

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

**CITY OF PORTERVILLE,
CALIFORNIA**

PREPARED BY THE DEPARTMENT OF FINANCE

MARIA C. BEMIS

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Introductory Section



Maria Bemis
Finance Director
(559) 782-7435



291 North Main Street
Porterville, CA 93257

December 31, 2009

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, 2009, 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.

Pressley and Associates, Inc., a firm of licensed certified public accountants, have issued an unqualified ("clean") opinion on the City of Porterville's financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City of Porterville was part of the broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Porterville's separately issued Single Audit Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement 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 in the southeastern portion of California's San Joaquin Valley, the most diverse agricultural area in the world. The City currently occupies a land area of 16 square miles and serves a population of 52,056. Porterville is empowered to levy property taxes within its boundaries 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 County of Tulare is responsible for the assessment, collection and apportionment of property taxes. Porterville is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing 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 through its general fund, including general administration and finance; police and fire protection; public works (engineering, building inspection, streets, roads and other infrastructure construction and maintenance); planning, zoning, and economic development; and parks maintenance, library, and adult and youth recreational activities. 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). The City Manager is authorized to transfer budgeted amounts between departments within the general fund. Department heads may make transfers of appropriations within a department.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes. If appropriations from proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. These statements for major funds can be found in the Required Supplementary Information section. Nonmajor funds budgetary information is located in the Supplemental Statements category.

Local economy

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

During the year, the City experienced an 11 percent decline in sales tax revenues, from \$6,881,840 in FY2007-2008 to \$6,147,526 in FY2008-2009. It is the same decline that every geographic region of California continues to experience. Continued high unemployment, consumer uncertainty and housing problems factor into the sales decline statewide.

In June 2009, the City's unemployment rate was 13.5 percent, the highest it has been in 10 years. The elevated unemployment is a key factor in the lower level of spending. Over the last year, a new approach to purchases has emerged with consumers spending on current needs rather than wants and avoiding unnecessary purchases. This new lower level of consumer spending is not expected to change in the near future.

The City continues its effort to promote commercial and industrial development. The City coordinates business attraction and recruitment efforts with the Tulare County Economic Development Corporation and is a member of Team California, a statewide organization providing assistance to companies and site selection professionals with business location and expansion needs. A new economic development website was launched to provide on-line information to businesses looking to locate or expand in Porterville. To assist in the attraction of new retail, the City engaged the Buxton Company to conduct a retail assessment to identify sales potential and leakage for the community.

As a result of the City's revitalization efforts, Kohl's Department Stores, Inc. is expected to open a new store in October 2010 that would employ 61 full-time equivalent positions. The reopening of Target, relocation of Sears, and the opening of Vallarta Market and CVS Pharmacy all point to the revitalization of retail in the community.

The opening of the new Southern California Edison service center has been postponed for another 18 months. However, the contractor's yard is expanding and increasing the number of their current workforce.

The construction of the Compressed Natural Gas (CNG) Fueling Facility was completed this year. This facility will not only fuel the City's new CNG transit buses and future CNG refuse trucks but is also available for the fueling of private vehicles. CNG is a cleaner burning and more economical alternative to fossil fuels and the City encourages the use of this new "green" alternative fuel.

With the continual deficit experienced by the State, a new law was passed by the State Legislature and signed by the Governor for the 2009-2010 budget year, whereby the State will borrow 8 percent of the amount of property tax revenue apportioned to cities, counties and special districts with repayment by June 2013. For the City of Porterville, this amounts to \$591,689. In order to mitigate the impact of the property tax withholding, the City participated in the Proposition 1A Securitization Program sponsored by the California Statewide Communities Development Authority. The securitization program will provide immediate cash relief to the City with 100 percent of its property tax receivable.

The new State budget trailer bill also authorized the taking of local redevelopment funds. For the City of Porterville, this amounts to \$373,167 for the fiscal year 2009-2010 and another \$80,000 in fiscal year 2010-2011. The City has joined the California Redevelopment Association's lawsuit challenging the constitutionality of the bill and is hopeful that the court will rule before May 2010.

Long-term financial planning

The City is currently looking into the adoption of a Reserve Ordinance, within in which funds would be allocated to establish reserve accounts for capital asset maintenance and replacement, infrastructure maintenance and replacement, and emergency reserve. An annual allocation to these reserve funds would be considered in the budgetary process.

In July 2009, the City entered into an Enterprise Fund Installment Sale Agreement with the California Infrastructure and Economic Development Bank in the amount of \$6,757,000 with a term

of 30 years. The proceeds of the loan will finance the water system capital improvements project including the construction of new water storage tanks and booster pump station and well development projects. These infrastructure improvements are necessary to keep pace with the population growth.

The City has entered into a consulting services agreement with Page+Moris to conduct an analysis of current library services and facilities, and build upon the information in preparing a Needs Assessment Report for the year 2020 and beyond. The report would seek to address both potential uses and size of a proposed new City public library.

Cash management policies and practices

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Government agencies, the State Treasurer's local agency investment pool (LAIF) and other investment pools. The maturities of the investments range from 1 day to 5 years, with a weighted average maturity of 481 days. The average yield on investments was 2.689 percent. Investment income includes depreciation in the fair value of investments. Decreases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Major initiatives

Considered a "Century Project" for the City, the new Superior Court to be located at the Fairgrounds site remains on track to start construction in 2010. This new courthouse project will become the South Justice Center of the county and will serve both limited and unlimited jurisdiction cases. In support of the new courthouse development, the City has completed topographies for the water main and storm drain improvements for Olive Avenue and will continue to assist the State in facilitating the development and construction of the courthouse. The Fair will relocate from its current location on Olive Avenue to the Municipal Airport property on Tea Pot Dome Avenue. The City is working diligently with the Fair Board representatives in the development of the new site in anticipation of its opening in the fall of 2010.

During the year, the City refinanced its 2002 Tax Allocation Refunding Bonds to help provide resources for the Porterville Hotel project. The project will include demolition of a long vacant and blighted building at the southerly entrance to the downtown area. The bond funds were also used to purchase property for the replacement of affordable housing units that would be lost in the demolition of the building. The City is working with the State and the current property owner to resolve the financing complexities involved and anticipates that a formal resolution would be achieved in the spring of 2010 with the demolition to follow shortly thereafter.

Another major initiative is the new Public Safety Station project. A site has been selected and property negotiation is in progress. The City has submitted an application for approximately \$1.5 million in Federal stimulus grant funding to assist in the construction of a new facility. It is anticipated that construction will begin in 2011, with the facility being operational in 2012.

Another significant project that the City will undertake is the rehabilitation of Runway 12-30. The Federal Aviation Administration has communicated with the City that grant funds amounting to \$2,185,000 is available to the City for the project. The runway improvements will assure support for the heavy aircraft tankers that utilize the runways during fire season.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Porterville for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the nineteenth 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 legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of the report. Credit also must be given to the mayor and governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Porterville finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Maria Bemis".

Maria Bemis
Finance Director

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "K. L. R.", is positioned above the title "President".

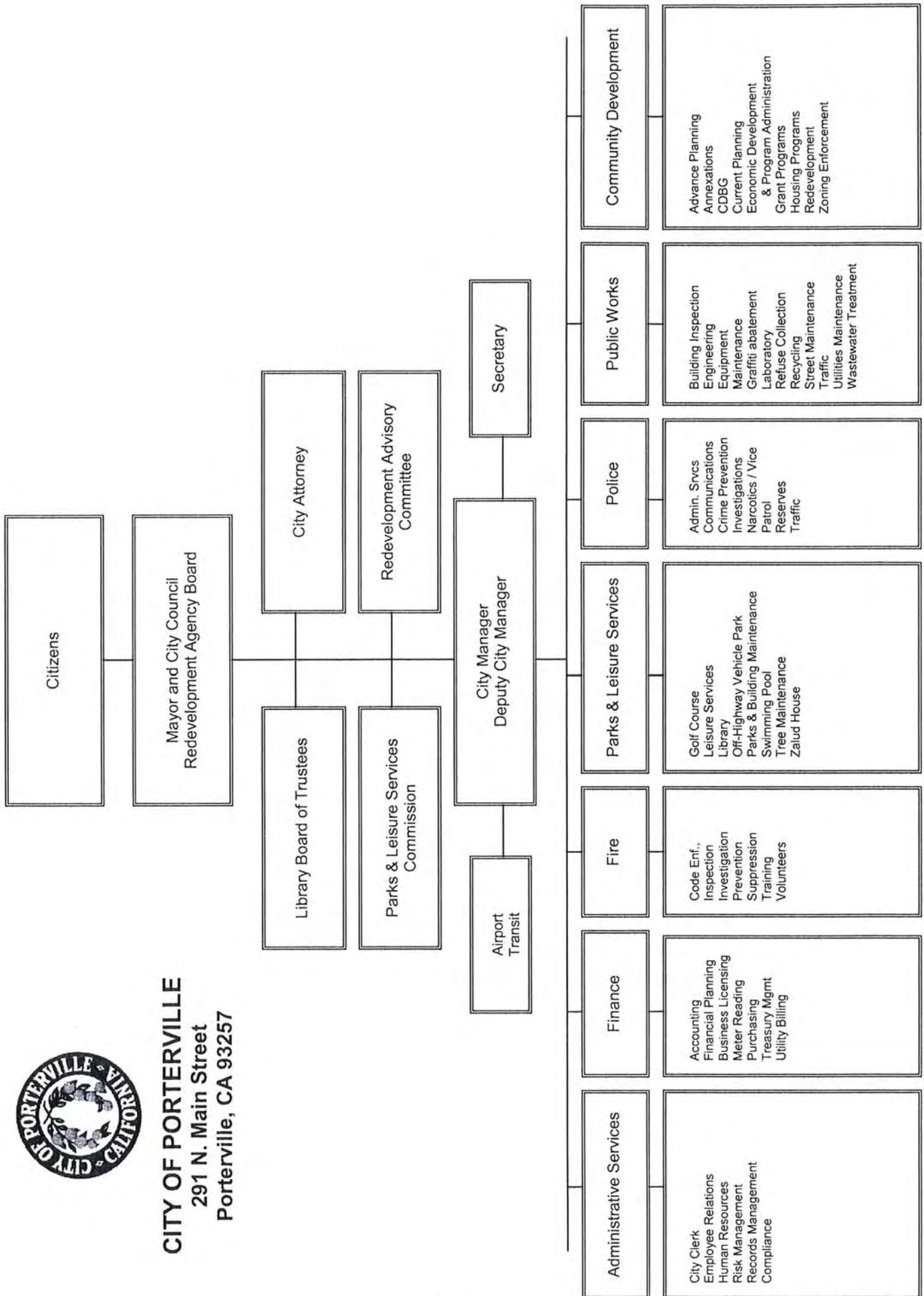
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is positioned above the title "Executive Director".

Executive Director



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



CITY OF PORTERVILLE

CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES

As of June 30, 2009

City Council and Redevelopment Agency Board

Term Expires

Cameron Hamilton	Mayor and Chairperson	June 2012
Pete V. McCracken	Vice-Mayor and Vice-Chairperson	June 2010
Pedro (Pete) Martinez	Council Member and Agency Member	June 2012
Felipe Martinez	Council Member and Agency Member	June 2010
Brian Ward	Council Member and Agency Member	June 2012

City Manager and Department Directors

John D. Lollis	City Manager/City Clerk
Bradley Dunlap	Deputy City Manager/Community Development Director
Mario Garcia	Fire Chief
Charles McMillan	Police Chief
James Perrine	Parks and Leisure Services Director
Baldo Rodriguez	Public Works Director
Maria Bemis	Finance Director
Patrice Hildreth	Administrative Services Manager

Library Board of Trustees

Joe Moreno, Chairperson
Hector Villicana, Vice-Chairperson
Ellen Nichols, Member
Sharon Patterson, Member
Obdulia Guzman Alvarado, Member

Parks and Leisure Services Commission

Joe Ruiz, Chairperson
Tom O=Sullivan, Vice-Chairperson
Chris Edwards, Member
George Luna, Member
Greg Shelton, Member
Cathy Capone, Member
Charles Webber, Member
Donald W. Beardsley, Member

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the City Council
Porterville, California

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 City of Porterville, California (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 28, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the City Council
Porterville, California
Page 2 of 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical tables 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 the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pressley & Associates, Inc.

Accountancy Corporation

Bakersfield, California
December 28, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 5 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- The assets of the City of Porterville exceeded its liabilities at the close of the most recent fiscal year by \$443,039,842. Of this amount, \$35,798,798 (*unrestricted net assets*) is available to be used to meet Porterville's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$ 6,742,733. This is primarily due to the infusion of resources from one-time grants.
- As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$36,842,018, an increase of \$4,100,923 in comparison with the prior year. Of this total, 72 percent is *available for spending* at the City's discretion (*unreserved fund balance*).
- At June 30, 2009, unreserved fund balance for the general fund was \$17,258,432, or 85 percent of total general fund expenditures.
- The City advance refunded its 2002 Tax Allocation Refunding Bonds which resulted in an increase in bonded debt of \$3,570,000. The 2008 Tax Allocation Refunding Bonds were issued for \$8,475,000 in taxable and non-taxable bonds and the outstanding balance of \$4,905,000 of the 2002 Revenue Bonds were considered to be defeased and the liability removed from the City's financial statements.

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 comprise 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 in addition to 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or

decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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., earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 23 - 24 of this report.

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

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

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

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

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 and individual statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 26 - 29 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 and Solid Waste 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 is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 31 - 33 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 basic fiduciary fund financial statement can be found on page 35 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 37 - 59 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Porterville's progress in funding its obligation to provide pension benefits to its employees.

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

Required supplementary information can be found on pages 61 - 64 of this report.

The combining and individual statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, internal service funds, and fiduciary fund are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 68 - 95 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Porterville, assets exceeded liabilities by \$443,039,842 at June 30, 2009.

By far, the largest portion of the City's net assets (88 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Porterville's investment in its 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.

City of Porterville's Net Assets

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 57,610,015	\$ 53,088,517	\$ 21,662,201	\$ 23,587,801	\$ 79,272,216	\$ 76,676,318
Capital assets	373,663,898	369,369,722	66,043,665	64,949,858	439,707,563	434,319,580
Total assets	431,273,913	422,458,239	87,705,866	88,537,659	518,979,779	510,995,898
Long-term liabilities outstanding	36,334,784	32,969,749	24,715,565	25,933,879	61,050,349	58,903,628
Other liabilities	13,487,645	13,342,774	1,401,943	2,452,387	14,889,588	15,795,161
Total liabilities	49,822,429	46,312,523	26,117,508	28,386,266	75,939,937	74,698,789
Net assets:						
Invested in capital assets, net of related debt	349,278,341	337,297,724	41,328,100	39,015,979	390,606,441	376,313,703
Restricted	15,181,102	12,732,397	1,453,501	2,494,324	16,634,603	15,226,721
Unrestricted	16,992,041	26,115,595	18,806,757	18,641,090	35,798,798	44,756,685
Total net assets	\$ 381,451,484	\$ 376,145,716	\$ 61,588,358	\$ 60,151,393	\$ 443,039,842	\$ 436,297,109

An additional portion of the City of Porterville's net assets (3.75 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$35,798,798) may be used to meet the City's ongoing obligation to citizens and creditors.

At June 30, 2009, the City of Porterville is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's net assets increased by \$6,742,733 compared to the prior year, primarily from the infusion of resources from one-time grants. This increase is 44 percent lower than the increase in prior year. Revenues are down but still outstripped increases in ongoing expenses.

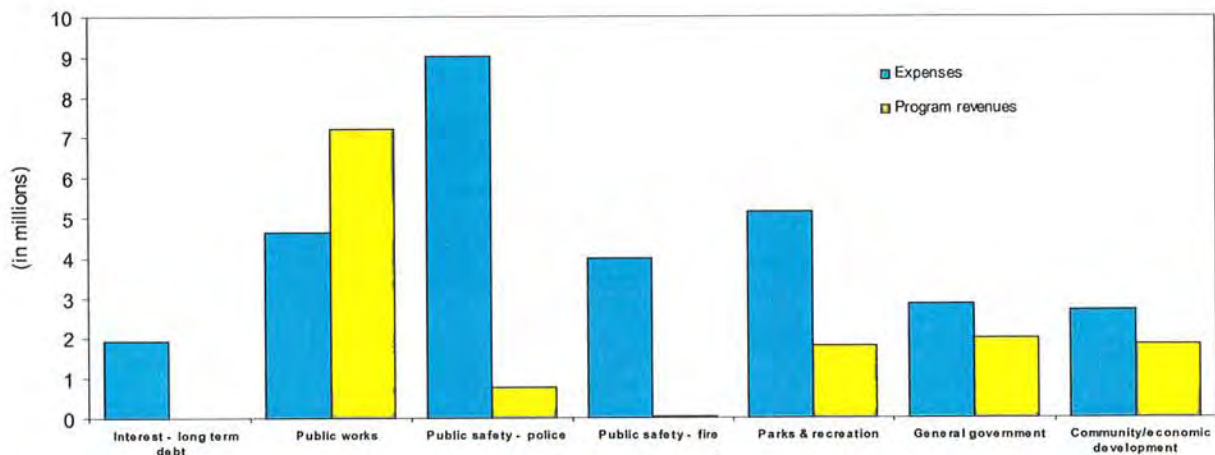
City of Porterville's Changes in Net Assets						
	Governmental		Business-type		Total	
	activities		activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 4,121,263	\$ 4,409,373	\$ 18,194,290	\$ 20,354,820	\$ 22,315,553	\$ 24,764,193
Operating grants and contributions	3,860,567	4,977,187	1,960,094	1,318,525	5,820,661	6,295,712
Capital grants and contributions	5,678,939	6,163,369	732,272	2,245,831	6,411,211	8,409,200
General revenues:						
Property taxes	8,407,701	8,301,092	--	--	8,407,701	8,301,092
Other taxes	12,353,636	13,334,356	--	--	12,353,636	13,334,356
Other	1,605,726	2,722,839	666,490	1,043,112	2,272,216	3,765,951
Total revenues	36,027,832	39,908,216	21,553,146	24,962,288	57,580,978	64,870,504
Expenses:						
Community/economic development	2,690,074	3,595,037	--	--	2,690,074	3,595,037
General government	2,846,863	2,725,511	--	--	2,846,863	2,725,511
Parks and recreation	5,164,959	5,018,010	--	--	5,164,959	5,018,010
Public safety - fire	3,979,319	3,720,610	--	--	3,979,319	3,720,610
Public safety - police	9,022,945	8,335,116	--	--	9,022,945	8,335,116
Public works	4,654,609	4,106,005	--	--	4,654,609	4,106,005
Interest on long-term debt	1,908,767	1,746,197	1,549,773	1,620,630	3,458,540	3,366,827
Airport	--	--	1,622,485	1,528,614	1,622,485	1,528,614
Golf course	--	--	419,558	388,047	419,558	388,047
Sewer operating	--	--	5,337,466	5,166,721	5,337,466	5,166,721
Solid waste	--	--	5,181,318	5,159,044	5,181,318	5,159,044
Transit	--	--	2,036,726	2,056,343	2,036,726	2,056,343
Water operating	--	--	4,392,608	4,243,266	4,392,608	4,243,266
Zalud estate	--	--	30,775	29,054	30,775	29,054
Total expenses	30,267,536	29,246,486	20,570,709	20,191,719	50,838,245	49,438,205
Increase in net assets before transfers	5,760,296	10,661,730	982,437	4,770,569	6,742,733	15,432,299
Transfers	(454,528)	(309,096)	454,528	309,096	--	--
Increase in net assets	5,305,768	10,352,634	1,436,965	5,079,665	6,742,733	15,432,299
Net assets - July 1	376,145,716	350,373,764	60,151,393	55,071,728	436,297,109	405,445,492
Prior period adjustment	--	15,419,318	--	--	--	15,419,318
Net assets (restated) - July 1	376,145,716	365,793,082	60,151,393	55,071,728	436,297,109	420,864,810
Net assets - June 30	\$ 381,451,484	\$ 376,145,716	\$ 61,588,358	\$ 60,151,393	\$ 443,039,842	\$ 436,297,109

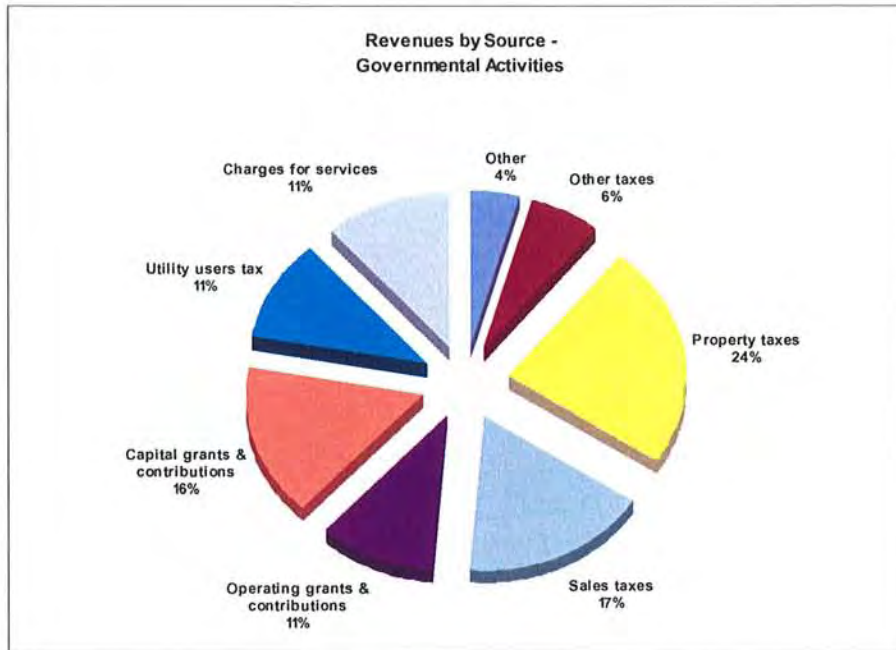
Governmental activities. Governmental activities increased the City of Porterville's net assets by \$5,305,768, thereby accounting for 79 percent of the total growth in the net assets of the City of Porterville. Key elements of this increase are as follows:

- Capital grants increased the City's net assets by \$2,477,171 during the year. The grant awards furnished resources for the construction of a new Compressed Natural Gas fueling facility, curb, gutter and sidewalk within core areas of the City, and a new traffic signal.
- Operating grants of \$2,012,531 contributed to the increase in net assets. A majority of the grant awards provided resources for the activities of the Community Development Block Grant Fund. Grants were also awarded to support the functions of public safety and the parks and leisure services.
- Local transportation funds and Measure-R sales tax from the County increased by \$608,166 providing additional resources for street projects.

Total expenses in governmental activities increased by \$1,021,050, which represents a 3 percent increase from the prior year. Expenses in the public safety function increased by 8 percent, due primarily to salary and related benefits for new employees. In the public works department, expenses grew by 13 percent which reflects the additional cost of on-going projects. Interest on long-term debt increased by \$162,570 or 9 percent compared to the prior year. This is due to the refunding of tax allocation bonds.

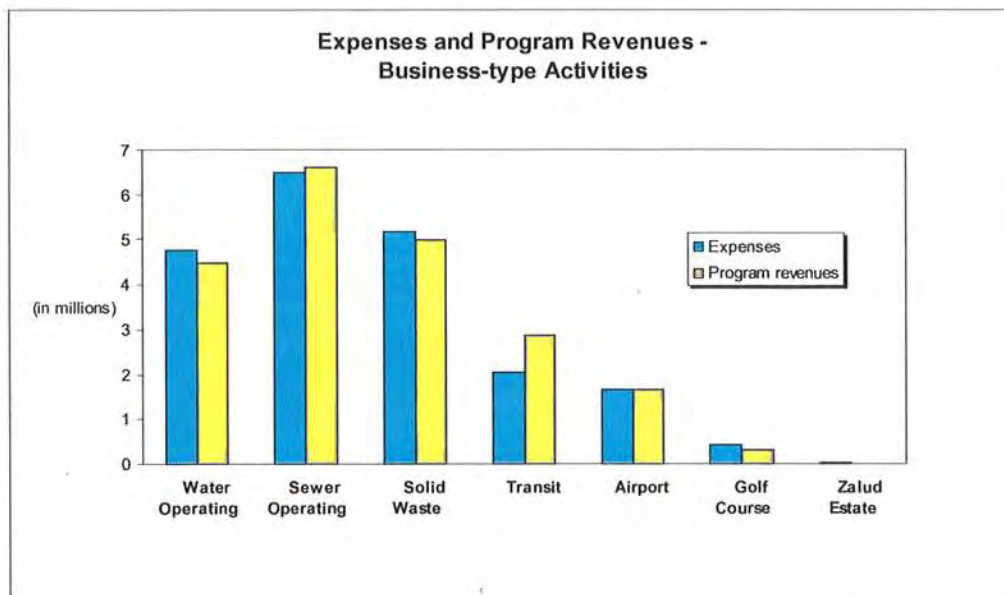
**Expenses and Program Revenues -
Governmental Activities**

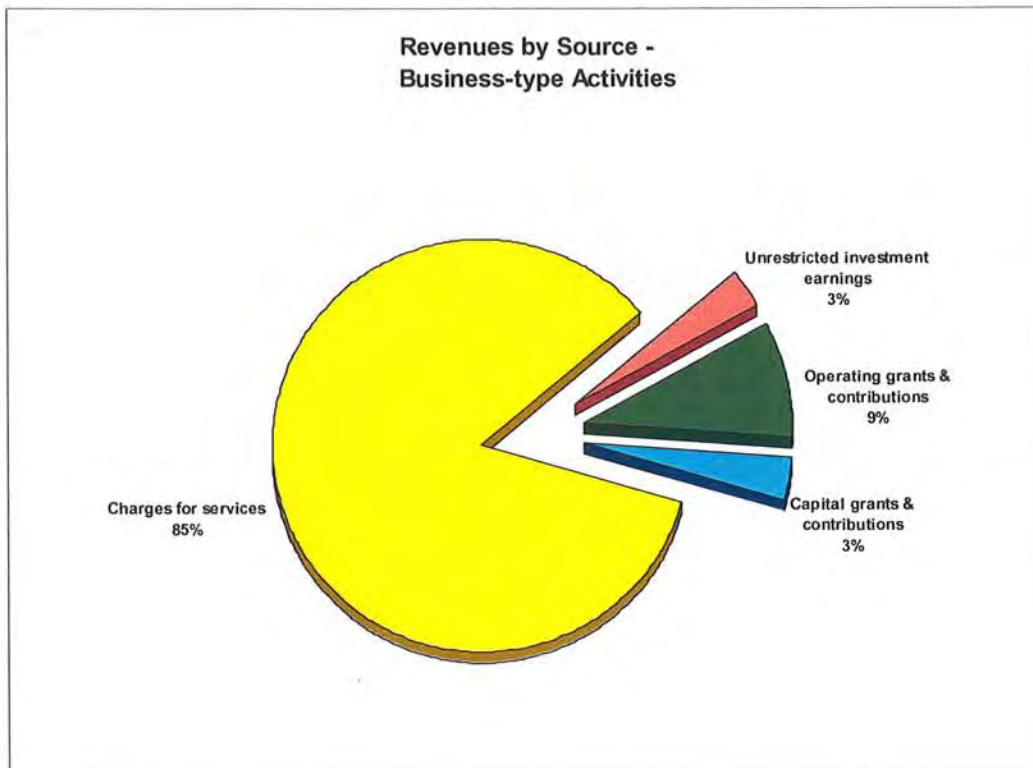




Business-type activities. Business-type activities increased the City of Porterville's net assets by \$1,436,965, accounting for 21 percent of the total growth in the net assets of the City of Porterville.

Overall revenues for business-type activities decreased by 14 percent from prior year. Although this is the case, revenues still surpassed total expenses for the year. Operating grants and contribution increased by \$641,569 mainly from the increase in Local Transportation funds and State Transit Assistance funds received during the year. The City also recognized grant award of \$527,941 from the Federal Transit Administration for the construction of the Transit Bus Maintenance Facility.





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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2009, the City of Porterville's governmental funds reported combined ending fund balances of \$36,842,018, an increase of \$4,100,923 in comparison with the prior year. Of this total amount, \$26,595,758 (72 percent) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) to pay debt service, \$2,721,872, (2) for use on capital projects by bond covenants, \$4,907,297, or (3) for a variety of other restricted purposes, \$2,617,091.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2009, unreserved fund balance of the general fund was \$17,258,432, while total fund balance reached \$18,774,782. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund

expenditures. Unreserved fund balance represents 85 percent of total general fund expenditures, while total fund balance represents 93 percent of that same amount.

The fund balance of the City of Porterville's general fund increased by \$788,970 during the current fiscal year primarily due to ongoing revenues outstripping increases in expenditures.

The community development block grant fund has a total fund balance of \$273,710, all of which is reserved for capital projects and for housing projects for low and moderate income families. This is a decrease of \$354,149 generally due to the timing of funding.

The capital projects fund has a total fund balance of \$2,796,712 that is all reserved to finance various capital improvement projects. This balance represents the funds available from the issue of the 2005 Infrastructure Financing Project Certificates of Participation.

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

Unrestricted net assets of the Sewer Operations fund at June 30, 2009, amounted to \$11,216,751, an increase of \$205,785 in comparison with the prior year. In the Water Operations fund, unrestricted net assets totaled \$4,635,943, an increase of \$239,592. And in the Solid Waste fund, unrestricted net assets decreased by \$298,853 from last fiscal year amounting to \$2,264,995.

General Fund Budgetary Highlights

During the year, there was an increase of \$547,426 in appropriations between the original budget and the final amended budget. The main components of these changes are as follows:

- \$50,000 appropriation was approved by the City Council in support of the Tulare County Workforce Investment Board 'Youth@Work' Community Improvement Projects Program.
- \$40,000 supplemental appropriation in the Parks and Leisure Services Department to increase salaries for the YES program to meet the service level of 75 percent mandated by the State of California.
- \$268,425 re-appropriation of funds for ongoing projects in the public safety, community and economic development, public works, and parks and leisure functions of the City.

Variances between the final amended budget and actual expenditures are mainly due to several vacant positions in the Police and Fire departments and also in the Public Works and Parks and Leisure departments.

During the year, the City experienced a modest shortfall of \$105,058 in revenues compared to budgetary estimates. A major factor in the shortfall is the sales tax revenue which came in short of what was anticipated for the year by \$271,157.

Capital Asset 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, 2009, amounts to \$439,707,563 (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 \$5,387,983.

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

- Purchase of land for a new animal shelter and dog park. Total purchase price was \$301,285.
- Completion of the West Street Industrial Park construction project, including the addition of water, sewer and storm drain systems at a total cost of \$2,067,320.
- Construction of curb, gutter and sidewalk in core areas of the City. Total cost of the project was \$995,436.
- Completion of the Heritage Ballfields project for \$908,706.
- The construction of a new water well was completed during the year at a cost of \$1,042,631.
- The grit system towers and bar screen in the Waste Water Treatment Plant were upgraded at a cost of \$1,002,893.
- Completion of the effluent pipeline and land leveling at the reclamation site project for \$1,036,610.
- Various vehicles and equipments were purchased during the year. The total cost to the City was \$1,425,560.

	City of Porterville's Capital Assets (net of depreciation)					
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 267,821,839	\$ 267,431,784	\$ 4,938,508	\$ 4,938,508	\$ 272,760,347	\$ 272,370,292
Works of art and collections	183,938	183,938	--	--	183,938	183,938
Buildings	7,745,349	7,341,587	2,541,469	2,121,372	10,286,818	9,462,959
Improvements other than buildings	5,196,548	4,316,012	51,770,068	49,180,698	56,966,616	53,496,710
Machinery and equipment	3,818,027	3,611,103	4,564,788	4,790,119	8,382,815	8,401,222
Infrastructure	84,555,511	83,170,046	--	--	84,555,511	83,170,046
Construction in progress	4,342,686	3,315,252	2,228,832	3,919,161	6,571,518	7,234,413
Total	\$ 373,663,898	\$ 369,369,722	\$ 66,043,665	\$ 64,949,858	\$ 439,707,563	\$ 434,319,580

Additional information on the City's capital assets can be found in Note 1-D-5 and Note 4-C on page 40 and pages 48 - 49 this report.

Long-term debt. At the end of the current fiscal year, the City of Porterville had total debt outstanding of \$61,610,893.

City of Porterville's Outstanding Debt

	Governmental activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue bonds	\$ 8,210,000	\$ 4,905,000	\$ --	\$ --	\$ 8,210,000	\$ 4,905,000
Certificates of participation	23,395,000	24,035,000	20,935,000	22,130,000	44,330,000	46,165,000
Notes payable	3,778,950	3,736,751	5,068,667	5,208,401	8,847,617	8,945,152
Capital lease payable	--	--	223,276	243,609	223,276	243,609
Total	<u>\$ 35,383,950</u>	<u>\$ 32,676,751</u>	<u>\$ 26,226,943</u>	<u>\$ 27,582,010</u>	<u>\$ 61,610,893</u>	<u>\$ 60,258,761</u>

The City's total debt increased by \$1,352,132 during the current fiscal year. Revenue bonds increased by \$3,305,000 due to the advance refunding of the 2002 Tax Allocation Refunding Bonds. The refunding was undertaken to finance redevelopment and low and moderate housing activities within or of benefit to the Redevelopment Agency Project Area and to refinance the old bonds. The 2008 Tax Allocation Refunding Bonds are secured by tax increment revenues. Standard & Poor's Ratings Services ("S&P") has assigned the rating of BBB+ to the 2008 bonds.

Additional information on the City's long-term debt can be found in Note 4-E and Note 4-F on pages 50 - 54 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Porterville at the end of the current fiscal year is 13.5 percent which is an increase from a rate of 9 percent a year ago. This compares favorably to the county's rate of 14.7 percent.
- As it is statewide, the City of Porterville sales has declined due to elevated unemployment, consumer uncertainty and housing problems. The forecast for next year remains gloomy.
- The City applied a 0% growth factor for property taxes for fiscal year 2009/2010. Overall, general fund revenues are estimated conservatively without any notable increase. The current economic recession and corresponding decrease in sales tax generation and development activity were considered in defining the revenue estimates.
- The budget for the Water Operations includes the Eastside Water Improvement Projects. In July 2009, the City secured a loan from the California Infrastructure and Economic Development Bank to fund these projects.
- A one-time appropriation of American Recovery & Reinvestment Act (ARRA) funds are included in next year's budget. The City is expecting \$1.3 million from the Federal Transit Administration for the purchase of three additional CNG transit buses and the upgrade to the City Shop necessitated by the City's conversion to CNG vehicles. The City also expects to receive \$320,000 to support the Olive Avenue reconstruction project.

At the end of the 2008/09 fiscal year, the unreserved fund balance in the general fund has a balance of \$17,258,432. The City of Porterville has appropriated \$645,000 of this amount for spending in the 2009/10 fiscal year for operating and capital assistance including the communications tower upgrade and P-25 license compliance which includes the repair and replacement of guide lines on the repeater site, the construction of a parking lot and resurfacing of the drillgrounds at Fire Station #2, the installation of misters at Murry Park and Zalud Park and to provide resources to support the 2010 census.

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 Division, City of Porterville, 291 North Main Street, Porterville, CA 93257-3737.

**Basic
Financial Statements**



City of Porterville
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 513,336	\$ 220,145	\$ 733,481
Investments	35,768,727	16,220,720	51,989,447
Receivables - utility (net of allowance for uncollectibles)	-	2,189,122	2,189,122
Receivables - misc (net of allowance for uncollectibles)	1,647,825	453,927	2,101,752
Receivables - housing (net of allowance for uncollectibles)	10,612,420	-	10,612,420
Inventories	-	106,910	106,910
Prepays	49,635	-	49,635
Internal balances	(430,829)	430,829	0
Restricted assets - intergovernmental	937,720	182,277	1,119,997
Restricted assets - cash and cash equivalents	-	66	66
Restricted assets - investments	6,697,219	1,453,501	8,150,720
Restricted assets - land held for resale	930,000	-	930,000
Certs of Participation issue costs (net of accumulated amortization)	883,962	404,704	1,288,666
Capital assets - land, construction in progress	272,348,463	7,167,340	279,515,803
Capital assets- other, net of accumulated depreciation	101,315,435	58,876,325	160,191,760
Total assets	431,273,913	87,705,866	518,979,779
LIABILITIES			
Accounts payable and other current liabilities	2,128,547	885,791	3,014,338
Accrued interest payable	642,548	355,485	998,033
Unearned revenue	10,716,550	160,667	10,877,217
Non-current liabilities - due in 1 year	2,527,547	1,637,783	4,165,330
Non-current liabilities - due in more than 1 year	33,807,237	23,077,782	56,885,019
Total liabilities	49,822,429	26,117,508	75,939,937
NET ASSETS			
Invested in capital assets, net of related debt	349,278,341	41,328,100	390,606,441
Restricted for capital projects	4,907,297	-	4,907,297
Restricted for community development	1,203,710	-	1,203,710
Restricted for debt service	2,721,872	1,453,501	4,175,373
Restricted for self-insurance	6,197,267	-	6,197,267
Restricted for grant programs	150,956	-	150,956
Unrestricted	16,992,041	18,806,757	35,798,798
Total net assets	\$ 381,451,484	\$ 61,588,358	\$ 443,039,842

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, 2009

Functions/Programs	Program Revenues				Primary Government	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
Community and economic development	\$ 2,690,074	\$ 236,303	\$ 1,600,122	\$ -	\$ (853,649)	\$ -
General government	2,846,863	1,493,306	486,013	-	(867,544)	-
Parks and recreation	5,164,959	1,602,910	163,306	42,058	(3,356,685)	-
Public safety - fire	3,979,319	35,820	-	-	(3,943,499)	-
Public safety - police	9,022,945	519,929	263,166	-	(8,239,850)	-
Public works	4,654,609	232,995	1,347,960	5,636,881	2,563,227	-
Interest on long-term debt	1,908,767	-	-	-	(1,908,767)	-
Total governmental activities	30,267,536	4,121,263	3,860,567	5,678,939	(16,606,767)	-
Business-type Activities:						
Airport	1,655,638	1,596,571	10,000	56,642	-	7,575
Golf course	419,558	322,891	-	-	-	(96,667)
Sewer operating	6,501,038	6,553,780	-	48,850	-	101,592
Solid waste	5,181,318	4,970,909	7,235	-	-	(203,174)
Transit	2,036,726	375,484	1,942,859	527,941	-	809,558
Water operating	4,745,656	4,371,456	-	98,839	-	(275,361)
Zalud estate	30,775	3,199	-	-	-	(27,576)
Total primary government	50,838,245	22,315,553	5,820,661	6,411,211	(16,606,767)	315,947
						(16,290,820)
General revenues:						
Property taxes					8,407,701	8,407,701
Sales tax					6,147,526	6,147,526
Utility users tax					3,894,372	3,894,372
Franchise tax					1,576,019	1,576,019
Motor vehicle in-lieu tax					424,887	424,887
Transient occupancy tax					310,832	310,832
Unrestricted investment earnings					1,427,792	661,104
Gain on sale of capital assets					15,000	5,386
Miscellaneous					162,934	20,386
Transfers					(454,528)	162,934
Total general revenues					21,912,535	454,528
Change in net assets					5,305,768	1,121,018
Net assets - beginning					376,145,716	1,436,965
Net assets - ending					381,451,484	60,151,393
					\$ 381,451,484	\$ 61,588,358
						\$ 443,039,842

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The original Charter of the City established the General Fund. Activities financed from this fund include general government, financial services, police protection, street and storm drain maintenance, planning, engineering, building regulation, community promotion, fire, parks and recreation, and library services. The sales and use tax, property tax, utility users tax, motor vehicle in-lieu tax, and traffic fines are the major revenue sources for this fund.

SPECIAL REVENUE FUND

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.

Community Development Block Grant Fund

This fund was created to account for all financial transactions having to do with the Community Development Block Grant Program and First-time Homebuyers Program of the Federal Department of Housing and Urban Development. The programs are used for low-interest housing rehabilitation and mortgage assistance loans.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects not being financed by proprietary funds.

General Government Fund

This fund was created to account for all resources used in the acquisition or construction of capital facilities and operating capital outlays by the City of Porterville.

**City of Porterville
Balance Sheet
Governmental Funds
June 30, 2009**

	General	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 242,346	\$ -	\$ 12,884	\$ 166,706	\$ 421,936
Investments	17,662,758	-	949,136	10,423,896	29,035,790
Receivables - misc (net):					
Interest	175,718	-	-	1,183	176,901
Taxes	964,440	-	-	171,222	1,135,662
Other	255,082	-	-	43,046	298,128
Receivables - housing (net):	-	10,275,256	-	337,164	10,612,420
Intergovernmental receivables	49,774	643,663	-	244,283	937,720
Interfund receivable	35,599	-	-	681,567	717,166
Prepaid items	15,300	-	-	-	15,300
Land held for resale	-	-	-	930,000	930,000
Advances receivable	1,262,425	-	-	-	1,262,425
Restricted - cash/fiscal agent	-	-	2,788,393	3,908,826	6,697,219
Total assets	<u>\$ 20,663,442</u>	<u>\$ 10,918,919</u>	<u>\$ 3,750,413</u>	<u>\$ 16,907,893</u>	<u>\$ 52,240,667</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 280,827	\$ 7	\$ 926,212	\$ 27,579	\$ 1,234,625
Payroll payable	600,502	5,968	27,489	83,834	717,793
Interfund payable	29,850	363,978	-	35,600	429,428
Deferred revenue	104,130	10,275,256	-	337,164	10,716,550
Advances payable	873,351	-	-	1,426,902	2,300,253
Total liabilities	<u>1,888,660</u>	<u>10,645,209</u>	<u>953,701</u>	<u>1,911,079</u>	<u>15,398,649</u>
Fund balances:					
Reserved for:					
Advances	1,262,425	-	-	-	1,262,425
Capital projects	253,925	-	2,796,712	1,856,660	4,907,297
Community development	-	273,710	-	-	273,710
Debt service	-	-	-	2,721,872	2,721,872
Grant programs	-	-	-	150,956	150,956
Land held for resale	-	-	-	930,000	930,000
Unreserved, reported in					
General fund	17,258,432	-	-	-	17,258,432
Special revenue funds	-	-	-	10,683,429	10,683,429
Capital projects funds	-	-	-	(1,346,103)	(1,346,103)
Total fund balances	<u>18,774,782</u>	<u>273,710</u>	<u>2,796,712</u>	<u>14,996,814</u>	<u>36,842,018</u>
Total liabilities and fund balances	<u>\$ 20,663,442</u>	<u>\$ 10,918,919</u>	<u>\$ 3,750,413</u>	<u>\$ 16,907,893</u>	<u>\$ 52,240,667</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 Assets
June 30, 2009

Fund balances of governmental funds	\$ 36,842,018
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	373,460,090
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 assets.	6,278,009
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(35,128,633)
Net assets of governmental activities	\$ <u>381,451,484</u>

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

City of Porterville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 7,335,321	\$ -	\$ -	\$ 1,072,380	\$ 8,407,701
Sales taxes	3,578,843	-	-	2,568,683	6,147,526
Utility users tax	3,894,372	-	-	-	3,894,372
Franchise tax	1,576,019	-	-	-	1,576,019
Motor vehicle in-lieu tax	424,887	-	-	-	424,887
Transient occupancy tax	310,832	-	-	-	310,832
Licenses and permits	956,942	-	-	-	956,942
Intergovernmental	249,952	1,524,802	52,668	6,151,344	7,978,766
Charges for services	3,335,468	184,510	-	-	3,519,978
Special assessments and fees	-	-	-	705,073	705,073
Fines and forfeitures	78,140	-	-	190,245	268,385
Investment earnings	631,456	27,624	9,808	513,777	1,182,665
Miscellaneous	255,415	-	-	117,513	372,928
Total revenues	<u>22,627,647</u>	<u>1,736,936</u>	<u>62,476</u>	<u>11,319,015</u>	<u>35,746,074</u>
EXPENDITURES					
Current:					
Community and economic development	720,392	1,081,294	621,160	158,967	2,581,813
General government	2,581,281	-	141,897	9,820	2,732,998
Parks and recreation	4,226,677	-	139,419	494,790	4,860,886
Public safety - fire	3,057,911	-	-	758,987	3,816,898
Public safety - police	7,313,261	-	-	1,271,234	8,584,495
Public works	1,962,484	-	520,416	-	2,482,900
Debt service:					
Principal	-	136,000	-	980,801	1,116,801
Interest and administrative charges	14,160	187,988	-	1,644,575	1,846,723
Bond issuance costs	-	-	-	360,360	360,360
Capital outlay	406,306	-	6,655,600	226,569	7,288,475
Total expenditures	<u>20,282,472</u>	<u>1,405,282</u>	<u>8,078,492</u>	<u>5,906,103</u>	<u>35,672,349</u>
Excess (deficiency) of revenues over expenditures	<u>2,345,175</u>	<u>331,654</u>	<u>(8,016,016)</u>	<u>5,412,912</u>	<u>73,725</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,529,482	-	8,024,451	4,291,673	13,845,606
Transfers out	(3,085,687)	(685,803)	-	(9,601,887)	(13,373,377)
Proceeds of loan	-	-	-	200,000	200,000
Refunding bonds issued	-	-	-	8,475,000	8,475,000
Payment to refunded bond escrow agent	-	-	-	(5,003,100)	(5,003,100)
Discount on refunding bonds issued	-	-	-	(131,931)	(131,931)
Sale of capital assets	-	-	-	15,000	15,000
Total other financing sources and uses	<u>(1,556,205)</u>	<u>(685,803)</u>	<u>8,024,451</u>	<u>(1,755,245)</u>	<u>4,027,198</u>
Net change in fund balances	788,970	(354,149)	8,435	3,657,667	4,100,923
Fund balances - beginning	17,985,812	627,859	2,788,277	11,339,147	32,741,095
Fund balances - ending	<u>\$ 18,774,782</u>	<u>\$ 273,710</u>	<u>\$ 2,796,712</u>	<u>\$ 14,996,814</u>	<u>\$ 36,842,018</u>

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

City of Porterville
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, 2009

Net change in fund balances --total governmental funds	\$ 4,100,923
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 in the current period.	4,317,576
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.	(16,978)
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 assets. 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.	(2,116,807)
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.	(115,346)
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.	(863,600)
Change in net assets of governmental activities	\$ <u>5,305,768</u>

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

MAJOR PROPRIETARY FUNDS

Proprietary 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.

Sewer Operating Fund

Three funds have been established to account for sewer-related endeavors and are combined for reporting purposes. The Sewer Operating Fund is used to account for the activities associated with operating the sewer collection system. The Sewer Revolving Fund is used to account for the collection system acreage fees and the use of those resources. The Wastewater Treatment Plant Capital Reserve Fund is used to account for the treatment plant acreage fees and the use of those resources.

Solid Waste Fund

This fund was established to account for the activities associated with refuse collections and recycling.

Water Operating Fund

Two funds have been established to account for water-related endeavors and are combined for reporting purposes. The Water Operating Fund was established to account for the activities associated with the City's water pumping and distribution system. The principal source of revenue is water sales. The Water Replacement Fund is used to account for the water acreage fees and the use of those resources.

City of Porterville
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service funds
	Sewer Operations	Water Operations	Solid Waste	Other Proprietary Funds	Total Proprietary Funds	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 134,492	\$ 52,816	\$ 23,463	\$ 9,374	\$ 220,145	\$ 91,400
Investments	9,905,850	3,946,762	1,728,445	639,663	16,220,720	6,732,937
Receivables - utility (net of allowance for uncollectibles)	785,899	739,928	663,295	-	2,189,122	-
Receivables - misc (net of allowance for uncollectibles)	190,846	15,536	106,194	141,351	453,927	37,134
Intergovernmental receivables	-	-	-	182,277	182,277	-
Interfund receivable	-	-	-	-	-	29,850
Inventories	-	-	-	106,910	106,910	-
Prepaid items	-	-	-	-	-	34,335
Temporarily restricted assets, cash with fiscal agent	36	30	-	-	66	-
Total current assets:	<u>11,017,123</u>	<u>4,755,072</u>	<u>2,521,397</u>	<u>1,079,575</u>	<u>19,373,167</u>	<u>6,925,656</u>
Noncurrent assets:						
Advances receivable	230,825	215,268	-	-	446,093	591,735
Capital assets:						
Land	3,142,404	318,092	-	1,478,012	4,938,508	-
Construction in progress	20,443	917,847	-	1,290,542	2,228,832	-
Distribution and collection systems	42,828,205	31,642,853	-	-	74,471,058	-
Buildings and equipment	4,131,939	1,587,153	5,423,242	6,003,262	17,145,596	728,153
Improvements other than buildings	-	-	-	7,103,471	7,103,471	6,639
Less accumulated depreciation	(17,324,024)	(13,110,505)	(3,927,291)	(5,481,980)	(39,843,800)	(530,983)
Restricted assets, cash with fiscal agent	751,368	702,133	-	-	1,453,501	-
COP issuance costs (net of accumulated amortization)	404,704	-	-	-	404,704	-
Total noncurrent assets:	<u>34,185,864</u>	<u>22,272,841</u>	<u>1,495,951</u>	<u>10,393,307</u>	<u>68,347,963</u>	<u>795,544</u>
Total assets	<u>45,202,987</u>	<u>27,027,913</u>	<u>4,017,348</u>	<u>11,472,882</u>	<u>87,721,130</u>	<u>7,721,200</u>
LIABILITIES AND FUND BALANCES						
Current liabilities:						
Accounts and other payables	89,473	171,472	129,456	176,822	567,223	149,770
Payroll payable	40,829	39,316	60,718	14,826	155,689	26,359
Interfund payable	-	-	-	317,589	317,589	-
Accrued claims	-	-	-	-	-	940,317
Compensated absences payable	33,290	43,835	66,228	19,526	162,879	24,420
Accrued interest payable	272,309	79,774	-	3,402	355,485	-
Loans, bonds, leases and certificates of participation payable	1,249,932	380,000	-	7,851	1,637,783	-
Unearned revenue	-	-	-	160,667	160,667	-
Total current liabilities:	<u>1,685,833</u>	<u>714,397</u>	<u>256,402</u>	<u>700,683</u>	<u>3,357,315</u>	<u>1,140,866</u>
Noncurrent liabilities:						
Loans, bonds, leases and certificates of participation payable	19,822,650	4,685,000	-	91,511	24,599,161	-
Unamortized premium on bonds	85,697	80,030	-	-	165,727	-
Deferred charge on refunding	(1,345,399)	(341,707)	-	-	(1,687,106)	-
Total noncurrent liabilities:	<u>18,562,948</u>	<u>4,423,323</u>	<u>-</u>	<u>91,511</u>	<u>23,077,782</u>	<u>-</u>
Total liabilities	<u>20,248,781</u>	<u>5,137,720</u>	<u>256,402</u>	<u>792,194</u>	<u>26,435,097</u>	<u>1,140,866</u>
NET ASSETS						
Invested in capital assets, net of related debt	12,986,087	16,552,117	1,495,951	10,293,945	41,328,100	203,809
Restricted for capital projects	-	-	-	-	-	-
Restricted for debt service	751,368	702,133	-	-	1,453,501	-
Restricted for self-insurance	-	-	-	-	-	6,197,267
Unrestricted	11,216,751	4,635,943	2,264,995	386,743	18,504,432	179,258
Total net assets	<u>\$ 24,954,206</u>	<u>\$ 21,890,193</u>	<u>\$ 3,760,946</u>	<u>\$ 10,680,688</u>	<u>61,286,033</u>	<u>\$ 6,580,334</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					302,325	
Net assets of business-type activities					<u>\$ 61,588,358</u>	

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

City of Porterville
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer Operations	Water Operations	Solid Waste	Other Proprietary Funds	Total Proprietary Funds	
Operating revenues:						
Charges for services	\$ 6,108,044	\$ 4,346,591	\$ 4,970,909	\$ 2,150,986	\$ 17,576,530	\$ 6,093,949
Connection fees	445,630	24,865	-	-	470,495	-
Other revenues	106	-	-	147,159	147,265	414,115
Total operating revenues	<u>6,553,780</u>	<u>4,371,456</u>	<u>4,970,909</u>	<u>2,298,145</u>	<u>18,194,290</u>	<u>6,508,064</u>
Operating expenses:						
Cost of sales and services	3,130,415	1,973,857	4,320,026	3,118,130	12,542,428	6,568,061
General and administrative	1,124,683	1,578,603	600,227	498,795	3,802,308	191,039
Depreciation/amortization	1,068,682	826,411	235,688	488,169	2,618,950	32,942
Total operating expenses	<u>5,323,780</u>	<u>4,378,871</u>	<u>5,155,941</u>	<u>4,105,094</u>	<u>18,963,686</u>	<u>6,792,042</u>
Operating income (loss)	<u>1,230,000</u>	<u>(7,415)</u>	<u>(185,032)</u>	<u>(1,806,949)</u>	<u>(769,396)</u>	<u>(283,978)</u>
Nonoperating revenues (expenses):						
Intergovernmental revenues	-	-	-	1,624,359	1,624,359	-
Federal grants	-	-	-	913,083	913,083	-
State grants and reimbursements	-	-	7,235	-	7,235	-
Investment earnings	406,368	153,949	65,812	34,975	661,104	289,886
Interest expense	(1,163,572)	(353,048)	-	(33,153)	(1,549,773)	-
Sale of capital assets	-	-	-	5,386	5,386	-
Total nonoperating revenue (expenses)	<u>(757,204)</u>	<u>(199,099)</u>	<u>73,047</u>	<u>2,544,650</u>	<u>1,661,394</u>	<u>289,886</u>
Income before contributions and transfers	472,796	(206,514)	(111,985)	737,701	891,998	5,908
Capital contributions, developer fees	48,850	98,839	-	-	147,689	-
Transfers in	135,000	-	-	498,051	633,051	-
Transfers out	<u>(151,023)</u>	<u>-</u>	<u>-</u>	<u>(27,500)</u>	<u>(178,523)</u>	<u>(926,758)</u>
Change in net assets	505,623	(107,675)	(111,985)	1,208,252	1,494,215	(920,850)
Total net assets - beginning	<u>24,448,583</u>	<u>21,997,868</u>	<u>3,872,931</u>	<u>9,472,436</u>		<u>7,501,184</u>
Total net assets - ending	<u>\$ 24,954,206</u>	<u>\$ 21,890,193</u>	<u>\$ 3,760,946</u>	<u>\$ 10,680,688</u>		<u>\$ 6,580,334</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(57,250)	
Change in net assets of business-type activities					<u>\$ 1,436,965</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, 2009**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service funds
	Sewer Operations	Water Operations	Solid Waste	Other Proprietary Funds	Total Proprietary Funds	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash from interfund	\$ -	\$ -	\$ -	\$ (955)	\$ (955)	\$ 456,525
Cash receipts from customer	6,873,684	4,923,151	5,304,320	2,582,120	19,683,275	6,134,538
Payments to employees	(1,092,256)	(1,140,468)	(1,544,580)	(392,870)	(4,170,174)	(650,295)
Payments to suppliers and others	(3,271,234)	(2,526,431)	(3,424,833)	(3,353,055)	(12,575,553)	(6,071,357)
Net cash provided by operating activities	<u>2,510,194</u>	<u>1,256,252</u>	<u>334,907</u>	<u>(1,164,760)</u>	<u>2,936,593</u>	<u>(130,589)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental - operating assistance	-	-	7,235	1,792,193	1,799,428	-
Transfers	(16,023)	-	-	470,551	454,528	(926,758)
Net cash (used) by noncapital financing	<u>(16,023)</u>	<u>-</u>	<u>7,235</u>	<u>2,262,744</u>	<u>2,253,956</u>	<u>(926,758)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	-	-	-	-
Construction and other capital projects	(1,500,584)	(148,114)	-	(1,537,352)	(3,186,050)	-
Contributed capital, developer's fees	48,850	98,839	-	-	147,689	-
Interest paid on long-term debt and advances	(1,078,003)	(330,435)	-	(33,394)	(1,441,832)	-
Principal payments on long-term debt	(978,034)	(360,000)	-	(7,032)	(1,345,066)	44,687
Purchase of capital assets	-	-	(422,556)	(76,185)	(498,741)	(26,518)
Proceeds from sale of capital assets	-	-	-	5,928	5,928	-
Net cash (used) by capital and related financing activities	<u>(3,507,771)</u>	<u>(739,710)</u>	<u>(422,556)</u>	<u>(1,648,035)</u>	<u>(6,318,072)</u>	<u>18,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	406,368	153,949	65,812	34,975	661,104	289,886
Net cash provided by investing activities	<u>406,368</u>	<u>153,949</u>	<u>65,812</u>	<u>34,975</u>	<u>661,104</u>	<u>289,886</u>
Net Increase (decrease) in cash and cash equivalents	(607,232)	670,491	(14,602)	(515,076)	(466,419)	(749,292)
Balances - beginning of year	<u>11,398,978</u>	<u>4,031,250</u>	<u>1,766,510</u>	<u>1,164,113</u>	<u>18,360,851</u>	<u>7,573,629</u>
Balances - end of the year	<u>\$ 10,791,746</u>	<u>\$ 4,701,741</u>	<u>\$ 1,751,908</u>	<u>\$ 649,037</u>	<u>\$ 17,894,432</u>	<u>\$ 6,824,337</u>
As shown on the proprietary statement of net assets:						
Cash and cash equivalents	\$ 134,492	\$ 52,816	\$ 23,463	\$ 9,374	\$ 220,145	\$ 91,400
Investments	9,905,850	3,946,762	1,728,445	639,663	16,220,720	6,732,937
Temporarily restricted cash with fiscal agent	36	30	-	-	66	-
Restricted assets, cash with fiscal agent	751,368	702,133	-	-	1,453,501	-
Balances - end of year	<u>\$ 10,791,746</u>	<u>\$ 4,701,741</u>	<u>\$ 1,751,908</u>	<u>\$ 649,037</u>	<u>\$ 17,894,432</u>	<u>\$ 6,824,337</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 1,230,000	\$ (7,415)	\$ (185,032)	\$ (1,806,949)	\$ (769,396)	\$ (283,978)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	1,068,682	826,411	235,688	488,169	2,618,950	32,942
Changes in assets and liabilities:						
Accrued claims payable	-	-	-	-	-	67,090
Accounts payable	(104,026)	(118,462)	(50,387)	(198,922)	(471,797)	3,612
Compensated absences	1,012	5,273	(1,775)	5,296	9,806	178
Customer receivables	319,904	551,695	333,411	283,976	1,488,986	85,476
Inventory	-	-	-	67,671	67,671	-
Other operating receivables	-	-	-	(955)	(955)	(2,477)
Prepaid items	-	-	-	-	-	(34,335)
Salaries and benefits payable	(5,378)	(1,250)	3,002	(3,046)	(6,672)	903
Net cash provided by operating activities	<u>\$ 2,510,194</u>	<u>\$ 1,256,252</u>	<u>\$ 334,907</u>	<u>\$ (1,164,760)</u>	<u>\$ 2,936,593</u>	<u>\$ (130,589)</u>

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

AGENCY FUNDS

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

Special Deposits Fund

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

City of Porterville
Statement of Assets and Liabilities
Agency Fund
June 30, 2009

		<u>Special Deposits</u>
ASSETS		
Cash and cash equivalents	\$	20,336
Investments at fair value		<u>1,498,080</u>
Total assets	\$	<u><u>1,518,416</u></u>
LIABILITIES		
Accounts and other payables	\$	21,237
Refundable deposits, utilities		302,458
Refundable deposits, miscellaneous		462,707
Other deposits, safety		<u>732,014</u>
Total liabilities	\$	<u><u>1,518,416</u></u>

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

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**Notes To
Financial Statements**



CITY OF PORTERVILLE
Notes to the Financial Statements
June 30, 2009

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. These component units, although legally separate entities, are, in substance, part of the government's operation. As such, their operations are "blended" with the City's.

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. A board consisting of the City's elected council governs the 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.

Complete financial statements 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. Government-wide and fund financial statements

The government-wide financial statements (e.g., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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*.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as well as the proprietary fund financial statements. The agency funds financial statements report only assets and liabilities and have no measurement focus but use the accrual basis of

accounting to recognize receivables and payables. 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 government 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.

Property 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. All other revenue items are considered to be measurable and available only when the government receives cash.

The City reports the following major governmental funds:

The *general fund* is the government'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 *community development block grant fund* accounts for all financial transactions having to do with the Community Development Block Grant Program and First-time Homebuyers Program of the Federal Department of Housing and Urban Development for low-interest housing rehabilitation and mortgage assistance loans.

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

The City reports the following major proprietary 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.

Additionally, the government reports the following fund types:

Internal service funds account for fleet management services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis, and risk management services related to self-insurance.

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

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.

Amounts reported as *program revenues* include:

- 1) charges to customers or applicants for goods, services, or privileges provided;
- 2) operating grants and contributions; and
- 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

When both restricted and unrestricted resources are available for use, it is the City of Porterville's policy to use restricted resources first, and then unrestricted resources, as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits 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. 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, obligations of the U.S. Treasury, banker's acceptances, certain federal agency obligations, commercial paper, guaranteed investment contracts (GIC), and the California Local Agency Investment Fund (LAIF). The policy does not permit investment in Repurchase Agreements, or borrow funds through the use of Reverse-Repurchase Agreements. The collateral underlying investments must be "delivered" to the city. If U.S. Treasury Bills are used as the underlying collateral, delivery may be made by book entry only. For all other collateral, the security must be physically delivered either to the city or to a third-party custodial agent. All investments are reported at fair value.

California banks and savings and loan associations are required to secure a city's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal at least 110 percent of a city's deposits. The City Treasurer, at his or her discretion, may waive the 110 percent collateral requirement for deposits that are insured up to the \$100,000 by the FDIC. It is the City's policy to waive the collateral requirement in order to receive a higher interest yield on its deposits. It is also the City's policy not to deposit more than \$100,000 in a savings and loan association or a small bank.

California law allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150 percent of a city's total deposits. It is the City of Porterville's policy not to accept this form of collateral.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (e.g., the current portion of interfund loans) or "advances receivable/payable" (e.g., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance is equal to 3 percent of outstanding amounts due at June 30, 2009.

3. Inventories and prepaid items

Governmental funds inventories are valued at average cost using the first-in/first-out (FIFO) method and are recorded as expenditures when consumed rather than when purchased. Business-type inventories are stated at cost using the FIFO method, and consist of expendable materials and supplies.

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.

Fund balance is reserved for inventories and prepaids, if any, to indicate that a portion of fund balance is not available for appropriation and not expendable, available financial resources.

4. Restricted assets

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

5. 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 (amount not rounded) 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 spend in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

6. Compensated absences

It is the City of Porterville's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. No liability for unpaid accumulated sick leave is reported.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Property taxes

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 are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31.

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.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allows counties to distribute secured real property, assessment, and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Tulare County. The Teeter Plan payment, which includes 95.0 percent of the outstanding accumulated delinquency, is included in property tax revenue. Under the Teeter Plan code, 5.0 percent of the delinquency must remain with the County as a reserve for Teeter Plan funding.

10. 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.

11. 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.

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 assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$35,128,633 difference are as follows:

Bonds payable	\$ 31,605,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(978,399)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(883,962)
Less: Issuance discount (to be amortized as interest expense)	(128,739)
Plus: Issuance premium (to be amortized over life of debt)	189,553
Notes payable	3,778,950
Accrued interest payable	642,548
Compensated absences	<u>903,682</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ <u>35,128,633</u>

Another element of that reconciliation explains that "Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of assets." The details of this \$6,278,009 difference are as follows:

Net assets of the internal service funds	\$ 6,580,334
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(359,575)
Add: Internal receivable representing costs in excess of charges to business-type activities - current year	<u>57,250</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ <u>6,278,009</u>

B. Explanation of certain differences between the governmental funds 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 assets of governmental activities* as reported in 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 those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$4,317,576 difference are as follows:

Capital outlay	\$ 7,288,473
Depreciation expense	<u>(2,970,897)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>4,317,576</u>

Another element of that reconciliation states that "The issuance of long-term debt provided 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 assets. 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." The details of this \$2,116,807 difference are as follows:

Debt issued or incurred:	
Note secured by deed of trust	\$ 200,000
Issuance of tax allocation refunding bonds	8,475,000
Less discount on refunding bonds issued	(131,931)
Less bond issuance costs	<u>(360,360)</u>
Principal repayments:	
Certificates of participation	(640,000)
Tax allocation refunding bonds	(265,000)
Notes payable	(157,802)
Payment to refunded bond escrow agent	<u>(5,003,100)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>2,116,807</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 \$115,346 difference are as follows:

Compensated absences	\$ 30,174
Accrued interest	8,377
Amortization of deferred charge on refunding	56,891
Amortization of issuance costs	28,130
Amortization of bond discounts	3,192
Amortization of bond premiums	<u>(11,418)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>115,346</u>

Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities." The details of this \$863,600 difference are as follows:

Change in net assets of the internal service funds	\$	920,850
Loss from charges to business-type activities		<u>(57,250)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	<u>863,600</u>

C. Explanation of certain differences between the proprietary fund statement of net assets and the government-wide statement of net assets

The proprietary fund statement of net assets includes a reconciliation between *net assets – total enterprise funds* and *net assets of business-type activities* as reported in the government-wide statement of net assets. 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 \$416,825 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities – prior year	\$	359,575
Internal payable representing costs in excess of charges to business-type activities – current year		<u>(57,250)</u>
Net adjustment to increase <i>net assets – total enterprise funds</i> to arrive at <i>net assets – business-type activities</i>	\$	<u>302,325</u>

NOTE 3 - Stewardship, compliance, and accountability

A. Deficit fund equity

The Redevelopment Agency Capital Projects fund had a deficit fund balance of \$1,346,103 as of June 30, 2009. This is due to the outstanding balance of advances made by the City to the Redevelopment Agency.

B. Changes in reporting of beginning fund balances

Due to changes in fund activity, major fund classifications will change from year to year. Beginning fund balances are affected when a prior year-classified major fund does not meet the requirements of a major fund in the current reporting year. For the fiscal year ended June 30, 2009, no changes were made in major fund classifications.

NOTE 4 - Detailed notes on all funds

A. Cash and investments (GASB 40 – Segmented Time Distribution)

The City of Porterville follows the practice of pooling cash and investments of all funds except for those required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on the pooled cash and investments is allocated monthly to the various funds based on monthly cash balances. At year-end, the City's cash bank balance was \$750,533 and cash on hand was \$3,285.

Cash and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash and investments	\$	52,722,928
Cash and investments with fiscal agent		8,150,786
Fiduciary funds:		
Cash and investments		<u>1,518,416</u>
Total cash and investments	\$	<u>62,392,130</u>

Cash and investments as of June 30, 2009, consist of the following:

Cash on hand	\$	3,285
Deposits with financial institution		750,533
Investments		61,638,312
Total cash and investments	\$	62,392,130

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

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

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

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

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

Investments authorized by debt agreements

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

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

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value will to

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

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

Investment type		Remaining maturity (in months)			
		12 months or less	13-24 months	25-60 months	More than 60 months
Federal agency securities	\$ 11,019,358	\$ --	\$ --	\$ 11,019,358	\$ --
Certificates of Deposit	7,639,509	1,179,000	693,547	5,766,962	--
Money market funds	7,658	7,658	--	--	--
LAIF	22,993,153	22,993,153	--	--	--
Tulare County Investment Pool	7,826,994	7,826,994	--	--	--
CSJVRMA JPA Investment Pool	5,857,513	5,857,513	--	--	--
Held by bond trustees:					
Money market funds	6,294,127	6,294,127	--	--	--
Total	\$ 61,638,312	\$ 44,158,445	\$ 693,547	\$ 16,786,320	\$ --

Investments with fair values highly sensitive to interest rate fluctuations

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

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, Porterville's investment policy, or debt agreements, and the actual rating as of June 30, 2009, for each investment type:

Investment type		Minimum legal rating	Exempt from disclosure	AAA	Aa	Not rated
Federal agency securities	\$ 11,019,358	N/A	\$ --	\$ 11,019,358	\$ --	\$ --
Certificates of Deposit	7,639,509	N/A	--	--	--	7,639,509
Money market funds	7,658	A	--	--	7,658	--
LAIF	22,993,153	N/A	--	--	--	22,993,153
Tulare County Investment Pool	7,826,994	N/A	--	--	--	7,826,994
CSJVRMA JPA Investment Pool	5,857,513	N/A	--	--	--	5,857,513
Held by bond trustees:						
Money market funds	6,294,127	A	--	--	6,294,127	--
Total	\$ 61,638,312		\$ --	\$ 11,019,358	\$ 6,301,785	\$ 44,317,169

Concentration of credit risk

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

Issuer	Investment type	Reported amount
Federal Home Loan Banks	Federal agency securities	\$ 3,024,818
Federal Home Loan Mortgage Corp	Federal agency securities	4,987,040
Federal National Mortgage Association	Federal agency securities	3,007,500

Custodial credit risk

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

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

As of June 30, 2008, \$750,533 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts. As of June 30, 2009, 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
Certificates of deposit	\$ 986,215
Federal agency securities	8,028,018

Investment in the State Investment Pool

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

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

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

Tulare County Investment Pool

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

B. Receivables

Receivables as of June 30, 2009, for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Community Development Block Grant	Capital Projects	Sewer Operating
Receivables:				
Interest	\$ 175,718	\$ --	\$ --	127
Taxes	964,440	--	--	--
Other accounts receivable	255,082	10,275,256	--	1,000,934
Intergovernmental - restricted	49,774	643,663	--	--
Gross receivables	1,445,014	10,918,919	--	1,001,061
Less: allowance for uncollectibles	--	--	--	(24,316)
Net total receivables	\$ 1,445,014	\$ 10,918,919	\$ --	\$ 976,745

	Water Operating	Solid Waste	Nonmajor and Other Funds	Total
Receivables:				
Interest	\$ 118	\$ --	\$ 1,183	177,146
Taxes	--	--	171,222	1,135,662
Other accounts receivable	778,230	790,003	558,695	13,658,200
Intergovernmental - restricted	--	--	426,560	1,119,997
Gross receivables	778,348	790,003	1,157,660	16,091,005
Less: allowance for uncollectibles	(22,884)	(20,514)	--	(67,714)
Net total receivables	\$ 755,464	\$ 769,489	\$ 1,157,660	\$ 16,023,291

C. Capital assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 267,431,784	\$ 390,055	--\$	--\$	267,821,839
Construction in progress	3,315,252	6,866,638	(5,642,473)	(196,731)	4,342,686
Works of art and collections	183,938	--	--	--	183,938
Total capital assets, not being depreciated	270,930,974	7,256,693	(5,642,473)	(196,731)	272,348,463
Capital assets, being depreciated:					
Buildings	11,679,668	622,223	(2,650)	--	12,299,241
Improvements other than buildings	5,856,976	1,031,587	--	--	6,888,563
Machinery and equipment	8,242,955	852,809	(446,795)	--	8,648,969
Infrastructure	96,771,537	3,396,674	--	--	100,168,211
Total capital assets, being depreciated	122,551,136	5,903,293	(449,445)	--	128,004,984

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Less accumulated depreciation for:					
Buildings	(4,338,081)	(217,931)	2,120	--	(4,553,892)
Improvements other than buildings	(1,540,964)	(153,403)	--	2,352	(1,692,015)
Machinery and equipment	(4,631,852)	(628,858)	430,347	(579)	(4,830,942)
Infrastructure	(13,601,491)	(2,011,209)	--	--	(15,612,700)
Total accumulated depreciation	(24,112,388)	(3,011,401)	432,467	1,773	(26,689,549)
Total capital assets, being depreciated, net	98,438,748	2,891,892	(16,978)	1,773	101,315,435
Governmental activities capital assets, net	\$ 369,369,722	\$ 10,148,585	\$ (5,659,451)	\$ (194,958)	\$ 373,663,898

Business-type activities:

Capital assets, not being depreciated:

Land	\$ 4,938,508	\$ --	\$ --	\$ --	4,938,508
Construction in progress	3,919,161	3,828,349	(5,518,678)	--	2,228,832
Total capital assets, not being depreciated	8,857,669	3,828,349	(5,518,678)	--	7,167,340

Capital assets, being depreciated:

Buildings	3,595,572	470,849	--	--	4,066,421
Improvements other than buildings	77,226,848	4,347,681	--	--	81,574,529
Machinery and equipment	13,004,528	572,751	(498,103)	--	13,079,176
Total capital assets, being depreciated	93,826,948	5,391,281	(498,103)	--	98,720,126

Less accumulated depreciation for:

Buildings	(1,474,200)	(50,752)	--	--	(1,524,952)
Improvements other than buildings	(28,046,150)	(1,758,311)	--	--	(29,804,461)
Machinery and equipment	(8,214,409)	(797,540)	497,561	--	(8,514,388)
Total accumulated depreciation	(37,734,759)	(2,606,603)	497,561	--	(39,843,801)
Total capital assets, being depreciated, net	56,092,189	2,784,678	(542)	--	58,876,325
Business-type activities capital assets, net	\$ 64,949,858	\$ 6,613,027	\$ (5,519,220)	\$ --	\$ 66,043,665

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

Governmental activities:

Community and economic development	\$ 47,549
General government	104,051
Parks and recreation	260,828
Public safety - fire	124,096
Public safety - police	323,206
Public works	2,151,671
Total depreciation expense - governmental activities	\$ 3,011,401

Business-type activities:

Zalud house	\$ 3,792
Transit	266,089
Sewer operating	1,040,177
Solid waste	251,846
Airport operations	176,175
Golf course	42,113
Water operating	826,411
Total depreciation expense - business-type activities	\$ 2,606,603

D. Interfund and advances receivable/payable, and transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
Building construction	Golf course	\$ 317,589	Operating loan
Building construction	Community Development Block Grant	363,978	Operating loan
Risk management	General	29,850	Current portion of advance for underground storage tank upgrade
Total		<u>\$ 711,417</u>	

Advances receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
Sewer operating	General	\$ 230,825	Certificate forward purchase proceeds dedicated for sports park
Water operating	General	215,268	Certificate forward purchase proceeds dedicated for sports park
General	Capital projects	1,145,425	Start up advance for Redevelopment Agency
		117,000	Advance to Redevelopment Agency to payoff note payable to Tulare County
Risk management	General	427,257	Advance for underground storage tank upgrade
	Capital projects	164,477	Advance to Redevelopment Agency for storm drain repairs
Total		<u>\$ 2,300,252</u>	

Interfund transfers

Transfer out	Transfer In				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	
General fund	\$ --	\$ 1,023,130	\$ 1,813,791	\$ 248,766	\$ 3,085,687
Community development block grant fund	174,982	510,821	--	--	685,803
Nonmajor governmental funds	1,327,000	5,789,411	2,477,882	7,594	9,601,887
Enterprise funds	27,500	151,023	--	--	178,523
Internal service funds	--	550,066	--	376,691	926,758
Total	<u>\$ 1,529,482</u>	<u>\$ 8,024,451</u>	<u>\$ 4,291,673</u>	<u>\$ 633,051</u>	<u>\$ 14,478,657</u>

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

E. Capital leases

The City has entered into a lease purchase agreement as lessee for financing the acquisition of property to be used for effluent ponding and monitoring wells. The purchase price of the land was \$794,300 and the City paid

\$507,363, leaving a lease balance of \$286,937 to be paid over a 20-year period at 6 percent annual interest cost. In July 2009, the City paid the outstanding balance of the lease plus accrued interest in the amount of \$241,604.

F. Long-term debt

Certificates of Participation

The City has issued \$60,695,000 in Certificates of Participation, \$27,845,000 to support governmental activities and \$32,850,000 to support business-type activities. The governmental issues are entitled 2002 Public Buildings Refunding (formerly 1992 Public Buildings Project) and 2005 Infrastructure Financing Project (formerly 1998 Infrastructure Financing Project). Interest rates vary from 5.8 percent to 6.3 percent and 3.0 percent to 5.0 percent, respectively. The business-type issues are entitled 2002 Sewer System Refunding Project and 2002 Water System Refunding Project (both formerly 1992 Improvement Projects), and 1997 Sewer System Refinancing Project (formerly 1993 Sewer System Improvement Project). Interest rates range from 5.8 percent to 6.3 percent on the 2002 issues and 3.8 percent to 5.4 percent on the 1997 issue.

On December 1, 2005, the City advance refunded its 1998 Infrastructure Financing Project Certificates for \$20,850,000 to provide funds to finance and refinance various public infrastructure improvements, fund a reserve fund through the purchase of a reserve fund surety bond and fund the costs of the transaction. \$14,563,018 of the proceeds plus additional funds of \$3,709,957 was deposited into an escrow bank for the payment of the principal and interest with respect to the 1998 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$266,110. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

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

On September 10, 1997, the City advance refunded its 1993 Sewer System Improvement Project Certificates and defeased the 10-year debt obligation by depositing the proceeds of the new certificates (\$13,663,894) plus additional funds (\$847,114) in an irrevocable trust with an escrow agent to provide for future debt service payments until the certificates are fully redeemed on October 1, 2003. Accordingly, these defeased certificates are not included in the City's financial statements.

Debt service requirements on Certificates of Participation are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 670,000	\$ 1,153,596	\$ 1,260,000	\$ 1,170,968
2011	690,000	1,121,909	1,335,000	1,095,312
2012	735,000	1,087,864	1,410,000	1,014,995
2013	770,000	1,051,016	1,500,000	929,533
2014	805,000	1,011,784	1,580,000	838,610
2015 – 2019	4,665,000	4,378,028	9,445,000	2,622,176
2020 – 2024	2,965,000	3,402,537	4,405,000	602,306
2025 – 2029	3,775,000	2,570,125	--	--
2030 – 2037	8,320,000	1,770,500	--	--
Total	\$ 23,395,000	\$ 17,547,359	\$ 20,935,000	\$ 8,273,900

Revenue bonds

In September 2008, the City advance refunded its 2002 Tax Allocation Refunding Bonds. The refunding resulted in the issue of \$5,725,000 in non-taxable bonds with interest rates ranging from 2.6 percent to 5.7 percent, and \$2,750,000 in taxable bonds with interest rates ranging from 6.4 percent to 8.5 percent. The 2008 Tax Allocation Refunding Bonds are secured by tax increment revenues. The advance refunding was undertaken to finance redevelopment activities and low and moderate housing activities within or of benefit to the Redevelopment Project Area, refund \$4,905,000 of the 2002 Revenue Bonds, fund a portion of the reserve account for the bonds, and provide for the costs of issuing the bonds. \$5,093,350 of the proceeds was deposited into an escrow account for all future debt service payments with respect to the 2002 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$728,052. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

Debt service requirements on revenue bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 105,000	\$ 521,155
2011	105,000	516,955
2012	115,000	512,555
2013	115,000	507,580
2014	125,000	502,380
2015 – 2019	725,000	2,409,589
2020 – 2024	945,000	2,179,445
2025 – 2029	1,265,000	1,847,475
2030 – 2040	4,710,000	2,126,855
Total	\$ 8,210,000	\$ 11,123,989

Notes payable

The City of Porterville Redevelopment Agency (Agency) entered into loan agreements for various redevelopment projects. In April 1991, a promissory note in the amount of \$300,000 was issued to the California Department of Commerce, Rural Economic Development Infrastructure Loan Program to partially finance street and storm drainage system infrastructure improvements. Repayment will be made over a 25-year term with an interest rate of 3.0 percent. Interest payments were deferred for the first five years, interest-only payments for the next five years, and principal and interest payments for the remaining 15 years. As of June 30, 2009, \$185,950 is owed in principal and deferred interest.

On October 1, 2003, the City of Porterville was awarded \$3,885,000 under HUD's Section 108 Loan Guarantee Program to fund the construction of a new neighborhood community center. Funds were deposited in a trust account with Union Bank of California in May 2004. Annual debt service payments begin August 1, 2005. Repayment will be made over a 20-year term with variable interest rates of 2.42 percent to 6.13 percent.

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.

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

In April of 2008, a note secured by deed of trust was signed by the Porterville Redevelopment Agency promising to pay to the Porterville Civic Development Foundation the sum of \$200,000 used for the preparation of the Redevelopment Area Amendment and Master Plan. There is no interest on the loan until May 1, 2011. Thereafter, the unpaid principal balance shall accrue interest at the rate of 7 percent per annum. The entire balance of principal, interest or other charges on the note is due and payable on May 1, 2011.

Debt requirements on notes payable is as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 167,461	\$ 187,547	\$ 144,507	\$ 152,504
2011	379,139	181,172	149,399	148,083
2012	190,839	171,908	154,412	143,503
2013	202,559	162,773	159,550	138,763
2014	216,302	152,765	164,817	133,857
2015 – 2019	1,242,650	580,303	891,840	589,677
2020 – 2024	1,380,000	202,776	972,763	450,942
2025 – 2029	--	--	1,126,604	297,101
2030 – 2034	--	--	1,304,775	118,931
Total	\$ 3,778,950	\$ 1,639,244	\$ 5,068,667	\$ 2,173,361

Advances payable

On April 7, 1981, the City entered into Fund Advance Agreement No. 1 (Agreement) with the Porterville Redevelopment Agency. The agreement states that the City's General Fund will advance funds to the Agency for payment of expenses incurred by the Agency associated with the planning, formation, adoption and execution of one or more redevelopment plans and project areas in the City. The agreement was modified on June 30, 1999, with respect to the interest rate applied to outstanding advance balances. The previous interest rate of 10.0 percent per annum was reduced to zero percent per annum, and became effective as of July 1, 1998.

According to the agreement, the City will advance, with prior Council approval, all funds deemed necessary by the Agency to facilitate the approval, adoption and implementation of the redevelopment program. The Agency will reimburse all advances made by the City from whatever revenue sources it possesses, including future tax increment funds when these revenues become available. As of June 30, 2009 the Agency owes the City \$1,145,425 in principal and interest under this agreement.

On November 12, 1997, the Agency entered into Fund Advance Agreement No. 2 with the City of Porterville. This agreement states that the City's Risk Management Fund will advance funds to the Agency for payment of expenses incurred by the Agency associated with the improvement of certain storm drain facilities located within Project Area #1. The Agency will reimburse all advances made by the City from tax increment revenue as it becomes lawfully available. As of June 30, 2009, the Agency owes the City \$164,477 in principal and interest under this agreement.

On November 1, 2005, the Agency entered into a Cooperation, Purchase and Sale Agreement with the City of Porterville for the purpose of acquiring real property from the City. Concurrently, the Agency approved a Disposition and Development Agreement with Ennis Commercial Properties, LLC for the development of a commercial/professional office complex thereon. The purchase price for the property is \$110,000. Upon close of escrow, the Agency remitted to the City the amount of \$95,000 less escrow fees. The remaining \$15,000 is payable to the City upon receipt from the Developer which signed a promissory note to pay the Agency the principal amount of \$15,000 plus interest at an annual interest rate of 6.75%, on or before November 8, 2010. In November 2008, the Agency received full payment on the note from the Developer and repaid the amount of the advance from the City of Porterville.

On May 1, 2007, the Porterville City Council passed Resolution #31-2007, approving the request by the Porterville Redevelopment Agency to provide funds to the Agency for the repayment of its existing debt to the County of Tulare, in the amount of \$195,000. The loan agreement between the City and the Agency has a term of 5 years and an interest rate equivalent to the Local Agency Investment Fund rate as reported for the quarter ending March 31 each year. Annual payments of the principal and accrued interest are due and payable commencing on May 1, 2008.

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Certificates payable	\$ 24,035,000	\$ --	\$ (640,000)	\$ 23,395,000	\$ 670,000
Revenue bonds	4,905,000	8,475,000	(5,170,000)	8,210,000	105,000
Plus deferred amounts:					
For issuance premiums	200,971	--	(11,418)	189,553	--
Less deferred amounts:					
For issuance discounts	(66,733)	(131,931)	69,925	(128,739)	--
On refunding	(738,991)	(728,051)	488,643	(978,399)	--
Total bonds payable	28,335,247	7,615,018	(5,262,850)	30,687,415	775,000
Notes payable	3,736,751	200,000	(157,801)	3,778,950	167,461
Claims	873,227	2,925,084	(2,857,994)	940,317	940,317
Compensated absences*	897,751	979,594	(949,243)	928,102	644,769
Governmental activity					
Long-term liabilities	\$ <u>33,842,976</u>	\$ <u>11,719,696</u>	\$ <u>(9,227,888)</u>	\$ <u>36,334,784</u>	\$ <u>2,527,547</u>
Business-type activities:					
Bonds payable:					
Certificates payable	\$ 22,130,000	--	(1,195,000)	\$ 20,935,000	\$ 1,260,000
Plus deferred amounts:					
For issuance premiums	183,639	--	(17,912)	165,727	--
Less deferred amounts:					
On refunding	(1,831,770)	--	144,665	(1,687,105)	--
Total bonds payable	20,481,869	--	(1,068,247)	19,413,622	1,260,000
Notes payable	5,208,401	--	(139,734)	5,068,667	144,507
Capital lease	243,609	--	(10,333)	233,276	233,276
Business-type activity					
Long-term liabilities	\$ <u>25,933,879</u>	\$ <u>--</u>	\$ <u>(1,218,314)</u>	\$ <u>24,715,565</u>	\$ <u>1,637,783</u>

* Governmental compensated absences are primarily liquidated in the General Fund.

NOTE 5 - Other information

A. Joint venture

The City is a member of the Central San Joaquin Valley Risk Management Authority (the Authority). The Authority is comprised of 55 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 assets and the changes in net assets of the Authority for the year ended June 30, 2009.

<u>Net Assets</u>	Workers'	
	<u>Compensation Programs</u>	<u>Liability Programs</u>
Assets	\$ 31,200,802	\$ 25,072,908
Liabilities to member cities	(31,391,959)	(19,963,960)
Net assets, reserved for insurance claims and losses	<u>\$ (191,157)</u>	<u>\$ 5,108,948</u>
<u>Changes in Net Assets</u>		
Revenues	\$ 11,175,863	\$ 8,973,302
Expenses	(13,740,937)	(10,603,017)
Operating income (loss)	(2,565,074)	(1,629,715)
Non-operating revenues	1,573,927	2,122,183
Transfers	494,878	(494,878)
Change in net assets	(496,269)	(2,410)
Net assets, July 1	305,112	5,111,358
Net assets, June 30	<u>\$ (191,157)</u>	<u>\$ 5,108,948</u>

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

B. Risk management

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

The City will pay all claims up to \$500,000 per claim for workers' compensation. Amounts in excess of \$500,000 are covered by the Local Agency Workers' Comp. Excess Joint Powers Authority (LAWCX) to a limit of \$4,500,000.

An outside agent administers the medical program. Charges per employee are based on total outstanding claims and past history. The City will pay all medical claims up to \$80,000 per claim. An outside insuring agent covers any additional losses up to \$1,000,000. 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.

The City is self-insured for the first \$100,000 per claim for general liability, to a limit of \$1,000,000. The California Affiliated Risk Management Authority (CARMA) covers losses in excess of \$1,000,000 to a limit of \$25,000,000 through its participation with American Reinsurance and Colony National Insurance Company.

At June 30, 2009, \$840,317 has been accrued for claims representing estimates of amounts to be paid for actual claims and incurred but not reported claims based on past actuarial experience. Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal year ended	
	June 30, 2009	June 30, 2008
Unpaid claims, beginning of year	\$ 873,227	\$ 555,464
Incurred claims	2,925,084	3,081,337
Claim payments	(2,857,994)	(2,763,574)
Unpaid claims, end of year	<u>\$ 940,317</u>	<u>\$ 873,227</u>

C. Contingent liabilities

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. Unearned revenue - Governmental activities

On July 1, 1998, the interest rate on the fund advance agreement between the City and Redevelopment Agency was reduced from 10 percent to zero percent. Interest due at June 30, 1998, was recorded as unearned revenue as it was due, but not paid.

Housing and Community Development Block Grant funds are used to provide housing rehabilitation and first-time homebuyer assistance loans to eligible applicants. Such loans are made to low and moderate-income persons to help purchase, improve, rehabilitate, or replace residences. This program is accounted for in the Community Development Block Grant (CDBG) Special Revenue Fund. CDBG's primary assets consist of notes receivable from participants that originated from Department of Housing and Urban Development (HUD) funds. Since HUD has a claim to any funds remaining if and when this program is terminated, a contingent liability exists. As the loans are collected, the receipts are recognized as program income, and must be recycled to new program participants. Therefore, 100 percent of the loan receivable balance represents deferred revenue and has been presented accordingly.

The Low and Moderate Income Housing Special Revenue Fund had participated in lending forgivable funds to first-time homebuyers based on income qualifications. The maximum amount of assistance is \$17,000 that is forgivable over a 45-year span. The amount of money recognized as unearned revenue is based on the number of loans issued less the annual forgivable portion.

Details on unearned revenue at June 30, 2009, are as follows:

Fund	Amount
Governmental activities:	
General fund	\$ 104,130
Special revenue fund -	
Low and Moderate Income Housing	337,164
Community Development Block Grant	10,275,256
Total unearned revenue - governmental activities	<u>\$ 10,716,550</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.

The City Council has adopted amendments to the 457 plan to accommodate certain tax law changes established by the Internal Revenue Service. The ICMA Retirement Corporation administers the plans and offers 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

Plan Description

The City has two defined benefit pension plans, a Miscellaneous Plan and a Safety Plan, each providing retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Both plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions, as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. As of June 30, 2009, the contracted plan for Miscellaneous was 2.7 percent at age 55 and 3 percent at age 55 for Safety. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

Funding Policy

Active plan members are required to contribute a percentage of their annual covered salary, 8.0 percent for participation in the Miscellaneous Plan and 9.0 percent for Safety Plan. The City is currently making these contributions on behalf of the police series employees only, in accordance with a Memorandum of Understanding, and the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year June 30, 2009, was 18.757 percent for miscellaneous employees and 25.486 percent for firefighters and police officers. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the fiscal year 2008-2009, the City's annual pension cost of \$3,101,907 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year June 30, 2009 for the Miscellaneous Plan was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25 percent to 14.45 percent depending on age, service, and type of employment, (c) an inflation component of 3.0 percent, (d) 3.25 percent overall payroll growth, and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0 percent and an annual production growth of 0.25 percent. The actuarial value of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in fair value of investments over a fifteen year period. The plan's

unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period for the Miscellaneous Plan was 26 years as of the valuation date.

The Safety Plan is part of the Safety 3.0% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The actuarial assumptions used to determine the contractually required contributions for the cost-sharing multiple-employer defined benefit plan included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25 percent to 14.45 percent depending on age, service and type of employment, (c) inflation rate of 3.0 percent, (d) payroll growth of 3.25 percent, and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0 percent and an annual production growth of 0.25 percent. The plan's assets are valued using a 15 year smoothed market and the actuarial liability is amortized as a level percentage of payroll. The average remaining amortization period for the cost-sharing multiple-employer defined benefit plan was 15 years as of the valuation date.

Miscellaneous Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/07	\$ 1,433,731	100%	--
06/30/08	1,595,306	100%	--
06/30/09	1,696,008	100%	--

Safety Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/07	\$ 1,214,453	100%	--
06/30/08	1,368,248	100%	--
06/30/09	1,405,899	100%	--

G. Subsequent events

On July 1, 2009, the City entered into an Enterprise Fund Installment Sale Agreement with the California Infrastructure and Economic Development Bank in the amount of \$6,757,500 to finance the Eastside Water Improvement Projects. The term of the agreement is 30 years with an interest rate of 3.84 percent per annum.

In December of 2009, the City entered into an agreement to provide financial assistance in the form of a loan secured by a Promissory Note and Deed of Trust to Prospect-Henderson Partners, L.P. in the amount of \$2,700,000 at a compound rate of 1.5 percent amortized over an initial 70 month term, and a compound rate of 3 percent over the second 60 month term. The loan is being made to assist with costs, fees and services related to the purchase of property and financing the development of a 76,367 square foot building left vacant by the closing of the Mervyn's Store. The agreement is contingent upon the borrower securing Kohl's Department Store as a tenant for the property, with a commitment for the opening of a fully stocked and operational retail facility for at least one day.

In December 2009, the City completed the sale of the Fairgrounds site to the State of California at the price of \$2,140,000. A new Superior Court is proposed to begin construction in 2010 and the fair will be relocated to a new and larger site.

H. Land held for resale

In April 2009, the Porterville Redevelopment Agency executed an Affordable Housing Agreement with Porterville Housing Partners, L.P. for the development of a 70 unit affordable apartment complex adjacent to the downtown area and within the Redevelopment Project Area. The Agency stepped in to purchase the site for \$930,000 which will be eventually sold to Porterville Housing Partners, L.P.

NOTE 6 – Prior year's debt defeasance

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in this trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2009, the amount of the defeased debt outstanding amounted to \$20,775,000.

NOTE 7 - Other postemployment benefits

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

For the fiscal year 2008-2009, the City's annual OPEB cost of \$664,755 was equal to the City's required and actual contributions. The City's annual OPEB cost, the percentage of annual OPEB cost and the net OPEB obligation for the year and the two preceding years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/07	\$ 364,966	100%	--
06/30/08	457,175	100%	--
06/30/09	664,755	100%	--

The funded status of the plan as of March 1, 2009, was as follows:

Actuarial present value of projected benefits (APVPB)	\$ <u>19,131,941</u>
Actuarial accrued liability (AAL)	\$ 9,983,546
Plan assets	--
Unfunded actuarial accrued liability (UAAL)	\$ <u>9,983,546</u>

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

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Required Supplementary Information



City of Porterville
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive(Negative)
REVENUES				
Property taxes	\$ 7,305,000	\$ 7,305,000	\$ 7,283,869	\$ (21,131)
Sales taxes	3,850,000	3,850,000	3,578,843	(271,157)
Utility users tax	3,750,000	3,750,000	3,894,372	144,372
Transient occupancy tax	350,000	350,000	310,832	(39,168)
Property transfer tax	100,000	100,000	51,452	(48,548)
Franchise tax	1,551,137	1,551,137	1,576,019	24,882
Business licenses	418,000	418,000	424,109	6,109
Building permits	320,000	320,000	310,798	(9,202)
Plumbing permits	120,000	120,000	161,349	41,349
Electrical permits	40,000	40,000	49,215	9,215
Other licenses and permits	5,150	5,150	11,471	6,321
Motor vehicle in-lieu tax	250,000	250,000	424,887	174,887
Federal grants	-	-	75,320	75,320
State grants/reimbursements	698,052	698,052	174,632	(523,420)
Planning and zoning	72,000	72,000	31,502	(40,498)
Engineering and inspection	80,000	80,000	98,184	18,184
Police services	221,200	221,200	251,284	30,084
Fire services	24,200	24,200	14,220	(9,980)
Library services	33,000	33,000	36,993	3,993
Recreational activities	1,240,500	1,280,500	1,297,649	17,149
Other service charges	2,000	2,000	500	(1,500)
Interdepartmental service charge	1,750,000	1,750,000	1,596,012	(153,988)
Parking fines	12,000	12,000	25,198	13,198
Vehicle code fines	3,000	3,000	4,450	1,450
Other fines	40,000	40,000	48,492	8,492
Impact fees	13,100	13,100	9,124	(3,976)
Interest	300,000	300,000	609,825	309,825
Rent	1	1	21,631	21,630
Contributions	20,000	20,000	3,811	(16,189)
Other revenues	70,500	124,365	251,604	127,239
Total revenues	22,638,840	22,732,705	22,627,647	(105,058)
EXPENDITURES				
Current:				
Community Development	891,381	900,117	720,392	179,725
General government	2,816,774	2,896,774	2,581,281	315,493
Parks and recreation	4,442,176	4,454,510	4,226,677	227,833
Public safety - fire	3,652,801	3,652,801	3,057,911	594,890
Public safety - police	7,523,861	7,572,047	7,332,262	239,785
Public works	2,254,257	2,257,330	1,969,745	287,585
Debt service:				
Interest and administrative charges	25,122	25,122	14,160	10,962
Capital outlay	369,975	369,975	380,044	(10,069)
Total expenditures	21,581,250	22,128,676	20,282,472	1,845,311
Excess (deficiency) of revenues over (under) expenditures	1,057,590	604,029	2,345,175	1,740,253
OTHER FINANCING SOURCES (USES)				
Transfers in		1,182,112	1,529,482	347,370
Transfers out		(2,907,646)	(3,085,687)	(178,041)
Total other financing sources (uses) and special items	-	(1,725,534)	(1,556,205)	169,329
Net change in fund balances	1,057,590	(1,121,505)	788,970	1,909,582
Fund balance - beginning	17,985,812	17,985,812	17,985,812	-
Fund balance - ending	\$ 19,043,402	\$ 16,864,307	\$ 18,774,782	\$ 1,909,582

City of Porterville
Community Development Block Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
REVENUES				
Federal grants	\$ 704,102	\$ 704,102	\$ 915,333	\$ 211,231
State grants/reimbursements	800,000	800,000	609,469	(190,531)
Other service charges	408,000	408,000	184,510	(223,490)
Interest	70,000	70,000	27,624	(42,376)
Total revenues	<u>1,982,102</u>	<u>1,982,102</u>	<u>1,736,936</u>	<u>(245,166)</u>
EXPENDITURES				
Current:				
Community Development	158,853	158,853	1,081,294	(922,441)
Debt Service:				
Principal	136,000	136,000	136,000	-
Interest and administrative charges	<u>187,988</u>	<u>187,988</u>	<u>187,988</u>	<u>-</u>
Total expenditures	<u>482,841</u>	<u>482,841</u>	<u>1,405,282</u>	<u>(922,441)</u>
Excess(deficiency) of revenues over(under) expenditures	<u>1,499,261</u>	<u>1,499,261</u>	<u>331,654</u>	<u>(1,167,607)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,721,112)	(1,721,112)	(685,803)	1,035,309
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(1,721,112)</u>	<u>(1,721,112)</u>	<u>(685,803)</u>	<u>1,035,309</u>
Net change in fund balances	(221,851)	(221,851)	(354,149)	(132,298)
Fund balance - beginning	<u>627,859</u>	<u>627,859</u>	<u>627,859</u>	<u>-</u>
Fund balance - ending	<u>\$ 406,008</u>	<u>\$ 406,008</u>	<u>\$ 273,710</u>	<u>\$ (132,298)</u>

CITY OF PORTERVILLE

GENERAL GOVERNMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
Federal grants	\$ -	\$ 52,668	\$ 52,668
Interest	-	9,808	9,808
Total revenues	-	62,476	62,476
Expenditures:			
Community development	1,593,909	621,160	972,749
General government	321,636	141,897	179,739
Park facilities	187,600	139,419	48,181
Public Works	670,031	520,416	149,615
Capital outlay	21,972,622	6,655,600	15,317,022
Total expenditures	24,745,798	8,078,492	16,667,306
Excess (deficiency) of revenues over (under) expenditures	(24,745,798)	(8,016,016)	16,729,782
Other financing sources (uses):			
Transfers in	-	8,024,451	8,024,451
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (24,745,798)	8,435	\$ 24,754,233
Fund balance - July 1		2,788,277	
Fund balance - June 30		\$ 2,796,712	

REQUIRED SUPPLEMENTARY INFORMATION

Public Employees Retirement System Schedule of Funding Progress

Miscellaneous plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
06/30/05	\$ 37,584,350	\$ 27,137,434	\$ 10,446,916	72.2%	\$ 6,973,391	149.8%
06/30/06	39,891,390	29,852,991	10,038,399	74.8%	7,424,053	135.2%
06/30/07	44,065,666	33,713,837	10,351,829	76.5%	7,128,765	145.2%

*Current information for the fiscal year ended June 30, 2009 is unavailable.

Notes to the Required Supplementary Information

Budgetary information

The procedures established by the City Council in adopting the budgetary data reflected in the financial statements are as follows:

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. Annual budgets are adopted and prepared on a basis consistent with generally accepted accounting principles.

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. The council made several supplemental budgetary appropriations throughout the year which were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. All annual appropriations lapse at fiscal year end.

Excess of expenditures over appropriations

For the year ended June 30, 2009, expenditures exceeded appropriations in the Community Development Block Grant Fund by \$922,441. These expenditures are funded by available fund balance.

**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.

Redevelopment Agency Low and Moderate Income Housing Fund - This fund was established in the 1991-92 fiscal year, as required by Health and Safety Code Section 33334.2, for the purpose of setting aside 20 percent of all Redevelopment Agency tax increment revenues for improving establishing, and otherwise caring for the low- and moderate-income housing needs within the project area.

Public Safety Sales Tax Fund – This 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 protection services and for literacy programs.

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

Local Transportation Funds Fund - This fund is used to account for monies received from the County of Tulare for public transportation purposes. Revenues to each county's local transportation fund are derived from one-quarter cent of the sales tax collected in that county.

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/distribution of the newly-adopted Traffic Impact Fee assessed to new development.

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.

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 in the future.

Building Construction Fund - This fund was created to accumulate and account for monies derived through the sale of City-owned assets.

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 and Redevelopment Agency. 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 1992 Public Buildings Certificates of Participation obligation.

Redevelopment Agency Fund - This fund is used to account for the accumulation of tax increment and other revenues for the payment of principal and interest on the Redevelopment Agency's bonded debt and other long-term obligations.

CAPITAL PROJECTS FUND

Redevelopment Agency Fund - This fund was established to account for all administrative and project expenditures related to Project Area No. 1 of the Porterville Redevelopment Agency.

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CITY OF PORTERVILLE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue						
	Redevelopment Agency Low & Moderate Housing	Public Safety Sales Tax	Special Gas Tax	Local Transportation Funds (LTF)	Traffic Safety	Public Safety Grant	Landscape Maintenance District
ASSETS							
Assets:							
Cash and cash equivalents	\$ 2,506	\$ 42,325	\$ 11,532	\$ 25,823	\$ -	\$ 1,707	\$ 5,035
Investments	184,595	3,117,918	849,452	1,902,295	-	125,727	370,905
Receivables - misc (net):							
Interest	-	-	-	-	-	-	-
Taxes	-	164,200	-	-	-	-	-
Other	-	-	-	-	-	-	-
Receivables - housing (net):	337,164	-	-	-	-	-	-
Intergovernmental receivables	-	-	174,595	-	15,123	42,305	-
Interfund receivables	-	-	-	-	-	-	-
Land held for resale	930,000	-	-	-	-	-	-
Restricted - cash with fiscal agent	-	-	-	-	-	-	-
Total assets	<u>\$ 1,454,265</u>	<u>\$ 3,324,443</u>	<u>\$ 1,035,579</u>	<u>\$ 1,928,118</u>	<u>\$ 15,123</u>	<u>\$ 169,739</u>	<u>\$ 375,940</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 12	\$ 6,042	\$ -	\$ -	\$ -	\$ 13,161	\$ 7,782
Payroll payable	2,079	72,437	-	-	-	5,622	-
Interfund payable	-	-	35,600	-	-	-	-
Deferred revenue	337,164	-	-	-	-	-	-
Advances payable	-	-	-	-	-	-	-
Total liabilities	<u>339,255</u>	<u>78,479</u>	<u>35,600</u>	<u>-</u>	<u>-</u>	<u>18,783</u>	<u>7,782</u>
Fund balances:							
Reserved for debt service	-	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-	-	-
Reserved for grant programs	-	-	-	-	-	150,956	-
Reserved for land held for resale	930,000	-	-	-	-	-	-
Unreserved, undesignated:							
Special revenue funds	185,010	3,245,964	999,979	1,928,118	15,123	-	368,158
Capital projects fund	-	-	-	-	-	-	-
Total fund balances	<u>1,115,010</u>	<u>3,245,964</u>	<u>999,979</u>	<u>1,928,118</u>	<u>15,123</u>	<u>150,956</u>	<u>368,158</u>
Total liabilities and fund balances	<u>\$ 1,454,265</u>	<u>\$ 3,324,443</u>	<u>\$ 1,035,579</u>	<u>\$ 1,928,118</u>	<u>\$ 15,123</u>	<u>\$ 169,739</u>	<u>\$ 375,940</u>

Special Revenue				Debt Service		Capital Projects	Total Nonmajor Governmental Funds
Transportation Development	Park Development	Storm Drain Development	Building Construction	General Government	Redevelopment Agency	Redevelopment Agency	
\$ 7,936	\$ -	\$ 19,019	\$ 16,623	\$ -	\$ 8,859	\$ 25,341	\$ 166,706
584,651	106	1,401,027	1,224,522	-	652,642	10,056	10,423,896
-	-	-	-	93	1,090	-	1,183
-	-	-	-	-	7,022	-	171,222
-	-	5,626	-	-	-	37,420	43,046
-	-	-	-	-	-	-	337,164
-	-	-	-	-	-	12,260	244,283
-	-	-	681,567	-	-	-	681,567
-	-	-	-	-	-	-	930,000
-	-	-	-	1,384,355	667,811	1,856,660	3,908,826
<u>\$ 592,587</u>	<u>\$ 106</u>	<u>\$ 1,425,672</u>	<u>\$ 1,922,712</u>	<u>\$ 1,384,448</u>	<u>\$ 1,337,424</u>	<u>\$ 1,941,737</u>	<u>\$ 16,907,893</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582	\$ 27,579
-	-	-	-	-	-	3,696	83,834
-	-	-	-	-	-	-	35,600
-	-	-	-	-	-	-	337,164
-	-	-	-	-	-	1,426,902	1,426,902
-	-	-	-	-	-	1,431,180	1,911,079
-	-	-	-	1,384,448	1,337,424	-	2,721,872
-	-	-	-	-	-	1,856,660	1,856,660
-	-	-	-	-	-	-	150,956
-	-	-	-	-	-	-	930,000
592,587	106	1,425,672	1,922,712	-	-	-	10,683,429
-	-	-	-	-	-	(1,346,103)	(1,346,103)
592,587	106	1,425,672	1,922,712	1,384,448	1,337,424	510,557	14,996,814
<u>\$ 592,587</u>	<u>\$ 106</u>	<u>\$ 1,425,672</u>	<u>\$ 1,922,712</u>	<u>\$ 1,384,448</u>	<u>\$ 1,337,424</u>	<u>\$ 1,941,737</u>	<u>\$ 16,907,893</u>

CITY OF PORTERVILLE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Special Revenue					
	Redevelopment Agency Low & Mod. Housing	Public Safety Sales Tax	Special Gas Tax	Local Transportation Funds (LTF)	Traffic Safety	Public Safety Grant
Revenues:						
Taxes:						
Property	\$ 229,754	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	2,568,683	-	-	-	-
Intergovernmental	-	-	2,942,576	2,970,990	-	237,778
Special assessments and fees	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	190,245	-
Investment earnings	30,913	118,370	43,568	66,339	1,378	1,599
Miscellaneous	2,935	-	24,162	-	-	260
Total revenues	<u>263,602</u>	<u>2,687,053</u>	<u>3,010,306</u>	<u>3,037,329</u>	<u>191,623</u>	<u>239,637</u>
Expenditures:						
Community development	50,077	-	-	-	-	-
General government	-	-	-	-	-	-
Parks and leisure services	-	339,810	-	-	-	-
Public safety - fire	-	757,818	-	-	-	1,169
Public safety - police	-	1,166,374	-	-	-	104,860
Debt redemption, principal	55,000	-	-	-	-	-
Debt redemption, interest & charges	94,666	-	-	-	-	-
Refunding bond issuance costs	89,860	-	-	-	-	-
Capital outlay	-	211,088	-	-	-	15,481
Total expenditures	<u>289,603</u>	<u>2,475,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,510</u>
Excess (deficiency) of revenues over (under) expenditures	(26,001)	211,963	3,010,306	3,037,329	191,623	118,127
Other financing sources (uses):						
Transfers in	541,652	-	-	-	-	-
Transfers out	-	(179,881)	(2,614,248)	(2,741,841)	(195,440)	-
Proceeds of loan	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Discount on refunding bonds issued	(28,258)	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>513,394</u>	<u>(179,881)</u>	<u>(2,614,248)</u>	<u>(2,741,841)</u>	<u>(195,440)</u>	<u>-</u>
Net change in fund balances	487,393	32,082	396,058	295,488	(3,817)	118,127
Fund balances - July 1	<u>627,617</u>	<u>3,213,882</u>	<u>603,921</u>	<u>1,632,630</u>	<u>18,940</u>	<u>32,829</u>
Fund balances (deficits) - June 30	<u>\$ 1,115,010</u>	<u>\$ 3,245,964</u>	<u>\$ 999,979</u>	<u>\$ 1,928,118</u>	<u>\$ 15,123</u>	<u>\$ 150,956</u>

Special Revenue					Debt Service		Capital Projects	Total Nonmajor Governmental Funds
Landscape Maintenance District	Transportation Development	Park Development	Storm Drain Development	Building Construction	General Government	Redevelopment Agency	Redevelopment Agency	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	842,626	\$ -	\$ 1,072,380
-	-	-	-	-	-	-	-	2,568,683
-	-	-	-	-	-	-	-	6,151,344
262,734	282,773	42,057	117,509	-	-	-	-	705,073
-	-	-	-	-	-	-	-	190,245
-	23,952	1,725	58,022	72,029	7,670	29,166	59,046	513,777
-	-	-	72,800	-	-	-	17,356	117,513
<u>262,734</u>	<u>306,725</u>	<u>43,782</u>	<u>248,331</u>	<u>72,029</u>	<u>7,670</u>	<u>871,792</u>	<u>76,402</u>	<u>11,319,015</u>
-	-	-	-	-	-	29,189	79,701	158,967
-	-	-	-	-	9,820	-	-	9,820
154,980	-	-	-	-	-	-	-	494,790
-	-	-	-	-	-	-	-	758,987
-	-	-	-	-	-	-	-	1,271,234
-	-	-	-	-	640,000	270,801	15,000	980,801
-	-	-	-	-	1,183,504	363,958	2,447	1,644,575
-	-	-	-	-	-	270,500	-	360,360
-	-	-	-	-	-	-	-	226,569
<u>154,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,833,324</u>	<u>934,448</u>	<u>97,148</u>	<u>5,906,103</u>
107,754	306,725	43,782	248,331	72,029	(1,825,654)	(62,656)	(20,746)	5,412,912
-	-	-	-	-	1,813,791	-	1,936,230	4,291,673
-	(261,966)	(87,261)	(762,862)	(50,000)	(497)	(2,477,882)	(230,009)	(9,601,887)
-	-	-	-	-	-	-	200,000	200,000
-	-	-	-	-	-	8,475,000	-	8,475,000
-	-	-	-	-	-	(5,003,100)	-	(5,003,100)
-	-	-	-	-	-	(103,673)	-	(131,931)
-	-	-	-	-	-	-	15,000	15,000
<u>-</u>	<u>(261,966)</u>	<u>(87,261)</u>	<u>(762,862)</u>	<u>(50,000)</u>	<u>1,813,294</u>	<u>890,345</u>	<u>1,921,221</u>	<u>(1,755,245)</u>
107,754	44,759	(43,479)	(514,531)	22,029	(12,360)	827,689	1,900,475	3,657,667
<u>260,404</u>	<u>547,828</u>	<u>43,585</u>	<u>1,940,203</u>	<u>1,900,683</u>	<u>1,396,808</u>	<u>509,735</u>	<u>(1,389,918)</u>	<u>11,339,147</u>
\$ <u>368,158</u>	\$ <u>592,587</u>	\$ <u>106</u>	\$ <u>1,425,672</u>	\$ <u>1,922,712</u>	\$ <u>1,384,448</u>	\$ <u>1,337,424</u>	\$ <u>510,557</u>	\$ <u>14,996,814</u>

CITY OF PORTERVILLE

**REDEVELOPMENT AGENCY LOW AND MODERATE
INCOME HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 231,597	\$ 229,754	\$ (1,843)
Interest	2,500	30,913	28,413
Other	-	2,935	2,935
Total revenues	<u>234,097</u>	<u>263,602</u>	<u>29,505</u>
Expenditures:			
Community development :			
Administration	82,502	50,077	32,425
Debt redemption, principal	44,000	55,000	(11,000)
Debt redemption, interest & charges	53,504	94,666	(41,162)
Refunding bond issuance costs	-	89,860	(89,860)
Total expenditures	<u>180,006</u>	<u>289,603</u>	<u>(109,597)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,091</u>	<u>(26,001)</u>	<u>(80,092)</u>
Other financing sources (uses):			
Transfers in	-	541,652	541,652
Discount on refunding bonds	-	(28,258)	(28,258)
Total other financing sources (uses)	<u>-</u>	<u>513,394</u>	<u>513,394</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 54,091</u>	487,393	\$ 433,302
Fund balance - July 1		627,617	
Fund balance - June 30		<u>\$ 1,115,010</u>	

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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales taxes	\$ 2,800,000	\$ 2,568,683	\$ (231,317)
Interest	50,000	118,370	68,370
Total revenues	<u>2,850,000</u>	<u>2,687,053</u>	<u>(162,947)</u>
Expenditures:			
Public safety - fire	932,578	914,645	17,933
Public safety - police	1,319,871	1,220,635	99,236
Parks and leisure services	427,500	339,810	87,690
Total expenditures	<u>2,679,949</u>	<u>2,475,090</u>	<u>204,859</u>
Excess (deficiency) of revenues over (under) expenditures	170,051	211,963	41,912
Other financing sources (uses):			
Transfers out	<u>(720,000)</u>	<u>(179,881)</u>	<u>540,119</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (549,949)</u>	32,082	<u>\$ 582,031</u>
Fund balance - July 1		<u>3,213,882</u>	
Fund balance - June 30		<u>\$ 3,245,964</u>	

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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State gasoline tax section 2105	\$ 278,000	\$ 278,429	\$ 429
State gasoline tax section 2106	171,000	170,096	(904)
State gasoline tax section 2107	372,000	370,573	(1,427)
State gasoline tax section 2107.5	7,500	7,500	-
State grants	400,000	855,907	455,907
Federal grants	2,036,200	1,260,071	(776,129)
Total intergovernmental	3,264,700	2,942,576	(322,124)
Interest	20,000	43,568	23,568
Other	-	24,162	24,162
Total revenues	3,284,700	3,010,306	(274,394)
Other financing sources (uses):			
Transfers out	(608,000)	(2,614,248)	(2,006,248)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>2,676,700</u>	396,058	\$ <u>(2,280,642)</u>
Fund balance - July 1		<u>603,921</u>	
Fund balance - June 30		\$ <u>999,979</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, 2009**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State gasoline tax - LTF	\$ 700,000	\$ 992,505	\$ 292,505
Sales tax - County Measure R	3,950,000	814,053	(3,135,947)
State grants	446,000	-	(446,000)
Federal grants	1,450,181	1,164,432	(285,749)
Total intergovernmental	6,546,181	2,970,990	(3,575,191)
Interest	10,000	66,339	56,339
Total revenues	6,556,181	3,037,329	(3,518,852)
Other financing sources (uses):			
Transfers out	(8,041,619)	(2,741,841)	5,299,778
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (1,485,438)	295,488	\$ 1,780,926
Fund balance - July 1		1,632,630	
Fund balance - June 30		\$ 1,928,118	

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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 125,000	\$ 190,245	\$ 65,245
Interest	100	1,378	1,278
Total revenues	125,100	191,623	66,523
Other financing sources (uses):			
Transfers out	(125,500)	(195,440)	(69,940)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (400)	(3,817)	\$ (3,417)
Fund balance - July 1		18,940	
Fund balance - June 30		\$ 15,123	

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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grant	\$ 100,000	\$ 237,778	\$ 137,778
Interest	1,000	1,599	599
Other	1,000	260	(740)
Total revenues	<u>102,000</u>	<u>239,637</u>	<u>137,637</u>
Expenditures:			
Public safety - fire	2,091	1,169	922
Public safety - police	<u>163,912</u>	<u>120,341</u>	<u>43,571</u>
Total expenditures	<u>166,003</u>	<u>121,510</u>	<u>44,493</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(64,003)</u>	118,127	\$ <u>182,130</u>
Fund balance - July 1		<u>32,829</u>	
Fund balance - June 30		\$ <u>150,956</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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 238,199	\$ 262,734	\$ 24,535
Expenditures:			
Parks and leisure services:			
Cost of service	<u>216,020</u>	<u>154,980</u>	<u>61,040</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>22,179</u>	107,754	\$ <u>85,575</u>
Fund balance - July 1		<u>260,404</u>	
Fund balance - June 30		\$ <u>368,158</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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 600,000	\$ 282,773	\$ (317,227)
Interest	25,000	23,952	(1,048)
Total revenues	625,000	306,725	(318,275)
Other financing uses:			
Transfers out	(1,550,000)	(261,966)	1,288,034
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(925,000)</u>	44,759	\$ <u>969,759</u>
Fund balance - July 1		<u>547,828</u>	
Fund balance - June 30		\$ <u>592,587</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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 80,000	\$ 42,057	\$ (37,943)
Interest	1,000	1,725	725
Total revenues	81,000	43,782	(37,218)
Other financing uses:			
Transfers out	(107,257)	(87,261)	19,996
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(26,257)</u>	(43,479)	\$ <u>(17,222)</u>
Fund balance - July 1		<u>43,585</u>	
Fund balance - June 30		\$ <u>106</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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 400,000	\$ 117,509	\$ (282,491)
Interest	40,000	58,022	18,022
Other	-	72,800	72,800
Total revenues	440,000	248,331	(191,669)
Other financing sources (uses):			
Transfers out	(1,629,823)	(762,862)	866,961
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(1,189,823)</u>	(514,531)	\$ <u>675,292</u>
Fund balance - July 1		<u>1,940,203</u>	
Fund balance - June 30		\$ <u>1,425,672</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, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 50,000	\$ 72,029	\$ 22,029
Other financing sources (uses):			
Transfers out	(100,000)	(50,000)	50,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (50,000)	22,029	\$ 72,029
Fund balance - July 1		1,900,683	
Fund balance - June 30		\$ 1,922,712	

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, 2009**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 20,000	\$ 7,670	\$ (12,330)
Expenditures:			
General government:			
Administration	3,000	9,820	(6,820)
Debt redemption, principal	640,000	640,000	-
Debt redemption, interest & charges	1,183,504	1,183,504	-
Total expenditures	1,826,504	1,833,324	(6,820)
Excess (deficiency) of revenues over (under) expenditures	(1,806,504)	(1,825,654)	(19,150)
Other financing sources (uses):			
Transfers in	1,827,879	1,813,791	(14,088)
Transfers out	(4,000)	(497)	3,503
Total other financing sources (uses)	1,823,879	1,813,294	(10,585)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 17,375	(12,360)	\$ (29,735)
Fund balance - July 1		1,396,808	
Fund balance - June 30		\$ 1,384,448	

CITY OF PORTERVILLE

REDEVELOPMENT AGENCY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 866,675	\$ 842,626	\$ (24,049)
Interest	1,626	29,166	27,540
Total revenues	868,301	871,792	3,491
Expenditures:			
Community development :			
Administration	89,600	29,189	60,411
Debt redemption, principal	236,801	270,801	(34,000)
Debt redemption, interest & charges	325,654	363,958	(38,304)
Refunding bond issuance costs	-	270,500	(270,500)
Total expenditures	652,055	934,448	(282,393)
Excess (deficiency) of revenues over (under) expenditures	216,246	(62,656)	(278,902)
Other financing sources (uses):			
Transfers out	(93,573)	(2,477,882)	(2,384,309)
Refunding bonds issued	-	8,475,000	8,475,000
Payment to refunded bond escrow agent	-	(5,003,100)	(5,003,100)
Discount on refunding bonds issued	-	(103,673)	(103,673)
Total other financing sources (uses)	(93,573)	890,345	983,918
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 122,673	827,689	\$ 705,016
Fund balance - July 1		509,735	
Fund balance - June 30		\$ 1,337,424	

CITY OF PORTERVILLE
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ -	\$ 59,046	\$ 59,046
Other	16,692	17,356	664
Total revenues	16,692	76,402	59,710
Expenditures:			
Community development	224,015	79,701	144,314
Debt redemption, principal	-	15,000	(15,000)
Debt redemption, interest	-	2,447	(2,447)
Total expenses	224,015	97,148	126,867
Excess (deficiency) of revenues over (under) expenditures	(207,323)	(20,746)	186,577
Other financing sources (uses):			
Transfers in	93,573	1,936,230	1,842,657
Transfers out	-	(230,009)	(230,009)
Proceeds of loan	-	200,000	200,000
Sale of capital assets	-	15,000	15,000
Total other financing sources (uses)	93,573	1,921,221	1,827,648
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (113,750)	1,900,475	\$ 2,014,225
Fund balance - July 1		(1,389,918)	
Fund balance - June 30		\$ 510,557	

NONMAJOR PROPRIETARY FUNDS

Proprietary 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 Zalud Estate and the operations of the Zalud House.

Transit Fund

This fund was established to account for the operations of the City-operated local transit system. The City has an agreement with Tulare County to provide transportation service to the unincorporated areas around Porterville. The transit system is funded by ticket sales, the City of Porterville (Gas Tax Transportation funds), and the County of Tulare.

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 Assets
Nonmajor Proprietary Funds
June 30, 2009

	Zalud House	Transit Operations	Airport Operations	Golf Course	Total Nonmajor Proprietary Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,477	\$ 994	\$ 6,403	\$ 500	\$ 9,374
Investments	108,055	73,207	458,401	-	639,663
Accounts receivable, net of allowance for uncollectibles	-	30,840	106,218	4,293	141,351
Intergovernmental receivables	-	160,437	21,840	-	182,277
Inventories	-	-	106,910	-	106,910
Total current assets	<u>109,532</u>	<u>265,478</u>	<u>699,772</u>	<u>4,793</u>	<u>1,079,575</u>
Noncurrent assets:					
Capital assets:					
Land	23,240	352,599	1,000,125	102,048	1,478,012
Construction in progress	-	1,218,726	62,952	8,864	1,290,542
Buildings and equipment	138,867	4,483,068	1,068,852	312,475	6,003,262
Improvements other than buildings	3,547	570,939	6,143,067	385,918	7,103,471
Less accumulated depreciation	<u>(89,742)</u>	<u>(1,741,614)</u>	<u>(3,220,027)</u>	<u>(430,597)</u>	<u>(5,481,980)</u>
Total noncurrent assets	<u>75,912</u>	<u>4,883,718</u>	<u>5,054,969</u>	<u>378,708</u>	<u>10,393,307</u>
Total assets	<u>185,444</u>	<u>5,149,196</u>	<u>5,754,741</u>	<u>383,501</u>	<u>11,472,882</u>
LIABILITIES AND FUND BALANCES					
Current liabilities:					
Accounts and other payables	224	96,139	64,081	16,378	176,822
Payroll payable	536	3,616	5,135	5,539	14,826
Interfund payable	-	-	-	317,589	317,589
Compensated absences payable	-	6,419	10,056	3,051	19,526
Accrued interest payable	-	-	3,402	-	3,402
Loans payable - current	-	-	7,851	-	7,851
Unearned revenue	-	160,667	-	-	160,667
Total current liabilities	<u>760</u>	<u>266,841</u>	<u>90,525</u>	<u>342,557</u>	<u>700,683</u>
Noncurrent liabilities:					
Loans payable	-	-	91,511	-	91,511
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>91,511</u>	<u>-</u>	<u>91,511</u>
Total liabilities	<u>760</u>	<u>266,841</u>	<u>182,036</u>	<u>342,557</u>	<u>792,194</u>
NET ASSETS					
Invested in capital assets, net of related debt	75,912	4,883,718	4,955,607	378,708	10,293,945
Unrestricted	<u>108,772</u>	<u>(1,363)</u>	<u>617,098</u>	<u>(337,764)</u>	<u>386,743</u>
Total net assets	<u>\$ 184,684</u>	<u>\$ 4,882,355</u>	<u>\$ 5,572,705</u>	<u>\$ 40,944</u>	<u>\$ 10,680,688</u>

City of Porterville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Zalud House	Transit Operations	Airport Operations	Golf Course	Total Nonmajor Proprietary Funds
Operating revenues:					
Charges for services	\$ 1,998	\$ 366,540	\$ 1,459,777	\$ 322,671	\$ 2,150,986
Other revenues	1,201	8,944	136,794	220	147,159
Total operating revenues	<u>3,199</u>	<u>375,484</u>	<u>1,596,571</u>	<u>322,891</u>	<u>2,298,145</u>
Operating expenses:					
Cost of sales and services	23,103	1,483,162	1,326,711	285,154	3,118,130
General and administrative	3,880	286,182	118,545	90,188	498,795
Depreciation/amortization	3,792	266,089	176,175	42,113	488,169
Total operating expenses	<u>30,775</u>	<u>2,035,433</u>	<u>1,621,431</u>	<u>417,455</u>	<u>4,105,094</u>
Operating income (loss)	<u>(27,576)</u>	<u>(1,659,949)</u>	<u>(24,860)</u>	<u>(94,564)</u>	<u>(1,806,949)</u>
Nonoperating revenues (expenses):					
Intergovernmental revenues	-	1,624,359	-	-	1,624,359
Federal grants	-	846,441	66,642	-	913,083
Investment earnings	4,129	8,673	15,834	6,339	34,975
Interest expense	-	-	(33,153)	-	(33,153)
Sale of capital assets	-	3,628	-	1,758	5,386
Total nonoperating revenue (expenses)	<u>4,129</u>	<u>2,483,101</u>	<u>49,323</u>	<u>8,097</u>	<u>2,544,650</u>
Income before contributions and transfers	<u>(23,447)</u>	<u>823,152</u>	<u>24,463</u>	<u>(86,467)</u>	<u>737,701</u>
Transfers in	10,000	-	429,051	59,000	498,051
Transfers out	-	-	(27,500)	-	(27,500)
Change in net assets	<u>(13,447)</u>	<u>823,152</u>	<u>426,014</u>	<u>(27,467)</u>	<u>1,208,252</u>
Total net assets - beginning	<u>198,131</u>	<u>4,059,203</u>	<u>5,146,691</u>	<u>68,411</u>	<u>9,472,436</u>
Total net assets - ending	<u>\$ 184,684</u>	<u>\$ 4,882,355</u>	<u>\$ 5,572,705</u>	<u>\$ 40,944</u>	<u>\$ 10,680,688</u>

**City of Porterville
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2009**

	Zalud House	Transit Operations	Airport Operations	Golf Course	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash from interfund	\$ -	\$ -	\$ -	\$ (955)	\$ (955)
Cash receipts from customer	3,199	423,319	1,837,005	318,597	2,582,120
Payments to employees	(19,483)	(91,592)	(121,608)	(160,187)	(392,870)
Payments to suppliers and others	(8,006)	(1,678,697)	(1,441,258)	(225,094)	(3,353,055)
Net cash provided by operating activities	<u>(24,290)</u>	<u>(1,346,970)</u>	<u>274,139</u>	<u>(67,639)</u>	<u>(1,164,760)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental - operating assistance	-	1,747,392	44,802	-	1,792,194
Transfers in from other funds	10,000	-	429,051	59,000	498,051
Transfers to other funds	-	-	(27,500)	-	(27,500)
Net cash (used) by noncapital financing	<u>10,000</u>	<u>1,747,392</u>	<u>446,353</u>	<u>59,000</u>	<u>2,262,745</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Construction and other capital projects	-	(1,045,177)	(492,175)	-	(1,537,352)
Interest paid on long-term debt and advances	-	-	(33,394)	-	(33,394)
Principal payments on long-term debt	-	-	(7,032)	-	(7,032)
Purchase of capital assets	-	(44,064)	(32,121)	-	(76,185)
Proceeds from sale of capital assets	-	3,628	-	2,300	5,928
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(1,085,613)</u>	<u>(564,722)</u>	<u>2,300</u>	<u>(1,648,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	4,129	8,673	15,834	6,339	34,975
Net cash provided by investing activities	<u>4,129</u>	<u>8,673</u>	<u>15,834</u>	<u>6,339</u>	<u>34,975</u>
Net Increase (decrease) in cash and cash equivalents	(10,161)	(676,518)	171,604	-	(515,075)
Balances - beginning of year	119,694	750,719	293,200	500	1,164,113
Balances - end of the year	<u>\$ 109,533</u>	<u>\$ 74,201</u>	<u>\$ 464,804</u>	<u>\$ 500</u>	<u>\$ 649,038</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (27,576)	\$ (1,659,949)	\$ (24,860)	\$ (94,564)	\$ (1,806,949)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	3,792	266,089	176,175	42,113	488,169
Changes in assets and liabilities:					
Accounts payable	(80)	(4,365)	(184,617)	(9,860)	(198,922)
Compensated absences	-	3,404	2,288	(396)	5,296
Customer receivables	-	47,835	240,434	(4,293)	283,976
Inventory	-	-	67,671	-	67,671
Interfund temporary loans	-	-	-	(955)	(955)
Salaries and benefits payable	(426)	16	(2,952)	316	(3,046)
Net cash provided by operating activities	<u>\$ (24,290)</u>	<u>\$ (1,346,970)</u>	<u>\$ 274,139</u>	<u>\$ (67,639)</u>	<u>\$ (1,164,760)</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 established to account for various types of insurance 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.

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 Assets
Internal Service Funds
June 30, 2009

	Risk Management	Equipment Management	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 87,903	\$ 3,497	\$ 91,400
Investments	6,475,356	257,581	6,732,937
Accounts receivable, net of allowance for uncollectibles	19,604	17,530	37,134
Interfund receivable	29,850	-	29,850
Prepaid items	34,335	-	34,335
Total current assets:	<u>6,647,048</u>	<u>278,608</u>	<u>6,925,656</u>
Noncurrent assets:			
Advances receivable	591,735	-	591,735
Capital assets:			
Buildings and equipment	-	728,153	728,153
Improvements other than buildings	-	6,639	6,639
Less accumulated depreciation	-	(530,983)	(530,983)
Total noncurrent assets:	<u>591,735</u>	<u>203,809</u>	<u>795,544</u>
Total assets	<u>7,238,783</u>	<u>482,417</u>	<u>7,721,200</u>
LIABILITIES AND FUND BALANCES			
Accounts and other payables	88,967	60,803	149,770
Payroll payable	6,417	19,942	26,359
Accrued claims	940,317	-	940,317
Compensated absences payable	5,815	18,605	24,420
Total current liabilities	<u>1,041,516</u>	<u>99,350</u>	<u>1,140,866</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	203,809	203,809
Restricted for self-insurance	6,197,267	-	6,197,267
Unrestricted	-	179,258	179,258
Total net assets	<u>\$ 6,197,267</u>	<u>\$ 383,067</u>	<u>\$ 6,580,334</u>

City of Porterville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2009

	Risk Management	Equipment Management	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 3,827,050	\$ 2,266,899	\$ 6,093,949
Other revenues	364,693	49,422	414,115
Total operating revenues	<u>4,191,743</u>	<u>2,316,321</u>	<u>6,508,064</u>
Operating expenses:			
Cost of sales and services	4,318,215	2,249,846	6,568,061
General and administrative	151,098	39,941	191,039
Depreciation/amortization	<u>-</u>	<u>32,942</u>	<u>32,942</u>
Total operating expenses	<u>4,469,313</u>	<u>2,322,729</u>	<u>6,792,042</u>
Operating income (loss)	(277,570)	(6,408)	(283,978)
Nonoperating revenues (expenses):			
Investment earnings	<u>278,631</u>	<u>11,255</u>	<u>289,886</u>
Income before transfers	1,061	4,847	5,908
Transfers out	<u>(926,758)</u>	<u>-</u>	<u>(926,758)</u>
Change in net assets	<u>(925,697)</u>	<u>4,847</u>	<u>(920,850)</u>
Net assets - beginning	<u>7,122,964</u>	<u>378,220</u>	<u>7,501,184</u>
Total net assets - ending	<u>\$ 6,197,267</u>	<u>\$ 383,067</u>	<u>\$ 6,580,334</u>

City of Porterville
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Risk Management	Equipment Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from interfund	\$ -	\$ 456,525	\$ 456,525
Cash receipts from customer	4,232,522	1,902,016	6,134,538
Payments to employees	(144,666)	(505,629)	(650,295)
Payments to suppliers and others	(4,282,678)	(1,788,679)	(6,071,357)
Net cash provided by operating activities	<u>(194,822)</u>	<u>64,233</u>	<u>(130,589)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out to other funds	(926,758)	-	(926,758)
Net cash (used) by noncapital financing	<u>(926,758)</u>	<u>-</u>	<u>(926,758)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	44,687	-	44,687
Purchase of capital assets	-	(26,518)	(26,518)
Net cash (used) by capital and related financing activities	<u>44,687</u>	<u>(26,518)</u>	<u>18,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	278,631	11,255	289,886
Net cash provided by investing activities	<u>278,631</u>	<u>11,255</u>	<u>289,886</u>
Net Increase (decrease) in cash and cash equivalents	<u>(798,262)</u>	<u>48,970</u>	<u>(749,292)</u>
Balances - beginning of year	<u>7,361,521</u>	<u>212,108</u>	<u>7,573,629</u>
Balances - end of the year	<u>\$ 6,563,259</u>	<u>\$ 261,078</u>	<u>\$ 6,824,337</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (277,570)	\$ (6,408)	\$ (283,978)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	32,942	32,942
Changes in assets and liabilities:			
Accrued claims	67,090	-	67,090
Accounts payable	16,725	(13,113)	3,612
Compensated absences	(6,834)	7,012	178
Customer receivables	43,256	42,220	85,476
Interfund receivable	(2,477)	-	(2,477)
Prepaid items	(34,335)	-	(34,335)
Salaries and benefits payable	(677)	1,580	903
Net cash provided by operating activities	<u>\$ (194,822)</u>	<u>\$ 64,233</u>	<u>\$ (130,589)</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.

City of Porterville
Schedule of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2009

<u>Special Deposits</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>
Assets				
Cash and investments	\$ <u>1,801,339</u>	\$ <u>1,333,702</u>	\$ <u>1,616,625</u>	\$ <u>1,518,416</u>
Total assets	\$ <u><u>1,801,339</u></u>	\$ <u><u>1,333,702</u></u>	\$ <u><u>1,616,625</u></u>	\$ <u><u>1,518,416</u></u>
Liabilities				
Accounts and other payables	\$ 66,693	\$ 877,893	\$ 923,349	\$ 21,237
Refundable deposits, utilities	282,356	109,412	89,310	302,458
Refundable deposits, miscellaneous	779,000	170,552	486,845	462,707
Other deposits, safety	<u>673,290</u>	<u>175,845</u>	<u>117,121</u>	<u>732,014</u>
Total liabilities	\$ <u><u>1,801,339</u></u>	\$ <u><u>1,333,702</u></u>	\$ <u><u>1,616,625</u></u>	\$ <u><u>1,518,416</u></u>

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Statistical Section



STATISTICAL SECTION

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

Contents	Page
Financial Trends	99
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	105
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	110
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	115
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	117
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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CITY OF PORTERVILLE
NET ASSETS BY COMPONENT (in thousands)
LAST TEN FISCAL YEARS (1)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Governmental activities:										
Invested in capital assets, net of related debt	\$ --	\$ --	\$ --	\$ 12,807	\$ 9,506	\$ 10,074	\$ 17,122	\$ 314,402	\$ 337,298	\$ 349,278
Restricted	--	--	--	8,196	11,016	8,317	10,326	14,739	12,732	15,181
Unrestricted	--	--	--	(2,497)	321	1,314	(96)	21,232	26,116	16,992
Total governmental activities net assets	\$ --	\$ --	\$ --	\$ 18,506	\$ 20,843	\$ 19,705	\$ 27,352	\$ 350,373	\$ 376,146	\$ 381,451
Business-type activities:										
Invested in capital assets, net of related debt	\$ --	\$ --	\$ --	\$ 31,868	\$ 30,769	\$ 26,133	\$ 26,690	\$ 32,940	\$ 39,016	\$ 41,328
Restricted	--	--	--	3,881	4,226	4,114	4,061	3,960	2,494	1,453
Unrestricted	--	--	--	5,995	8,679	19,269	21,323	18,172	18,641	18,807
Total business-type activities net assets	\$ --	\$ --	\$ --	\$ 41,744	\$ 43,674	\$ 49,516	\$ 52,074	\$ 55,072	\$ 60,151	\$ 61,588
Primary government:										
Invested in capital assets, net of related debt	\$ --	\$ --	\$ --	\$ 44,675	\$ 40,275	\$ 36,207	\$ 43,812	\$ 346,623	\$ 376,314	\$ 390,606
Restricted	--	--	--	12,077	15,242	12,431	14,387	18,699	15,226	16,634
Unrestricted	--	--	--	3,498	9,000	20,583	21,227	40,123	44,757	35,799
Total primary government net assets	\$ --	\$ --	\$ --	\$ 60,250	\$ 64,517	\$ 69,221	\$ 79,426	\$ 405,445	\$ 436,297	\$ 443,039

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.

CITY OF PORTERVILLE
CHANGES IN NET ASSETS (in thousands)
LAST TEN FISCAL YEARS (1)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
EXPENSES										
Governmental activities:										
Community and economic development										
General government	\$ --	\$ --	\$ --	1,047	3,094	3,484	2,355	2,401	3,595	2,690
Parks and recreation	--	--	--	6,090	6,786	7,498	2,614	2,619	2,726	2,847
Public safety - fire	--	--	--	3,325	3,148	3,211	4,088	4,140	5,018	5,165
Public safety - police	--	--	--	1,872	2,128	2,142	3,015	3,306	3,721	3,979
Public works	--	--	--	4,344	4,688	4,973	6,632	7,285	8,335	9,023
Interest on long-term debt	--	--	--	1,899	1,090	1,209	2,461	3,776	4,106	4,654
Total governmental activities expenses	--	--	--	1,920	1,558	2,478	2,587	1,796	1,746	1,909
Business-type activities:										
Airport	--	--	--	20,497	22,492	24,995	23,752	25,323	29,247	30,267
Golf course	--	--	--	817	894	764	972	1,290	1,562	1,656
Sewer operating	--	--	--	318	331	352	398	382	388	419
Solid waste	--	--	--	5,430	5,701	5,778	5,888	6,464	6,378	6,501
Transit	--	--	--	3,811	4,178	4,121	5,087	4,857	5,159	5,181
Water operating	--	--	--	1,504	1,665	1,845	1,939	1,843	2,056	2,037
Zalud estate	--	--	--	4,161	4,236	4,039	4,278	4,554	4,619	4,746
Total business-type activities expenses	--	--	--	28	29	31	27	29	29	31
Total primary government expenses	\$ --	\$ --	\$ --	16,069	17,034	16,930	18,589	19,419	20,191	20,571
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Community and economic development	\$ --	\$ --	\$ --	22	20	231	795	783	528	236
General government	--	--	--	4,681	4,380	3,771	1,864	1,658	1,786	1,494
Parks and recreation	--	--	--	1,027	968	949	1,014	1,324	1,307	1,603
Public safety - fire	--	--	--	20	19	13	27	30	22	36
Public safety - police	--	--	--	141	137	183	208	380	510	520
Public works	--	--	--	988	706	1,131	750	244	256	233
Operating grants and contributions:										
Community and economic development	--	--	--	--	--	--	--	1,019	2,626	1,600
General government	--	--	--	--	--	16	30	394	427	486
Parks and recreation	--	--	--	1,429	78	195	139	250	123	163
Public safety - fire	--	--	--	--	11	17	261	76	5	--
Public safety - police	--	--	--	328	475	367	350	638	185	263
Public works	--	--	--	2,608	1,361	2,253	1,718	2,865	1,611	1,348
Capital grants and contributions:										
Community and economic development	--	--	--	983	2,583	1,019	2,019	40	66	--
Parks and recreation	--	--	--	571	489	157	236	696	177	42
Public safety - fire	--	--	--	27	11	1	17	36	--	--
Public safety - police	--	--	--	--	--	--	--	--	45	--
Public works	--	--	--	979	1,212	347	1,966	1,089	5,876	5,637
Total governmental activities program revenues	--	--	--	13,804	12,450	10,650	11,394	11,522	15,550	13,661

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Business-type activities:										
Charges for services:										
Airport	--	--	--	682	747	683	829	1,138	1,488	1,597
Golf course	--	--	--	262	254	272	313	308	299	323
Sewer operating	--	--	--	5,459	6,010	6,701	7,268	7,166	7,584	6,554
Solid waste	--	--	--	3,612	3,998	4,221	4,928	5,131	5,468	4,971
Transit	--	--	--	272	303	274	307	323	345	375
Water operating	--	--	--	4,437	4,864	4,569	4,717	4,869	5,169	4,371
Zalud estate	--	--	--	4	3	3	3	3	2	3
Operating grants and contributions:										
Airport	--	--	--	20	10	85	31	10	10	10
Sewer operating	--	--	--	--	4	--	--	--	--	--
Solid waste	--	--	--	--	747	--	--	--	3	7
Transit	--	--	--	1,035	--	918	1,158	1,218	1,305	1,943
Capital grants and contributions:										
Airport	--	--	--	--	--	--	--	310	68	57
Sewer operating	--	--	--	149	74	173	122	255	47	49
Solid waste	--	--	--	--	24	--	--	405	--	--
Transit	--	--	--	1,057	572	415	529	88	2,039	528
Water operating	--	--	--	309	154	331	184	--	92	99
Total business-type activities program revenues	--	--	--	17,298	17,764	18,645	20,389	21,224	23,919	20,887
Total primary government program revenues	\$ --	\$ --	\$ --	\$ 31,102	\$ 30,214	\$ 29,295	\$ 31,783	\$ 32,746	\$ 39,469	\$ 34,548
Net (expense)/revenue	\$ --	\$ --	\$ --	\$ (6,693)	\$ (10,042)	\$ (14,345)	\$ (12,358)	\$ (13,801)	\$ (13,697)	\$ (16,606)
Governmental activities										
Business-type activities	--	--	--	1,229	730	1,715	1,800	1,805	3,728	316
Total Primary government net expense	\$ --	\$ --	\$ --	\$ (5,464)	\$ (9,312)	\$ (12,630)	\$ (10,558)	\$ (11,996)	\$ (9,969)	\$ (16,290)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ --	\$ --	\$ --	2,012	2,200	5,606	6,520	7,557	8,301	8,408
Sales taxes	--	--	--	4,434	4,548	3,669	4,339	7,319	6,882	6,147
Utility users tax	--	--	--	2,857	2,813	3,001	3,384	3,665	3,854	3,894
Other taxes	--	--	--	3,933	3,504	3,011	2,218	2,803	2,598	2,312
Unrestricted investment earnings	--	--	--	468	431	714	822	1,623	1,790	1,428
Miscellaneous	--	--	--	290	131	216	387	215	933	178
Transfers	--	--	--	(119)	(488)	(202)	(158)	(95)	(309)	(455)
Total governmental activities	--	--	--	13,875	13,139	16,015	17,512	23,087	24,049	21,912
Business-type activities:										
Unrestricted investment earnings	--	--	--	366	159	543	598	980	965	661
Miscellaneous	--	--	--	53	4	4	--	118	78	5
Transfers	--	--	--	119	488	202	158	95	309	455
Total business-type activities	--	--	--	538	651	749	756	1,193	1,352	1,121
Total primary government	\$ --	\$ --	\$ --	\$ 14,413	\$ 13,790	\$ 16,764	\$ 18,268	\$ 24,280	\$ 25,401	\$ 23,033
Change in Net Assets										
Governmental activities	\$ --	\$ --	\$ --	7,182	3,097	1,670	5,154	9,286	10,352	5,306
Business-type activities	--	--	--	1,767	1,381	2,464	2,556	2,998	5,080	1,437
Total primary government	\$ --	\$ --	\$ --	\$ 8,949	\$ 4,478	\$ 4,134	\$ 7,710	\$ 12,284	\$ 15,432	\$ 6,743

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.

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

Fiscal Year	Property Tax	Franchise Tax	Utility Users Tax	Transient Occupancy Tax	Sales Tax	Motor Vehicle In-Lieu Tax	Total
1999-00	\$ 2,068,029	\$ 1,143,236	\$ 2,076,445	\$ 174,601	\$ 3,875,944	\$ 1,823,826	11,162,081
2000-01	1,901,966	1,200,533	2,531,609	187,892	4,051,534	2,002,519	11,876,053
2001-02	1,991,695	1,262,080	2,599,794	186,003	4,094,883	2,241,434	12,375,889
2002-03	2,011,591	1,219,256	2,857,415	194,130	4,434,317	2,448,799	13,165,508
2003-04	2,039,256	1,325,387	2,813,354	224,648	4,548,448	1,858,888	12,809,981
2004-05	5,291,741	1,456,558	3,000,783	253,294	3,808,831	1,177,781	14,988,988
2005-06	6,520,333	1,473,974	3,383,843	273,584	4,338,578	301,100	16,291,412
2006-07	7,556,569	1,542,033	3,664,966	268,672	7,318,460	870,673	21,221,373
2007-08	8,301,092	1,695,368	3,854,176	319,431	6,881,840	498,926	21,550,833
2008-09	8,407,702	1,576,019	3,894,372	310,832	6,147,526	424,887	20,761,338

CITY OF PORTERVILLE
FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
LAST TEN FISCAL YEARS (1)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General fund:										
Reserved for:										
Advances	\$ --	\$ --	\$ --	\$ 1,145	\$ 1,145	\$ 1,145	\$ 1,160	\$ 1,355	\$ 1,316	\$ 1,262
Capital projects	--	--	--	128	175	254	254	254	254	254
Grant programs	--	--	--	86	--	--	--	--	--	--
Inventories and prepaids	--	--	--	363	379	348	315	--	--	--
Unreserved	--	--	--	3,161	4,321	8,470	8,962	13,286	16,415	17,259
Total general fund	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,883</u>	<u>\$ 6,020</u>	<u>\$ 10,217</u>	<u>\$ 10,691</u>	<u>\$ 14,895</u>	<u>\$ 17,985</u>	<u>\$ 18,775</u>
All other governmental funds:										
Reserved for:										
Capital projects	\$ --	\$ --	\$ --	\$ 6,267	\$ 5,233	\$ 2,827	\$ 4,620	\$ 5,605	\$ 3,400	\$ 4,653
Community development	--	--	--	237	3,451	1,091	1,607	283	16	274
Debt service	--	--	--	2,052	2,838	2,784	1,994	1,733	1,907	2,722
Grant programs	--	--	--	179	260	242	108	203	33	151
Land held for resale	--	--	--	717	648	280	--	--	--	930
Unreserved, reported in:										
Special revenue funds	--	--	--	6,208	7,149	7,432	8,598	8,904	10,790	10,683
Capital projects funds	--	--	--	(1,249)	(1,214)	(1,257)	(1,257)	(1,443)	(1,390)	(1,346)
Total all other governmental funds	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,411</u>	<u>\$ 18,365</u>	<u>\$ 13,399</u>	<u>\$ 15,670</u>	<u>\$ 15,285</u>	<u>\$ 14,756</u>	<u>\$ 18,067</u>

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.

CITY OF PORTERVILLE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
LAST TEN FISCAL YEARS (1)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Revenues:										
Taxes	\$ --	\$ --	\$ --	\$ 10,788	\$ 11,057	\$ 13,935	\$ 16,289	\$ 21,343	\$ 21,636	\$ 20,761
Licenses and permits	--	--	--	707	698	668	802	1,368	1,141	957
Intergovernmental	--	--	--	8,167	7,671	5,049	5,828	4,407	7,221	7,979
Charges for services	--	--	--	2,436	2,483	2,844	3,808	3,877	3,903	3,520
Special assessments and fees	--	--	--	1,695	669	1,160	965	1,442	2,206	705
Fines and forfeitures	--	--	--	129	119	195	169	214	269	268
Investment earnings	--	--	--	483	333	715	697	1,309	1,436	1,183
Miscellaneous	--	--	--	187	193	521	600	263	993	373
Total revenues	--	--	--	24,592	23,223	25,087	29,158	34,223	38,805	35,746
Expenditures:										
Community/Economic development	--	--	--	896	1,190	1,870	2,469	2,314	3,545	2,582
General government	--	--	--	2,062	1,997	2,711	2,286	2,536	2,600	2,733
Parks and recreation	--	--	--	3,539	3,396	3,500	3,934	4,044	4,687	4,861
Public safety:										
Fire	--	--	--	2,154	2,448	2,569	2,960	3,306	3,592	3,817
Police	--	--	--	4,826	5,431	5,930	6,587	7,118	7,990	8,584
Public works	--	--	--	1,582	1,446	1,559	1,678	1,903	2,205	2,483
Capital outlay	--	--	--	4,392	4,160	7,687	5,913	4,216	9,298	7,288
Debt service:										
Principal	--	--	--	838	804	839	980	3,019	1,012	1,117
Interest and other charges	--	--	--	1,664	1,567	1,639	2,279	2,023	1,732	2,207
Total expenditures	--	--	--	21,953	22,439	28,304	29,086	30,479	36,661	35,672
Excess of revenues over (under) expenditures	--	--	--	2,639	784	(3,217)	72	3,744	2,144	74
Other financing sources (uses)										
Transfers in	--	--	--	7,650	6,507	8,567	6,931	7,297	11,788	13,845
Transfers out	--	--	--	(5,377)	(6,582)	(8,769)	(7,090)	(7,386)	(12,070)	(13,373)
Other debt issued	--	--	--	2	4,377	--	6,024	--	--	8,543
Payments to refunded bond escrow	--	--	--	--	--	--	(3,282)	--	--	(5,003)
Sale of capital assets	--	--	--	--	--	--	92	162	697	15
Total other financing sources (uses)	--	--	--	2,275	4,302	(202)	2,675	73	415	4,027
Net change in fund balances	\$ --	\$ --	\$ --	4,914	5,086	(3,419)	2,747	3,817	2,559	4,101
Debt service as a percentage of noncapital expenditures	--	--	--	14.247%	12.971%	12.019%	14.064%	19.078%	10.028%	11.711%

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.

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

Fiscal Year	Secured Locally Assessed	State Assessed	Unsecured	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Value	Ratio of Assessed to Estimated Actual Value
1999-00	\$ 1,126,054,998	\$ 2,502,673	\$ 50,865,323	\$ 1,179,422,994	1.072	\$ 1,179,422,994	100.00%
2000-01	1,168,148,877	1,754,711	63,651,364	1,233,554,952	1.072	1,233,554,952	100.00%
2001-02	1,222,729,414	1,876,245	64,220,507	1,288,826,166	1.072	1,288,826,166	100.00%
2002-03	1,278,443,170	1,869,401	66,444,992	1,346,757,563	1.075	1,346,757,563	100.00%
2003-04	1,338,072,816	1,770,228	79,605,533	1,419,448,577	1.101	1,419,448,577	100.00%
2004-05	1,443,259,854	1,921,645	62,909,363	1,508,090,862	1.183	1,508,090,862	100.00%
2005-06	1,542,388,260	1,921,062	82,681,159	1,626,990,481	1.083	1,626,990,481	100.00%
2006-07	1,782,433,687	1,903,653	69,840,265	1,854,177,605	1.058	1,854,177,605	100.00%
2007-08	2,131,492,708	1,792,900	73,976,789	2,207,262,397	1.063	2,207,262,397	100.00%
2008-09	2,253,447,140	1,792,900	80,861,819	2,336,101,859	1.059	2,336,101,859	100.00%

Note:

(1) Assessed valuations are net of exemptions.

Source: County of Tulare Office of the Auditor-Controller.

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

LAST TEN FISCAL YEARS

Fiscal Year	County	School Districts	Total
1999-00	1.0000	0.0718	1.0718
2000-01	1.0000	0.0724	1.0724
2001-02	1.0000	0.0724	1.0724
2002-03	1.0000	0.0751	1.0751
2003-04	1.0000	0.1005	1.1005
2004-05	1.0000	0.1829	1.1829
2005-06	1.0000	0.0829	1.0829
2006-07	1.0000	0.0576	1.0576
2007-08	1.0000	0.0633	1.0633
2008-09	1.0000	0.0591	1.0591

Note:

In 1978, a State constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the county and shared with all other jurisdictions.

All other jurisdictions and the county can levy a tax rate for voter-approved debt.

Source: County of Tulare Office of the Auditor-Controller.

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

Taxpayer	2008-09			1999-00		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Stores Inc	\$ 86,519,639	1	3.70%	\$ 72,655,109	1	6.16%
Del Mesa Farms	40,106,578	2	1.72%	-	-	-
Royalty Carpet Mills Inc	15,285,701	3	0.65%	13,634,590	2	1.16%
Porterville Investments 2005 LP	11,340,360	4	0.49%	-	-	0.00%
Nicholson Daryl & Victoria (TRS)	10,669,305	5	0.46%	-	-	0.00%
Beckman Coulter Inc	10,669,028	6	0.46%	6,676,755	4	0.57%
Cherry Keith (SCSR TR R & T Irre ⁿ)	10,479,200	7	0.45%	-	-	-
Ennis Family Investments	10,250,596	8	0.44%	-	-	-
Porterville Retirement Res LLC	9,084,273	9	0.39%	-	-	-
Wal-Mart Realty Company	8,779,646	10	0.38%	-	-	-
Standard Register	-	-	-	13,408,971	3	1.14%
Save Mart - West	-	-	-	6,245,500	5	0.53%
Target	-	-	-	5,627,074	6	0.48%
Mervyns	-	-	-	5,106,554	7	0.43%
Foster Farms	-	-	-	3,983,980	8	0.34%
Porterville Inn - Best Western	-	-	-	3,903,566	9	0.33%
Grocery Warehouse	-	-	-	3,829,082	10	0.32%
Subtotal	213,184,326		9.13%	135,071,181		11.45%
Total taxable assessed value of other taxpayers	2,122,917,533		90.87%	1,044,351,813		88.55%
Total taxable assessed value	\$ 2,336,101,859		100.00%	\$ 1,179,422,994		100.00%

Source: County of Tulare Office of the Tax Assessor.

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

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections (2)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
1999-00	\$ 1,224,972	\$ 1,289,160	105.24%	-	\$ 1,289,160	105.24%
2000-01	1,283,114	1,356,744	105.74%	-	1,356,744	105.74%
2001-02	1,332,261	1,410,480	105.87%	-	1,410,480	105.87%
2002-03	1,403,744	1,421,400	101.26%	-	1,421,400	101.26%
2003-04	1,495,207	1,421,400	95.06%	-	1,421,400	95.06%
2004-05	1,249,442	1,371,510	109.77%	-	1,371,510	109.77%
2005-06	1,371,249	1,587,930	115.80%	-	1,587,930	115.80%
2006-07	1,874,107	2,141,840	114.29%	-	2,141,840	114.29%
2007-08	2,210,265	2,507,749	113.46%	-	2,507,749	113.46%
2008-09	2,329,135	2,521,527	108.26%	-	2,521,527	108.26%

Sources:

(1) County of Tulare Office of the Auditor-Controller.

(2) City of Porterville Department of Finance.

CITY OF PORTERVILLE
SEWER OPERATIONS REVENUE
LAST TEN FISCAL YEARS

Fiscal Year	Sewer Service Charges	Lab Service Charges	Reclamation Operation	Connection Fees	Other	Total
1999-00	\$ 3,756,128	\$ 167,086	\$ -	\$ 397,180	\$ 54,366	\$ 4,374,760
2000-01	3,932,578	302,940	-	507,301	56,547	4,799,366
2001-02	3,994,226	213,180	-	653,602	67,891	4,928,899
2002-03	4,060,131	307,262	23,489	1,005,040	63,281	5,459,203
2003-04	4,639,986	344,145	196,880	746,201	83,204	6,010,416
2004-05	5,113,336	303,835	251,671	948,549	83,400	6,700,791
2005-06	5,602,053	310,594	316,500	956,991	81,888	7,268,026
2006-07	5,510,041	331,909	307,896	930,935	85,382	7,166,163
2007-08	5,955,869	338,697	530,248	648,746	110,412	7,583,972
2008-09	5,394,799	311,697	311,758	445,630	89,896	6,553,780

CITY OF PORTERVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Governmental activities:										
Notes	\$ 608	\$ 598	\$ 1,578	\$ 1,550	\$ 5,898	\$ 5,869	\$ 5,729	\$ 3,885	\$ 3,737	\$ 3,779
Revenue bonds	5,610	5,505	6,100	5,875	5,695	5,510	5,320	5,120	4,505	8,210
Certificates of Participation	25,355	24,840	24,285	23,700	23,490	22,865	25,620	24,645	24,035	23,395
Business-type activities:										
Notes	-	-	-	-	-	5,356	5,474	5,343	5,208	5,069
Revenue bonds	800	626	441	324	200	69	-	-	-	-
Certificates of Participation:	29,675	28,885	28,070	27,210	26,300	25,340	24,330	23,260	22,130	20,935
Capital lease	-	-	-	288	271	266	262	253	244	233
Total primary government	\$ 62,048	\$ 60,454	\$ 60,474	\$ 58,947	\$ 61,854	\$ 65,275	\$ 66,735	\$ 62,506	\$ 59,859	\$ 61,621
Percentage of personal income (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.90%	7.52%
Per capita (1)	1,566	1,488	1,475	1,405	1,433	1,467	1,313	1,214	1,154	1,184

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
GENERAL OBLIGATION BONDS
As of June 30, 2009

Jurisdiction	Net General		Percentage Applicable To City	Amount Applicable To City
	Obligation Bonded Debt Outstanding			
Direct:				
City of Porterville	\$ --	100.00%	\$ --	--
Overlapping:				
None	\$ --	--	\$ --	--

(1) Currently, the City of Porterville does not have any direct or overlapping debt obligations.

Source: County of Tulare Office of Auditor-Controller

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

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Debt limit	\$ 182,343	\$ 190,403	\$ 198,659	\$ 207,214	\$ 218,006	\$ 231,236	\$ 249,077	\$ 283,033	\$ 336,923	\$ 356,251
Total net debt applicable to limit (1)	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 182,343	\$ 190,403	\$ 198,659	\$ 207,214	\$ 218,006	\$ 231,236	\$ 249,077	\$ 283,033	\$ 336,923	\$ 356,251
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Legal debt margin calculation for fiscal year 2008-09

Net assessed value of all taxable property	\$ 2,336,101,859
Add back exempt property	38,906,935
Total assessed value of taxable property	<u>\$ 2,375,008,794</u>
Debt limit (15% of total assessed value)	\$ 356,251
Debt applicable to limit	-
Legal debt margin	<u>\$ 356,251</u>

Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

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

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

Fiscal Year	Total Revenue (1)	Less:		Net Available Revenue	Debt Service		Coverage ratio (4)
		Operating Expense (2)			Principal	Interest (3)	
1976 Sewer revenue bonds							
1999-00	\$ 4,676	\$ 2,289	\$ 2,387	\$ 60	\$ 11	\$ 71	\$ 33.62
2000-01	5,186	2,751	2,435	75	2	77	31.62
2001-02	Bonds paid in full						
2002-03	Bonds paid in full						
2003-04	Bonds paid in full						
2004-05	Bonds paid in full						
2005-06	Bonds paid in full						
2006-07	Bonds paid in full						
2007-08	Bonds paid in full						
2008-09	Bonds paid in full						
1994 Water revenue bonds							
1999-00	\$ 4,565	\$ 3,156	\$ 1,409	\$ 98	\$ 43	\$ 141	\$ 9.99
2000-01	4,847	3,280	1,567	104	37	141	11.11
2001-02	4,982	3,494	1,488	110	31	141	10.55
2002-03	4,966	3,049	1,917	116	25	141	13.60
2003-04	5,018	3,278	1,740	124	17	141	12.34
2004-05	4,569	2,889	1,680	131	10	141	11.91
2005-06	4,716	2,835	1,881	69	2	71	26.49
2006-07	Bonds paid in full						
2007-08	Bonds paid in full						
2008-09	Bonds paid in full						
2004 California Infrastructure and Economic Development loan (CIEDB)							
1999-00	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	N/A
2000-01	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001-02	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002-03	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003-04	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004-05	6,945	5,200	1,745	-	103	103	16.94
2005-06	7,577	4,840	2,737	-	176	176	15.55
2006-07	7,680	5,485	2,195	125	176	301	7.29
2007-08	8,134	5,332	2,802	129	172	301	9.31
2008-09	6,960	5,319	1,641	133	167	300	5.47

Notes:

- (1) For CIEDB calculation of total revenue, investment earnings are included.
- (2) Operating expenses include interest due on obligations existing at the time of issuance of the certificates, and exclude depreciation and amortization.
- (3) For CIEDB only, interest equals the amount of interest due for the current period plus the annual fee.
- (4) Revenue bond/loan covenants state that fees must be collected so as to yield "net revenues" (total revenues less operating expenses) equal to at least 1.25 times annual debt service.

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

Fiscal Year	Total Revenue	Less: Operating Expense (1)	Net Available Revenue	Debt Service		Coverage ratio (2)
				Principal	Interest	
Water system improvement project - issued 2002						
1999-00	\$ 4,565	\$ 2,467	\$ 2,098	\$ 210	\$ 479	\$ 689
2000-01	4,847	2,588	2,259	225	467	692
2001-02	4,982	2,805	2,177	235	454	689
2002-03	4,966	3,190	1,776	250	440	690
2003-04	5,018	3,419	1,599	265	426	691
2004-05	4,569	3,030	1,539	285	409	694
2005-06	4,716	3,522	1,194	295	392	687
2006-07	4,869	3,816	1,053	315	373	688
2007-08	5,169	3,864	1,305	335	352	687
2008-09	4,525	3,883	642	360	330	690
Wastewater Treatment Plant improvement project - issued 1997						
1999-00	\$ 4,676	\$ 3,103	\$ 1,573	\$ 310	\$ 711	\$ 1,021
2000-01	5,186	3,573	1,613	320	698	1,018
2001-02	5,259	3,723	1,536	330	684	1,014
2002-03	5,741	3,131	2,610	345	669	1,014
2003-04	6,085	3,463	2,622	360	653	1,013
2004-05	6,701	3,444	3,257	380	637	1,017
2005-06	7,268	3,289	3,979	395	619	1,014
2006-07	7,166	3,828	3,338	415	599	1,014
2007-08	7,584	5,332	2,252	435	579	1,014
2008-09	6,960	5,319	1,641	450	558	1,008
Sewer system improvement project - issued 2002						
1999-00	\$ 4,676	\$ 2,360	\$ 2,316	\$ 230	\$ 513	\$ 743
2000-01	5,186	2,828	2,358	245	500	745
2001-02	5,259	2,987	2,272	250	486	736
2002-03	5,741	4,145	1,596	265	472	737
2003-04	6,085	4,476	1,609	280	456	736
2004-05	6,701	4,461	2,240	300	439	739
2005-06	7,268	4,305	2,963	320	420	740
2006-07	7,166	4,661	2,505	340	399	739
2007-08	7,584	5,332	2,252	360	377	737
2008-09	6,960	5,319	1,641	385	354	739

Notes:

- (1) Operating expenses include interest due on obligations existing at the time of issuance of the certificates, and exclude depreciation and amortization.
- (2) Certificate of participation covenants state that fees must be collected so as to yield "net revenues" (total revenues less operating expenses) equal to at least 1.25 times annual debt service.

**CITY OF PORTERVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)(4)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (4)</u>	<u>Median Age (4)</u>	<u>Education Level in Years of Formal Schooling (4)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1999-00	39,615	N/A	-	N/A	N/A	14,625	N/A
2000-01	40,625	N/A	37,000	29.2	61.7% High school graduate or higher	14,789	9.7%
2001-02	41,009	N/A	-	N/A	N/A	14,846	10.4%
2002-03	41,945	N/A	-	N/A	N/A	15,144	10.8%
2003-04	43,150	N/A	41,693	N/A	N/A	15,444	11.0%
2004-05	44,496	N/A	-	N/A	N/A	16,325	8.3%
2005-06	50,840	N/A	-	N/A	N/A	16,752	7.6%
2006-07	51,467	N/A	-	N/A	N/A	17,214	7.8%
2007-08	51,863	757,251,663	14,601	28.7	65.9% High school graduate or higher	17,399	9.0%
2008-09	52,056	818,997,048	15,733	28.1	67.6% High school graduate or higher	18,621	13.5%

Sources:

- (1) 1980 Census and State Department of Finance census updates applied through the fiscal year 1999-00; census data gathered in 2000 is reflected with the 2000-01 population figure. Updates are applied each fiscal year thereafter until the next census is performed.
- (2) California Department of Education "Education Data Partnership", at www.ed-data.k12.ca.us
Represents K-12 enrollment
- (3) State of California Employment Development Department "Unemployment Rates and Labor Force", at www.labormarketinfo.edd.ca.gov
- (4) U.S. Census Bureau "American Community Survey", at www.factfinder.census.gov

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

Employer	2008-09			1999-00		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville State Developmental Center	1,851	1	8.34%	2,027	1	11.14%
Porterville Public Schools	1,281	2	5.77%	1,659	3	9.12%
Sierra View District Hospital	961	3	4.33%	518	4	2.85%
Wal-Mart Distribution Center	901	4	4.06%	1,874	2	10.30%
Family Health Care	664	5	2.99%	-	-	0.00%
Eagle Mountain Casino	532	6	2.40%	-	-	0.00%
City of Porterville	465	7	2.09%	252	8	1.38%
Wal-Mart Retail Store	392	8	1.77%	-	-	0.00%
Burton School District	385	9	1.73%	246	9	1.35%
Foster Farms	376	10	1.69%	-	-	0.00%
U.S. Forest Service - Sequoia National Forest	235	13	1.06%	439	5	2.41%
Porterville College	337	11	0.00%	334	6	1.84%
Beckman Coulter, Inc.	280	12	1.26%	255	7	1.40%
Standard Register	-	-	0.00%	214	10	1.18%
Total	8,660		37.49%	7,818		42.96%
City labor force	22,200			18,200		

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

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

Function	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General government	23	23	25	24	22	17	25	24	23	24
Public safety:										
Fire										
Sworn	29	26	28	27	28	27	35	35	35	35
Unsworn	1	1	1	1	1	1	1	2	3	3
Police										
Sworn	45	44	39	41	43	49	47	58	54	59
Unsworn	22	22	22	23	22	18	21	21	24	25
Public works:										
Engineering and building	14	14	14	14	14	14	15	17	16	16
Streets maintenance	7	7	6	7	5	3	5	7	5	6
Community development:										
Planning and zoning	6	7	7	7	7	7	9	10	10	10
Economic development	2	2	2	1	2	2	2	2	2	2
Housing	2	2	2	2	2	2	2	2	2	2
Parks and Leisure Services:										
Parks	17	18	17	19	18	18	18	20	21	20
Leisure Services	5	5	5	6	4	5	5	5	5	5
Library	6	8	8	9	8	7	7	10	10	10
Sewer operations	16	16	16	16	19	16	18	17	14	13
Solid waste	15	15	16	16	20	19	20	22	22	22
Airport operations	2	2	2	2	2	1	1	1	1	1
Golf course	1	1	2	2	2	2	2	2	2	2
Water operations	18	18	18	18	18	18	13	12	14	13
Equipment maintenance	8	8	8	9	8	8	8	6	6	6
Total	239	239	238	244	245	234	254	273	269	274

Source: City of Porterville, Human Resources Division

CITY OF PORTERVILLE
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Police										
Crimes (1):										
Homicide	N/A	-	2	-	6	2	5	8	7	2
Rape	N/A	7	8	14	10	18	23	14	9	9
Robbery	N/A	35	46	37	72	48	47	76	73	60
Assaults	N/A	432	477	502	576	605	606	656	582	551
Burglary	N/A	412	388	377	549	506	533	522	497	351
Theft	N/A	996	1,193	1,021	1,206	1,351	1,514	1,496	1,422	1,024
Stolen vehicles	N/A	199	251	305	427	430	484	356	357	262
Traffic accidents:										
Non-injury	414	445	435	533	495	348	423	347	415	349
Injury	170	190	219	228	225	188	195	165	188	187
Fatal	2	1	2	2	2	-	-	3	2	6
Calls for service	20,333	21,629	21,968	23,730	26,503	28,143	68,203	76,648	25,941	28,792
Officer-initiated activity	24,960	20,507	17,000	16,955	19,383	23,990	23,342	28,644	27,171	31,303
Reports	7,601	8,056	7,958	8,782	9,201	9,783	9,782	10,999	11,117	9,579
Arrests:										
Felony	N/A	1,111	1,160	1,284	1,327	1,635	1,503	1,716	1,596	1,624
Misdemeanor	N/A	2,139	2,013	2,029	2,165	2,285	1,959	2,420	2,905	2,690
Mover citations	N/A	1,615	1,047	1,150	1,715	1,643	1,490	1,504	2,482	2,387
Non-mover and other citations	N/A	1,746	1,783	1,553	1,688	1,610	1,679	2,982	4,164	2,927
Fire										
Emergency responses:										
Fires	393	334	340	348	458	434	519	540	555	473
Medical	1,159	1,181	1,323	1,449	1,725	1,775	2,153	2,615	3,003	3,040
Hazardous materials	1	-	1	1	1	-	-	-	-	-
Other	696	781	831	800	950	1,125	1,143	1,061	959	863
Inspections	1,694	1,310	2,023	976	2,071	840	692	645	1,040	865
Hazard abatement	79	87	54	13	145	33	270	204	126	1,424
Violations noticed/citations issued	-	-	55	12	7	3	5	44	130	244
Public education - presentations and tours	94	119	110	61	132	89	81	123	145	138
Investigations	N/A	N/A	N/A	N/A	N/A	N/A	299	347	267	212
Public works:										
Building permits issued	278	278	381	359	398	374	381	607	474	364
Streets:										
Street resurfacing (square feet)	N/A	N/A	N/A	N/A	1,743	9,561	20,592	369,600	350,286	114,000
Potholes repaired (square feet)	N/A	N/A	N/A	N/A	5,488	2,326	2,438	2,447	10,358	21,000
Solid waste:										
Refuse collected (tons/day)	N/A	N/A	N/A	N/A	87	88	91	118	115	109
Recyclables collected (tons/day)	N/A	N/A	N/A	N/A	26	27	30	39	42	37
Water:										
Number of consumers	12,975	13,175	13,356	14,023	14,147	14,690	14,680	14,562	14,486	14,673
Water introduced into system (millions of gallons)	2,962	3,379	4,151	4,017	4,166	4,132	4,025	4,468	4,484	4,271
Metered water deliveries (millions of gallons)	3,391	3,421	3,984	3,755	3,754	3,630	3,668	3,900	3,931	4,201
New water connections	N/A	N/A	N/A	N/A	105	109	290	276	193	178
Water mains breaks	N/A	N/A	N/A	N/A	N/A	10	10	7	6	6
Wastewater:										
Average daily sewage treatment (millions of gallon)	N/A	N/A	N/A	N/A	N/A	4.7	4.7	4.8	4.8	4.8
Parks and leisure services:										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	29	N/A	129	114	84
Facility rentals										
Community rooms/centers	N/A	N/A	N/A	N/A	N/A	410	N/A	85	34	14
Municipal swimming pool	N/A	N/A	N/A	N/A	N/A	35	N/A	65	43	40
Park pavilions	N/A	N/A	N/A	N/A	N/A	583	N/A	626	441	392
Zalud Estate house and gardens	N/A	N/A	N/A	N/A	N/A	8	N/A	5	1	1
Recreation program enrollment:										
Recreation afterschool program (RAP)	N/A	N/A	N/A	N/A	N/A	2,542	2,579	2,620	2,235	1,926
Sports activities	N/A	N/A	N/A	N/A	N/A	1,085	1,123	1,265	1,395	1,617
Summer/winter camp	N/A	N/A	N/A	N/A	N/A	100	157	157	425	552
Kindergarten/pre-school classes	N/A	N/A	N/A	N/A	N/A	39	145	600	608	324

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

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

Function	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	N/A	N/A	N/A	N/A	N/A	10	38	52	61	66
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Hydrants	1,378	1,392	1,475	1,482	1,492	1,533	1,584	1,619	1,694	1,735
Public works:										
Streets, lights, signals										
Miles	162	162	164	168	171	171	187	190	193	193
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	163	3,114	3,232
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	43	48	48
Sewers (miles)	159	159	161	163	165	165	167	170	170	170
Water mains (miles)	165	165	168	170	174	174	178	187	210	210
Storm drains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	52	52	52
Parks and Leisure Services:										
Parks acreage	160	160	306	306	306	306	306	306	306	306
Parks	11	11	24	24	24	24	24	24	24	24
Community centers	2	2	2	2	2	2	2	2	2	2
Library volumes/circulations	266,739	271,810	262,845	259,008	246,676	246,487	231,803	228,203	255,025	271,337

Sources: Various city departments
N/A = NOT AVAILABLE

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City of Porterville, California

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