITIES</b>							
Current liabilities:							
Accounts and other payables	287,157	328,547	183,080	284,888	41,903	1,125,575	411,900
Payroll payable	45,665	62,187	74,057	6,200	15,155	203,264	40,412
Interfund payable	-	-	-	2,015,093	1,275,929	3,291,022	-
Retainage payable	65,524	68,148	-	205,944	-	339,616	-
Accrued claims	-	-	-	-	-	-	1,078,211
Compensated absences payable	20,854	47,913	55,170	-	7,340	131,277	23,434
Accrued interest payable	251,596	97,813	-	-	-	349,409	-
Loans and bonds payable	697,297	230,825	-	-	-	928,122	-
Unearned revenue	-	-	-	399,936	-	399,936	-
Total current liabilities:	1,368,093	835,433	312,307	2,912,061	1,340,327	6,768,221	1,553,957
Noncurrent liabilities:							
Accrued claims	-	-	-	-	-	-	781,253
Compensated absences payable	9,399	16,231	11,610	-	6,399	43,639	6,781
Loans and bonds payable	21,989,845	6,403,011	-	-	-	28,392,856	-
Net pension liability	2,671,814	2,683,054	3,354,724	145,050	649,137	9,503,779	1,545,268
Other postemployment benefits liability	465,521	715,853	1,101,458	45,704	228,052	2,556,588	399,310
Total noncurrent liabilities:	25,136,579	9,818,149	4,467,792	190,754	883,588	40,496,862	2,732,612
Total liabilities	26,504,672	10,653,582	4,780,099	3,102,815	2,223,915	47,265,083	4,286,569
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred pension-related items	149,493	179,976	207,830	12,283	29,596	579,178	86,757
Deferred OPEB-related items	21,502	32,008	51,187	2,427	10,062	117,186	18,108
Total deferred inflows of resources	170,995	211,984	259,017	14,710	39,658	696,364	104,865
<b>NET POSITION</b>							
Net investment in capital assets	18,508,308	18,992,173	2,110,617	16,431,262	6,099,420	62,141,780	256,781
Unrestricted	13,684,609	15,778,074	3,143,267	(647,069)	1,243,475	33,202,356	(641,730)
Total net position	\$ 32,192,917	\$ 34,770,247	\$ 5,253,884	\$ 15,784,193	\$ 7,342,895	95,344,136	\$ (384,949)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(442,696)	
Net position of business-type activities						\$ 94,901,440	

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, 2019**

	<b>Business-type Activities</b>						<b>Governmental Activities</b>
	<b>Sewer Operations</b>	<b>Water Operations</b>	<b>Solid Waste</b>	<b>Transit Operations</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
Operating revenues:							
Charges for services	\$ 6,760,179	\$ 11,383,497	\$ 5,951,648	\$ 664,648	\$ 1,261,345	\$ 26,021,317	\$ 10,531,886
Connection fees	404,147	16,567	-	-	-	420,714	-
Other revenues	409,272	239,275	93,175	4,517	156,063	902,302	25,278
Total operating revenues	<u>7,573,598</u>	<u>11,639,339</u>	<u>6,044,823</u>	<u>669,165</u>	<u>1,417,408</u>	<u>27,344,333</u>	<u>10,557,164</u>
Operating expenses:							
Cost of sales and services	3,164,856	3,813,969	5,141,991	3,164,603	1,346,164	16,631,583	10,123,972
General and administrative	1,294,811	2,549,442	677,292	945,292	265,809	5,732,646	253,589
Depreciation	1,425,696	1,129,574	531,144	1,405,691	319,621	4,811,726	50,135
Total operating expenses	<u>5,885,363</u>	<u>7,492,985</u>	<u>6,350,427</u>	<u>5,515,586</u>	<u>1,931,594</u>	<u>27,175,955</u>	<u>10,427,696</u>
Operating income (loss)	<u>1,688,235</u>	<u>4,146,354</u>	<u>(305,604)</u>	<u>(4,846,421)</u>	<u>(514,186)</u>	<u>168,378</u>	<u>129,468</u>
Nonoperating revenues (expenses):							
Intergovernmental revenues	-	-	-	1,807,065	-	1,807,065	-
Federal grants	-	-	-	1,745,837	-	1,745,837	-
State grants and reimbursements	-	-	35,323	51,481	10,000	96,804	29,263
Investment earnings	543,715	552,063	241,549	-	118,173	1,455,500	101,884
Interest expense	(1,477,548)	(252,853)	-	-	-	(1,730,401)	-
Loss on disposal of capital assets	-	-	-	-	(384)	(384)	-
Other revenues	150,262	-	-	-	-	150,262	-
Sale of capital assets	2,873	-	1,175	-	-	4,048	-
Total nonoperating revenues (expenses)	<u>(780,698)</u>	<u>299,210</u>	<u>278,047</u>	<u>3,604,383</u>	<u>127,789</u>	<u>3,528,731</u>	<u>131,147</u>
Income(loss) before contributions and transfers	<u>907,537</u>	<u>4,445,564</u>	<u>(27,557)</u>	<u>(1,242,038)</u>	<u>(386,397)</u>	<u>3,697,109</u>	<u>260,615</u>
Capital contributions and transfers:							
Capital contributions, developer fees	51,611	74,518	-	-	-	126,129	-
Capital contributions, federal and state grants	14,632	949,155	-	6,028,338	27,175	7,019,300	-
Transfers in	7,355	6,858	-	12,012	84,888	111,113	-
Total capital contributions and transfers	<u>73,598</u>	<u>1,030,531</u>	<u>-</u>	<u>6,040,350</u>	<u>112,063</u>	<u>7,256,542</u>	<u>-</u>
Change in net position	<u>981,135</u>	<u>5,476,095</u>	<u>(27,557)</u>	<u>4,798,312</u>	<u>(274,334)</u>	<u>10,953,651</u>	<u>260,615</u>
Net position - beginning	<u>31,211,782</u>	<u>29,294,152</u>	<u>5,281,441</u>	<u>10,985,881</u>	<u>7,617,229</u>		<u>(645,564)</u>
Net position - ending	<u>\$ 32,192,917</u>	<u>\$ 34,770,247</u>	<u>\$ 5,253,884</u>	<u>\$ 15,784,193</u>	<u>\$ 7,342,895</u>		<u>\$ (384,949)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						<u>(58,518)</u>	
Change in net position of business-type activities						<u>\$ 10,895,133</u>	

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



**City of Porterville**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash receipts from customers	\$ 7,556,829	\$ 11,854,855	\$ 6,017,535	\$ 675,648	\$ 1,420,794	\$ 27,525,661	\$ 10,533,319
Payments to employees	(1,102,205)	(1,585,411)	(1,694,090)	(130,510)	(344,396)	(4,856,612)	(890,220)
Payments to suppliers and others	(3,087,761)	(4,572,855)	(4,010,648)	(3,888,786)	(1,275,028)	(16,835,078)	(9,030,300)
Net cash provided (used) by operating activities	<u>3,366,863</u>	<u>5,696,589</u>	<u>312,797</u>	<u>(3,343,648)</u>	<u>(198,630)</u>	<u>5,833,971</u>	<u>612,799</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Cash from interfund	-	-	-	33,892	179,302	213,194	8,877
Intergovernmental - operating assistance	-	-	-	1,471,658	-	1,471,658	267,518
Subsidy from federal and state grants	-	445,630	35,323	3,768,515	10,000	4,259,468	-
Transfers in from other funds	7,355	6,858	-	12,012	84,888	111,113	-
Transfers out to other funds	-	-	-	-	-	-	-
Net cash provided (used) by noncapital financing	<u>7,355</u>	<u>452,488</u>	<u>35,323</u>	<u>5,286,077</u>	<u>274,190</u>	<u>6,055,433</u>	<u>276,395</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Construction and other capital projects	(1,747,176)	(2,116,804)	-	(111,979)	(72,589)	(4,048,548)	-
Contributed capital, developer's fees	51,611	74,518	-	-	-	126,129	-
Interest paid on long-term debt and advances	(971,114)	(259,329)	-	-	-	(1,230,443)	-
Principal payments on long-term debt	(882,993)	(877,933)	-	-	-	(1,760,926)	-
Principal payments on notes receivable	-	-	-	-	60,673	60,673	-
Proceeds from financing	(1,878,299)	-	-	-	-	(1,878,299)	-
Purchase of capital assets	(439,543)	(135,557)	(111,751)	(6,086,773)	-	(6,773,624)	(78,535)
Sale of capital assets	2,873	-	1,175	-	-	4,048	-
Subsidy from federal and state grants	-	-	-	4,287,318	45,622	4,332,940	29,263
Net cash provided (used) by capital and related financing activities	<u>(5,864,641)</u>	<u>(3,315,105)</u>	<u>(110,576)</u>	<u>(1,911,434)</u>	<u>33,706</u>	<u>(11,168,050)</u>	<u>(49,272)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest received	543,715	552,063	241,549	-	118,173	1,455,500	101,884
Net cash provided by investing activities	<u>543,715</u>	<u>552,063</u>	<u>241,549</u>	<u>-</u>	<u>118,173</u>	<u>1,455,500</u>	<u>101,884</u>
Net Increase (decrease) in cash and cash equivalents	(1,946,708)	3,386,035	479,093	30,995	227,439	2,176,854	941,806
Balances - beginning of year	18,112,055	12,990,063	6,068,932	-	2,453,437	39,624,487	2,367,191
Balances - end of the year	<u>\$ 16,165,347</u>	<u>\$ 16,376,098</u>	<u>\$ 6,548,025</u>	<u>\$ 30,995</u>	<u>\$ 2,680,876</u>	<u>\$ 41,801,341</u>	<u>\$ 3,308,997</u>
As shown on the proprietary statement of net position:							
Cash and investments	\$ 16,165,347	\$ 16,376,098	\$ 6,548,025	\$ 30,995	\$ 2,680,876	\$ 41,801,341	\$ 3,308,997
Restricted assets, cash with fiscal agent	-	-	-	-	-	-	-
Balances - end of year	<u>\$ 16,165,347</u>	<u>\$ 16,376,098</u>	<u>\$ 6,548,025</u>	<u>\$ 30,995</u>	<u>\$ 2,680,876</u>	<u>\$ 41,801,341</u>	<u>\$ 3,308,997</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ 1,688,235	\$ 4,146,354	\$ (305,604)	\$ (4,846,421)	\$ (514,186)	\$ 168,378	\$ 129,468
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	1,425,696	1,129,574	531,144	1,405,691	319,621	4,811,726	50,135
Changes in assets and liabilities:							
Accounts payable	172,422	90,875	(40,127)	77,374	(4,174)	296,370	(11,496)
Accrued claims payable	-	-	-	-	-	-	401,154
Compensated absences	9,824	(1,891)	(9,542)	-	629	(980)	1,151
Customer receivables	(16,769)	215,516	(27,288)	6,483	3,386	181,328	(23,845)
Inventory	-	-	-	-	(34,140)	(34,140)	-
Other postemployment benefits	39,242	55,918	94,154	5,175	17,251	211,740	32,256
Pensions	48,534	68,421	71,893	7,588	15,003	211,439	34,966
Salaries and benefits payable	(321)	(8,178)	(1,833)	462	(2,020)	(11,890)	(990)
Net cash provided by operating activities	<u>\$ 3,366,863</u>	<u>\$ 5,696,589</u>	<u>\$ 312,797</u>	<u>\$ (3,343,648)</u>	<u>\$ (198,630)</u>	<u>\$ 5,833,971</u>	<u>\$ 612,799</u>

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

**City of Porterville**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>Private- purpose Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and investments	\$ 626,268	\$ 1,811,230
Receivables - housing (net)	188,899	-
Notes receivable	930,000	-
Interest receivable	256,214	
Restricted cash - bond proceeds	27,494	-
Total assets	<u>2,028,875</u>	<u>\$ 1,811,230</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	<u>428,069</u>	
Total deferred outflows of resources	<u>428,069</u>	
<b>LIABILITIES</b>		
Accounts and other payables	550	\$ 39,043
Payroll payable	777	-
Accrued interest payable	22,665	-
Refundable deposits, utilities	-	453,786
Refundable deposits, miscellaneous	-	862,883
Other deposits, safety	-	455,518
Bonds payable	<u>6,775,000</u>	<u>-</u>
Total liabilities	<u>6,798,992</u>	<u>\$ 1,811,230</u>
<b>NET POSITION</b>		
Net position held in trust	<u>\$ (4,342,048)</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, 2019**

	<b>Private-purpose Trust Fund</b>
	<hr/>
<b>ADDITIONS</b>	
Contributions - Redevelopment Property Tax Trust Fund	\$ 481,962
Interest and investment revenue	44,289
Other revenue	23,187
	<hr/>
Total additions	549,438
	<hr/>
<b>DEDUCTIONS</b>	
Administrative expenses	47,887
Direct property expenses	24
Debt redemption, interest	300,279
Disposal of capital assets	409,407
	<hr/>
Total deductions	757,597
	<hr/>
Change in net position	(208,159)
Net position held in trust - beginning	(4,133,889)
	<hr/>
Net position held in trust - ending	\$ (4,342,048)
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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, 2019**

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.



Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

## **D. 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**

The new Measure I sales tax fund was established in early 2019 to account for revenues from the one percent district sales and use tax approved by the City of Porterville voters. The new tax became effective on April 1, 2019. Expenditures of \$101,442 for public safety were charged to the fund during the year. With no appropriation established, the fund shows excess expenditures of \$101,442 over appropriations at June 30, 2019.

In the debt service fund, expenditures for the fiscal year exceeded appropriations by \$3,050, primarily from professional fees paid by the City for the final arbitrage rebate calculation on the 2002 Public Building Refunding Project certificates of participation (COPs). The fee was not included in the appropriation as the COPs were refunded in 2015, although a portion of the bonds remain outstanding.

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

### **1. Cash and investments**

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

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

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

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

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

### **3. Restricted assets**

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

### **4. Capital assets**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **9. Fund balance policies**

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

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

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

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

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

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

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

### **1. Program revenues**

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

## **2. Property taxes**

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

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

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

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

## **3. Utility Users Tax**

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

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

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

## **5. Transactions and Use Tax (Measure I)**

On November 6, 2018, the citizens of the City of Porterville approved Measure I – a local one-cent transactions and use tax to provide funds for the maintenance of local city services, including rapid response times, public safety, street maintenance, and other services. The City adopted Ordinance No. 1850 adding Article IIB to Title 22 of the Porterville Municipal Code on December 10, 2018. The new tax became effective on April 1, 2019.

## **6. 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.

## 7. Proprietary funds operating and non-operating revenues and expenses

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

### G. New fund

During fiscal year ended June 30, 2019, the City opened a new special revenue fund, Measure I Sales Tax Fund. This fund was established to account for the new one percent local transactions and use tax revenues approved by the voters of the City, to provide funds for the maintenance of essential local city services.

### H. New accounting policies

There were no GASB Statements implemented in the current financial statements.

### I. Reclassification of prior year presentation

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, pension, OPEB, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$69,268,709 difference are as follows:

Bonds payable	\$ 21,155,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(1,755,212)
Plus: Issuance premium (to be amortized over life of debt)	629,851
Notes payable	1,380,000
Accrued interest payable	87,470
Net pension liability	38,014,029
Net other postemployment benefits obligation	8,764,464
Compensated absences	<u>993,107</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 69,268,709</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 \$57,747 difference are as follows:

Net position of the internal service funds	\$ (384,949)
Add: Internal receivable representing costs in excess of charges to business-type activities – prior years	384,178
Less: Internal payable representing charges in excess of costs to business-type activities – current year	<u>58,518</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>57,747</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 \$407,825,725 difference are as follows:

Land	\$ 274,174,169
Construction in progress	13,613,923
Works of art and collection	183,938
Buildings	22,305,602
Less: Accumulated depreciation – buildings	(7,543,505)
Improvements other than buildings	11,296,167
Less: Accumulated depreciation – improvements other than buildings	(3,709,577)
Machinery and equipment	13,641,625
Less: Accumulated depreciation – machinery and equipment	(8,446,460)
Infrastructure	130,925,557
Less: Accumulated depreciation - infrastructure	<u>(38,615,714)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>407,825,725</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 \$1,582,669 difference are as follows:

Capital outlay	\$ 5,857,040
Depreciation expense	<u>(4,274,371)</u>
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>1,582,669</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 \$1,748,000 difference are as follows:

Principal repayments:		
Certificates of participation	\$	925,000
Notes payable		268,000
Pension obligation bond		555,000
		<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>1,748,000</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 \$99,361 difference are as follows:

Compensated absences	\$	13,699
Accrued interest		7,139
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>(99,361)</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 \$319,133 difference are as follows:

Change in net position of the internal service funds	\$	260,615
Profit from charges to business-type activities		58,518
		<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>319,133</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 \$442,696 difference are as follows:



Internal payable representing costs in excess of charges to business-type activities – prior years	\$ (384,178)
Internal payable representing charges in excess of costs to business-type activities – current year	<u>( 58,518)</u>
Net adjustment to decrease <i>net position total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	\$ <u>(442,696)</u>

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

#### A. Deficit fund equity

At June 30, 2019, the Capital Projects Fund, a major governmental fund has a deficit net position of \$453,644. 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, 2019, the Golf Course Fund, a nonmajor enterprise fund has a deficit net position of \$1,361,395. 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, 2019 amounting to \$579,750. 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 \$1,771,652 and cash on hand was \$3,285.

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 75,912,540
Cash and investments - restricted	1,011,418
Fiduciary funds:	
Cash and investments	2,437,498
Cash and investments – restricted	<u>27,494</u>
Total cash and investments	\$ <u>79,388,950</u>

Cash and investments as of June 30, 2019, consist of the following:

Cash on hand	\$ 3,285
Deposits with financial institution	1,473,051
Investments	<u>77,912,614</u>
Total cash and investments	\$ <u>79,388,950</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, 2019, \$1,521,652 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, 2019, 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, 2019:

Investment Pool	Fair Value	Interest Rates	Maturities	Weighted Average Maturity
Federal agency securities	\$ 8,986,070	1.5%-2.4%	7/21-6/24	132 days
Corporate bonds	9,103,696	2.05%-3.5%	3/20-7/23	121 days
Negotiable certificates of deposit	13,500,175	1.6%-3.55%	7/19-6/23	180 days
Certificates of deposit	12,240,533	1.9%-3.5%	7/19-6/24	148 days
Money market funds	33,480	variable	On demand	0.00
Capital stock	136,000	--	--	--
Local Agency Investment Fund	17,559,120	variable	On demand	0.00
Tulare County Investment Pool	9,250,385	variable	On demand	0.00
CSJVRMA JPA Investment Pool	7,075,070	variable	On demand	0.00
	<u>77,884,529</u>			
<u>Investments outside investment pool</u>				
Money market funds	<u>28,085</u>			
Total investments	\$ <u>77,912,614</u>			

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value of the assets. The three levels of the fair value hierarchy are described as follows:

- *Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- *Level 2* – Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of June 30, 2019, 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	\$ 8,986,070	-	\$ 8,986,070	-
Corporate bonds	9,103,696	-	9,103,696	-
Negotiable certificates of deposit	13,500,175	-	13,500,175	-
Total investments measured at fair value	\$ 31,589,941	\$ -	\$31,589,941	\$ -
<u>Investments not measured at fair value</u>				
Certificates of deposit	\$ 12,240,533			
Money market mutual funds	61,565			
Capital stock	136,000			
Local Agency Investment Fund	17,559,120			
Tulare County Investment Pool	9,250,385			
CSJVRMA JPA Investment Pool	7,075,070			
Total investments	\$ 77,912,614			

Federal agency securities, corporate bonds and negotiable certificates of deposit, classified as level 2 of the fair value hierarchy, are valued using a matrix pricing technique. Matrix pricing is the process of estimating the market value price of a bond based on the quoted prices of more frequently traded comparable bonds.

### 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:

		Remaining maturity (in months)			
Investment type		12 months or less	13-24 months	25-60 months	More than 60 months
Federal agency securities	\$ 8,986,070	\$ --	\$ --	\$ 8,986,070	\$ --
Corporate bonds	9,103,696	998,600	2,003,740	6,101,356	--
Negotiable certificates of deposit	13,500,175	2,177,841	1,232,798	10,089,536	--
Certificates of deposit	12,240,533	2,749,000	2,002,603	7,488,930	--
Money market funds	33,480	33,480	--	--	--
Capital stock	136,000	136,000	--	--	--
Local Agency Investment Fund	17,559,120	17,559,120	--	--	--
Tulare County Investment Pool	9,250,385	9,250,385	--	--	--
CSJVRMA JPA Investment Pool	7,075,070	7,075,070	--	--	--
Held by bond trustees:					
Money market funds	28,085	28,085	--	--	--
Total	\$ 77,912,614	\$ 40,007,581	\$ 5,239,141	\$ 32,665,892	\$ --

## 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, 2019. Corporate bonds have a rating of "A" or better by at least one of the three major rating services when purchased.

The following is a summary of the credit quality distribution by investment type as a percentage of fair value of the City's investment pool at June 30, 2019:

		Moody's	Standard & Poor's	Fitch Ratings	Percentage of Total Investments
Federal Home Loan Banks	\$ 3,995,120	Aaa	AA+	AAA	5.17%
Federal Home Loan Mortgage Corporation	3,998,880	Aaa	AA+	AAA	5.17%
Federal Farm Credit Banks	992,070	Aaa	AA+	AAA	1.29%
Corporate bonds	1,016,160	Aa2	AA	AA-	1.29%
Corporate bonds	998,600	A2	A	A	1.29%
Corporate bonds	1,003,490	A2	A-	AA-	1.29%
Corporate bonds	1,000,250	A3	BBB+	A	1.29%
Corporate bonds	989,516	A2	A	A+	1.29%
Corporate bonds	1,001,150	Aa3	AA-	A+	1.29%
Corporate bonds	1,008,630	Aa1	AA-	---	1.29%
Corporate bonds	1,042,910	A1	A	AA-	1.29%
Corporate bonds	1,042,990	A1	AA-	AA-	1.29%
Negotiable certificates of deposit	13,500,175	N/R	N/R	N/R	17.32%
Certificates of deposit	12,240,533	N/R	N/R	N/R	15.81%
Money market funds	61,565	N/R	N/R	N/R	0.08%
Capital stock	136,000	N/R	N/R	N/R	0.18%
Local Agency Investment Fund	17,559,120	N/R	N/R	N/R	22.64%
Tulare County Investment Pool	9,250,385	N/R	N/R	N/R	11.86%
CSJVRMA JPA Investment Pool	7,075,070	N/R	N/R	N/R	8.89%
Total Investments	<u>77,912,614</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, 2019, 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	\$ 3,995,120
Federal Home Loan Mortgage Corporation	Federal agency securities	3,998,880

### **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, 2019, Porterville's investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment type	Reported amount
Federal agency securities	\$ 8,986,070
Certificates of deposit	\$ 13,500,175
Corporate bonds	\$ 9,103,696

### **B. Receivables**

Receivables as of June 30, 2019, for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Public Safety Sales Tax	Local Transportation Fund	Community Development Block Grant	Capital Projects
Receivables:					
Interest	\$ 285,020	\$ --	\$ --	\$ 339,419	\$ --
Taxes	1,687,447	648,902	87,072	--	--
Other accounts receivable	1,085,814	--	--	8,922,335	--
Intergovernmental – restricted	268,831	1,645	753,633	65,055	490,000
Gross receivables	3,327,112	650,547	840,705	9,326,809	490,000
Less: allowance for uncollectibles	--	--	--	--	--
Net total receivables	<u>\$ 3,327,112</u>	<u>\$ 650,547</u>	<u>\$ 840,705</u>	<u>\$ 9,326,809</u>	<u>\$ 490,000</u>

	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Nonmajor and Other Funds	Total
Receivables:						
Interest	\$ 20,046	\$ 18,558	\$ --	\$ --	\$ 13,794	\$ 676,837
Taxes	4,834	--	--	--	1,679,831	4,108,086
Other accounts receivable	1,157,695	1,821,313	989,397	89,975	159,745	14,226,274
Intergovernmental - restricted	14,632	955,611	--	2,280,559	132,844	4,962,810
Gross receivables	1,197,207	2,795,482	989,397	2,370,534	1,996,214	23,974,007
Less: allowance for uncollectibles	(28,466)	(53,782)	(25,958)	--	--	(108,204)
Net total receivables	<u>\$ 1,168,741</u>	<u>\$ 2,741,700</u>	<u>\$ 963,441</u>	<u>\$ 2,370,534</u>	<u>\$ 1,986,214</u>	<u>\$ 23,865,803</u>

### **C. Notes receivable**

On March 1, 2007, the City accepted a promissory note from Porterville Pacific Associates which evidenced an obligation to pay the City the principal amount of \$975,000 for funds loaned to finance the leasing and development of Porterville Sequoia Village at Rivers Edge. The loan was funded by Home Investment Partnerships Program funds. The note bears a simple interest rate of 3 percent per annum with a term of 55 years after the issuance of the date of completion of the project but in no event more than 58 years. Repayment of the loan will be based on the annual audit of the development in which residual receipts are determined. As of June 30, 2019, the principal balance of the note is \$975,000 with interest accrued in the amount of \$339,419.

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, 2019, the outstanding loan balance is \$979,577.

On August 25, 2016, a promissory note was executed by GreenPower Motor Company, Inc., promising to pay the City of Porterville the sum of \$594,000 with interest at a rate of 2% per annum, with principal and interest payable in monthly installments of \$5,463 through the 60<sup>th</sup> month, when the final balloon payment of \$311,764.06 becomes due and payable. The promissory note was executed as part of the consideration in the purchase of land at the municipal airport for the purpose of developing the property for heavy equipment manufacturing and assembly, as well as office space. As of June 30, 2019, the outstanding balance of the note is \$446,972.

With the execution of the Memorandum of Understanding between the City of Porterville and the Porterville Peace Officers Association (PPOA), a new Local Housing Assistance Program was established to assist PPOA employees in purchasing a home within the City of Porterville. The assistance is a \$10,000 loan with an annual interest rate of 3 percent and a term of 10 years. For each year of employment with the City, 1/10<sup>th</sup> of the loan shall be forgiven and after the completion of 10 years of employment, the loan plus all accrued interest shall be deemed satisfied and paid in full. As of June 30, 2019, there were 5 PPOA employees who have taken advantage of the program. A total of \$4,000 had been written off during the year and the total amount outstanding at June 30, 2019 is \$44,000.

On December 3, 2018, a promissory note secured by deed of trust was executed by Cornerstone Main Partners, L.P. promising to pay the City of Porterville the principal sum of \$2,720,000, plus interest at a compound rate of 2.4% per annum over 20 years. Interest only payments shall be made monthly, with the first payment due on December 1, 2019. Repayment of the principal and any remaining unpaid interest shall be made in full not later than November 30, 2038. The note evidenced the loan agreement between the City and Cornerstone Main Partners, L.P., to assist with the cost, fees and services related to the purchase of property located at 14 N. Main Street and the financing of the development of a 46,290 square foot, three-story building on said property. As of June 30, 2019, the outstanding loan balance is \$2,756,152 which includes accrued interest added to the principal.

## D. Capital assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 274,115,001	\$ 581,553	\$ (522,385)	\$ --	\$ 274,174,169
Construction in progress	10,558,179	4,077,744	(688,902)	--	13,947,021
Works of art and collections	183,938	--	--	--	183,938
Total capital assets, not being depreciated	<u>284,857,118</u>	<u>4,659,297</u>	<u>(1,211,287)</u>	<u>--</u>	<u>288,305,128</u>
Capital assets, being depreciated:					
Buildings	22,305,602	--	--	--	22,305,602
Improvements other than buildings	10,139,139	667,417	--	496,250	11,302,806
Machinery and equipment	13,215,804	1,439,385	(235,229)	86,652	14,506,612
Infrastructure	130,925,557	--	--	--	130,925,557
Total capital assets, being depreciated	<u>176,586,102</u>	<u>2,106,802</u>	<u>(235,229)</u>	<u>582,902</u>	<u>179,040,577</u>
Less accumulated depreciation for:					
Buildings	(7,093,803)	(449,702)	--	--	(7,543,505)
Improvements other than buildings	(3,332,335)	(297,037)	--	(86,844)	(3,716,216)
Machinery and equipment	(8,419,299)	(932,609)	205,006	(86,652)	(9,233,554)
Infrastructure	(35,970,556)	(2,645,158)	--	--	(38,615,714)
Total accumulated depreciation	<u>(54,815,993)</u>	<u>(4,324,506)</u>	<u>205,006</u>	<u>(173,496)</u>	<u>(59,108,989)</u>
Total capital assets, being depreciated, net	<u>121,770,109</u>	<u>(2,217,704)</u>	<u>(30,223)</u>	<u>409,406</u>	<u>119,931,588</u>
Governmental activities capital assets, net	<u>\$ 406,627,227</u>	<u>\$ 2,441,593</u>	<u>\$ (1,241,510)</u>	<u>\$ 409,406</u>	<u>\$ 408,236,716</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	211,144
Parks and recreation	492,265
Public safety – fire	229,371
Public safety – police	471,563
Public works	2,827,900
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>50,135</u>
Total depreciation expense - governmental activities	<u>\$ 4,324,506</u>



	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Business-type activities:</b>					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 5,824,321	\$ 856,343	\$ --	\$ --	6,680,664
Construction in progress	5,063,177	9,796,105	(6,807,401)	(103,027)	7,948,854
Total capital assets, not being depreciated	10,887,498	10,652,448	(6,807,401)	(103,027)	14,629,518
<u>Capital assets, being depreciated:</u>					
Buildings	5,385,073	--	--	--	5,385,073
Improvements other than buildings	12,665,846	--	(5,592)	--	12,660,254
Machinery and equipment	27,960,336	7,080,820	(501,383)	13,053	34,552,826
Distribution and collection systems	91,596,650	300,778	(3,783)	--	91,893,645
Infrastructure	1,307,602	--	--	--	1,307,602
Total capital assets, being depreciated	138,915,507	7,381,598	(510,758)	13,053	145,799,400
Less accumulated depreciation for:					
Buildings	(2,469,187)	(103,030)	--	--	(2,572,217)
Improvements other than buildings	(5,313,402)	(356,847)	5,208	--	(5,665,041)
Machinery and equipment	(15,928,076)	(2,302,127)	501,383	(13,053)	(17,741,873)
Distribution and collection systems	(43,128,296)	(1,951,249)	3,783	--	(45,075,762)
Infrastructure	(435,991)	( 98,472)	--	--	(534,463)
Total accumulated depreciation	(67,274,952)	(4,811,725)	510,374	(13,053)	(71,589,356)
Total capital assets, being depreciated, net	71,640,555	2,569,873	(384)	--	74,210,044
Business-type activities capital assets, net	\$ <u>82,528,053</u>	\$ <u>13,222,321</u>	\$ <u>(6,807,785)</u>	\$ <u>(103,027)</u>	\$ <u>88,839,562</u>

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

The composition of interfund balances as of June 30, 2019, is as follows:

### Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
General fund	Nonmajor enterprise funds	\$ 1,275,929	Temporary operating loan
General fund	Nonmajor governmental fund	3,576	Temporary operating loan
Local transportation fund	Transit operations fund	2,015,093	Temporary operating loan
Total		\$ <u>3,294,598</u>	

**Advances receivable/payable**

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

**Interfund transfers**

Transfers Out	Transfers In					Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds		
General fund	\$ --	\$ 469,402	\$ 2,399,865	\$ 105,226		\$ 2,974,493
Public safety sales tax fund	--	--	111,820	--		111,820
Local transportation fund	--	1,519,222	--	--		1,519,222
Community development block grant fund	104,796	--	--	--		104,796
Nonmajor governmental funds	<u>1,337,580</u>	<u>3,810,213</u>	<u>2,622</u>	<u>5,887</u>		<u>5,156,302</u>
Total	<u>\$ 1,442,376</u>	<u>\$ 5,798,837</u>	<u>\$ 2,514,307</u>	<u>\$ 111,113</u>		<u>\$ 9,866,633</u>

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

**F. Long-term debt****Certificates of Participation**

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

**2015 Refinancing Project**

On June 18, 2015, the City issued certificates of participation in an aggregate principal amount of \$22,650,000 plus premium of \$787,314, through a private placement with Capital One Public Funding, LLC. The certificates will mature on June 1, 2035 with an interest rate of 3.85 percent per annum. Proceeds from the refunding were used to advance refund \$1,880,000 of outstanding 2002 Public Building Refunding Project certificates which had an interest rate of 6.30 percent, and prepay the outstanding balance of \$21,060,000 on the 2013 Lease Agreement, which had been assigned to Rabobank, N.A., and had a variable interest rate based on the U.S. dollar one month LIBOR plus 2.125 percent. \$1,567,054 of the net proceeds and \$559,273 from the 2002 COP reserve fund were

deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded 2002 COP's. Net proceeds of \$21,208,516 were immediately transferred to Rabobank, N.A. for the prepayment of the outstanding principal plus accrued interest on the 2013 Lease. As a result, the 2002 COP's and 2013 Lease are considered defeased and the liability had been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debts by \$2,393,472. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt. The difference between the cash flows required to service the old debt of \$36,612,280 (based on an average rate of 4.80 percent on the variable rate 2013 lease agreement) and the cash flows required to service the new debt of \$32,959,646 is \$3,652,734. This refunding resulted in an economic gain of \$1,549,258.

The principal amount of the 2015 Refinancing Project Certificates of Participation outstanding at June 30, 2019 is \$20,000,000.

Debt service requirements on Certificates of Participation are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 945,000	\$ 760,952
2021	950,000	724,185
2022	945,000	687,995
2023	1,010,000	651,324
2024	1,080,000	611,476
2025 – 2029	6,075,000	2,392,968
2030 – 2034	7,350,000	1,117,077
2035	1,645,000	47,644
Total	<u>\$ 20,000,000</u>	<u>\$ 6,993,621</u>

#### 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.

Final payment on the 2002 Certificates of Participation was made in October 2018.

#### 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 with final maturity on October 1, 2036. 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.

Due to favorable interest rates in the municipal market, the City entered into an installment sale agreement with the Porterville Public Improvement Corporation for the refunding of the Sewer Revenue Bonds, 2011 Series A on November 1, 2018 and through a private placement, was sold, assigned and transferred to Banner Bank. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements.

#### 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, 2019 is \$1,155,000.

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 570,000	\$ 26,100
2021	585,000	8,775
Total	\$ 1,155,000	\$ 34,875

#### 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, 2019, the outstanding balance of the note is \$1,380,000.

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, 2019 is \$3,404,143.

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, 2019 is \$5,417,952.

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, 2019, \$1,215,884 is outstanding.

On November 1, 2018, the City entered into an installment sale agreement with the Porterville Public Improvement Corporation for the refunding of the Sewer Revenue Bonds, 2011 Series A. The 2011 bonds were issued to finance the construction of certain improvements and facilities to the municipal sewer system. At the time of refunding, the 2011 bonds had a remaining principal balance of \$19,555,000. The agreement was then sold, assigned and transferred to Banner Bank for a consideration of \$19,283,000. The financing structure set a taxable interest rate of 4.48% effective until October 2021 when the 2011 bonds can be paid off and then convert to a tax-exempt interest rate of 3.47% until final maturity in October 2036. The reacquisition price exceeded the net carrying amount of the old debt by \$2,533,306. 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. The City refunded its 2011 Series A sewer revenue bonds to reduce total debt service payments by \$1,641,741 and to obtain an economic gain of 7.3% of the refunded debt or a net present value savings of \$1,428,381.

Debt service requirements on notes from direct borrowing and direct placements are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 285,000	\$ 28,916	\$ 928,122	\$ 1,198,679
2021	273,000	23,535	1,126,756	1,155,027
2022	273,000	17,624	1,239,843	1,018,605
2023	273,000	11,072	1,354,397	881,293
2024	276,000	3,864	1,397,433	835,499
2025 – 2029	--	--	7,753,792	3,402,640
2030 – 2034	--	--	9,159,141	1,951,526
2035 – 2039	--	--	6,282,846	428,118
2040	--	--	78,648	1,301
Total	<u>\$ 1,380,000</u>	<u>\$ 85,011</u>	<u>\$ 29,320,978</u>	<u>\$ 10,872,688</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, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Certificates payable	\$ 20,925,000	\$ --	\$ (925,000)	\$ 20,000,000	\$ 945,000
Pension obligation bond	1,710,000	--	(555,000)	1,155,000	570,000
Plus deferred amounts:					
For issuance premiums	669,217	--	(39,366)	629,851	--
Total bonds payable	23,304,217	--	(1,519,366)	21,784,851	1,515,000
Notes from direct borrowings	1,648,000	--	(268,000)	1,380,000	285,000
Claims*	1,458,310	4,125,806	(3,724,652)	1,859,464	1,078,211
Compensated absences*	1,035,872	1,093,910	(1,106,460)	1,023,322	762,501
Governmental activity Long-term liabilities	<u>\$ 27,446,399</u>	<u>\$ 5,219,716</u>	<u>\$ (6,618,478)</u>	<u>\$ 26,047,637</u>	<u>\$ 3,640,712</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Bonds payable:					
Certificates payable	\$ 1,360,000	\$ --	\$ (1,360,000)	\$ --	\$ --
Revenue bonds	19,555,000	--	(19,555,000)	--	--
Plus deferred amounts:					
For issuance premiums	4,515	--	(4,515)	--	--
Less deferred amounts:					
For issuance discounts	(646,596)	--	646,596	--	--
Total bonds payable	20,272,919	--	(20,272,919)	--	--
Notes from direct borrowings and direct placements	10,438,903	19,283,000	(400,925)	29,320,978	928,122
Compensated absences	175,896	180,250	(181,230)	174,916	131,277
Business-type activity Long-term liabilities	<u>\$ 30,887,718</u>	<u>\$ 19,463,250</u>	<u>\$ (20,855,074)</u>	<u>\$ 29,495,894</u>	<u>\$ 1,059,399</u>

The City's outstanding notes from direct borrowings and direct placements related to both governmental and business-type activities contain a provision that if an event of default has occurred and continuing, the principal outstanding, together with the accrued interest with respect thereto shall become immediately due and payable.

## 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, 2019, is as follows:

	General	Public Safety Sales Tax	Local Transportation Fund	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Long-term notes receivable	\$3,779,730	\$ --	\$ --	\$ --	\$ --	\$ --	\$3,779,730
Prepaid items	54,291	--	--	--	--	--	54,291
<b>Total nonspendable</b>	<b>3,834,021</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3,834,021</b>
<b>Restricted:</b>							
Ballpark projects	61,821	--	--	--	--	--	61,821
Library	158,352	--	--	--	--	--	158,352
Public safety	--	1,488,149	--	--	--	1,040,132	2,528,281
Community development	--	--	--	10,451,306	--	--	10,451,306
Public works projects	--	--	9,715,572	--	--	5,403,633	15,119,205
Building construction	--	--	--	--	--	478,470	478,470
Debt service	--	--	--	--	--	1,021,636	1,021,636
Landscape maintenance districts	--	--	--	--	--	261,689	261,689
<b>Total restricted</b>	<b>220,173</b>	<b>1,488,149</b>	<b>9,715,572</b>	<b>10,451,306</b>	<b>--</b>	<b>8,205,560</b>	<b>30,080,760</b>
<b>Committed:</b>							
Porterville hotel project	209,086	--	--	--	--	--	209,086
Budget stabilization	4,341,440	--	--	--	--	--	4,341,440
Catastrophic/emergency reserve	2,894,294	--	--	--	--	--	2,894,294
Council special purposes	100,000	--	--	--	--	--	100,000
Capital construction/improvement	823,597	--	--	--	--	--	823,597
Facility deferred maintenance and equipment maintenance	1,114,283	--	--	--	--	--	1,114,283
Infrastructure deferred and improvements	1,114,283	--	--	--	--	--	1,114,283
<b>Total committed</b>	<b>10,596,983</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>10,596,983</b>
<b>Assigned:</b>							
Equipment replacement	5,747,342	--	--	--	--	--	5,747,342
Parks facility	226,383	--	--	--	--	--	226,383
<b>Total assigned</b>	<b>5,973,725</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5,973,725</b>
<b>Unassigned</b>	<b>560,349</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(453,644)</b>	<b>--</b>	<b>106,705</b>
<b>Total fund balances</b>	<b>\$21,185,251</b>	<b>\$1,488,149</b>	<b>\$9,715,572</b>	<b>\$10,451,306</b>	<b>\$(453,644)</b>	<b>\$8,205,560</b>	<b>\$50,592,194</b>

## NOTE 5 – 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, 2019, the amount of the defeased debt outstanding amounted to \$19,555,000 and the amount in escrow is \$20,668,582.

## NOTE 6 - 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, 2019 for the workers’ compensation and liability programs.

	Workers’ Compensation Program	Liability Program
<u>Net Position</u>		
Assets	\$ 83,834,126	\$ 32,344,707
Liabilities to member cities	<u>(75,331,121)</u>	<u>(27,457,466)</u>
Net position, reserved for insurance claims and losses	<u>\$ 8,503,005</u>	<u>\$ 4,887,241</u>
<u>Changes in Net Position</u>		
Operating revenues	\$ 25,330,696	\$ 14,704,110
Operating expenses	<u>(28,938,766)</u>	<u>(16,465,624)</u>
Operating income (loss)	(3,608,070)	(1,761,514)
Non-operating revenues (expenses)	<u>3,691,737</u>	<u>1,809,220</u>
Change in net position	83,667	47,706
Net position, July 1	<u>8,419,338</u>	<u>4,839,535</u>
Net position, June 30	<u>\$ 8,503,005</u>	<u>\$ 4,887,241</u>

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

### B. Risk management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective January 1979, the City Council approved a



program of self-insurance for workers' compensation, medical and dental, unemployment and, effective July 1985, general liability. The self-insurance program was established as an Internal Service Fund and is supported by charges to various City departments that are reported as interfund services provided and used.

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
Allied World National Assurance Company
\$49M to \$54M
Great American Excess and Surplus Company
\$44M to \$54M
Hallmark Specialty Insurance Company
\$39M to \$44M
Lloyd's of London (Brit Syndicate 2987)
\$34M to \$39M
Great American Excess and Surplus Company
\$29M to \$34M
Allied World National Assurance Company
\$14M to \$29M
Great American Insurance Company
\$5M to \$14M
CARMA Primary Pool
\$1M to \$5M
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 \$120,000 per claim. The City then purchases stop loss coverage that covers claim costs above \$120,000 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, 2019, \$1,859,464 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, 2019	June 30, 2018
Unpaid claims, beginning of year	\$	1,458,310	\$ 1,680,672
Incurred claims		4,125,806	3,033,012
Claim payments		<u>(3,724,652)</u>	<u>(3,255,374)</u>
Unpaid claims, end of year	\$	<u>1,859,464</u>	\$ <u>1,458,310</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, 2019. The following are the City's significant commitments with contractors at fiscal yearend:

Project	Amount	Spent to Date as of June 30, 2019	Remaining Commitment
Animal shelter facility	\$ 449,800	\$ 80,143	\$ 369,657
Asbestos removal	68,045	53,865	14,180
CalWorks 911 system	269,391	67,348	202,043
CNG refuse trucks	636,729	63,673	573,056
D St frontage improvements	75,000	7,745	67,255
D St trail and dog park	225,000	37,358	187,642
Digesters #1, #2 and #4 cleaning	75,980	64,020	11,960
Digester #3 repairs	347,871	238,300	109,571
East Porterville phase 2 water connection	162,710	45,158	117,552
Energov permitting and land management software	97,900	54,114	43,786
Henderson Ave rehabilitation	79,800	17,800	62,000
Household tank removal project	1,561,118	846,058	715,060

Project	Amount	Spent to Date as of June 30, 2019	Remaining Commitment
Main St reconstruction	315,900	68,821	247,079
Master plan updates	991,300	831,952	159,348
Mobile fare payment system	616,074	441,584	174,490
Olive Ave lighted crosswalks	481,000	55,300	425,700
Orange Ave rehabilitation	1,544,825	1,463,343	81,842
Park amenities	54,110	--	54,110
Plano St water main and concrete improvements	1,849,970	1,757,472	92,498
Putnam property improvements	24,900	6,256	18,644
Rails to trails lighted crosswalks	224,042	--	224,042
Roll off truck	197,892	--	197,892
SCADA repair	56,269	--	56,269
Sewer annexation	1,347,389	1,244,964	102,425
Traveler information system	400,000	152,166	247,834
Union Ave reconstruction	103,202	804	102,398
Various concrete ADA improvements	362,343	344,226	18,117
Villa St reconstruction	247,215	68,725	178,490
Well #37	903,064	10,104	892,960
Zero-emission buses	8,209,350	7,619,946	589,404
Zero-emission chargers	785,900	--	785,900

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, 2019, the amount of encumbrances to be honored upon performance by the vendor in the next fiscal year are as follows:

General fund	\$	932,554
Public safety sales tax fund		160
Community development block grant fund		54,110
Capital projects fund		2,011,910
Nonmajor governmental funds		35,563
Nonmajor enterprise funds		4,785
Sewer operations fund		353,032
Solid waste fund		770,948
Transit operations fund		2,608,989
Water operations fund		733,022
Internal service funds		28,986
Total	\$	<u>7,534,059</u>

## E. Deferred compensation plans

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

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

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

## F. Defined benefit pension plan

### General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
	Prior to	On or after	On or after
Hire date	July 1, 2012	July 1, 2012	January 2, 2013
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*	31.013%	31.013%	31.013%

	Safety		
	Tier 1	Tier 2	PEPRA
	Prior to	On or after	On or after
Hire date	July 1, 2012	July 1, 2012	January 2, 2013
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	3.0%	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	9.0%	9.0%	11.5%
Required employer contribution rates*			
Safety fire plan	34.423%	17.239%	12.347%
Safety police plan	34.423%	16.976%	12.559%

\*Required employer contribution rates 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, 2019, the contributions recognized as part of pension expense for each plan were as follows:

	Miscellaneous			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$2,632,269	\$ 37,440	\$298,196	\$2,967,905

	Safety			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$1,442,103	\$ 113,462	\$249,322	\$1,804,487

**Actuarial Methods and Assumptions** – The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2017-2018 for the Miscellaneous Plan and the Safety Plan were derived from the June 30, 2015 funding valuation report.

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability determined in the June 30, 2017 actuarial accounting valuation. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Details of the Experience Study report can be found on the CalPERS' website.

**Change of Assumption** – In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

**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 (EARS�) 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 EARS� 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, 2017	\$ 96,708,387	\$ 60,843,519	\$ 35,864,868
Changes recognized for the measurement period:			
Service cost	1,803,826	--	1,803,826
Interest on the total pension liability	6,664,096	--	6,664,096
Changes of assumptions	(514,523)	--	(514,523)
Differences between expected and actual experience	(1,688,803)	--	(1,688,803)
Plan to plan resource movement	--	(151)	151
Contributions – employer	--	2,911,663	(2,911,663)
Contributions - employees	--	747,704	(747,704)
Net investment income	--	5,168,019	(5,168,019)
Benefit payments, including refunds of employee contributions	(4,405,712)	(4,405,712)	--
Administrative expense	--	(94,811)	94,811
Other miscellaneous income / (expense)*	--	(180,048)	180,048
Net changes during 2017-2018	1,858,884	(4,146,664)	(2,287,780)
Balance at June 30, 2018	\$ 98,567,271	\$ 64,990,183	\$ 33,577,088

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

	Discount Rate – 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$47,347,015	\$33,577,088	\$22,279,723
<b>Pension Expense / (Income) for Measurement Period Ended June 30, 2018</b>			
Service cost			\$ 1,803,826
Interest on total pension liability			6,664,096
Recognized changes of assumptions			1,045,023
Recognized differences between expected and actual experience			(679,305)
Plan to plan resource movement			151
Employee contributions			(747,704)
Projected earnings on pension plan investments			(4,302,983)
Recognized differences between projected and actual earnings on plan investments			(188,394)
Administrative expense			94,811
Other miscellaneous (income) / expense*			180,048
Total pension expense / (income)			<u>\$ 3,869,569</u>

*\*During Fiscal Year 2017-2018, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.*

*Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-2018, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).*

**Deferred Outflows and Deferred Inflows of Resources** - As of June 30, 2018, 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	\$ 2,967,905	\$ --
Changes of assumptions	2,693,570	(385,892)
Differences between expected and actual experiences	78,766	(1,705,148)
Net difference between projected and actual earnings on pension plan Investments	123,554	--
Total	<u>\$ 5,863,795</u>	<u>\$ (2,091,040)</u>

Deferred outflows of \$2,967,905 related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:



Measurement Periods Ended June 30	Deferred Outflows / (Inflows) of Resources
2019	\$ 1,533,382
2020	618,812
2021	(1,174,336)
2022	(173,008)
2023	--
Remaining	--

The Expected Average Remaining Service Lifetime (EARSL) for the Plan for the measurement period ending June 30, 2018 is 4.0 years, which was obtained by dividing the total service years of 2,246 (the sum of remaining service lifetimes of the active employees) by 561 (the total number of participants: active, inactive and retired). Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

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

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

- 1) *Actuarial Accrued Liability* - Determined based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2017 used for funding purposes.
- 2) *Market Value of Assets* – Determined based on the sum of the market value of assets from the most recent actuarial valuation report as of June 30, 2017 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

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

- 1) *Total Pension Liability (TPL)* – Allocate based on the employer's share of the actuarial accrued liability.
- 2) *Fiduciary Net Position (FNP)* – Allocate based on the employer's share of the market value of assets plus additional payments.
- 3) *Net Pension Liability (NPL)* – After completing the above calculations, subtract FNP from TPL to calculate the employer's NPL.
- 4) *Deferred Outflows of Resources, Deferred Inflows of Resources* – Allocate based on the employer's share of the net pension liability.
- 5) *Pension Expense* – After completing the above calculations, calculate the employer's share of collective pension expense based on the employer's share of changes in net pension liability, changes in deferred outflows and deferred inflows of resources, and the employer's contributions for the fiscal year ended June 30, 2018.

***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, 2018, the measurement date, the City's proportionate share of the Safety

Risk Pool's net pension liability is 0.2639259 percent. As of June 30, 20198, the City reports net pension liability of \$15,485,991 for its proportionate share of the Safety Risk Pool collective net pension liability.

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

	Discount Rate – 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$25,259,464	\$15,485,991	\$ 7,478,380
<b>Pension Expense / (Income) for Measurement Period Ended June 30, 2018</b>			
Service cost			\$ 1,405,456
Interest on total pension liability			4,794,562
Changes of benefit terms			--
Recognized changes of assumptions			718,129
Recognized differences between expected and actual experience			119,847
Plan to plan resource movement			3,189
Employee contributions			(505,700)
Projected earnings on pension plan investments			(3,451,424)
Recognized differences between projected and actual earnings on plan investments			(153,244)
Administrative expense			75,283
Other miscellaneous (income) / expense			142,965
Total pension expense / (income)			<u>\$ 3,149,063</u>

**Deferred Outflows and Deferred Inflows of Resources** - As of June 30, 2018, 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	\$ 1,804,487	\$ --
Changes of assumptions	1,519,446	(205,000)
Differences between expected and actual experiences	332,742	( 1,262)
Change in proportion	1,019,485	( 5,018)
Difference between projected and actual earnings on investments	104,847	--
Difference between actual contributions and proportionate share of contributions	--	(811,978)
Total	<u>\$ 4,781,007</u>	<u>\$ (1,023,258)</u>

Deferred outflows of \$1,804,487 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, 2020. Amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30	Deferred Outflows / (Inflows) of Resources
2019	\$ 1,429,281
2020	916,312
2021	(285,069)
2022	(107,264)
2023	--

The Expected Average Remaining Service Lifetime (EARS�) for the public agency cost-sharing multiple-employer defined benefit pension plan for the June 30, 2018 measurement date is 3.8 years, which was obtained by dividing the total service years of 516,147 ( the sum of remaining service lifetimes of the active employees ) by 135,474 (the total number of participants: active, inactive and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

##### **Plan description**

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

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

Eligibility and benefit provisions specific to retirees are as follows: An employee must have completed 5 years of service and attained at least age 50, or age 52 in the case of Miscellaneous employees hired on or after January 1, 2013 (PEPRA employees). The City's OPEB plan benefits are also available to spouses of retired employees, provided the spouse was covered under each of the Benefit Plans proposed to be purchased for not less than 30 days immediately prior to the employee's retirement date. Medical plan benefits are paid until age 65 and spouses of over-age 65 retirees may continue participating until the spouse reaches age 65. Surviving spouses may also continue coverage until age 65.

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

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

At June, 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	51
Inactive employees entitled to but not yet receiving benefit payments	19
Active employees	288
Total	<u>358</u>

### **Total OPEB liability**

The City's total OPEB liability of \$11,720,362 was based on an actuarial valuation as of July 1, 2017, a measurement date of June 30, 2019 and a discount rate of 3.50 percent. The results of the July 1, 2017 actuarial valuation were rolled forward to the June 30, 2019 measurement date using standard actuarial methods.

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

Inflation	2.25%
Salary increases	3.00%, average, including inflation
Discount rate	
As of 6/30/17	3.60%, net of investment expense, including inflation
As of 6/30/18	3.90%, net of investment expense, including inflation
As of 6/30/19	3.50%, net of investment expense, including inflation
Healthcare cost trend rates	8.00% for 2017-18, decreasing to 5.00% for 2020-21 and after
Retirees' share of cost	Retiree premiums assumed to increase by an average of 3% per year for all future years, with the City paying the balance of the costs of the plan (claims and claim-related expenses).

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

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

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

**Changes in Total OPEB Liability** – The components of the City's total OPEB liability as of June 30, 2019 were as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$10,623,890
Service cost	589,097
Interest on total OPEB liability plus service cost, less ½ benefit payments	429,914
Changes of benefit terms	-
Difference between expected and actual experience	(368,922)
Changes of assumptions	456,546
Benefit payments (net or retiree contributions)	( 10,163)
Net change in total OPEB liability	<u>1,096,472</u>
Balance at June 30, 2019	<u>\$11,720,362</u>

Changes of assumptions reflect a change in discount rate from 3.90 percent as of July 1, 2018 to 3.50 percent as of June 30, 2019.

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

**Sensitivity of the total OPEB liability to changes in the discount rate** – The following presents the City's total OPEB liability as of June 30, 2019 calculated using the discount rate of 3.50 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Total OPEB liability	\$12,971,614	\$11,720,362	\$10,622,184

**Sensitivity of the total OPEB liability to changes in the healthcare trend rates** – The following presents the City's total OPEB liability as of June 30, 2019, as well as what the City's total OPEB liability would be if it were calculated using healthcare trend rates that 1 percentage point lower (7.0 percent grading down to 4.0 percent) or 1 percentage point higher (9.0 percent grading down to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Current Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB liability	\$9,463,340	\$11,720,362	\$14,383,030

#### **OPEB expense for the measurement period ending June 30, 2019**

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$981,612, or 5.45% of covered payroll. This amount differs from the City's pay-as-you-go contribution of \$10,163 in that it represents the change in the net impact on the Statement of Net Position plus employer contributions (\$11,872,262 - \$10,900,813 + \$10,163). The components of the annual OPEB expense as of June 30, 2019 were as follows:

Total OPEB liability as of June 30, 2018	\$	10,623,890
Total OPEB liability as of June 30, 2019		<u>11,720,362</u>
Change in total OPEB liability		1,096,472
Change in deferred outflows		(385,502)
Change in deferred inflows		260,479
Employee contributions*		<u>10,163</u>
OPEB expense	\$	<u>981,612</u>

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

#### **Deferred outflows of resources and deferred inflows of resources related to OPEB**

At June 30, 2019, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ --	\$ --
Difference between expected and actual experience	--	311,513
Changes of assumptions	385,502	225,889
Difference between projected and actual earnings on OPEB plan investments	--	--
Total	<u>\$ 385,502</u>	<u>\$ 537,402</u>

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

Year Ended June 30	Deferred Outflows / (Inflows) of Resources
2020	\$ (37,399)
2021	(37,399)
2022	(37,399)
2023	(37,399)
2024	(8,118)
2025	5,814

The average of expected remaining service lives was 6.4262 as of the June 30, 2017, June 30, 2018 and June 30, 2019 measurement dates.

#### **NOTE 7 – Subsequent events**

In a joint meeting on November 5, 2019, the Porterville City Council and the Board of Directors of the Porterville Public Improvement Corporation authorized and directed the execution of installment sale financing documents in connection with the issuance and sale of revenue bonds for sewer system improvements with total principal amount not to exceed \$14,500,000, average interest rate not exceeding 5.5 percent and maturity not extending beyond September 15, 2050. The proceeds of the debt issuance will be used to extend the City's sewer system to serve annexed areas lacking sewer infrastructure with approximately 74,900 lineal feet of sewer main pipes and approximately 1,117 lots with sewer laterals.

#### **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, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Improvements other than buildings	\$ 496,251	\$ --	\$ (496,251)	\$ --
Accumulated depreciation - improvements	( 86,844)	--	86,844	--
Capital assets, net	<u>\$ 409,407</u>	<u>\$ --</u>	<u>\$ 409,407</u>	<u>\$ --</u>

#### Note receivable

On April 7, 2009, the Porterville Redevelopment Agency entered into an Affordable Housing Agreement with Porterville Housing Partners, L.P. (PHP), to carry out and implement the Redevelopment Plan. Pursuant to the agreement, the Agency conveyed 2.7 acres of real property to PHP on February 3, 2010 for a purchase price of \$930,000 which constitutes a loan to be repaid from the residual receipts of ownership and operating of residential buildings to be constructed on the property. The term of the loan is 55 years after the date of the City's issuance of a certificate of occupancy with interest at the rate of 3 percent per annum, compounded annually, commencing on February 1, 2010, the date of the promissory note. As of June 30, 2019, the principal balance of the note is \$930,000 with interest accrued of \$256,214.

#### 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, 2019 amount to \$6,775,000.

Fiscal Year Ending June 30	Principal	Interest
2020	\$ 215,000	\$ 271,981
2021	225,000	264,081
2022	230,000	255,831
2023	245,000	246,631
2024	250,000	236,831
2025 – 2029	1,395,000	1,041,900
2030 – 2034	1,680,000	748,681
2035 – 2039	2,070,000	366,831
2040	465,000	19,602
Total	<u>\$ 6,775,000</u>	<u>\$ 3,452,369</u>

#### Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 6,985,000	\$ --	\$ ( 210,000)	\$ 6,775,000	\$ 215,000
Total bonds payable	<u>6,985,000</u>	<u>--</u>	<u>( 210,000)</u>	<u>6,775,000</u>	<u>215,000</u>
Total long-term liabilities	<u>\$ 6,985,000</u>	<u>\$ --</u>	<u>\$ ( 210,000)</u>	<u>\$ 6,775,000</u>	<u>\$ 215,000</u>

#### Intergovernmental payable

Advances made by the City of Porterville to the former redevelopment agency for various redevelopment purposes, before its dissolution, were transferred to the Successor Agency private-purpose trust fund as intergovernmental payable. In May of 2018, the State of California Department of Finance issued its final and conclusive determination regarding the loans from the City. In addition to the start-up costs for the formation of the redevelopment project area, which was paid in full by the end of the current fiscal year, only the loan for the storm drain repairs was deemed enforceable and therefore eligible for repayment. At June 30, 2019, the outstanding balance of that loan has been paid off in total. All other city loans were determined to be unenforceable and the liability removed from the financial statements.



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**Required Supplementary  
Information**



## REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2014	2015	2016	2017	2018
Total pension liability:					
Service cost	\$ 1,707,141	\$ 1,564,655	\$ 1,599,260	\$ 1,867,841	\$ 1,803,826
Interest on total pension liability	5,754,567	6,004,410	6,317,200	6,529,749	6,664,096
Changes of assumptions	-	(1,533,174)	-	5,686,424	(514,523)
Difference between expected and actual experience	-	(531,640)	374,140	(925,820)	(1,688,803)
Benefit payments, including refunds of employee contributions	(3,352,011)	(3,776,390)	(3,967,074)	(4,160,895)	(4,405,712)
Net change in total pension liability	4,109,697	1,727,861	4,323,526	8,997,299	1,858,884
Total pension liability, beginning	77,550,004	81,659,701	83,387,562	87,711,088	96,708,387
Total pension liability, ending	<u>\$ 81,659,701</u>	<u>\$ 83,387,562</u>	<u>\$ 87,711,088</u>	<u>\$ 96,708,387</u>	<u>\$ 98,567,271</u>
Plan fiduciary net position:					
Contributions - employer	\$ 2,163,264	\$ 2,291,778	\$ 2,545,784	\$ 2,750,175	\$ 2,911,663
Contributions - employee	799,335	785,498	811,025	734,565	747,704
Net investment income	8,234,935	1,260,596	273,011	6,175,766	5,168,019
Benefit payments, including refunds of employee contributions	(3,352,011)	(3,776,390)	(3,967,074)	(4,160,895)	(4,405,712)
Plan to plan resource movement	-	1,790	-	-	(151)
Administrative expense	-	(62,756)	(34,005)	(81,832)	(94,811)
Other miscellaneous income / (expense)	-	-	-	-	(180,048)
Net change in fiduciary net position	7,845,523	500,516	(371,259)	5,417,779	4,146,664
Plan fiduciary net position, beginning	47,450,960	55,296,483	55,796,999	55,425,740	60,843,519
Plan fiduciary net position, ending	<u>\$ 55,296,483</u>	<u>\$ 55,796,999</u>	<u>\$ 55,425,740</u>	<u>\$ 60,843,519</u>	<u>\$ 64,990,183</u>
Plan net pension liability / (asset), ending	<u>\$ 26,363,218</u>	<u>\$ 27,590,563</u>	<u>\$ 32,285,348</u>	<u>\$ 35,864,868</u>	<u>\$ 33,577,088</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>	<u>62.91%</u>	<u>65.93%</u>
Covered payroll	<u>\$ 9,479,377</u>	<u>\$ 9,209,814</u>	<u>\$ 9,567,816</u>	<u>\$ 10,250,475</u>	<u>\$ 9,958,186</u>
Plan net pension liability / (asset) as a percentage of covered payroll	<u>278.11%</u>	<u>299.58%</u>	<u>337.44%</u>	<u>349.88%</u>	<u>337.18%</u>

(1) During Fiscal Year 2017-2018, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-2018, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

(2) Includes any beginning of year adjustment.

**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, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handsakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review, of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without 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	2018	2019
Actuarially determined contribution	\$ 2,163,264	\$ 2,291,778	\$ 2,545,784	\$ 2,750,175	\$ 2,911,663	\$ 2,967,905
Contributions in relation to the actuarially determined contribution	(2,163,264)	(2,291,778)	(2,545,784)	(2,750,175)	(2,911,663)	(2,967,905)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,479,377	\$ 9,209,814	\$ 9,567,816	\$ 10,250,475	\$ 9,958,186	\$ 10,874,728
Contributions as a percentage of covered payroll	22.821%	24.884%	26.608%	26.830%	29.239%	27.292%

**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:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were derived from the June 30, 2015 funding valuation report.

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

## REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2014	2015	2016	2017	2018
Plan's proportion of the net pension liability / (asset)	0.15770%	0.2255%	0.2509%	0.2557%	0.2639%
Plan's proportionate share of the net pension liability / (asset)	\$ 9,812,745	\$ 9,292,237	\$ 12,993,517	\$ 15,278,946	\$ 15,485,991
Plan's covered payroll	\$ 5,317,226	\$ 6,191,102	\$ 6,228,105	\$ 6,601,426	\$ 6,493,831
Plan's proportionate share of the net pension liability / (asset) as a percentage of its covered payroll	184.55%	150.09%	208.63%	231.45%	238.47%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	82.13%	83.72%	78.53%	77.29%	78.16%
Plan's proportionate share of aggregate employer contributions	\$ 4,736,050	\$ 1,314,328	\$ 1,349,037	\$ 1,457,258	\$ 1,549,392

**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

	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,359,021	\$ 1,314,328	\$ 1,349,037	\$ 1,457,258	\$ 1,549,392	\$ 1,804,487
Contributions in relation to the actuarially determined contribution	(4,918,683)	(1,314,328)	(1,349,037)	(1,457,258)	(1,549,392)	(1,804,487)
Contributions deficiency (excess)	\$ (3,559,662)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,317,226	\$ 6,191,102	\$ 6,228,105	\$ 6,601,426	\$ 6,493,831	\$ 7,020,010
Contributions as a percentage of covered payroll	92.505%	21.229%	21.660%	22.075%	23.859%	25.705%

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

## REQUIRED SUPPLEMENTARY INFORMATION

### Other Postemployment Benefits Plan

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

	2018	2019
Total OPEB liability:		
Service cost	\$ 603,307	\$ 589,097
Interest	385,952	429,914
Changes of benefit terms	-	-
Difference between expected and actual experience	-	(368,922)
Changes of assumptions	(327,957)	456,546
Benefit payments	(309,991)	(10,163)
	<u>351,311</u>	<u>1,096,472</u>
Net change in total OPEB liability	351,311	1,096,472
Total OPEB liability - beginning	<u>10,272,579</u>	<u>10,623,890</u>
Total OPEB liability - ending	<u>\$ 10,623,890</u>	<u>\$ 11,720,362</u>
Covered employee payroll	<u>\$ 17,470,913</u>	<u>\$ 17,995,040</u>
Total OPEB liability as a percentage of covered employee payroll	<u>60.81%</u>	<u>65.13%</u>

**Note:** GASB Statement No. 75 was implemented during fiscal year ending June 30, 2018.

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

#### Notes to Schedule:

Changes of benefit terms: There were no changes in benefit terms in 2019.

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

2019	3.50%
2018	3.90%
2017	3.60%



**City of Porterville**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive(Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 6,999,846	\$ 6,999,846	\$ 7,355,066	\$ 355,220
Sales taxes	6,218,601	6,218,601	6,516,730	298,129
Utility users tax	4,125,000	4,125,000	3,911,568	(213,432)
Franchise tax	1,611,134	1,611,134	1,630,365	19,231
Transient occupancy tax	620,000	620,000	539,233	(80,767)
Business licenses	470,000	470,000	472,619	2,619
Building permits	240,000	240,000	250,543	10,543
Plumbing permits	125,000	125,000	188,792	63,792
Electrical permits	75,000	75,000	106,904	31,904
Other licenses and permits	11,800	11,800	16,390	4,590
Vehicle license fees	32,000	32,000	29,183	(2,817)
State grants/reimbursements	139,764	139,764	470,652	330,888
Federal grants	-	32,977	32,976	(1)
Planning and zoning	30,000	30,000	55,801	25,801
Engineering and inspection	99,000	99,000	84,195	(14,805)
Police services	519,000	519,000	488,755	(30,245)
Fire services	45,000	45,000	94,144	49,144
Library services	40,000	40,000	36,834	(3,166)
Recreational activities	2,738,739	2,738,739	2,791,571	52,832
Other service charges	36,000	36,000	66,516	30,516
Interdepartmental service charge	2,896,113	2,896,113	2,542,559	(353,554)
Special assessments and fees	5,272	5,272	5,272	-
Parking fines	12,000	12,000	6,189	(5,811)
Vehicle code fines	2,000	2,000	1,978	(22)
Other fines	20,000	20,000	13,506	(6,494)
Interest	240,000	240,000	742,857	502,857
Rent	245,800	245,800	290,050	44,250
Contributions	1,200	1,200	2,933	1,733
Other revenues	89,000	89,000	82,643	(6,357)
Total revenues	27,687,269	27,720,246	28,826,824	1,106,578
<b>EXPENDITURES</b>				
Current:				
Community and economic development	1,029,044	1,029,044	841,897	187,147
General government	3,255,524	3,255,524	2,971,671	283,853
Parks and recreation	6,227,617	6,230,316	6,125,366	104,950
Public safety - fire	4,375,377	4,408,354	3,911,851	496,503
Public safety - police	10,498,068	10,498,068	9,922,656	575,412
Public works	2,667,006	2,667,006	2,435,307	231,699
Debt service:				
Interest and administrative charges	55	55	92	(37)
Capital outlay	1,616,000	1,616,000	914,428	701,572
Total expenditures	29,668,691	29,704,367	27,123,268	2,581,099
Excess (deficiency) of revenues over (under) expenditures	(1,981,422)	(1,984,121)	1,703,556	3,687,677
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,429,875	1,429,875	1,442,376	12,501
Transfers out	(2,806,832)	(2,806,832)	(2,974,493)	(167,661)
Sale of capital assets	-	-	229,022	229,022
Total other financing sources (uses)	(1,376,957)	(1,376,957)	(1,303,095)	73,862
Net change in fund balance	(3,358,379)	(3,361,078)	400,461	3,761,539
Fund balance - beginning	20,784,790	20,784,790	20,784,790	-
Fund balance - ending	\$ 17,426,411	\$ 17,423,712	\$ 21,185,251	\$ 3,761,539

**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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
<b>REVENUES</b>				
Sales tax	\$ 3,709,011	\$ 3,709,011	\$ 3,840,114	\$ 131,103
Charges for services	5,000	5,000	2,625	(2,375)
Investment earnings	5,000	5,000	30,439	25,439
Miscellaneous	<u>-</u>	<u>-</u>	<u>7,600</u>	<u>7,600</u>
Total revenues	<u>3,719,011</u>	<u>3,719,011</u>	<u>3,880,778</u>	<u>161,767</u>
<b>EXPENDITURES</b>				
Current:				
Parks and recreation	550,000	550,000	520,467	29,533
Public safety - fire	1,540,456	1,540,456	1,470,387	70,069
Public safety - police	<u>1,779,077</u>	<u>1,779,077</u>	<u>1,656,957</u>	<u>122,120</u>
Total expenditures	<u>3,869,533</u>	<u>3,869,533</u>	<u>3,647,811</u>	<u>221,722</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(150,522)</u>	<u>(150,522)</u>	<u>232,967</u>	<u>383,489</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	151,023	151,023	-	(151,023)
Transfers out	(332,257)	(332,257)	(111,820)	220,437
Sale of capital assets	<u>-</u>	<u>-</u>	<u>151,023</u>	<u>151,023</u>
Total other financing sources (uses)	<u>(181,234)</u>	<u>(181,234)</u>	<u>39,203</u>	<u>220,437</u>
Net change in fund balance	<u>(331,756)</u>	<u>(331,756)</u>	<u>272,170</u>	<u>603,926</u>
Fund balance - beginning	<u>1,215,979</u>	<u>1,215,979</u>	<u>1,215,979</u>	<u>-</u>
Fund balance - ending	<u>\$ 884,223</u>	<u>\$ 884,223</u>	<u>\$ 1,488,149</u>	<u>\$ 603,926</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
<b>REVENUES</b>				
Other taxes:				
State gasoline tax - LTF	\$ 500,000	\$ 500,000	\$ 2,844,847	\$ 2,344,847
Sales tax - County Measure R	8,665,059	8,665,059	1,804,192	(6,860,867)
Intergovernmental:				
Federal grants	1,904,615	1,904,615	-	(1,904,615)
Interest	<u>70,000</u>	<u>70,000</u>	<u>258,667</u>	<u>188,667</u>
Total revenues	<u>11,139,674</u>	<u>11,139,674</u>	<u>4,907,706</u>	<u>(6,231,968)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(18,306,603)</u>	<u>(18,306,603)</u>	<u>(1,519,222)</u>	<u>16,787,381</u>
Total other financing uses	<u>(18,306,603)</u>	<u>(18,306,603)</u>	<u>(1,519,222)</u>	<u>16,787,381</u>
Net change in fund balance	<u>(7,166,929)</u>	<u>(7,166,929)</u>	<u>3,388,484</u>	<u>10,555,413</u>
Fund balance - beginning	<u>6,327,088</u>	<u>6,327,088</u>	<u>6,327,088</u>	<u>-</u>
Fund balance - ending	<u>\$ (839,841)</u>	<u>\$ (839,841)</u>	<u>\$ 9,715,572</u>	<u>\$ 10,555,413</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
<b>REVENUES</b>				
Federal grants	\$ 650,000	\$ 650,000	\$ 625,544	\$ (24,456)
State grants/reimbursements	100,000	100,000	343,501	243,501
Charges for services	500	500	445	(55)
Investment earnings	<u>25,000</u>	<u>25,000</u>	<u>37,590</u>	<u>12,590</u>
Total revenues	<u>775,500</u>	<u>775,500</u>	<u>1,007,080</u>	<u>231,580</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	433,102	433,102	286,700	146,402
Debt Service:				
Principal	268,000	268,000	268,000	-
Interest and administrative charges	<u>33,378</u>	<u>33,378</u>	<u>33,378</u>	<u>-</u>
Total expenditures	<u>734,480</u>	<u>734,480</u>	<u>588,078</u>	<u>146,402</u>
Excess(deficiency) of revenues over(under) expenditures	<u>41,020</u>	<u>41,020</u>	<u>419,002</u>	<u>377,982</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(89,866)</u>	<u>(89,866)</u>	<u>(104,796)</u>	<u>(14,930)</u>
Net change in fund balance	<u>(48,846)</u>	<u>(48,846)</u>	<u>314,206</u>	<u>363,052</u>
Fund balance - beginning	<u>10,137,100</u>	<u>10,137,100</u>	<u>10,137,100</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,088,254</u>	<u>\$ 10,088,254</u>	<u>\$ 10,451,306</u>	<u>\$ 363,052</u>

**Supplemental  
Statements**



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

**Measure I Sales Tax Fund** - This fund was established as a result of the City of Porterville voters' approval of a one cent increase in the transactions sales and use tax on the November 6, 2018 Election ballot. This fund is used to account for revenues received from this district tax to provide funds for the maintenance of local city services, including rapid emergency response times, public safety, street maintenance, and other services.

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

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

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

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

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

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

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

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

## **DEBT SERVICE FUNDS**

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

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

**CITY OF PORTERVILLE**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue				
	Measure I Sales Tax Fund	Special Gas Tax	Traffic Safety	Public Safety Grant	Landscape Maintenance District
<b>ASSETS</b>					
Cash and investments	\$ 249,046	\$ 694,341	\$ -	\$ 163,967	\$ 283,576
Receivables - misc (net):					
Interest	-	-	-	-	-
Taxes	1,478,971	198,981	-	-	1,879
Other	-	-	-	-	-
Intergovernmental receivables	-	49,607	9,651	28,299	-
Restricted - cash with fiscal agent	-	-	-	-	-
Total assets	<u>\$ 1,728,017</u>	<u>\$ 942,929</u>	<u>\$ 9,651</u>	<u>\$ 192,266</u>	<u>\$ 285,455</u>
<b>LIABILITIES</b>					
Accounts and other payables	\$ 3,117	\$ -	\$ -	\$ 225	\$ 23,637
Payroll payable	12,496	-	-	8,111	129
Interfund payable	-	-	-	-	-
Total liabilities	<u>15,613</u>	<u>-</u>	<u>-</u>	<u>8,336</u>	<u>23,766</u>
<b>FUND BALANCES</b>					
Restricted					
Building construction	-	-	-	-	-
Debt Service	-	-	-	-	-
Landscape maintenance districts	-	-	-	-	261,689
Public safety	856,202	-	-	183,930	-
Public works	<u>856,202</u>	<u>942,929</u>	<u>9,651</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,712,404</u>	<u>942,929</u>	<u>9,651</u>	<u>183,930</u>	<u>261,689</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,728,017</u>	<u>\$ 942,929</u>	<u>\$ 9,651</u>	<u>\$ 192,266</u>	<u>\$ 285,455</u>



**CITY OF PORTERVILLE**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue				Debt Service	Total Nonmajor Governmental Funds
	Transportation Development	Park Development	Storm Drain Development	Building Construction	General Government	
<b>ASSETS</b>						
Cash and investments	\$ 1,616,525	\$ -	\$ 1,973,457	\$ 478,470	\$ -	\$ 5,459,382
Receivables - misc (net):						
Interest	-	-	-	-	13,794	13,794
Taxes	-	-	-	-	-	1,679,831
Other	-	-	4,869	-	-	4,869
Intergovernmental receivables	-	-	-	-	-	87,557
Restricted - cash with fiscal agent	-	-	-	-	1,011,418	1,011,418
Total assets	<u>\$ 1,616,525</u>	<u>\$ -</u>	<u>\$ 1,978,326</u>	<u>\$ 478,470</u>	<u>\$ 1,025,212</u>	<u>\$ 8,256,851</u>
<b>LIABILITIES</b>						
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,979
Payroll payable	-	-	-	-	-	20,736
Interfund payable	-	-	-	-	3,576	3,576
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,576</u>	<u>51,291</u>
<b>FUND BALANCES</b>						
Restricted						
Building construction	-	-	-	478,470	-	478,470
Debt service	-	-	-	-	1,021,636	1,021,636
Landscape maintenance districts	-	-	-	-	-	261,689
Public safety	-	-	-	-	-	1,040,132
Public works	1,616,525	-	1,978,326	-	-	5,403,633
Total fund balances	<u>1,616,525</u>	<u>-</u>	<u>1,978,326</u>	<u>478,470</u>	<u>1,021,636</u>	<u>8,205,560</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,616,525</u>	<u>\$ -</u>	<u>\$ 1,978,326</u>	<u>\$ 478,470</u>	<u>\$ 1,025,212</u>	<u>\$ 8,256,851</u>

**CITY OF PORTERVILLE**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2019**

	Measure I Sales Tax Fund	Special Gas Tax	Traffic Safety	Public Safety Grant	Landscape Maintenance District
Revenues:					
Sales taxes	\$ 1,844,231	\$ -	\$ -	\$ -	-
Intergovernmental	-	3,023,671	-	216,411	-
Special assessments and fees	-	-	-	-	112,298
Fines and forfeitures	-	-	102,445	-	-
Investment earnings	1,913	78,713	594	2,845	-
Miscellaneous	-	-	-	405	-
Total revenues	<u>1,846,144</u>	<u>3,102,384</u>	<u>103,039</u>	<u>219,661</u>	<u>112,298</u>
Expenditures:					
Parks and leisure services	-	-	-	-	159,473
Public safety - fire	64,859	-	-	-	-
Public safety - police	36,583	-	-	201,989	-
Debt redemption - principal	-	-	-	-	-
Debt redemption - interest & charges	-	-	-	-	-
Total expenditures	<u>101,442</u>	<u>-</u>	<u>-</u>	<u>201,989</u>	<u>159,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,744,702</u>	<u>3,102,384</u>	<u>103,039</u>	<u>17,672</u>	<u>(47,175)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	<u>(32,298)</u>	<u>(4,273,219)</u>	<u>(114,252)</u>	<u>(2,622)</u>	<u>-</u>
Total other financing sources (uses)	<u>(32,298)</u>	<u>(4,273,219)</u>	<u>(114,252)</u>	<u>(2,622)</u>	<u>-</u>
Net change in fund balances	<u>1,712,404</u>	<u>(1,170,835)</u>	<u>(11,213)</u>	<u>15,050</u>	<u>(47,175)</u>
Fund balances - July 1	<u>-</u>	<u>2,113,764</u>	<u>20,864</u>	<u>168,880</u>	<u>308,864</u>
Fund balances - June 30	<u>\$ 1,712,404</u>	<u>\$ 942,929</u>	<u>\$ 9,651</u>	<u>\$ 183,930</u>	<u>\$ 261,689</u>

**CITY OF PORTERVILLE**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2019**

	Special Revenue				Debt Service	Total Nonmajor Governmental Funds
	Transportation Development	Park Development	Storm Drain Development	Building Construction	General Government	
Revenues:						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	1,844,231
Intergovernmental	-	-	-	-	-	3,240,082
Special assessments and fees	166,849	66,194	108,151	-	-	453,492
Fines and forfeitures	-	-	-	-	-	102,445
Investment earnings	54,301	121	80,364	23,960	42,677	285,488
Miscellaneous	-	-	-	-	41,854	42,259
Total revenues	<u>221,150</u>	<u>66,315</u>	<u>188,515</u>	<u>23,960</u>	<u>84,531</u>	<u>5,967,997</u>
Expenditures:						
Parks and leisure services	-	-	-	-	-	159,473
Public safety - fire	-	-	-	-	-	64,859
Public safety - police	-	-	-	-	-	238,572
Debt redemption - principal	-	-	-	-	1,480,000	1,480,000
Debt redemption - interest & charges	-	-	-	-	844,036	844,036
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,324,036</u>	<u>2,786,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>221,150</u>	<u>66,315</u>	<u>188,515</u>	<u>23,960</u>	<u>(2,239,505)</u>	<u>3,181,057</u>
Other financing sources (uses):						
Transfers in	223,517	-	-	-	2,290,790	2,514,307
Transfers out	<u>(150,000)</u>	<u>(66,315)</u>	<u>(323,411)</u>	<u>(194,185)</u>	<u>-</u>	<u>(5,156,302)</u>
Total other financing sources (uses)	<u>73,517</u>	<u>(66,315)</u>	<u>(323,411)</u>	<u>(194,185)</u>	<u>2,290,790</u>	<u>(2,641,995)</u>
Net change in fund balances	<u>294,667</u>	<u>-</u>	<u>(134,896)</u>	<u>(170,225)</u>	<u>51,285</u>	<u>539,062</u>
Fund balances - July 1	<u>1,321,858</u>	<u>-</u>	<u>2,113,222</u>	<u>648,695</u>	<u>970,351</u>	<u>7,666,498</u>
Fund balances - June 30	<u>\$ 1,616,525</u>	<u>\$ -</u>	<u>\$ 1,978,326</u>	<u>\$ 478,470</u>	<u>\$ 1,021,636</u>	<u>\$ 8,205,560</u>

**CITY OF PORTERVILLE**

**MEASURE I SALES TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales taxes	\$ -	\$ 1,844,231	\$ 1,844,231
Investment earnings	-	1,913	1,913
Total revenues	-	1,846,144	1,846,144
Expenditures:			
Public safety - fire	-	64,859	(64,859)
Public safety - police	-	36,583	(36,583)
Total expenditures	-	101,442	(101,442)
Other Financing Uses:			
Transfers out	-	(32,298)	(32,298)
Total other financing uses	-	(32,298)	(32,298)
Net change in fund balance	\$ -	1,712,404	\$ 1,915,288
Fund balance - July 1		-	
Fund balance - June 30		\$ 1,712,404	

**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, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax section 2103	\$ 459,291	\$ 203,110	\$ (256,181)
State gasoline tax section 2105	344,904	333,576	(11,328)
State gasoline tax section 2106	185,054	189,663	4,609
State gasoline tax section 2107	427,927	419,508	(8,419)
State gasoline tax section 2107.5	7,500	7,500	-
Total other taxes	<u>1,424,676</u>	<u>1,153,357</u>	<u>(271,319)</u>
Intergovernmental:			
State grants	1,662,940	1,820,707	157,767
Federal grants	<u>852,820</u>	<u>49,607</u>	<u>(803,213)</u>
Total intergovernmental	<u>2,515,760</u>	<u>1,870,314</u>	<u>(645,446)</u>
Investment earnings	<u>15,000</u>	<u>78,713</u>	<u>63,713</u>
Total revenues	<u>3,955,436</u>	<u>3,102,384</u>	<u>(853,052)</u>
Other financing uses:			
Transfers out	<u>(5,979,578)</u>	<u>(4,273,219)</u>	<u>1,706,359</u>
Total other financing uses	<u>(5,979,578)</u>	<u>(4,273,219)</u>	<u>1,706,359</u>
Net change in fund balance	\$ <u><u>(2,024,142)</u></u>	(1,170,835)	\$ <u><u>853,307</u></u>
Fund balance - July 1		<u>2,113,764</u>	
Fund balance - June 30		\$ <u><u>942,929</u></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, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 150,000	\$ 102,445	\$ (47,555)
Investment earnings	400	594	194
Total revenues	<u>150,400</u>	<u>103,039</u>	<u>(47,361)</u>
Other financing uses:			
Transfers out	<u>(150,400)</u>	<u>(114,252)</u>	<u>36,148</u>
Total other financing uses	<u>(150,400)</u>	<u>(114,252)</u>	<u>36,148</u>
Net change in fund balance	\$ <u>-</u>	(11,213)	\$ <u>(11,213)</u>
Fund balance - July 1		<u>20,864</u>	
Fund balance - June 30		\$ <u><u>9,651</u></u>	

**CITY OF PORTERVILLE**

**PUBLIC SAFETY GRANT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grants	\$ 235,000	\$ 216,410	\$ (18,590)
Federal grants	15,000	-	(15,000)
Total intergovernmental	<u>250,000</u>	<u>216,410</u>	<u>(33,590)</u>
Investment earnings	800	2,845	2,045
Other	<u>40,000</u>	<u>405</u>	<u>(39,595)</u>
Total revenues	<u>290,800</u>	<u>219,660</u>	<u>(71,140)</u>
Expenditures:			
Public safety - police	<u>351,017</u>	<u>201,989</u>	<u>149,028</u>
Total expenditures	<u>351,017</u>	<u>201,989</u>	<u>149,028</u>
Other financing uses:			
Transfers out	<u>-</u>	<u>(2,621)</u>	<u>(2,621)</u>
Total other financing uses	<u>-</u>	<u>(2,621)</u>	<u>(2,621)</u>
Net change in fund balance	\$ <u>(60,217)</u>	15,050	\$ <u>(222,789)</u>
Fund balance - July 1		<u>168,880</u>	
Fund balance - June 30		\$ <u><u>183,930</u></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, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 85,000	\$ 112,298	\$ 27,298
Total revenues	<u>85,000</u>	<u>112,298</u>	<u>27,298</u>
Expenditures:			
Parks and leisure services:			
Cost of service	<u>174,970</u>	<u>159,473</u>	<u>15,497</u>
Total expenditures	<u>174,970</u>	<u>159,473</u>	<u>15,497</u>
Net change in fund balance	\$ <u>(89,970)</u>	(47,175)	\$ <u>11,801</u>
Fund balance - July 1		<u>308,864</u>	
Fund balance - June 30		\$ <u>261,689</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, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 200,000	\$ 166,849	\$ (33,151)
Investment earnings	10,000	54,301	44,301
Total revenues	<u>210,000</u>	<u>221,150</u>	<u>11,150</u>
Other financing sources (uses):			
Transfers in	-	223,517	223,517
Transfers out	<u>(241,750)</u>	<u>(150,000)</u>	<u>91,750</u>
Total other financing sources (uses)	<u>(241,750)</u>	<u>73,517</u>	<u>315,267</u>
Net change in fund balance	\$ <u><u>(31,750)</u></u>	294,667	\$ <u><u>326,417</u></u>
Fund balance - July 1		<u>1,321,858</u>	
Fund balance - June 30		\$ <u><u>1,616,525</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, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 50,000	\$ 66,194	\$ 16,194
Investment earnings	55	121	66
Total revenues	<u>50,055</u>	<u>66,315</u>	<u>16,260</u>
Other financing uses:			
Transfers out	<u>(50,050)</u>	<u>(66,315)</u>	<u>(16,265)</u>
Total other financing uses	<u>(50,050)</u>	<u>(66,315)</u>	<u>(16,265)</u>
Net change in fund balance	\$ <u>5</u>	-	\$ <u>(5)</u>
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		\$ <u><u>-</u></u>	

**CITY OF PORTERVILLE**

**STORM DRAIN DEVELOPMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 100,000	\$ 108,151	\$ 8,151
Investment earnings	20,000	80,364	60,364
Total revenues	<u>120,000</u>	<u>188,515</u>	<u>68,515</u>
Other financing uses:			
Transfers out	<u>(1,796,707)</u>	<u>(323,411)</u>	<u>1,473,296</u>
Total other financing uses	<u>(1,796,707)</u>	<u>(323,411)</u>	<u>1,473,296</u>
Net change in fund balance	\$ <u>(1,676,707)</u>	(134,896)	\$ <u>1,541,811</u>
Fund balance - July 1		<u>2,113,222</u>	
Fund balance - June 30		\$ <u>1,978,326</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, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment earnings	\$ 5,000	\$ 23,960	\$ 18,960
Total revenues	5,000	23,960	18,960
Other financing uses:			
Transfers out	(499,364)	(194,185)	305,179
Total other financing uses	(499,364)	(194,185)	305,179
Net change in fund balance	\$ (494,364)	(170,225)	\$ 324,139
Fund balance - July 1		648,695	
Fund balance - June 30		\$ 478,470	

**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, 2019**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment earnings	\$ -	\$ 42,677	\$ 42,677
Other	-	41,854	41,854
Total revenues	-	84,531	84,531
Expenditures:			
General government:			
Administration	1,350	4,400	(3,050)
Debt redemption, principal	1,480,000	1,480,000	-
Debt redemption, interest	839,636	839,636	-
Total expenditures	2,320,986	2,324,036	(3,050)
Excess (deficiency) of revenues over (under) expenditures	(2,320,986)	(2,239,505)	81,481
Other financing sources (uses):			
Transfers in	1,723,011	2,290,790	567,779
Total other financing sources (uses)	1,723,011	2,290,790	567,779
Net change in fund balance	\$ (597,975)	51,285	\$ 649,260
Fund balance - July 1		970,351	
Fund balance - June 30		\$ 1,021,636	

## **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, 2019**

	<b>Zalud House</b>	<b>Airport Operations</b>	<b>Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 56,789	\$ 2,624,087	\$ -	\$ 2,680,876
Receivables (net of allowance for uncollectibles)	1	65,791	-	65,792
Intergovernmental receivables	-	14,584	-	14,584
Inventories	-	159,763	-	159,763
Total current assets	<u>56,790</u>	<u>2,864,225</u>	<u>-</u>	<u>2,921,015</u>
Noncurrent assets:				
Notes receivable	-	446,972	-	446,972
Capital assets:				
Land	23,240	1,000,125	102,048	1,125,413
Construction in progress	-	292,467	-	292,467
Buildings	75,526	506,971	71,219	653,716
Improvements other than buildings	3,547	8,871,062	385,918	9,260,527
Machinery and equipment	63,341	885,544	340,281	1,289,166
Less accumulated depreciation	(124,042)	(5,779,440)	(618,387)	(6,521,869)
Total noncurrent assets	<u>41,612</u>	<u>6,223,701</u>	<u>281,079</u>	<u>6,546,392</u>
Total assets	<u>98,402</u>	<u>9,087,926</u>	<u>281,079</u>	<u>9,467,407</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension-related items	-	84,605	47,611	132,216
Deferred OPEB-related items	-	4,107	2,738	6,845
Total deferred outflows of resources	<u>-</u>	<u>88,712</u>	<u>50,349</u>	<u>139,061</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and other payables	453	26,720	14,730	41,903
Payroll payable	653	7,855	6,647	15,155
Interfund payable	-	-	1,275,929	1,275,929
Compensated absences payable	-	1,287	6,053	7,340
Total current liabilities	<u>1,106</u>	<u>35,862</u>	<u>1,303,359</u>	<u>1,340,327</u>
Noncurrent liabilities:				
Compensated absences payable	-	1,780	4,619	6,399
Net pension liability	-	390,211	258,926	649,137
Other postemployment benefits liability	-	117,792	110,260	228,052
Total noncurrent liabilities	<u>-</u>	<u>509,783</u>	<u>373,805</u>	<u>883,588</u>
Total liabilities	<u>1,106</u>	<u>545,645</u>	<u>1,677,164</u>	<u>2,223,915</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension-related items	-	18,458	11,138	29,596
Deferred OPEB-related items	-	5,541	4,521	10,062
Total deferred inflow of resources	<u>-</u>	<u>23,999</u>	<u>15,659</u>	<u>39,658</u>
<b>NET POSITION</b>				
Net investment in capital assets	41,612	5,776,729	281,079	6,099,420
Unrestricted	55,684	2,830,265	(1,642,474)	1,243,475
Total net position	<u>\$ 97,296</u>	<u>\$ 8,606,994</u>	<u>\$ (1,361,395)</u>	<u>\$ 7,342,895</u>

**City of Porterville**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Zalud House</u>	<u>Airport Operations</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Charges for services	\$ 5,137	\$ 1,095,911	\$ 160,297	\$ 1,261,345
Other revenues	<u>1,209</u>	<u>154,679</u>	<u>175</u>	<u>156,063</u>
Total operating revenues	<u>6,346</u>	<u>1,250,590</u>	<u>160,472</u>	<u>1,417,408</u>
Operating expenses:				
Cost of sales and services	18,046	1,028,000	300,118	1,346,164
General and administrative	6,078	134,101	125,630	265,809
Depreciation/amortization	<u>3,045</u>	<u>289,797</u>	<u>26,779</u>	<u>319,621</u>
Total operating expenses	<u>27,169</u>	<u>1,451,898</u>	<u>452,527</u>	<u>1,931,594</u>
Operating income (loss)	<u>(20,823)</u>	<u>(201,308)</u>	<u>(292,055)</u>	<u>(514,186)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	10,000	-	10,000
Investment earnings	2,260	108,600	7,313	118,173
Loss on disposal of capital assets	<u>-</u>	<u>(384)</u>	<u>-</u>	<u>(384)</u>
Total nonoperating revenues (expenses)	<u>2,260</u>	<u>118,216</u>	<u>7,313</u>	<u>127,789</u>
Income before contributions and transfers	<u>(18,563)</u>	<u>(83,092)</u>	<u>(284,742)</u>	<u>(386,397)</u>
Capital contributions and transfers:				
Capital contributions - federal and state grants	-	27,175	-	27,175
Transfers in	<u>10,000</u>	<u>5,888</u>	<u>69,000</u>	<u>84,888</u>
Total contributions and transfers	<u>10,000</u>	<u>33,063</u>	<u>69,000</u>	<u>112,063</u>
Change in net position	<u>(8,563)</u>	<u>(50,029)</u>	<u>(215,742)</u>	<u>(274,334)</u>
Net position - beginning	<u>105,859</u>	<u>8,657,023</u>	<u>(1,145,653)</u>	<u>7,617,229</u>
Net position - ending	<u>\$ 97,296</u>	<u>\$ 8,606,994</u>	<u>\$ (1,361,395)</u>	<u>\$ 7,342,895</u>



**City of Porterville**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2019**

	<u>Zalud House</u>	<u>Airport Operations</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 6,350	\$ 1,253,972	\$ 160,472	\$ 1,420,794
Payments to employees	(14,329)	(169,622)	(160,445)	(344,396)
Payments to suppliers and others	(9,705)	(1,009,181)	(256,142)	(1,275,028)
Net cash provided by operating activities	<u>(17,684)</u>	<u>75,169</u>	<u>(256,115)</u>	<u>(198,630)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash from interfund	-	-	179,302	179,302
Subsidy from federal and state grants	-	10,000	-	10,000
Transfers in from other funds	10,000	5,888	69,000	84,888
Net cash (used) by noncapital financing	<u>10,000</u>	<u>15,888</u>	<u>248,302</u>	<u>274,190</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Construction and other capital projects	-	(72,589)	-	(72,589)
Principal payments on notes receivable	-	60,673	-	60,673
Subsidy from federal and state grants	-	45,622	-	45,622
Net cash (used) by capital and related financing activities	<u>-</u>	<u>33,706</u>	<u>-</u>	<u>33,706</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	2,260	108,600	7,313	118,173
Net cash provided by investing activities	<u>2,260</u>	<u>108,600</u>	<u>7,313</u>	<u>118,173</u>
Net Increase (decrease) in cash and cash equivalents	(5,424)	233,363	(500)	227,439
Balances - beginning of year	62,213	2,390,724	500	2,453,437
Balances - end of the year	<u>\$ 56,789</u>	<u>\$ 2,624,087</u>	<u>\$ -</u>	<u>\$ 2,680,876</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (20,823)	\$ (201,308)	\$ (292,055)	\$ (514,186)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	3,045	289,797	26,779	319,621
Changes in assets and liabilities:				
Accounts payable	15	(2,383)	(1,806)	(4,174)
Compensated absences	-	451	178	629
Customer receivables	4	3,382	-	3,386
Inventory	-	(34,140)	-	(34,140)
Other postemployment benefits	-	10,351	6,900	17,251
Pensions	-	9,600	5,403	15,003
Salaries and benefits payable	75	(581)	(1,514)	(2,020)
Net cash provided by operating activities	<u>\$ (17,684)</u>	<u>\$ 75,169</u>	<u>\$ (256,115)</u>	<u>\$ (198,630)</u>

## **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, 2019**

	<b>Risk Management</b>	<b>Equipment Management</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,880,994	\$ 1,428,003	\$ 3,308,997
Receivables (net of allowance for uncollectibles)	33,453	55,631	89,084
Intergovernmental receivable	-	30,703	30,703
Total current assets:	<u>1,914,447</u>	<u>1,514,337</u>	<u>3,428,784</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	-	178,888	178,888
Improvements other than buildings	-	6,639	6,639
Machinery and equipment	-	864,987	864,987
Less accumulated depreciation	<u>-</u>	<u>(793,733)</u>	<u>(793,733)</u>
Total noncurrent assets:	<u>-</u>	<u>256,781</u>	<u>256,781</u>
Total assets	<u>1,914,447</u>	<u>1,771,118</u>	<u>3,685,565</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension-related items	53,677	254,443	308,120
Deferred OPEB-related items	1,848	10,952	12,800
Total deferred outflows of resources	<u>55,525</u>	<u>265,395</u>	<u>320,920</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	240,065	171,835	411,900
Payroll payable	9,270	31,142	40,412
Accrued claims	1,078,211	-	1,078,211
Compensated absences payable	<u>2,937</u>	<u>20,497</u>	<u>23,434</u>
Total current liabilities	<u>1,330,483</u>	<u>223,474</u>	<u>1,553,957</u>
Noncurrent liabilities:			
Accrued claims	781,253	-	781,253
Compensated absences payable	1,775	5,006	6,781
Net pension liability	351,900	1,193,368	1,545,268
Other postemployment liability	<u>59,474</u>	<u>339,836</u>	<u>399,310</u>
Total noncurrent liabilities	<u>1,194,402</u>	<u>1,538,210</u>	<u>2,732,612</u>
Total liabilities	<u>2,524,885</u>	<u>1,761,684</u>	<u>4,286,569</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension-related items	22,175	64,582	86,757
Deferred OPEB-related items	<u>2,662</u>	<u>15,446</u>	<u>18,108</u>
Total deferred inflows of resources	<u>24,837</u>	<u>80,028</u>	<u>104,865</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	256,781	256,781
Unrestricted	<u>(579,750)</u>	<u>(61,980)</u>	<u>(641,730)</u>
Total net position	<u>\$ (579,750)</u>	<u>\$ 194,801</u>	<u>\$ (384,949)</u>

**City of Porterville**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Risk Management</u>	<u>Equipment Management</u>	<u>Total Internal Service Funds</u>
Operating revenues:			
Charges for services	\$ 6,963,016	\$ 3,568,870	\$ 10,531,886
Other revenues	811	24,467	25,278
Total operating revenues	<u>6,963,827</u>	<u>3,593,337</u>	<u>10,557,164</u>
Operating expenses:			
Cost of sales and services	6,475,602	3,648,370	10,123,972
General and administrative	184,808	68,781	253,589
Depreciation/amortization	<u>-</u>	<u>50,135</u>	<u>50,135</u>
Total operating expenses	<u>6,660,410</u>	<u>3,767,286</u>	<u>10,427,696</u>
Operating income (loss)	<u>303,417</u>	<u>(173,949)</u>	<u>129,468</u>
Nonoperating revenues (expenses):			
Intergovernmental revenue	-	29,263	29,263
Investment earnings	<u>47,088</u>	<u>54,796</u>	<u>101,884</u>
Total nonoperating revenues	<u>47,088</u>	<u>84,059</u>	<u>131,147</u>
Change in net position	<u>350,505</u>	<u>(89,890)</u>	<u>260,615</u>
Net position - beginning	<u>(930,255)</u>	<u>284,691</u>	<u>(645,564)</u>
Net position - ending	<u>\$ (579,750)</u>	<u>\$ 194,801</u>	<u>\$ (384,949)</u>

**City of Porterville**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	<u>Risk Management</u>	<u>Equipment Management</u>	<u>Total Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customer	\$ 6,966,636	\$ 3,566,683	\$ 10,533,319
Payments to employees	(155,116)	(735,104)	(890,220)
Payments to suppliers and others	<u>(6,022,160)</u>	<u>(3,008,140)</u>	<u>(9,030,300)</u>
Net cash provided by operating activities	<u>789,360</u>	<u>(176,561)</u>	<u>612,799</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash from interfund	8,877	-	8,877
Intergovernmental - operating assistance	<u>115,580</u>	<u>151,938</u>	<u>267,518</u>
Net cash (used) by noncapital financing	<u>124,457</u>	<u>151,938</u>	<u>276,395</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	(78,535)	(78,535)
Subsidy from state grants	<u>-</u>	<u>29,263</u>	<u>29,263</u>
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(49,272)</u>	<u>(49,272)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>47,088</u>	<u>54,796</u>	<u>101,884</u>
Net cash provided by investing activities	<u>47,088</u>	<u>54,796</u>	<u>101,884</u>
Net Increase (decrease) in cash and cash equivalents	<u>960,905</u>	<u>(19,099)</u>	<u>941,806</u>
Balances - beginning of year	<u>920,089</u>	<u>1,447,102</u>	<u>2,367,191</u>
Balances - end of the year	<u><u>\$ 1,880,994</u></u>	<u><u>\$ 1,428,003</u></u>	<u><u>\$ 3,308,997</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 303,417	\$ (173,949)	\$ 129,468
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	50,135	50,135
Changes in assets and liabilities:			
Accounts payable	68,018	(79,514)	(11,496)
Accrued claims	401,154	-	401,154
Compensated absences	1,734	(583)	1,151
Customer receivables	2,809	(26,654)	(23,845)
Other postemployment benefits	4,657	27,599	32,256
Pensions	6,093	28,873	34,966
Salaries and benefits payable	<u>1,478</u>	<u>(2,468)</u>	<u>(990)</u>
Net cash provided by operating activities	<u><u>\$ 789,360</u></u>	<u><u>\$ (176,561)</u></u>	<u><u>\$ 612,799</u></u>

## **AGENCY FUNDS**

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

### **Special Deposits Fund**

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

**City of Porterville**  
**Schedule of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2019**

<u>Special Deposits</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>
<b>Assets</b>				
Cash and investments	\$ 2,025,444	\$ 1,216,392	\$ 1,430,606	\$ 1,811,230
Total assets	<u>\$ 2,025,444</u>	<u>\$ 1,216,392</u>	<u>\$ 1,430,606</u>	<u>\$ 1,811,230</u>
<b>Liabilities</b>				
Accounts and other payables	\$ 53,399	\$ 1,277,066	\$ 1,291,422	\$ 39,043
Refundable deposits, utilities	412,597	122,510	81,321	453,786
Refundable deposits, miscellaneous	937,441	973,202	1,047,760	862,883
Other deposits, safety	622,007	253,337	419,826	455,518
Total liabilities	<u>\$ 2,025,444</u>	<u>\$ 2,626,115</u>	<u>\$ 2,840,329</u>	<u>\$ 1,811,230</u>

## Statistical Section





## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	125
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	131
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	143
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	147
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	149
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.

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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Governmental activities:										
Net investment in capital assets	\$ 351,422	\$ 351,797	\$ 352,352	\$ 350,078	\$ 362,675	\$ 376,078	\$ 376,681	\$ 380,683	\$ 384,474	\$ 387,285
Restricted	14,383	11,681	9,160	8,266	4,152	26,482	25,262	25,297	26,719	29,986
Unrestricted	15,908	17,321	23,043	28,545	32,343	(18,340)	(17,650)	(10,323)	(20,249)	(21,168)
Total governmental activities net position	<u>\$ 381,713</u>	<u>\$ 380,799</u>	<u>\$ 384,555</u>	<u>\$ 386,889</u>	<u>\$ 399,170</u>	<u>\$ 384,220</u>	<u>\$ 384,293</u>	<u>\$ 395,657</u>	<u>\$ 390,944</u>	<u>\$ 396,103</u>
Business-type activities:										
Net investment in capital assets	\$ 35,164	\$ 46,006	\$ 44,059	\$ 44,211	\$ 43,444	\$ 47,096	\$ 52,217	\$ 51,993	\$ 54,180	\$ 62,142
Restricted	1,450	3,251	3,271	3,239	3,272	3,297	3,326	3,373	3,434	-
Unrestricted	26,701	18,665	21,633	24,254	27,762	16,239	15,222	24,660	26,393	32,760
Total business-type activities net position	<u>\$ 63,315</u>	<u>\$ 67,922</u>	<u>\$ 68,963</u>	<u>\$ 71,704</u>	<u>\$ 74,478</u>	<u>\$ 66,632</u>	<u>\$ 70,765</u>	<u>\$ 80,026</u>	<u>\$ 84,007</u>	<u>\$ 94,902</u>
Primary government:										
Net investment in capital assets	\$ 386,586	\$ 397,803	\$ 396,411	\$ 394,289	\$ 406,119	\$ 423,174	\$ 428,898	\$ 432,676	\$ 438,654	\$ 449,427
Restricted	15,833	14,932	12,431	11,505	7,424	29,779	28,588	28,670	30,153	29,986
Unrestricted	42,609	35,986	44,676	52,799	60,105	(2,101)	(2,428)	14,337	6,144	11,592
Total primary government net position	<u>\$ 445,028</u>	<u>\$ 448,721</u>	<u>\$ 453,518</u>	<u>\$ 458,593</u>	<u>\$ 473,648</u>	<u>\$ 450,852</u>	<u>\$ 455,058</u>	<u>\$ 475,683</u>	<u>\$ 474,951</u>	<u>\$ 491,005</u>

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

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

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

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>EXPENSES</b>										
Governmental activities:										
Community and economic development	\$ 3,284	\$ 3,070	\$ 1,975	\$ 1,450	\$ 1,350	\$ 1,572	\$ 2,156	\$ 725	\$ 1,594	\$ 1,250
General government	4,925	3,613	3,041	2,923	2,816	3,197	3,213	2,129	3,415	3,305
Parks and recreation	5,528	5,449	5,832	5,350	5,490	5,865	6,550	5,362	7,332	7,514
Public safety - fire	4,410	4,646	4,878	4,498	4,692	4,283	4,660	5,080	6,805	6,263
Public safety - police	9,746	9,725	10,368	9,788	10,863	10,174	10,765	11,233	13,822	13,630
Public works	5,448	6,392	7,135	6,694	5,258	7,271	5,679	4,782	6,583	6,338
Interest on long-term debt	1,942	1,934	1,524	1,080	1,205	1,203	1,122	1,088	1,045	991
Total governmental activities expenses	<u>35,283</u>	<u>34,829</u>	<u>34,753</u>	<u>31,783</u>	<u>31,674</u>	<u>33,565</u>	<u>34,145</u>	<u>30,399</u>	<u>40,596</u>	<u>39,291</u>
Business-type activities:										
Airport	974	1,287	1,563	1,335	1,534	1,570	1,619	1,723	1,729	1,449
Golf course	386	376	384	383	403	358	373	358	449	452
Sewer operating	6,032	6,170	6,697	6,235	6,500	6,654	6,976	6,466	7,145	7,357
Solid waste	5,310	5,358	5,338	5,233	5,450	5,574	5,568	5,428	6,185	6,375
Transit	2,017	2,151	2,210	2,303	3,084	3,258	4,459	4,584	4,910	5,563
Water operating	5,106	4,967	4,971	4,829	5,472	5,544	5,695	7,164	7,106	7,742
Zalud estate	24	29	28	27	26	21	26	29	27	27
Total business-type activities expenses	<u>19,849</u>	<u>20,338</u>	<u>21,191</u>	<u>20,345</u>	<u>22,469</u>	<u>22,979</u>	<u>24,716</u>	<u>25,752</u>	<u>27,551</u>	<u>28,965</u>
Total primary government expenses	<u>\$ 55,132</u>	<u>\$ 55,167</u>	<u>\$ 55,944</u>	<u>\$ 52,128</u>	<u>\$ 54,143</u>	<u>\$ 56,544</u>	<u>\$ 58,861</u>	<u>\$ 56,151</u>	<u>\$ 68,147</u>	<u>\$ 68,256</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
Community and economic development	\$ 211	\$ 263	\$ 258	\$ 352	\$ 373	\$ 51	\$ 29	\$ 36	\$ 136	\$ 56
General government	1,585	1,613	1,622	1,656	1,746	1,786	2,037	2,554	2,622	2,628
Parks and recreation	1,731	1,891	1,931	1,942	1,695	1,766	2,007	2,378	2,673	2,945
Public safety - fire	45	23	80	70	86	77	104	331	229	385
Public safety - police	598	461	587	624	485	530	411	388	526	518
Public works	167	204	298	219	390	355	303	427	569	432
Operating grants and contributions:										
Community and economic development	1,388	1,576	1,489	854	796	904	887	554	719	887
General government	599	476	469	469	449	523	511	491	524	508
Parks and recreation	206	199	53	243	33	89	297	264	126	123
Public safety - fire	30	304	6	71	76	61	72	2	--	--
Public safety - police	334	308	400	255	247	427	354	367	273	239
Public works	1,275	1,699	1,850	1,241	1,306	1,884	2,022	1,932	3,836	2,641
Capital grants and contributions:										
Community and economic development	--	--	--	--	--	--	--	101	--	--
General government	--	--	--	--	--	--	--	--	--	409
Parks and recreation	1,159	282	59	331	1,283	510	183	428	138	125
Public safety - fire	--	100	128	50	--	27	--	--	--	33
Public safety - police	--	85	76	141	108	21	--	--	62	162
Public works	3,444	3,392	4,854	4,894	14,199	11,688	2,653	6,556	4,008	5,228
Total governmental activities program revenues	<u>12,772</u>	<u>12,876</u>	<u>14,160</u>	<u>13,412</u>	<u>23,272</u>	<u>20,699</u>	<u>11,870</u>	<u>16,809</u>	<u>16,441</u>	<u>17,319</u>

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Business-type activities:										
Charges for services:										
Airport	805	1,288	1,485	1,206	1,415	1,343	1,591	1,831	1,650	1,251
Golf course	281	225	235	226	214	208	198	176	170	160
Sewer operating	7,042	6,964	6,868	7,115	7,011	7,253	7,574	8,527	7,512	7,574
Solid waste	5,290	5,418	5,536	5,659	5,676	5,793	5,970	5,902	5,996	6,045
Transit	332	357	381	462	624	622	626	643	682	669
Water operating	4,621	4,842	4,736	4,942	5,073	4,676	5,766	10,856	11,557	11,639
Zalud estate	7	5	7	7	3	6	4	10	8	6
Operating grants and contributions:										
Airport	--	20	10	10	10	10	10	25	63	10
Sewer operating	--	--	--	--	--	--	--	--	--	150
Solid waste	12	6	10	6	8	6	578	23	22	35
Transit	1,315	1,470	1,452	1,796	3,140	1,673	3,534	3,694	3,557	3,605
Water operating	--	--	--	--	--	16	--	902	446	--
Capital grants and contributions:										
Airport	477	1,850	306	32	35	65	33	32	44	27
Sewer operating	32	51	16	25	34	47	87	192	35	66
Solid waste	--	421	525	--	1,221	--	--	696	--	--
Transit	704	1,387	69	1,001	551	1,385	2,022	215	1,601	6,028
Water operating	191	177	33	75	250	195	251	303	98	1,024
Total business-type activities program revenues	21,109	24,481	21,669	22,562	25,265	23,298	28,244	34,027	33,441	38,289
Total primary government program revenues	\$ 33,881	\$ 37,357	\$ 35,829	\$ 35,974	\$ 48,537	\$ 43,997	\$ 40,114	\$ 50,836	\$ 49,882	\$ 55,608
Net (expense)/revenue										
Governmental activities	\$ (22,511)	\$ (21,953)	\$ (20,593)	\$ (18,371)	\$ (8,402)	\$ (12,866)	\$ (22,275)	\$ (13,590)	\$ (24,155)	\$ (21,972)
Business-type activities	1,260	4,143	478	2,217	2,796	319	3,528	8,275	5,890	9,324
Total primary government net expense	\$ (21,251)	\$ (17,810)	\$ (20,115)	\$ (16,154)	\$ (5,606)	\$ (12,547)	\$ (18,747)	\$ (5,315)	\$ (18,265)	\$ (12,648)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 7,644	\$ 7,777	\$ 7,238	\$ 7,347	\$ 7,406	\$ 7,425	\$ 6,784	\$ 6,629	\$ 7,041	\$ 7,355
Sales taxes	5,785	6,122	6,484	7,163	7,401	7,596	9,049	9,626	9,724	12,201
Utility users tax	4,046	4,048	3,908	3,970	3,955	3,883	3,752	3,913	4,056	3,911
Other taxes	2,128	2,028	1,819	1,838	1,923	2,056	2,108	2,116	2,183	2,170
Unrestricted investment earnings	1,060	704	666	191	603	382	605	326	527	1,495
Miscellaneous	2,007	324	96	87	66	256	138	841	91	110
Transfers	103	(68)	(83)	109	(85)	(87)	(87)	(89)	(95)	(111)
Total governmental activities	22,773	20,935	20,128	20,705	21,269	21,511	22,349	23,362	23,527	27,131
Business-type activities:										
Unrestricted investment earnings	569	386	479	105	408	292	499	238	236	1,456
Miscellaneous	--	10	1	528	36	2	19	658	--	4
Transfers	(103)	68	83	(109)	85	87	87	89	95	111
Total business-type activities	466	464	563	524	529	381	605	985	331	1,571
Total primary government	\$ 23,239	\$ 21,399	\$ 20,691	\$ 21,229	\$ 21,798	\$ 21,892	\$ 22,954	\$ 24,347	\$ 23,858	\$ 28,702
Extraordinary item - governmental activities	\$ --	\$ --	\$ 4,221	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Change in Net Position</b>										
Governmental activities	\$ 262	\$ (1,018)	\$ 3,756	\$ 2,334	\$ 12,867	\$ 8,645	\$ 74	\$ 9,772	\$ (628)	\$ 5,159
Business-type activities	1,726	4,607	1,041	2,741	3,325	700	4,133	9,260	6,221	10,895
Total primary government	\$ 1,988	\$ 3,589	\$ 4,797	\$ 5,075	\$ 16,192	\$ 9,345	\$ 4,207	\$ 19,032	\$ 5,593	\$ 16,054

**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>
2009-10	\$ 7,644,246	\$ 1,469,489	\$ 4,045,732	\$ 276,338	\$ 5,784,887	\$ 19,220,692
2010-11	7,776,735	1,485,182	4,048,106	301,029	6,121,968	19,733,020
2011-12	7,237,972	1,482,657	3,908,443	309,577	6,484,037	19,422,686
2012-13	7,346,813	1,473,957	3,969,652	335,319	7,163,179	20,288,920
2013-14	7,406,413	1,551,762	3,955,357	370,999	7,401,187	20,685,718
2014-15	7,424,560	1,608,882	3,882,942	446,771	7,596,116	20,959,271
2015-16	6,784,136	1,616,751	3,752,400	491,386	9,048,935	21,693,608
2016-17	6,629,521	1,564,156	3,912,707	551,783	9,626,375	22,284,542
2017-18	7,041,157	1,623,661	4,055,845	559,247	9,724,137	23,004,048
2018-19	7,355,066	1,630,365	3,911,568	539,233	12,201,075	25,637,307

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

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General fund:										
Nonspendable	\$ 4,041	\$ 8,400	\$ 5,551	\$ 5,323	\$ 5,245	\$ 4,472	\$ 4,354	\$ 1,614	\$ 1,105	\$ 3,834
Restricted	--	518	439	418	62	62	62	220	220	220
Committed	2,462	2,644	2,091	4,373	4,894	5,018	6,213	9,882	10,419	10,597
Assigned	4,890	5,361	5,654	6,251	6,573	6,668	7,253	8,272	8,460	5,974
Unassigned	<u>7,313</u>	<u>4,918</u>	<u>2,372</u>	<u>1,070</u>	<u>1,539</u>	<u>599</u>	<u>596</u>	<u>592</u>	<u>581</u>	<u>560</u>
Total general fund	<u>\$ 18,706</u>	<u>\$ 21,841</u>	<u>\$ 16,107</u>	<u>\$ 17,435</u>	<u>\$ 18,313</u>	<u>\$ 16,819</u>	<u>\$ 18,478</u>	<u>\$ 20,580</u>	<u>\$ 20,785</u>	<u>\$ 21,185</u>
All other governmental funds:										
Nonspendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	18,848	17,821	17,341	18,744	18,386	26,420	25,023	25,077	25,347	29,861
Unassigned	<u>(1,790)</u>	<u>(3,929)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(150)</u>	<u>(1,884)</u>	<u>(454)</u>
Total all other governmental funds	<u>\$ 17,058</u>	<u>\$ 13,892</u>	<u>\$ 17,341</u>	<u>\$ 18,744</u>	<u>\$ 18,386</u>	<u>\$ 26,420</u>	<u>\$ 25,023</u>	<u>\$ 24,927</u>	<u>\$ 23,463</u>	<u>\$ 29,407</u>

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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues:										
Taxes	\$ 19,603	\$ 19,975	\$ 19,450	\$ 20,317	\$ 20,709	\$ 20,959	\$ 21,694	\$ 22,285	\$ 23,004	\$ 25,637
Licenses and permits	836	825	749	780	882	967	1,023	966	1,048	1,065
Intergovernmental	7,291	6,744	8,202	6,879	16,084	14,718	5,956	7,979	6,920	10,959
Charges for services	3,703	3,845	4,178	4,263	4,312	3,998	4,257	5,193	5,979	6,164
Special assessments and fees	515	1,032	539	933	413	318	430	804	658	459
Fines and forfeitures	355	240	286	233	280	231	191	197	154	124
Investment earnings	891	702	665	279	668	545	880	607	512	1,654
Miscellaneous	114	220	109	145	96	183	186	584	210	135
Total revenues	<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>	<u>38,485</u>	<u>46,197</u>
Expenditures:										
Community/Economic development	3,114	2,964	1,860	1,373	1,154	1,471	2,084	1,068	1,427	1,129
General government	4,638	3,449	2,674	2,612	2,562	2,856	2,909	2,818	2,955	2,972
Parks and recreation	5,026	4,888	5,149	4,809	4,803	5,071	5,959	6,073	6,463	6,818
Public safety:										
Fire	4,033	4,305	4,501	4,203	3,950	4,012	4,263	4,855	5,178	5,492
Police	8,887	8,848	9,441	8,957	9,406	9,514	9,976	10,784	10,704	11,811
Public works	2,972	3,777	4,642	4,140	2,643	3,834	2,994	2,907	3,578	3,417
Capital outlay	4,601	2,755	4,142	3,544	16,731	16,490	4,175	7,445	6,779	5,857
Debt service:										
Principal	981	974	914	948	571	1,099	984	1,324	1,686	1,748
Interest and other charges	1,872	1,894	1,516	1,810	1,205	1,955	952	975	932	877
Total expenditures	<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>	<u>39,702</u>	<u>40,121</u>
Excess of revenues over (under) expenditures	<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>	<u>(1,217)</u>	<u>6,076</u>
Other financing sources (uses):										
Transfers in	11,090	8,066	9,798	7,914	18,904	18,017	7,388	7,558	7,793	9,756
Transfers out	(11,382)	(8,128)	(9,851)	(7,805)	(18,989)	(18,104)	(7,476)	(7,647)	(7,888)	(9,867)
Issuance of long-term debt	--	--	--	21,060	3,765	23,437	--	--	--	--
Payments on refunding	--	--	--	(19,887)	(3,560)	(23,186)	--	--	--	--
Sale of capital assets	2,030	198	15	16	--	12	29	--	52	380
Insurance recoveries	--	--	--	--	--	152	--	137	--	--
Total other financing sources (uses)	<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>	<u>(43)</u>	<u>269</u>
Net change in fund balances before extraordinary items	<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>	<u>(1,260)</u>	<u>6,345</u>
Extraordinary item:										
RDA dissolution	<u>--</u>	<u>--</u>	<u>(1,586)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	<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>	<u>\$ (1,260)</u>	<u>\$ 6,345</u>
Debt service as a percentage of noncapital expenditures	9.051%	9.222%	7.916%	7.490%	6.032%	8.044%	6.417%	7.463%	7.952%	7.661%

**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>
2009-10	\$ 2,090,270,281	\$ 1,951,769	\$ 78,626,789	\$ 2,170,848,839	0.118%
2010-11	2,084,784,505	1,983,635	75,997,039	2,162,765,179	0.118%
2011-12	2,039,834,161	1,983,897	86,842,153	2,128,660,211	0.118%
2012-13	1,982,402,325	1,965,732	81,810,544	2,066,178,601	0.118%
2013-14	2,048,455,363	2,191,850	81,633,705	2,132,280,918	0.118%
2014-15	2,140,517,119	2,191,850	82,873,390	2,225,582,359	0.118%
2015-16	2,225,814,816	2,267,139	86,102,059	2,314,184,014	0.118%
2016-17	2,397,586,332	1,404,888	86,879,908	2,485,871,128	0.118%
2017-18	2,482,750,996	1,369,024	128,725,952	2,612,845,972	0.119%
2018-19	2,590,280,843	1,369,024	124,927,929	2,716,577,796	0.119%

Source: County of Tulare Office of the Auditor-Controller

**NOTE:**

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



**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
(per \$100 of assessed value)

**LAST TEN FISCAL YEARS**

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Direct Rates:										
City Basic Rate	0.11822	0.11824	0.11825	0.11820	0.11807	0.11806	0.11837	0.11848	0.11861	0.11861
County of Tulare	0.18253	0.18195	0.18201	0.18138	0.18065	0.18058	0.18082	0.18098	0.17995	0.17993
Porterville Elementary School	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774
Porterville High School	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942
Kern Community College	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572
County School Service Fund	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444
Porterville Cemetery District	0.00462	0.00462	0.00462	0.00462	0.00461	0.00461	0.00462	0.00462	0.00463	0.00463
Porterville Memorial District	0.00849	0.00849	0.00849	0.00849	0.00849	0.00849	0.00850	0.00850	0.00850	0.00850
Sierra View District Hospital	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927
Tulare County Air Pollution Control District	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035
Tulare County Flood Control District	0.00214	0.00213	0.00213	0.00212	0.00211	0.00212	0.00212	0.00213	0.00211	0.00211
Education Revenue Augmentation	0.23706	0.23763	0.23756	0.23825	0.23913	0.23920	0.23863	0.23836	0.23927	0.23929
Total Direct Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Overlapping Rates:										
Burton Elementary School	0.02310	0.02310	0.02390	0.02630	0.02630	0.02630	0.02630	0.02500	0.03190	0.03060
Porterville Unified School	0.04940	0.05200	0.04660	0.05670	0.06000	0.06000	0.06160	0.06160	0.06160	0.06990
Kern Community College	0.00940	0.01012	0.00906	0.00850	0.01264	0.01045	0.01357	0.01318	0.03625	0.03367

**Note:**

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

Source: County of Tulare Office of the Auditor-Controller

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

Taxpayer	2018-2019			2009-2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Realty Company	\$ 87,797,524	1	3.23%	\$ 48,085,355	2	2.22%
Del Mesa Farms (Foster Poultry Farms)	33,338,010	2	1.23%			
Village at Henderson LLC	27,264,780	3	1.00%			
Henderson-Prospect Partners II LP	20,457,743	4	0.75%			
Target Corporation	19,070,378	5	0.70%	18,308,446	3	0.84%
Lowes HIW Inc	13,435,200	6	0.49%	17,869,298	4	0.82%
Wal-Mart Stores Inc	10,552,616	7	0.39%	62,443,770	1	2.88%
Porterville Retirement Res LLC	10,246,781	8	0.38%			
Southern California Edison Company	10,205,643	9	0.38%			
2300 West Morton Avenue LLC	9,303,371	10	0.34%			
Beckman Coulter Inc				12,147,783	8	0.56%
Porterville Investments 2005 LP				11,567,168	9	0.53%
Royalty Carpet Mills Inc				14,881,560	7	0.69%
Ennis Commercial Properties LLC				15,999,341	5	0.74%
Nicholson Daryl & Victoria (TRS)				10,933,423	10	0.50%
Ennis Family Investments				15,657,376	6	0.72%
Subtotal	241,672,046		8.90%	227,893,520		10.50%
Total taxable assessed value of other taxpayers	2,474,905,750		91.10%	1,942,955,319		89.50%
Total taxable assessed value	\$ 2,716,577,796		100.00%	\$ 2,170,848,839		100.00%

Source: County of Tulare Office of the Auditor-Controller

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

Fiscal Year	Total Tax Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009-10	\$ 3,531,015	\$ 3,279,389	92.87%	\$ 76,304	\$ 3,355,693	95.03%
2010-11	3,517,413	3,246,202	92.29%	67,880	3,314,082	94.22%
2011-12	3,393,024	2,757,668	81.27%	82,257	2,839,925	83.70%
2012-13	3,317,263	2,171,025	65.45%	83,571	2,254,596	67.97%
2013-14	3,423,529	2,354,390	68.77%	80,621	2,435,011	71.13%
2014-15	3,585,992	2,436,201	67.94%	87,311	2,523,512	70.37%
2015-16	3,768,290	2,564,303	68.05%	60,262	2,624,566	69.65%
2016-17	3,921,556	2,668,785	68.05%	61,450	2,730,236	69.62%
2017-18	4,147,469	2,862,706	69.02%	61,928	2,924,634	70.52%
2018-19	4,322,022	2,997,549	69.36%		2,997,549	69.36%

Source: County of Tulare Office of the Auditor-Controller

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

Fiscal Year	Effective Date	State Tax Rate	County Transportation Tax Rate	City Tax Rate*	County District Tax Rate	Combined Rate
2008-09	04/01/2007	6.25%	0.25%	1.25%	0.50%	8.25%
	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2009-10	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2010-11	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2011-12	07/01/2011	6.25%	0.25%	1.25%	0.50%	8.25%
2012-13	07/01/2011	6.25%	0.25%	1.25%	0.50%	8.25%
	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2013-14	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2014-15	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2015-16	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
	01/01/2016	6.25%	0.25%	1.50%	0.50%	8.50%
2016-17	01/01/2016	6.25%	0.25%	1.50%	0.50%	8.50%
	01/01/2017	6.00%	0.25%	1.50%	0.50%	8.25%
2017-18	01/01/2017	6.00%	0.25%	1.50%	0.50%	8.25%
2018-19	04/01/2019	6.00%	0.25%	2.50%	0.50%	9.25%

Source: California Department of Tax and Fee Administration

\*includes City district tax

- In November 2005, voters in the City of Porterville approved a one-half percent transactions and use tax measure (Measure H) to fund public safety, police and fire protection services and related projects and literacy programs. Measure H became effective on April 1, 2006.
- In November 2018, voters in the City of Porterville approved a one percent transactions and use tax measure (Measure I) to provide funds for the maintenance of essential local city services. Measure I became effective on April 1, 2019.

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

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General retail	\$ 151,545	\$ 155,235	\$ 176,415	\$ 185,195	\$ 189,682	\$ 185,774	\$ 177,516	\$ 184,006	\$ 188,892	\$ 187,883
Transportation	94,669	106,036	118,399	133,007	143,345	153,340	144,124	148,012	167,745	173,302
Food products	90,280	96,805	101,837	104,115	101,042	106,871	113,106	120,458	110,411	115,764
Construction	46,201	46,490	49,088	52,286	56,000	60,825	61,845	69,100	71,417	67,205
Business to business	18,293	17,815	16,211	19,169	24,228	21,304	26,386	30,240	25,390	20,787
Miscellaneous	<u>4,875</u>	<u>5,022</u>	<u>6,007</u>	<u>4,983</u>	<u>6,030</u>	<u>6,253</u>	<u>6,509</u>	<u>6,715</u>	<u>7,467</u>	<u>10,103</u>
Total	<u>\$ 405,863</u>	<u>\$ 427,403</u>	<u>\$ 467,957</u>	<u>\$ 498,755</u>	<u>\$ 520,327</u>	<u>\$ 534,367</u>	<u>\$ 529,486</u>	<u>\$ 558,531</u>	<u>\$ 571,322</u>	<u>\$ 575,044</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>
2009-10	\$ 6,013,311	\$ 309,356	\$ 114,156	\$ 455,457	\$ 150,307	\$ 7,042,587
2010-11	5,961,692	354,055	-	461,041	186,916	6,963,704
2011-12	6,068,089	326,127	-	264,428	209,754	6,868,398
2012-13	6,278,051	344,206	-	303,851	189,212	7,115,320
2013-14	6,171,141	379,558	-	272,981	187,559	7,011,240
2014-15	6,186,747	368,679	-	328,875	369,037	7,253,338
2015-16	6,202,430	404,022	-	630,011	337,333	7,573,796
2016-17	6,544,083	478,818	-	1,136,381	367,363	8,526,645
2017-18	6,387,579	386,359	-	302,736	435,081	7,511,756
2018-19	6,381,402	378,778	-	404,147	409,272	7,573,598

Source: City of Porterville Finance Department

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

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>A. Residential</b>										
<b>(rate per month)</b>										
Single Family (per unit)	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87
Multiple Family (per unit)	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52
Mobile Homes Park (per space)	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52
<b>B. Commercial</b>										
<b>(per 100 cubic feet of water used with a mimimum of \$26.87 per month)</b>										
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	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95
Schools	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
Churches	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42
City of Porterville	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83
State Hospital	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09
Multi-unit with consumption	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19
<b>C. Industrial</b>	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93
<b>(per 100 cubic feet of water used with a minimum of \$26.87 per month)</b>										

Source: City of Porterville Finance Department

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

	<u>2018-19</u>		<u>2009-10</u>	
	<u>Rank</u>	<u>Revenue</u>	<u>Rank</u>	<u>Revenue</u>
Porterville State Developmental Center	1	\$ 169,338	1	\$ 169,338
Foster Farms	2	\$ 133,635	2	\$ 105,167
Golden Hills Mobile Home Park, LLC	3	\$ 68,292	3	\$ 68,292
Village at Henderson LLC	4	\$ 51,755		
Mission Bell Park	5	\$ 48,998	4	\$ 48,998
Holiday Retirement Site 5280	6	\$ 39,505	5	\$ 39,505
Ranchview Mobile Home Park	7	\$ 36,443	6	\$ 36,443
Santa Fe Plaza	8	\$ 32,155	7	\$ 32,155
Villa Robles Apartments	9	\$ 31,849	8	\$ 31,849
Parkview Apartments	10	\$ 26,949	9	\$ 26,949
Porterville Pacific Associates			10	\$ 25,418
 Total Number of Sewer Users	 <u>12,889</u>		 <u>11,765</u>	

Source: City of Porterville Finance Department



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

Fiscal Year	Water Sales	Meter Installation Charges	Water Service Charges	Connection Fees	Other	Total
2009-10	\$ 4,403,997	\$ 22,548	\$ 92,591	\$ 14,303	\$ 88,096	\$ 4,621,535
2010-11	4,528,190	25,187	103,066	5,990	179,242	4,841,675
2011-12	4,528,544	10,102	83,691	10,221	102,944	4,735,502
2012-13	4,749,951	13,554	84,139	9,351	85,365	4,942,360
2013-14	4,646,737	37,303	97,465	32,333	234,491	5,048,329
2014-15	4,359,261	30,123	136,988	58,694	90,701	4,675,767
2015-16	5,440,758	29,218	130,366	46,429	119,367	5,766,138
2016-17	10,526,676	18,876	107,744	16,107	187,108	10,856,511
2017-18	11,184,150	19,802	106,108	18,188	228,956	11,557,204
2018-19	11,244,302	31,072	108,123	16,567	239,275	11,639,339

Source: City of Porterville Finance Department

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

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17*</u>	<u>2017-18</u>	<u>2018-19</u>
<b>A. Metered</b>										
<b>Monthly meter charge</b>										
<u>Meter Size</u>										
Less than 1 inch	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 10.00	\$ 16.50	\$ 16.88	\$ 17.27
1 inch	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 11.00	\$ 18.15	\$ 18.57	\$ 19.00
1-1/4 inch	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 13.50	\$ 22.28	\$ 22.79	\$ 23.31
1-1/2 inch	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 16.00	\$ 26.40	\$ 27.01	\$ 27.63
2 inches	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 20.00	\$ 33.00	\$ 33.76	\$ 34.54
3 inches	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 27.00	\$ 44.55	\$ 45.57	\$ 46.62
4 inches	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 33.00	\$ 54.45	\$ 55.70	\$ 56.98
6 inches	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 40.00	\$ 66.00	\$ 67.52	\$ 69.07
8 inches	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 50.00	\$ 82.50	\$ 84.40	\$ 86.34
<b>Water consumption charge</b>										
Per 100 cubic feet of water	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.90	\$ 1.75	\$ 1.79	\$ 1.83
<b>B. Unmetered</b>										
Flat rate charge per month	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 42.80	\$ 79.01	\$ 80.83	\$ 82.69

\*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>2018-19</u>		<u>2009-10</u>	
	<u>Rank</u>	<u>Revenue</u>	<u>Rank</u>	<u>Revenue</u>
Foster Farms	1	\$ 263,789	1	\$ 81,660
City of Porterville Sports Complex	2	\$ 95,720		
City of Porterville Golf Course	3	\$ 77,897	2	\$ 29,098
Porterville High School	4	\$ 45,355	4	\$ 34,728
Monache High School	5	\$ 45,211	3	\$ 22,205
Granite Hills High School	6	\$ 39,449	8	\$ 12,504
Sierra View District Hospital	7	\$ 34,193		
Golden Hills MHP LLC	8	\$ 32,630		
Villa Robles Apartments	9	\$ 26,463		
Mission Bell Park	10	\$ 25,034	9	\$ 11,518
Kern JT Jr College			5	\$ 28,033
Burton Pathways Charter HS			6	\$ 16,893
City of Porterville Zalud Park			7	\$ 13,951
Pioneer Middle School			10	\$ 10,075
<b>Total Number of Connections</b>	<u>16,709</u>		<u>15,037</u>	
<b>Total Water Consumption (in hundred cubic feet)</b>		<u>3,987,137</u>		<u>4,665,561</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>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Governmental activities:										
Notes	\$ 3,611	\$ 3,232	\$ 2,925	\$ 2,747	\$ 2,556	\$ 2,352	\$ 2,133	\$ 1,899	\$ 1,648	\$ 1,380
Revenue bonds	7,344	7,295	-	-	-	-	-	-	-	-
Pension obligation bond	-	-	-	-	3,765	3,275	2,770	2,250	1,710	1,155
Certificates of Participation	22,631	21,948	21,220	21,292	23,374	23,437	23,138	22,529	21,594	20,630
Business-type activities:										
Notes	13,181	13,032	12,708	12,372	12,024	11,663	11,290	10,841	10,439	29,321
Revenue bonds	-	17,652	17,483	17,630	18,712	18,760	18,809	18,858	18,908	-
Certificates of Participation:	18,280	8,462	7,633	6,745	6,116	5,033	3,880	2,657	1,365	-
Total primary government	<u>\$ 65,047</u>	<u>\$ 71,621</u>	<u>\$ 61,969</u>	<u>\$ 60,786</u>	<u>\$ 66,547</u>	<u>\$ 64,520</u>	<u>\$ 62,020</u>	<u>\$ 59,034</u>	<u>\$ 55,664</u>	<u>\$ 52,486</u>
Percentage of personal income (1)	7.13%	7.78%	6.61%	6.56%	6.93%	6.67%	6.93%	6.04%	5.39%	5.02%
Per capita (1)	1,228	1,322	1,125	1,095	1,195	1,155	1,032	985	916	871

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, 2019**

2018-19 Assessed Valuation: \$ 2,716,577,796  
 Redevelopment Incremental Valuation: 163,226,726  
 Adjusted Assessed Valuation: 2,879,804,522

	Total Debt 6/30/19	% Applicable	City's Share of Debt 6/30/19
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Kern Community College District School Facilities Improvement District No. 1	\$ 94,605,000	3.236%	\$ 3,061,418
Kern Community College District Safety, Repair and Improvement District	120,511,081	3.255%	3,922,636
Porterville Unified School District - Strathmore High	1,915,000	0.056%	1,072
Porterville Unified School District School Facilities Improvement District	18,930,444	80.771%	15,290,309
Burton School District	4,443,632	95.900%	4,261,443
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 26,536,878</b>

<b>DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT:</b>			
Tulare County Certificates of Participation	\$ 32,315,000	8.232%	\$ 2,660,171
Tulare County Pension Obligation Bonds	242,115,000	8.232%	19,930,907
Tulare County Board of Education Certificates of Participation	33,885,000	8.232%	2,789,413
Kern Community College District Certificates of Participation	28,825,000	2.924%	842,843
Kern Community College District Benefit Obligations	77,810,000	2.924%	2,275,164
Porterville Unified School District Certificates of Participation	25,335,000	46.973%	11,900,610
Burton School District Certificates of Participation	4,180,000	95.900%	4,008,620
<b>City of Porterville General Fund Obligations</b>	<b>20,629,851</b>	<b>100.000%</b>	<b>20,629,851</b>
<b>City of Porterville Pension Obligation Bonds</b>	<b>1,155,000</b>	<b>100.000%</b>	<b>1,155,000</b>
<b>City of Porterville Notes Payable - HUD</b>	<b>1,380,000</b>	<b>100.000%</b>	<b>1,380,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT</b>			<b>\$ 67,572,579</b>

<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	<b>\$ 6,775,000</b>	<b>100.000%</b>	<b>\$ 6,775,000</b>
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<b>TOTAL DIRECT DEBT</b>	<b>\$ 23,164,851</b>
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<b>TOTAL OVERLAPPING DEBT</b>	<b>\$ 77,719,606</b>
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<b>COMBINED TOTAL DEBT</b>	<b>\$ 100,884,457 (2)</b>
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(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 2018-19 Assessed Valuation:**

Overlapping Tax and Assessment Debt	0.92%
<b>Total Direct Debt (\$24,952,217)</b>	<b>0.80%</b>
Combined Total Debt	3.50%

**Ratios to Redevelopment Successor Agency Incremental Valuation (\$163,226,726):**

Total Overlapping Tax Increment Debt	4.15%
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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 tax payers 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.

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

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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Assessed valuation	\$ 2,170,849	\$ 2,162,765	\$ 2,128,660	\$ 2,066,179	\$ 2,132,281	\$ 2,225,582	\$ 2,314,184	\$ 2,485,871	\$ 2,612,846	\$ 2,716,578
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	542,712	540,691	532,165	516,545	533,070	556,396	578,546	621,468	653,211	679,144
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	81,407	81,104	79,825	77,482	79,961	83,459	86,782	93,220	97,982	101,872
Total net debt applicable to limit:										
General obligation bonds (1)	-	-	-	-	-	-	-	-	-	-
Pension obligations bonds	-	-	-	-	3,765	3,275	2,770	2,250	1,710	1,155
Total net debt	-	-	-	-	3,765	3,275	2,770	2,250	1,710	1,155
Legal debt margin	\$ <u>81,407</u>	\$ <u>81,104</u>	\$ <u>79,825</u>	\$ <u>77,482</u>	\$ <u>76,196</u>	\$ <u>80,184</u>	\$ <u>84,012</u>	\$ <u>90,970</u>	\$ <u>96,272</u>	\$ <u>100,717</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	5%	4%	3%	2%	2%	1%

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

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

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

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

<u>Fiscal Year</u>	<u>Total Revenue (1)</u>	<u>Less: Operating Expense (2)</u>	<u>Net Available Revenue</u>	<u>2002 Senior Bonds Debt Service</u>	<u>Senior Debt Service Coverage</u>	<u>Remaining Net Revenue</u>	<u>Parity / Subordinate Debt Service</u>	<u>Parity / Subordinate Coverage</u>	<u>Net Revenue After Debt Service</u>
<b>Water system improvement projects</b>									
2009-10	\$ 4,783	\$ 3,670	\$ 1,113	\$ 687	1.62	\$ 426	\$ 151	2.82	\$ 275
2010-11	4,941	3,467	1,474	687	2.15	787	326	2.41	461
2011-12	4,858	3,441	1,417	681	2.08	736	476	1.55	260
2012-13	4,978	3,233	1,745	684	2.55	1,061	476	2.23	585
2013-14	5,135	3,867	1,268	684	1.85	584	476	1.23	108
2014-15	4,734	4,068	666	682	0.98	-	461	-	(461)
2015-16	5,878	4,171	1,707	684	2.50	1,023	460	2.22	563
2016-17	10,932	5,785	5,147	678	7.59	4,469	524	8.53	3,945
2017-18	11,632	5,731	5,901	676	8.73	5,225	462	11.31	4,763
2018-19	12,191	6,363	5,828	676	8.62	5,152	462	11.15	4,690
<b>Sewer system improvement projects</b>									
2009-10	\$ 7,361	\$ 3,749	\$ 3,612	\$ 734	4.92	\$ 2,878	\$ 1,309	2.20	\$ 1,569
2010-11	7,191	3,654	3,537	733	4.83	2,804	1,259	2.23	1,545
2011-12	7,158	3,848	3,310	735	4.50	2,575	1,652	1.56	923
2012-13	7,162	3,441	3,721	735	5.06	2,986	1,336	2.24	1,650
2013-14	7,248	3,688	3,560	728	4.89	2,832	1,336	2.12	1,496
2014-15	7,417	3,913	3,504	730	4.80	2,774	1,336	2.08	1,438
2015-16	7,831	4,157	3,674	729	5.04	2,945	1,336	2.20	1,609
2016-17	8,640	3,810	4,830	731	6.61	4,099	1,336	3.07	2,763
2017-18	7,626	4,381	3,245	725	4.48	2,520	1,336	1.89	1,184
2018-19	8,117	4,460	3,657	727	5.03	2,930	1,127	2.60	1,803

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>
2009-10	52,960	\$ 911,706,400	\$ 17,215	28.6	61.7% High school graduate or higher	17,112	14.4%
2010-11	54,165	\$ 920,209,185	\$ 16,989	28.8	67.9% High school graduate or higher	18,130	14.3%
2011-12	55,107	\$ 937,370,070	\$ 17,010	29.0	69.7% High school graduate or higher	18,335	13.9%
2012-13	55,490	\$ 926,960,450	\$ 16,705	28.0	68.5% High school graduate or higher	18,623	13.6%
2013-14	55,697	\$ 960,661,856	\$ 17,248	29.6	68.9% High school graduate or higher	18,892	12.4%
2014-15	55,852	\$ 967,915,160	\$ 17,330	29.5	67.6% High school graduate or higher	19,039	12.7%
2015-16	60,070	\$ 894,933,110	\$ 14,898	29.0	66.9% High school graduate or higher	19,151	11.6%
2016-17	59,908	\$ 977,638,652	\$ 16,319	29.1	66.8% High school graduate or higher	19,604	11.2%
2017-18	60,798	\$ 1,031,985,252	\$ 16,974	30.0	66.8% High school graduate or higher	19,907	12.1%
2018-19	60,260	\$ 1,044,546,840	\$ 17,334	29.8	67.5% High school graduate or higher	19,666	11.9%

Sources:

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

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

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

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



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

Employer	2018-19			2009-10		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville Public Schools	1,494	1	5.81%	1,700	1	7.76%
Porterville State Developmental Center	1,240	2	4.82%	1,646	2	7.52%
Wal-Mart Distribution Center	1,240	3	4.82%	1,077	3	4.92%
Sierra View Medical Center	805	4	3.13%	976	4	4.46%
City of Porterville	592	5	2.30%	512	7	2.34%
Burton School District	564	6	2.19%	435	9	1.99%
Eagle Mountain Casino	496	7	1.93%	518	6	2.37%
Foster Farms	430	8	1.67%	465	8	2.12%
Family Healthcare Network	381	9	1.48%	687	5	3.14%
Wal-Mart Retail Store	292	10	1.14%	318	10	1.45%
Total	<u>7,534</u>		<u>29.32%</u>	<u>8,334</u>		<u>38.05%</u>
City labor force	<u>25,700</u>			<u>21,900</u>		

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

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

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>Function</b>										
General government	26	24	25	25	23	26	26	25	25	27
Public safety:										
Fire										
Sworn	35	34	35	32	35	33	38	36	36	39
Unsworn	2	2	3	3	2	2	2	2	2	2
Police										
Sworn	55	60	54	60	59	56	58	57	57	65
Unsworn	25	27	26	28	31	27	30	28	31	35
Public works:										
Engineering and building	17	18	18	17	17	16	16	17	16	17
Streets maintenance	6	6	6	5	5	5	5	6	6	6
Community development:										
Planning and zoning	9	8	6	8	6	7	8	8	7	6
Economic development	2	2	2	2	2	2	2	2	2	2
Housing	2	2	2	2	2	1	1	1	1	1
Parks and Leisure Services:										
Parks	20	20	18	17	18	19	19	18	18	18
Leisure Services	5	5	5	4	4	4	4	4	4	4
Library	9	10	10	10	10	10	10	10	10	10
Sewer operations	14	16	13	17	16	14	15	14	12	12
Solid waste	21	20	20	20	20	22	21	20	20	22
Airport operations	1	1	1	2	2	2	3	3	3	3
Golf course	2	2	2	2	2	2	2	2	2	2
Water operations	11	12	12	12	15	15	14	14	19	18
Equipment maintenance	6	6	7	7	6	6	8	8	8	8
Total	<u>268</u>	<u>275</u>	<u>265</u>	<u>273</u>	<u>275</u>	<u>269</u>	<u>282</u>	<u>275</u>	<u>279</u>	<u>297</u>

Source: City of Porterville, Finance Department

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

<b>FUNCTION</b>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>Police</b>										
Crimes (1):										
Homicide	5	1	3	3	7	3	3	4	1	3
Rape	10	11	7	12	7	10	13	14	6	14
Robbery	60	65	47	73	39	37	55	52	65	43
Assaults	575	606	467	461	408	405	444	472	548	444
Burglary	386	482	558	542	436	278	308	306	343	279
Theft	1,091	1,242	1,003	936	737	717	796	807	1,002	880
Stolen vehicles	223	267	162	253	190	204	225	279	287	281
Traffic accidents:										
Non-injury	310	368	373	329	293	291	280	313	320	316
Injury	207	194	220	182	222	202	241	273	266	241
Fatal	5	3	2	6	3	4	4	5	4	2
Calls for service	30,094	30,753	31,895	31,701	30,263	33,848	38,991	38,247	54,614	43,699
Officer-initiated activity	38,970	37,161	38,394	33,868	33,322	31,866	25,606	22,027	17,718	24,540
Reports	9,503	9,474	9,268	9,159	8,723	8,374	8,293	8,038	7,831	8,174
Arrests:										
Felony	1,506	1,421	1,204	1,246	1,457	1,168	1,090	984	914	888
Misdemeanor	2,527	2,296	2,463	2,094	2,295	2,831	2,937	2,556	2,208	2,967
Mover citations	2,313	2,551	2,725	3,433	2,536	2,233	1,286	1,299	998	1,391
Non-mover and other citations	2,369	2,314	2,917	3,965	3,115	2,408	1,711	1,582	1,129	1,232
<b>Fire</b>										
Emergency responses:										
Fires	375	413	431	521	409	364	249	252	347	356
Medical	2,848	2,922	2,985	3,247	3,055	3,582	3,222	3,310	3,194	3,176
Hazardous materials	-	-	-	-	-	-	-	-	-	-
Other	881	854	942	1,004	967	1,206	1,345	1,414	1,523	487
Inspections	1,123	1,255	1,125	1,588	1,100	1,038	1,032	1,222	732	1,170
Hazard abatement	1,395	998	1,461	769	1,276	-	-	-	-	-
Violations noticed/citations issued	235	583	154	473	382	66	291	70	549	738
Public education - presentations and tours	179	238	204	123	118	167	77	59	64	60
Investigations	158	155	146	262	133	164	200	236	312	62

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

<b>FUNCTION</b>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>Public works:</b>										
Building permits issued	293	230	240	222	211	252	274	292	297	317
Streets:										
Street resurfacing (square feet)	1,000,071	1,211,969	1,687,492	1,936,432	1,309,796	1,189,247	712,095	446,997	394,158	632,492
Potholes repaired (square feet)	17,000	14,153	14,396	10,511	8,717	8,517	28,962	33,817	18,641	32,454
Solid waste:										
Refuse collected (tons/day)	111	123	123	109	96	101	104	107	111	114
Recyclables collected (tons/day)	38	47	50	50	45	31	38	41	37	40
Water:										
Number of consumers	14,694	14,843	15,214	15,395	15,450	15,576	15,635	15,406	16,492	16,838
Water introduced into system (millions of gallons)	4,042	3,970	4,208	4,284	4,196	3,548	3,019	3,206	3,548	3,368
Metered water deliveries (millions of gallons)	3,456	3,529	3,955	3,836	3,642	3,223	2,552	2,959	2,946	2,983
New water connections	97	156	54	74	102	144	148	704	625	174
Water mains breaks	11	11	3	6	11	11	19	17	21	18
Wastewater:										
Average daily sewage treatment (millions of gallons)	4.6	4.8	4.8	4.8	4.6	4.4	4.4	4.4	4.4	4.3
<b>Parks and leisure services:</b>										
Athletic field permits issued	63	64	54	70	69	137	191	188	107	101
Facility rentals										
Community rooms/centers	14	29	42	34	28	40	32	32	4	3
Municipal swimming pool	32	43	45	56	60	52	64	62	79	68
Park pavilions	481	489	525	552	530	592	623	581	589	548
Zalud Estate house and gardens	5	6	9	15	11	14	13	10	11	12
Recreation program enrollment:										
Recreation afterschool program (RAP)	1,579	1,739	1,917	1,622	1,485	1,663	1,656	1,778	1,709	1,716
Sports activities	1,483	1,813	2,101	2,621	2,499	2,449	2,199	2,016	2,214	2,194
Summer/winter camp	211	240	417	353	441	586	607	548	529	412
Kindergarten/pre-school classes	420	297	352	316	394	289	341	328	315	300

Sources: Various city departments

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

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

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>Function</b>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	2	2	2	2
Patrol units	70	76	75	68	68	65	64	74	69	81
Fire:										
Stations	2	2	2	2	2	2	3	3	3	3
Hydrants	1829	1840	1,929	1,937	1,875	1,902	1,916	2,002	2,190	2,026
Public works:										
Streets, lights, signals										
Miles	196	196	196	196	196	206	206	206	207	208
Streetlights	3333	3336	3,336	3,336	3,535	3,701	3760	3778	3839	3885
Traffic signals	49	49	49	49	49	49	50	50	50	50
Sewers (miles)	170	171	171	171	176	179	179	179	181	195
Water mains (miles)	210	212	212	213	213	213	213	213	214	275
Storm drains (miles)	52	52	52	52	52	52	52	52	53	53
Parks and Leisure Services:										
Parks acreage	306	306	306	306	308	308	308	308	308	300
Parks	24	24	24	24	25	25	25	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Library volumes/circulations	271,161	294,212	297,900	288,326	300,662	296,498	260,834	251,155	231,831	217,488

Sources: Various city departments



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