



CALIFORNIA

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

CITY OF PORTERVILLE, CALIFORNIA

PREPARED BY THE DEPARTMENT OF FINANCE

MARIA BEMIS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

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Introductory Section



Maria Bemis
Finance Director
(559) 782-7435



291 North Main Street
Porterville, CA 93257

January 27, 2021

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, 2020, is hereby submitted in accordance with Sections 24 and 59 of the City Charter. These ordinances require that the City issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

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

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, have issued an unmodified ("clean") opinion on the City of Porterville's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Porterville, incorporated on May 7, 1902, is located midway between San Francisco and Los Angeles, an hour from Fresno and Bakersfield. It is situated in the southeastern portion of California's San Joaquin Valley, the most diverse agricultural area in the world. The City currently occupies a land area of 18.73 square miles with a population of 59,655.

The City of Porterville became a Charter City in 1926. Porterville is empowered to levy property taxes within its boundaries in accordance with Article XIII A of the California Constitution (Proposition 13). It is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Porterville has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and four other members. The Council is elected on a non-partisan basis. Council

members serve four-year staggered terms, with three members elected during one election and two during the next. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both Porterville's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the city, and for appointing the heads of the various departments.

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

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

Local economy

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

Nestled against the foothills of the Sierra Nevada Mountains, the City serves as a gateway to Sequoia National Forest, Giant Sequoia National Monument and Kings Canyon National Park. The City serves as a trade center to over 100,000 people.

The local economy continues to thrive and has shown some resiliency at this time. Assessed property values increased 5.2 percent during the year with another 3.2 percent in fiscal year 2020-2021. Taxable sales decreased 1.8 percent, impacted by the stay home order by the State of California to mitigate the spread of the coronavirus infection. The City projects another 10 percent decrease in taxable sales in the next fiscal year.

Both utility users tax and transient occupancy tax also experienced a decline in the current year. The City's unemployment rate grew from 11.9 percent a year ago to 14.6 percent in 2020. With

the ongoing coronavirus pandemic, the City forecasts an overall decrease in general fund revenues, ultimately resulting in a deficit in the next fiscal year.

In November 2018, voters in the City of Porterville approved a local sales and use tax measure, Measure I, increasing the City's tax rate by one percent effective April 1, 2019. This new sales tax measure generated additional sales tax revenue of over \$7.8 million during the year. The City is expecting to utilize a portion of the Measure I sales tax revenue in the coming year to support a projected deficit in the general fund.

The advent of the COVID-19 emergency had also inhibited the City's collections on outstanding utilities. In April 2020, the State had ordered to halt the discontinuance of residential water service for nonpayment. In addition, the City Council had acted to suspend the charging of late fees to the unpaid utilities. As a consequence, the outstanding balance of unpaid utilities has grown more than double the usual balance in the last nine months.

During the year, the City received an allocation of \$489,098 in Community Development Block Grant funds from the U.S. Department of Housing and Urban Development as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act. The funds are to be used to help communities prevent, prepare for or respond to the COVID-19 pandemic. Specifically, the City is providing short-term working capital assistance of up to \$50,000 to businesses impacted by the temporary closure and social distancing restrictions ordered by the State of California.

The construction of the Cornerstone Building at the site of the former Porterville Hotel in the downtown district, has been completed. The development project consists of a three-story mixed-use building with almost 50,000 square feet of space. The new offices of the Tulare County District Attorney and Public Defender on the second and third floors are now open for business. The ground floor is currently being marketed for retail.

On December 2020, the Tule River Indian Tribe received approval from the Department of the Interior's Bureau of Indian Affairs allowing the Tribe to relocate the Eagle Mountain Casino to a new location within Porterville city limits. Earlier in the year, the State of California approved the Tribal State Compact between the State and the Tribe. The new casino will be built on the Tribe's 40-acre property west of the Porterville Municipal Airport and is estimated to cost between \$180 million to \$200 million. The multi-story casino and resort project consists of a 105,000 square foot casino, a 250-room hotel, food and beverage facilities plus a 29,000 square foot convention center, a 1,700-seat multipurpose entertainment event space, a banquet hall, meeting space, administrative space, parking structure, and water reclamation infrastructure. The project will create hundreds of temporary jobs during construction and following the construction, it is estimated to employ nearly 1,000 employees to run the casino and resort.

With the City Council's approval to issue over \$30 million in new debt, the City is preparing for the transition to tertiary treatment of waste water with the development of a new facility in collaboration with the Tule River Indian Tribe in support of the relocation and development of Eagle Mountain Casino and Resort near the Porterville Municipal Airport.

The establishment of the new navigation center has been completed. The center is located on property owned by the City, at 140 South C Street, with 15 emergency shelter beds and 15 transitional housing beds to assist people experiencing homelessness. The center is operated by Turning Point of Central California offering meals and daytime activities, and providing trainings and wrap around services to prepare individuals to find employment and permanent housing.

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) in the general fund at year end was \$17,627,595. This includes amounts set aside for catastrophic and emergency events capital construction, facility, equipment and infrastructure deferred maintenance and improvements. Unrestricted fund balance also includes a budget stabilization reserve set by the City Council at 15% of the general fund annual budgeted operating expenditures. At the end of the fiscal year, this reserve had fallen below 15% due to the deficiency of revenues to cover the expenditures during the fiscal year. The reserve policy provides for the replenishment of the budget stabilization reserve to the required level within three fiscal years.

In June of 2020, City Council approved and adopted Resolution No. 41-2020 committing the proceeds of insurance from the catastrophic fire that destroyed the library to the reimbursement of expenditures related to the fire and the establishment of a replacement library. At the end of the fiscal year, unrestricted fund balance in the general fund included \$2,130,294 earmarked for this purpose. Development of an interim library facility will be a primary focus in the next fiscal year. In addition, planning for a new community library facility will be a priority for the City.

In the November 6, 2018 election, Porterville voters approved Measure I for an additional one-cent transactions and use tax that would provide local funds for public safety and essential city services including rapid emergency response times, property crime prevention, pothole repairs and street maintenance, school safety, after-school and library programs, and addressing homelessness. The current fiscal year, 2019-2020 is the first full year of sales tax collections for the Measure I special revenue fund. At the end of the year, the City reports Measure I sales tax revenue of more than \$7.8 million which is more than what has been originally anticipated. With the new sales tax generated by the measure, the Fire Department has added 3 new personnel to their ranks. The City's Police Department is expanding its staffing with 14 additional personnel within three years and the Streets Division will be increasing its staffing with 3 new positions.

In December 2019, the City issued the 2019 Sewer Revenue Certificates of Participation (COPs) with a principal amount of \$12,095,000 at a premium of \$1,701,994. The issue generated \$13,500,000 in project funds to be used in the construction of sewer infrastructure to further extend the City's sewer system into the rest of the annexed areas lacking in sewer facilities. The project is anticipated to serve over 1,100 properties. The all-in true interest cost is 3.12 percent with average yearly debt service of \$692,335 and final maturity in 2049.

On December 1, 2020, the Porterville City Council and the Board of Directors of the Porterville Public Improvement Corporation authorized the issuance and sale of certificates of participation with total principal amount not exceeding \$36 million, with average interest rate not exceeding 3.95 percent and with maturity not exceeding beyond August 15, 2050. Proceeds generated from the issue will be used mainly to finance the construction of a tertiary treatment plant and a groundwater recharge basin.

The required employer pension contributions due to the California Public Employees' Retirement System (CalPERS) continue to grow. For the miscellaneous plan, the City's contribution rate (as a percentage of payroll) is projected to rise from 37.6 percent in fiscal year 2020-2021 to 39.0 percent in fiscal year 2025-2026. For the safety plan, the employer contribution rate is estimated to increase from 48.2 percent in fiscal year 2020-2021 to 57.0 percent in fiscal year 2025-2026.

Another 2.3 percent water rate hike was implemented effective July 1, 2019, as approved by Resolution Number 47-2016 on July 19, 2016. And the last of the approved 5-year rate increases

scheduled to be implemented beginning on July 1, 2020 was deferred to October 1, 2020. Revenue raised from this new rates will not only ensure the continued operation of the system to provide clean, safe and reliable potable water but it would also help meet the debt service coverage ratio required by loan covenants. In addition, the increased revenue will provide for timely maintenance and upgrade of the City's aging water infrastructure and the implementation of the State of California's Sustainable Groundwater Management Act (SGMA) program which includes the construction of monitoring wells, construction of storm drain percolation ponds for groundwater recharge, an annual pipe replacement program, and surface water purchases. An annual appropriation of about \$2 million a year is scheduled in the next 10 years for water capacity enhancement, construction of turnout structures and stormwater capture and recharge.

As part of the budgeting process, the City annually reviews its 10-year capital improvement strategies. Several major projects are currently in different stages of development. Several street reconstruction and rehabilitation projects are slated in the next few years including the reconstruction of downtown Main Street that will enhance vehicular and pedestrian circulation and provide an ideal destination for residents and visitors. The reconstruction / rehabilitation of Henderson Avenue is currently in progress. Reconstruction of Newcomb Street is anticipated to begin before the end of the next fiscal year.

In April of 2020, the City introduced TransPort, the new microtransit operation, which is an on-demand, curb-to-curb, shuttle service with a flexible on-call schedule, similar to Uber or Lyft. The City purchased nine new vans in June 2020, as a start. In November, the City accepted delivery of 12 electric vans which are funded by a combination of state grants and local funds. The microtransit service supplements the fixed route service and expanded the transit service area. Construction of zero-emission infrastructure at the City corporation yard is nearly complete with the installation of 10 200-kilowatt chargers and 12 50-kilowatt charges to complement the new fleet of electric buses and electric vans.

The design of the animal shelter facility is still in progress. In June of 2017, the City purchased a 9,677 square-foot building that will house a new shelter. The City anticipates construction of the facility to commence in fiscal year 2021-2022.

In November 2019, the City accepted a donation of real property located on Main Street in downtown Porterville. The property will be designed as a public parking lot to increase available parking in the downtown area.

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

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Porterville for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 30th consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable program requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would also like to express my appreciation to all the departments for their assistance in providing the necessary data to complete this report. Credit also must be given to the Mayor and the City Council, as well as the City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Porterville finances.

Respectfully submitted,



Maria Bemis
Finance Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

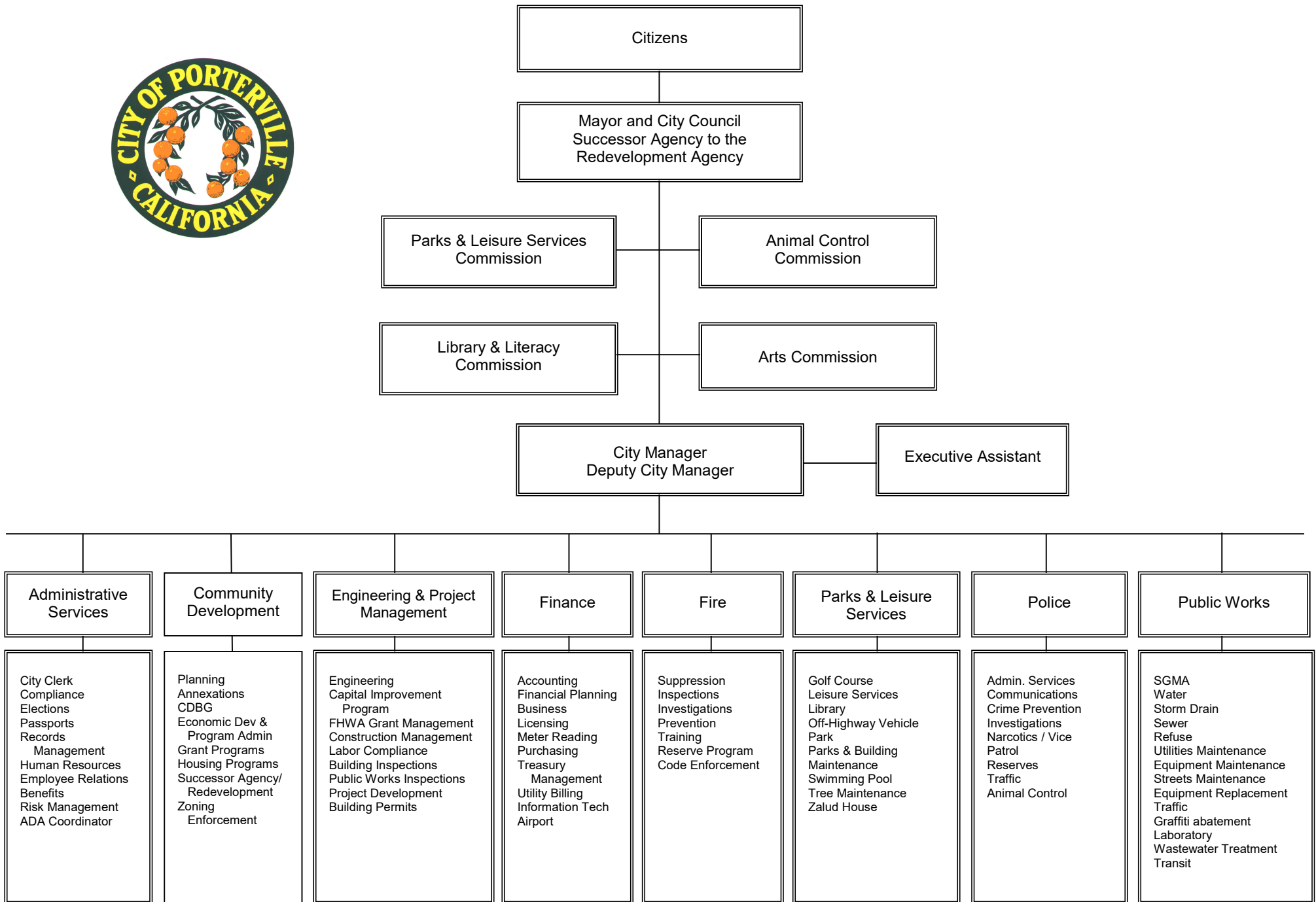
**City of Porterville
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



CITY OF PORTERVILLE
CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES
As of June 30, 2020

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

Martha A. Flores	Mayor and Chairperson	Nov 2024
Adrian Monte Reyes	Vice Mayor and Vice-Chairperson	Nov 2024
Milt Stowe	Council Member and Agency Member	Nov 2022
Daniel Penaloza	Council Member and Agency Member	Nov 2022
Virginia Gurrola	Council Member and Agency Member	Nov 2020

City Manager and Department Directors

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

Library & Literacy Commission

Edith LaVonne, Chairperson
 Patience Christenson, Vice-Chairperson
 Esther Figueroa, Member
 Catherine May, Member
 Susan Uptain, Member
 Kim Baumgardner, Member
 Leslie Pelon, Member

Parks and Leisure Services Commission

Phillip Duncan, Chairperson
 Janet Uresti, Vice Chairperson
 Kieran Daly, Member
 Tom Fiormonti, Member
 Diane Graybehl, Member
 Jason Gurrola, Member
 Jason Pommier, Member

Arts Commission

Donna Serna, Chairperson
 Kyree Perkins
 Emily Luna
 Diego Monterrubio
 David Mason

Animal Control Commission

Kathy Guinn, Chairperson
 Florenza Pizanis, Vice Chairperson
 Jerry Hall, Member
 Kat Harris, Member

Financial Section





INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Porterville
Porterville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Porterville, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Porterville as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Restatements of Fund Balance and Net Position

As disclosed in Note 8 to the financial statements, the City of Porterville's beginning fund balance and net position were restated for the correction of errors in prior year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

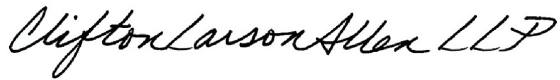
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing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

Honorable Mayor and City Council
City of Porterville

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021, on our consideration of the City of Porterville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Porterville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Porterville's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Roseville, California
January 27, 2021

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Management's Discussion and Analysis

As management of the City of Porterville, we offer readers of the City of Porterville's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Porterville exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$506,099,375 (*net position*). Of this amount, \$10,540,030 represents unrestricted net position, which may be used to meet Porterville's ongoing obligations to citizens and creditors. \$455,505,977 is the net investment in capital assets which includes all major infrastructure systems.
- The City's total net position increased by \$16,701,234 from prior year from current activities. Governmental activities' net position increased by \$6,897,786 primarily from the additional one cent sales and use tax revenue which became effective on April 1, 2019. It also includes \$2.5 million in insurance recoveries resulting from the catastrophic fire that destroyed the city library. The business-type activities' net position increased by \$9,803,448 mainly from the increase in water rates.
- The beginning balance of the City's net position in governmental activities was adjusted to correctly report the total amount of worker's compensation claims liability. This adjustment reduced net position by \$1,606,624. The same adjustment was made to the net position of the Internal Service Funds.
- In December 2019, the City issued \$12,095,000 of Sewer Revenue Certificates of Participation at a premium of \$1,701,994 generating \$13,500,000 in project funds, to finance the construction and installation sewer mains and laterals, as well as appurtenant facilities to several annexed areas within the city limits currently lacking in sewer facilities.
- At June 30, 2020, the City of Porterville's governmental funds reported combined fund balances of \$60,090,369, an increase of \$9,498,175 from the prior year which includes the \$2.5 million from the fire insurance proceeds.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the general fund was \$17,627,595, or approximately 59.2 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City of Porterville maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Safety Sales

Tax Fund, Measure I Sales Tax Fund, and Local Transportation Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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

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

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

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

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

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

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

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

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

Required supplementary information can be found immediately after the notes to the financial statements on pages 88 - 97 of this report.

The combining and individual statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 98 - 123 of this report.

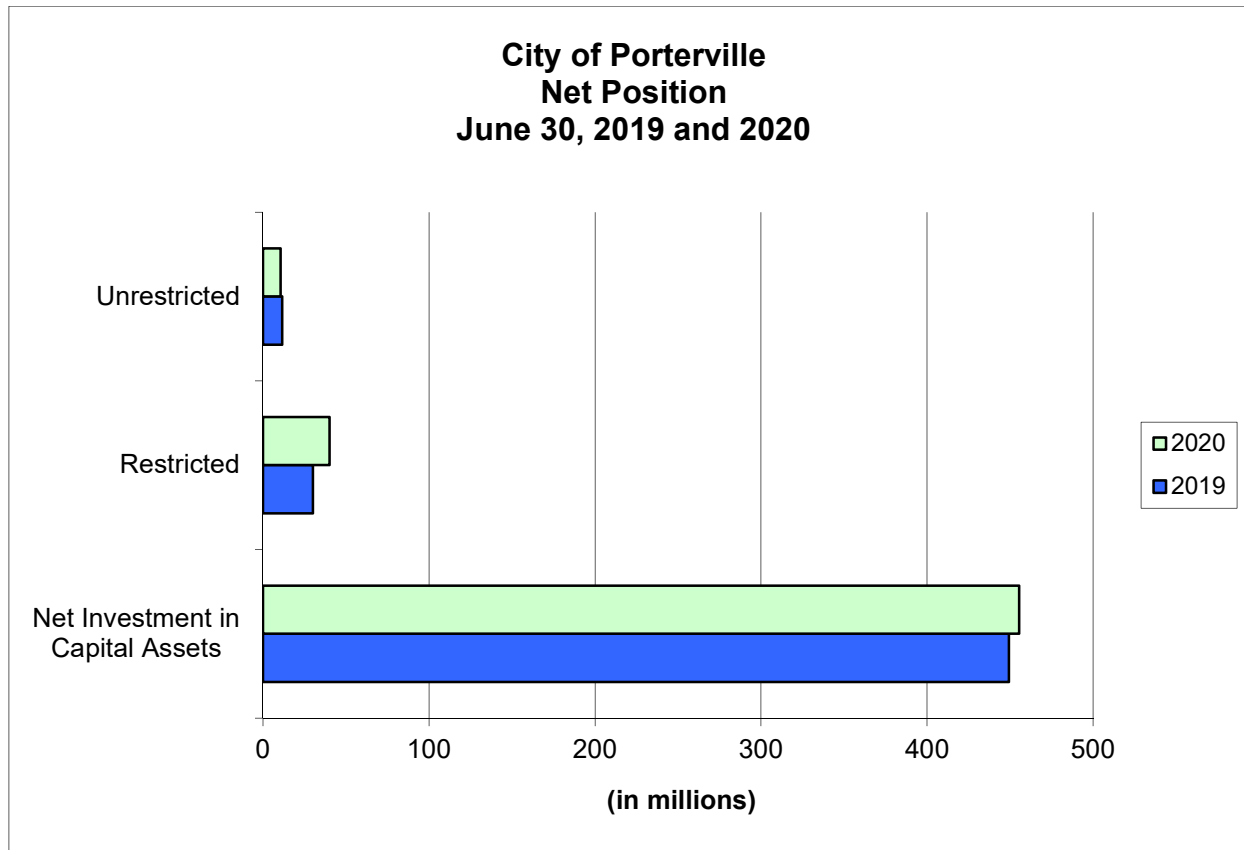
Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. At June 30, 2020, the City of Porterville's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$506,099,375.

City of Porterville's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 67,364,388	\$ 59,665,371	\$ 65,456,896	\$ 46,552,213	\$ 132,821,284	\$ 106,217,584
Capital assets	<u>407,501,973</u>	<u>408,236,716</u>	<u>93,368,972</u>	<u>88,839,562</u>	<u>500,870,945</u>	<u>497,076,278</u>
Total assets	<u>474,886,361</u>	<u>467,902,087</u>	<u>158,825,868</u>	<u>135,391,775</u>	<u>633,692,229</u>	<u>603,293,862</u>
Deferred outflows of resources	<u>10,182,466</u>	<u>10,838,569</u>	<u>3,291,463</u>	<u>4,180,090</u>	<u>13,473,929</u>	<u>15,018,659</u>
Long-term liabilities outstanding	77,059,648	74,770,708	54,611,338	41,556,261	131,670,986	116,326,969
Other liabilities	<u>2,961,623</u>	<u>4,911,487</u>	<u>2,053,548</u>	<u>2,417,800</u>	<u>5,015,171</u>	<u>7,329,287</u>
Total liabilities	<u>80,021,271</u>	<u>79,682,195</u>	<u>56,664,886</u>	<u>43,974,061</u>	<u>136,686,157</u>	<u>123,656,256</u>
Deferred inflows of resources	<u>3,633,069</u>	<u>2,955,336</u>	<u>747,557</u>	<u>696,364</u>	<u>4,380,626</u>	<u>3,651,700</u>
Net position:						
Net investment in capital assets	388,794,436	387,285,000	66,711,541	62,141,780	455,505,977	449,426,780
Restricted	40,053,368	29,986,303	--	--	40,053,368	29,986,303
Unrestricted	<u>(27,453,317)</u>	<u>(21,168,178)</u>	<u>37,993,347</u>	<u>32,759,660</u>	<u>10,540,030</u>	<u>11,591,482</u>
Total net position	<u>\$ 401,394,487</u>	<u>\$ 396,103,125</u>	<u>\$ 104,704,888</u>	<u>\$ 94,901,440</u>	<u>\$ 506,099,375</u>	<u>\$ 491,004,565</u>

Current and other assets in the governmental activities increased by \$7,699,017 from the prior year. Almost \$5.8 million of this increase comes from the Measure I Sales Tax Fund which generated almost \$6.0 million more of transactions and use tax revenue compared to the prior year as the additional one-cent tax became effective on April 1, 2019.

Current and other assets increased in the business-type activities by \$18.9 million from the prior year. A majority of this increase, \$13.5 million, consists of proceeds from the issuance of the 2019 certificates of participation in the Sewer Fund which corresponds to the increase in long-term liabilities in the business-type activities.



By far, the largest portion of the City's net position, \$455,505,977 (90.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. Although the City of Porterville's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Porterville's net position, \$40,053,368 (7.9 percent) represents resources that are subject to external restrictions on how they may be used.

As of the end of the current fiscal year, the City's unrestricted net position for the government as a whole was \$10,540,030. The business-type activities unrestricted net position was \$37,993,347 while governmental activities reported a deficit balance of \$27,453,317. This deficit is caused

primarily by the approximately \$50.8 million in postemployment liabilities from the City's pension plans (\$41.6 million) and other postemployment benefit plan for retiree healthcare (\$9.2 million). The City's total net position increased by \$15,094,810 compared to the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

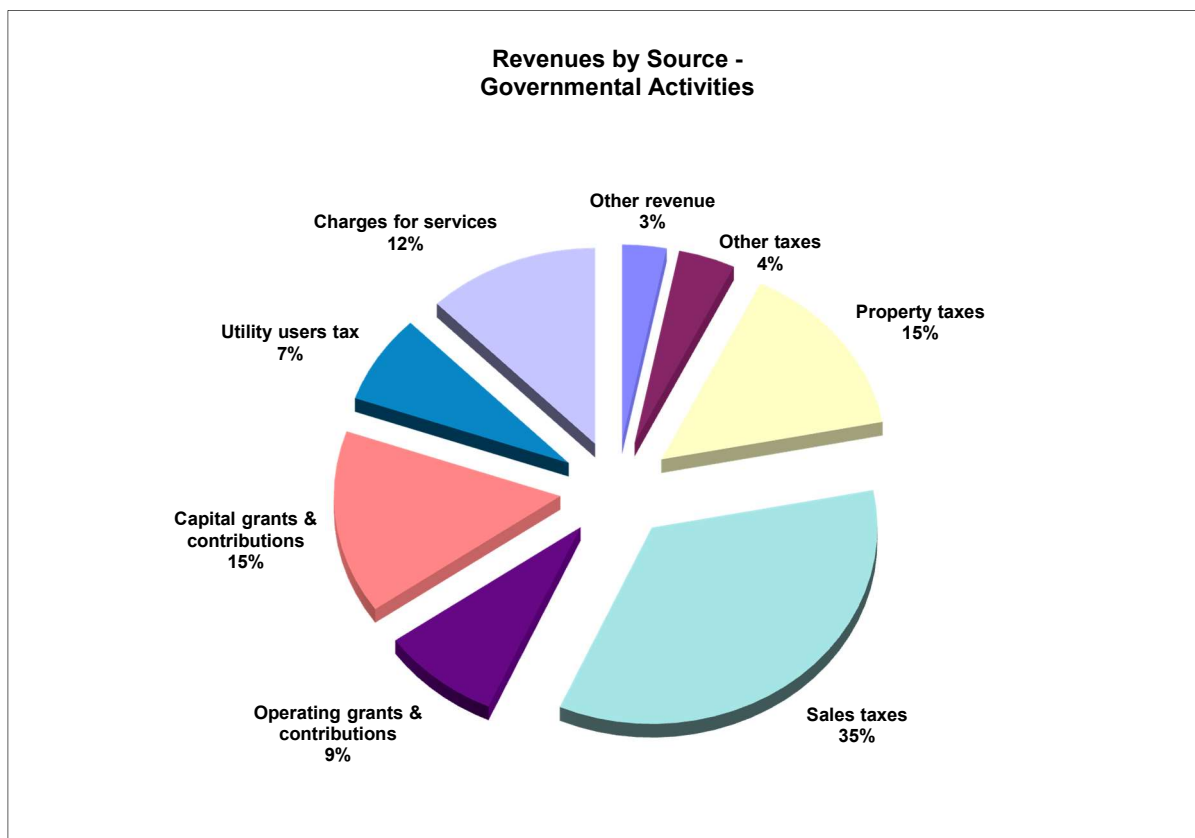
City of Porterville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 6,485,227	\$ 6,964,588	\$ 28,174,653	\$ 27,344,333	\$ 34,659,880	\$ 34,308,921
Operating grants and contributions	4,510,128	4,397,333	5,146,343	3,799,968	9,656,471	8,197,301
Capital grants and contributions	7,973,637	5,956,782	5,847,131	7,145,429	13,820,768	13,102,211
General revenues:						
Property taxes	7,749,429	7,355,066	--	--	7,749,429	7,355,066
Other taxes	24,277,111	18,282,241	--	--	24,277,111	18,282,241
Other	1,662,327	1,605,105	1,640,009	1,459,548	3,302,336	3,064,653
Total revenues	<u>52,657,859</u>	<u>44,561,115</u>	<u>40,808,136</u>	<u>39,749,278</u>	<u>93,465,995</u>	<u>84,310,390</u>
Expenses:						
Community/economic development	1,755,488	1,250,288	--	--	1,755,488	1,250,288
General government	3,901,692	3,304,738	--	--	3,901,692	3,304,738
Parks and recreation	8,002,831	7,513,979	--	--	8,002,831	7,513,979
Public safety - fire	7,490,117	6,263,248	--	--	7,490,117	6,262,248
Public safety - police	16,001,215	13,630,395	--	--	16,001,215	13,630,395
Public works	7,589,601	6,337,966	--	--	7,589,601	6,337,966
Interest on long-term debt	926,503	990,474	--	--	926,503	990,474
Airport	--	--	1,295,485	1,449,448	1,295,485	1,449,448
Golf course	--	--	445,126	451,462	445,126	451,462
Sewer	--	--	7,826,879	7,357,295	7,826,879	7,357,295
Solid waste	--	--	6,995,942	6,374,576	6,995,942	6,374,576
Transit	--	--	6,718,188	5,562,927	6,718,188	5,562,927
Water	--	--	7,786,124	7,742,381	7,786,124	7,742,381
Zalud estate	--	--	29,570	27,169	29,570	27,169
Total expenses	<u>45,667,447</u>	<u>39,291,088</u>	<u>31,097,314</u>	<u>28,965,258</u>	<u>76,764,761</u>	<u>68,256,346</u>
Increase (decrease) in net position before transfers	6,990,412	5,270,027	9,710,822	10,784,020	16,701,234	16,054,047
Transfers	<u>(92,626)</u>	<u>(111,113)</u>	<u>92,626</u>	<u>111,113</u>	<u>--</u>	<u>--</u>
Increase (decrease) in net position	6,897,786	5,158,914	9,803,448	10,895,133	16,701,234	16,054,047
Net position - July 1	396,103,125	390,944,211	94,901,440	84,006,307	491,004,565	474,950,518
Prior period adjustment	<u>(1,606,424)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,606,424)</u>	<u>--</u>
Net position - June 30	<u>\$ 401,394,487</u>	<u>\$ 396,103,125</u>	<u>\$ 104,704,888</u>	<u>\$ 94,901,440</u>	<u>\$ 506,099,375</u>	<u>\$ 491,004,565</u>

Governmental activities. During the fiscal year, the City of Porterville's net position in governmental activities increased by \$6,897,786 from current activities. This includes \$2.5 million in insurance proceeds the City received during the year as a result of the disastrous fire that destroyed the City's main library facility. A prior period adjustment of \$1,606,424 was made at the end of the year which reduced the beginning net position. The adjustment was made to

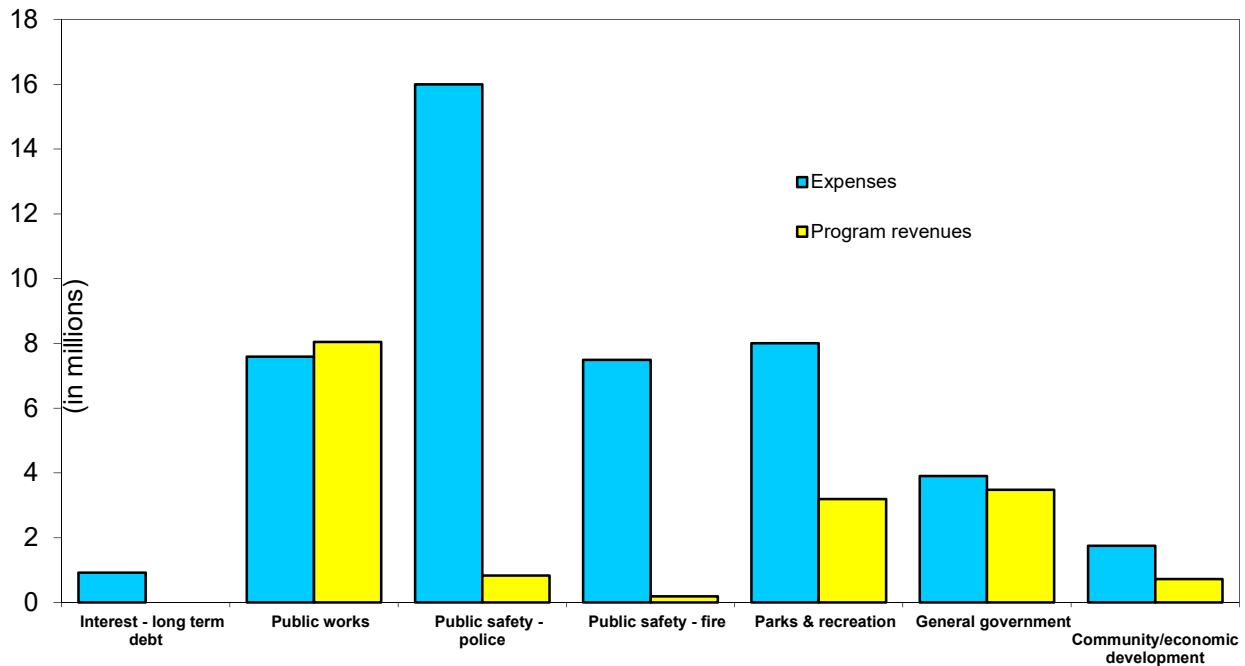
correct the amount of workers' compensation claims reported in the prior year. Net position in governmental activities finished the year at \$401,394,487.

Total governmental revenues for the year of \$52,657,859 were 18.2 percent higher than the prior year revenues of \$44,561,115. This is primarily due to the new one cent sales and use tax approved by voters of the City of Porterville in November of 2018 which became effective on April 1st, 2019. Sales and use tax revenues increased by \$6,082,827, a 49.9 percent rise from the prior fiscal year. Property taxes grew by 5.4 percent in the current year consistent with a 5.2 percent increase in assessed valuations. Charges for services decreased by \$479,361 or 6.9 percent in comparison with the prior year. With the advent of the coronavirus pandemic in March 2020, the City, in conformance with the Governor of the State of California and the State and County public health orders, had closed parks and limited outdoor gatherings which resulted in the cancellation of the usual parks and leisure activities and school events, thereby reducing recreational activities and police services fees. Also included in the increase in governmental revenues was \$2.5 million in insurance proceeds resulting from the fire that consumed the City library in February 2020.



Total expenses in governmental activities grew 16.2 percent during the current year, increasing from \$39,291,088 to \$45,667,447. The most significant increases were in Public Safety with \$2,370,820 in the Police Department and \$1,226,869 in the Fire Department. With the first full year of collection for the one-cent transaction and use tax which became effective on April 1, 2019, additional staff in both Police and Fire Departments were hired during the year, thus increasing total expenses for the year.

Expenses and Program Revenues - Governmental Activities

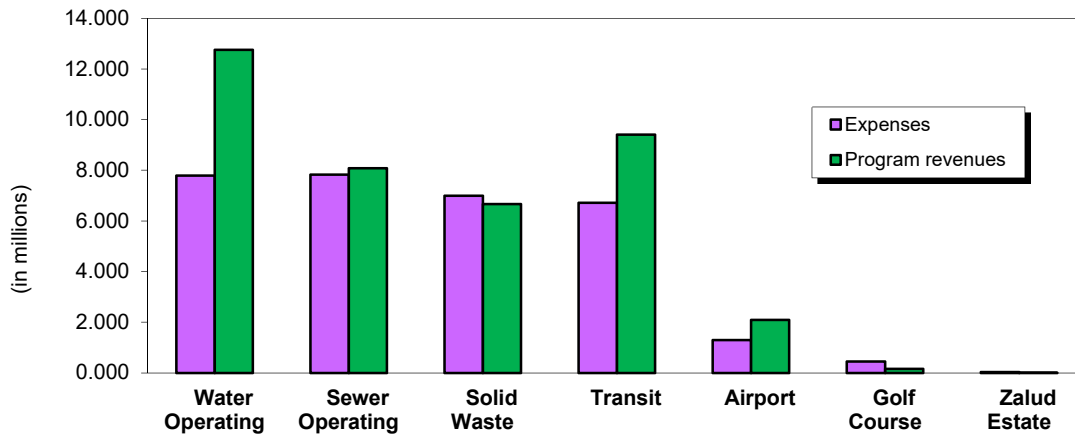


Business-type activities. Business-type activities increased the City of Porterville's net position by \$9,803,448 in the current year, ending with a net position of \$104,704,888. For the most part, the growth in the Water Fund, \$5,685,545 and the growth in the Transit Fund, \$2,770,257 contributed to the overall rise in net position.

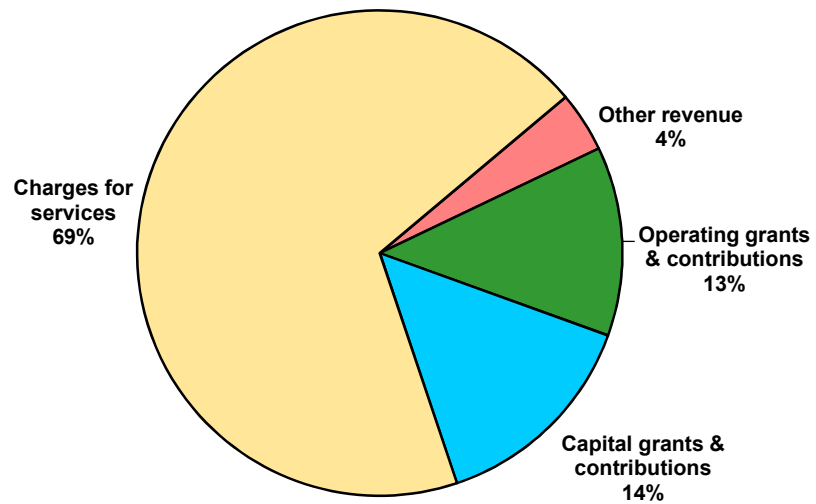
For the third year in a row, the 2.3 percent hike in water rates which was adopted in July 2016, became effective on July 1st, 2019. As a result, water service charges increased \$638,936 over the previous year's amount. Total operating revenues exceeded total operating expenses by \$4,673,742 in the Water Fund. A majority of this operating income is being banked to finance future water supply projects and to build a reserve for emergencies.

In the Transit Fund, the increase in net position is mainly due to capital grants and reimbursements earned during the year, including \$3,103,798 from the Federal Transit Administration, the California Air Resources Board and the San Joaquin Valley Air Pollution Control District, for the reimbursement of electric buses and electric charging stations for the transit operation.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

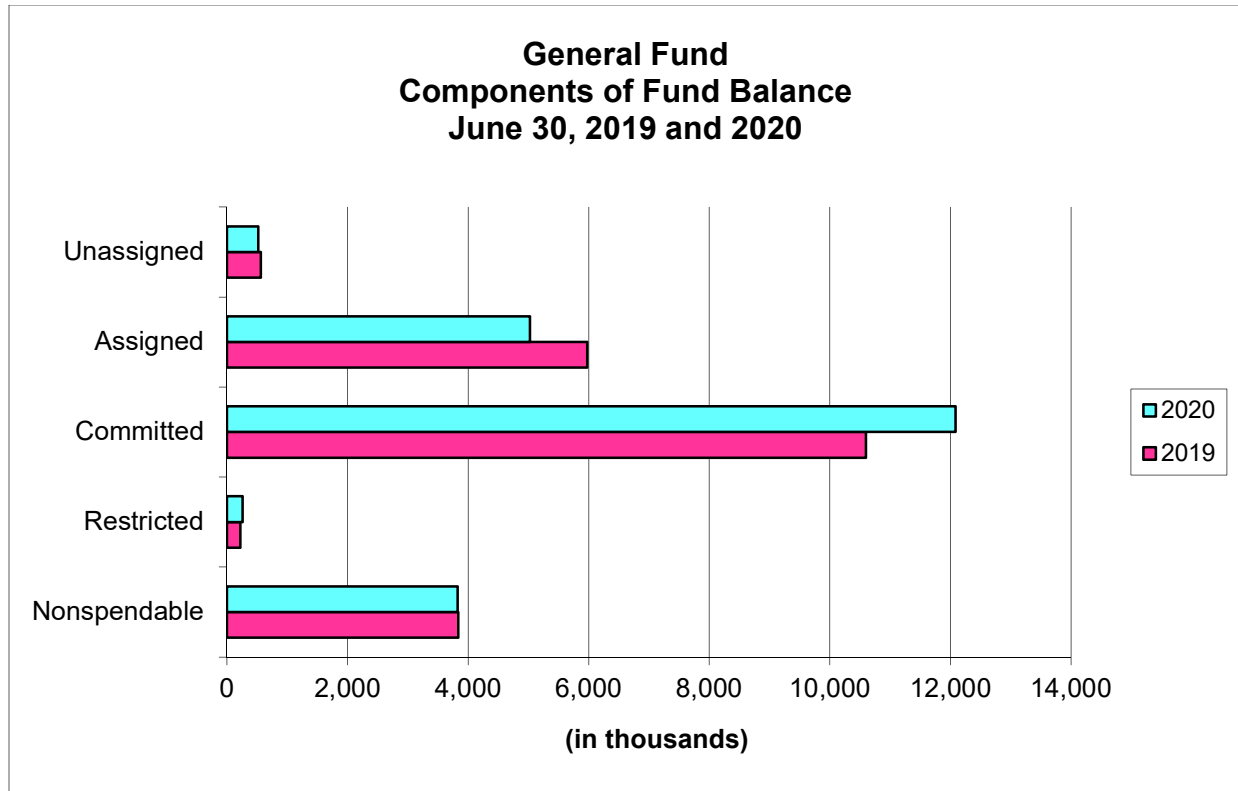
Governmental funds. The focus of the City of Porterville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve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

At June 30, 2020, the City of Porterville's governmental funds reported combined ending fund balances of \$60,090,369, an increase of \$9,498,175 in comparison with the prior year. Fund balance of \$3,826,235 is classified as *nonspendable* and not available for spending in the current period. This includes the long-term portion of loans receivable. \$39,512,100 is *restricted* for particular purposes. *Assigned fund balance* and *committed fund balance* which represent those amounts that are constrained by the City's intended use amounts to \$5,023,446 and \$12,083,159, respectively. Total unassigned fund balance at the end of the fiscal year amounts to a deficit of \$354,571.

General Fund

The General Fund is the chief operating fund of the City of Porterville. At the end of June 30, 2020, unassigned fund balance of the general fund was \$520,990, while total fund balance reached \$21,710,367. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 1.7 percent of total general fund expenditures, while total fund balance represents 72.9 percent of that same amount. At June 30, 2020, the committed fund balance in the general fund included \$3,958,618 in the budget stabilization reserve which is 13.3 percent of total general fund expenditures. \$2,785,094 is committed for catastrophic / emergency reserve and \$2,900,068 for capital construction or improvements, facility, equipment and infrastructure deferred maintenance and improvements. In addition, \$2,130,294 of the insurance proceeds from the fire that consumed the library has been committed by the City Council for expenditures relating to the fire and to the establishment of a new library.

The fund balance of the City of Porterville's general fund increase \$525,116 from current activities. As mentioned earlier, the City received \$2,500,000 in insurance proceeds in the current year for the loss of the City library to a devastating fire. This amount boosted fund balance to finish the fiscal year at a net position of \$21,710,367. Total revenues of \$28,891,233 were only slightly higher than prior year revenues by \$64,409 while total expenditures increased 9.8 percent to \$29,776,249. The increase in departmental expenditures was generally due to increases in salaries and benefits and maintenance costs. In addition, current year expenditures include \$369,706 in charges related to the library fire and \$872,964 related to the COVID-19 pandemic.



Other Major Governmental Funds

At June 30, 2020, the Public Safety Sales Tax Fund which is restricted for police and fire protection and related capital projects and for literacy programs had a total fund balance of \$1,727,785, an increase of \$239,636 from the prior year. Sales taxes increased \$195,476 or 5.1 percent in the current year.

The Measure I Sales Tax Fund, a new major fund this fiscal year, finished the year with a fund balance of \$7,435,614, an increase of \$5,723,210 from the prior year. As earlier discussed, this is the first full year of reporting for the Measure I Sales Tax Fund. Revenues are derived from the one-cent transactions and use tax approved by the voters of Porterville in the November 2019 election ballot. The new tax became effective on April 1, 2019. Sales tax for the fiscal year amounted to \$7,840,516 compared to \$1,844,231 reported for the last quarter of the previous fiscal year. Expenditures during the year totaled \$2,147,826 compared to \$101,442 last year. The Police Department and the Fire Department hired several new officers and staff members during the course of the year.

Fund balance of the Local Transportation Fund, also classified as a major fund in fiscal year 2019-2020, grew 24.4 percent to \$12,083,071 from \$9,715,572 in the prior fiscal year. These funds are to be used for streets and transportation improvements.

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

Total net position of the Sewer Operations Fund at June 30, 2020, amounted to \$33,079,300 with an increase of \$886,383 from activities in the current year. Of the total net position, \$15,566,897 or 47.1 percent is unrestricted and 52.9 percent is invested in capital assets or \$17,512,403. As discussed earlier, the City issued new debt during the year, the 2019 Sewer Revenue Certificates of Participation which increased long-term debt by \$12,095,000. This new bond issue generated \$13,500,000 in project funds, increasing total assets of the fund, for the construction of sewer infrastructure in various areas of the City lacking in sewer facilities.

The Water Operations Fund's total net position at the end of the current fiscal year was \$40,455,792. Current activities increased net position by \$5,685,545. Water rates went up another 2.3 percent effective July 1, 2019, resulting in an increase of \$639,936 in water service charges. The City booked \$417,177 in capital grants from the State Department of Water Resources in the current fiscal year for the amount spent on the household tanks removal project which included the installation of water mains where household tanks were installed during the severe drought conditions. Unrestricted net position at the end of the year is 48.8 percent of the total or \$19,737,886. Net position invested in capital assets amounted to \$20,717,906 or 51.2 percent.

At June 30, 2019, the Solid Waste fund had total net position of \$5,256,631, a miniscule increase of \$2,747 from current year activities. Total amount invested in capital assets amounted to \$2,398,938 or 45.6 percent and \$2,857,693 or 54.4 percent in unrestricted net position.

The Transit Operations Fund reports total net position of \$18,554,450 at June 30, 2020. Current activities increased net position by \$2,770,257 primarily from the federal and state capital grants of \$3,103,798 for the purchase of new electric buses and electric charging stations. Of the total net position, \$19,013,404 is invested in capital assets which leaves the fund with a deficit unrestricted net position of \$458,954.

General Fund Budgetary Highlights

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

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

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Property taxes	\$7,330,000	\$7,749,429	\$419,429
Sales taxes	6,542,477	6,407,796	(134,681)
Utility users tax	4,350,000	3,856,019	(493,981)
State grants and reimbursements	167,567	416,093	248,526
Police services	560,000	449,412	(110,588)
Recreational activities	2,763,800	2,576,621	(187,179)
Interest	275,000	642,834	367,834

It has been the City's practice to conservatively estimate General Fund revenues. In FY 2019-2020, property taxes finished the year higher than what was estimated for the year. Shortfalls in sales taxes, utility users taxes, police services, and recreational activities were caused by the shutdown of non-essential businesses and cancellation of outside events and activities during the last quarter of the fiscal year due to the COVID-19 pandemic. In state grants and reimbursement, the general fund budget did not include reimbursement funds from CalOES in the amount of \$160,656 for the services rendered by the City's Fire Department during emergency callouts across the state. Lastly, interest revenues showed a positive variance from the estimates. This is mostly due to the change in the market values of investments held at the end of the fiscal year.

General Fund expenditures at the end of the year totaled \$29,776,249 and were under budget by \$712,538. In general government, actual expenditures exceeded final budget by \$115,414 mainly due to the emergency charges from the catastrophic library fire and the COVID-19 pandemic. Variances between the final amended budget and actual expenditures in the police and fire departments are mainly due to a number of vacant positions.

Capital Assets and Debt Administration

Capital assets. The City of Porterville's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$500,870,945 (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 \$3,794,667.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 274,460,627	\$274,174,169	\$ 6,680,664	\$ 6,680,664	\$ 281,141,291	\$ 280,854,833
Works of art and collections	50,450	183,938	--	--	50,450	183,938
Buildings	14,329,417	14,762,097	2,747,776	2,812,856	17,077,193	17,574,953
Improvements other than buildings	7,357,716	7,586,590	6,747,136	6,995,213	14,104,853	14,581,803
Machinery and equipment	6,399,262	5,273,058	21,779,510	16,810,953	28,178,772	22,084,011
Infrastructure	92,842,207	92,309,843	689,108	773,139	93,531,315	93,082,982
Distribution and collection systems	--	--	47,530,102	46,817,883	47,530,101	46,817,883
Construction in progress	12,062,294	13,947,021	7,194,676	7,948,854	19,256,970	21,895,875
Total	<u>\$ 407,501,973</u>	<u>\$408,236,716</u>	<u>\$93,368,972</u>	<u>\$88,839,562</u>	<u>\$ 500,870,945</u>	<u>\$ 497,076,278</u>

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

- In December of 2019, the City purchased property located at 140 S "C" Street from Porterville Unified School District for a price of \$109,200. The 1.37 acres of land with the

three portable buildings located on the premises is being developed as a navigation center to serve individuals experiencing homelessness.

- The City accepted a donation of real property in November 2019 from Smith's Enterprise. The property, approximately 0.41 acres of land is located on Main Street in downtown Porterville.
- In September of 2018, the City awarded the contract for architectural design and construction assistance services for the new animal shelter facility. The contract also includes additional design services for a pedestrian trail and a dog park behind the facility. Total contract amount is \$719,130 and at June 30, 2020, \$452,606 has been spent on the project.
- Rehabilitation of Orange Avenue was completed at a total cost of \$1,291,670. The project consisted of removing and replacing the asphalt layer, installing new curb ramps and alley approaches and upgrading 2 traffic signals.
- Various concrete and ADA improvements along city hall and the Centennial Plaza building, at the Police Department shooting range and portions of concrete curb, gutter and sidewalk along Mill Street and Third Street were completed during the year. The total spent on the project was \$407,636. City continues to actively update city facilities to conform to ADA policies.
- The Plano Street water main replacement and concrete improvements project which includes the construction of ADA access ramps was completed during the year. The total cost of the concrete improvements amounted to \$1,537,330 and water main replacements were completed at a cost of \$508,940.
- The construction of lighted crosswalks at the Rails to Trails corridor and Olive Avenue corridor is near completion at the end of the fiscal year. Total spent as of June 30, 2020 was \$652,418. The project consists of the installation of high visibility crosswalk light systems with funding from the Active Transportation Program grant in the amount of \$414,000.
- Design on the Main Street, Union Avenue and Villa Street reconstruction projects are in progress. The City awarded contracts in the amount of \$666,315.
- Construction of sewer mains, sewer laterals and appurtenances on 3 areas within the City that were previously annexed was completed during the year. Total cost of the project was \$1,745,584.
- In January 2019, the City awarded the construction contract for the household water tanks removal project which consists of installing new water mains within the city limits where household tanks were installed during the severe drought conditions. The City received a grant from the Department of Water Resources to fund the project. As of June 30, 2020, \$2,062,516 has been spent on the project and is near completion.
- The drilling phase of a new well, Well No. 37 was completed during the year at a cost of \$674,301.

- By the end of the fiscal year, 5 more zero-emission 40-foot electric transit buses had been inspected and accepted by the City. The cost of each bus was \$845,000. The full cost of the buses is reimbursed to the City by a grant from the California Air Resources Board (CARB) and the San Joaquin Valley Air Pollution Control District. The City also acquired a dozen 200kw electric charging stations and another dozen 50kw electric charging stations at a total cost of \$1,150,265. Ten of the 200kw charging stations have been installed at the city's corporation yard and the rest are waiting to be installed at the Transit Center and the corporation yard. These electric charging stations will charge the City's growing fleet of electric buses and vans. Funding for the charging stations is a combination of grant funds from CARB, a rebate from Southern California Edison and local transportation funds.
- The apron rehabilitation project at the Porterville Municipal Airport, including improvements to the gates and access control is nearly complete. Total spent on the project as of June 30, 2020 is \$1,134,979. This project is 90% funded by a grant from the Federal Aviation Administration.
- During the year, the City acquired 9 transit vans for \$455,556, a new sewer camera van for \$255,477, three refuse trucks for \$840,501, an aviation gas refueler at the airport for \$130,782, and a new tractor and loader for the water department for \$161,757. In addition, the City purchased thirteen police patrol vehicles for \$544,969 and three command vehicles, two mini pumper apparatus and a type 1 fire engine pumper apparatus for the fire department at a total cost of \$1,049,018. The City also purchased a new mower for the parks department for \$109,760 and upgraded its 911 system with the Emergency Callworks 911 system for \$148,574 during the year. Several other equipment were purchased throughout the year for the City's various departments.

Additional information on the City's capital assets can be found in Note 1-E-4 on pages 48 - 49 and Note 4-D on pages 62 – 63 of this report.

Long-term debt. At the end of the current fiscal year, the City of Porterville had total principal debt outstanding of \$61,222,855. The City's total debt increased \$9,366,877 during the year mainly due to the issuance of new certificates of participation for sewer projects.

City of Porterville's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Pension obligation bond	\$ 585,000	\$ 1,155,000	\$ --	\$ --	\$ 585,000	\$ 1,155,000
Certificates of participation	19,055,000	20,000,000	12,095,000	--	31,150,000	20,000,000
Notes payable	1,095,000	1,380,000	28,392,855	29,320,978	29,487,855	30,700,978
Total	<u>\$ 20,735,000</u>	<u>\$ 22,535,000</u>	<u>\$ 40,487,855</u>	<u>\$ 29,320,978</u>	<u>\$ 61,222,855</u>	<u>\$ 51,855,978</u>

The governmental debt includes certificates of participation (COP's) in the amount of \$19,055,000 issued in June of 2015 which refunded the 2002 Public Building Refunding Project COP's and the

2013 Infrastructure Lease agreement. It also includes \$585,000 in pension obligation bond which financed the City's public safety employee side fund obligation to CalPERS and \$1,095,000 in notes payable to HUD which funded the construction of the Heritage Community Center.

Under the business-type activities, the new 2019 Sewer Revenue COP's were issued in December 2019 at an aggregate principal amount of \$12,095,000. Proceeds from the certificates will be used to finance the extension of city sewer services to several areas within the city limits identified to be dependent on septic tanks. The amount outstanding on the notes payable include \$3,220,845 for the sewer fund and \$6,403,010 for the water fund both payable to the California Infrastructure and Economic Development Bank. Proceeds from these notes were used to fund capital improvements to the sewer and water infrastructure. The notes payable amount outstanding at June 30, 2020 also includes \$18,769,000 from the 2018 installment sale agreement with Banner Bank which refunded the 2011 sewer revenue bonds.

Standard & Poor's Ratings Services ("S&P") has assigned the rating of "AA" to the 2015 refinancing project and a rating of "AA-" to the 2019 sewer system financing project certificates of participation.

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

Economic Factors and Next Year's Budget and Rates

- With the ongoing COVID-19 pandemic, the City of Porterville expects the greatest impact in next year's budget to be in sales and use tax revenues in the General Fund, the Measure H Public Safety Sales Tax Fund and the Measure I Sales Tax Fund. The City is projecting a 10% decline, amounting to approximately \$2 million combined in the next fiscal year. Utility users and transient occupancy taxes are both budgeted with a slight decrease in the next year while property taxes are projected to remain stagnant. Total General Fund revenues for the next fiscal year are projected to be 8.3 percent lower than the 2019-2020 estimates.
- For fiscal year 2020-2021, operating expenditures in the General Fund are estimated to be approximately 3.0 percent higher than the 2019-2020 projections. Factors that contribute to the increase includes higher CalPERS contributions and increases in employee salaries.
- The final approved water rate increase of 2.3% scheduled to become effective on July 1, 2020 was deferred to October 1, 2020. The revenue generated by the water rate hikes will be used to upgrade the City's aging water infrastructure and implement the State of California's Sustainable Groundwater Management Act (SGMA) directives for the development of sustainable groundwater which would include significant water purchases for recharge, well monitoring, reporting, and additional infrastructure.
- The City is working on issuing new bonds for water system improvements with total principal amount not to exceed \$36 million to be used to finance the construction of a tertiary treatment plan and a groundwater recharge basins and fund other water system improvements.

- Due to increased State organic recycling requirements, as well as higher costs of recycling, expenses in the Solid Waste Fund is anticipated to increase 11.9 percent in fiscal year 2020-2021. It is projected that the fund will finish the next fiscal year with a deficit of over \$1 million. A comprehensive rate study is currently underway to define a new rate structure that would support current operations, capital improvements and regulatory compliance costs.
- Several major capital projects are being contemplated in the new fiscal year including the development of an interim library facility, the implementation of electrified microtransit service, development of a new animal shelter facility, a number of street improvement projects, the design of sewer infrastructure extending sewer lines into former unincorporated areas annexed into the City, and the construction of Phase 3 of the Tule River Parkway.

Requests for Information

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



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**Basic
Financial Statements**



City of Porterville
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 40,619,254	\$ 46,682,580	\$ 87,301,834
Receivables - utility (net of allowance for uncollectibles)	-	3,844,893	3,844,893
Receivables - misc (net of allowance for uncollectibles)	6,777,618	452,224	7,229,842
Receivables - housing (net of allowance for uncollectibles)	8,631,797	-	8,631,797
Receivables - intergovernmental	1,384,937	4,617,364	6,002,301
Inventories	-	84,849	84,849
Prepays	169,253	-	169,253
Internal balances	4,134,871	(4,134,871)	-
Restricted assets - investments	1,011,726	13,520,063	14,531,789
Notes receivable	4,634,932	389,794	5,024,726
Capital assets not being depreciated:			
Land	274,460,627	6,680,664	281,141,291
Construction in progress	12,062,294	7,194,676	19,256,970
Works of art and collection	50,450	-	50,450
Capital assets, net of accumulated depreciation:			
Buildings	14,329,417	2,747,776	17,077,193
Improvements other than buildings	7,357,716	6,747,136	14,104,852
Machinery and equipment	6,399,262	21,779,510	28,178,772
Infrastructure	92,842,207	689,108	93,531,315
Distribution and collection systems	-	47,530,102	47,530,102
Total Assets	<u>474,866,361</u>	<u>158,825,868</u>	<u>633,692,229</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	1,595,647	1,717,495	3,313,142
Deferred pension-related items	8,292,073	1,491,863	9,783,936
Deferred OPEB-related items	294,746	82,105	376,851
Total Deferred Outflows of Resources	<u>10,182,466</u>	<u>3,291,463</u>	<u>13,473,929</u>
LIABILITIES			
Accounts payable and other current liabilities	2,831,168	1,451,994	4,283,162
Accrued interest payable	76,455	501,139	577,594
Unearned revenue	54,000	100,415	154,415
Non-current liabilities:			
Due in 1 year	3,790,846	1,479,123	5,269,969
Due in more than 1 year	22,382,387	40,875,881	63,258,268
Net pension liability	41,649,085	9,678,749	51,327,834
Other postemployment benefits liability	9,237,330	2,577,585	11,814,915
Total Liabilities	<u>80,021,271</u>	<u>56,664,886</u>	<u>136,686,157</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension-related items	2,552,990	442,010	2,995,000
Deferred OPEB-related items	1,080,079	305,547	1,385,626
Total Deferred Inflows of Resources	<u>3,633,069</u>	<u>747,557</u>	<u>4,380,626</u>
NET POSITION			
Net investment in capital assets	388,794,436	66,711,541	455,505,977
Restricted for:			
Building construction	180,674	-	180,674
Community development	10,557,252	-	10,557,252
Debt service	1,015,570	-	1,015,570
Landscape maintenance districts	210,160	-	210,160
Parks and leisure	321,250	-	321,250
Public safety	5,632,905	-	5,632,905
Public works	22,135,557	-	22,135,557
Unrestricted	(27,453,317)	37,993,347	10,540,030
Total Net Position	<u>\$ 401,394,487</u>	<u>\$ 104,704,888</u>	<u>\$ 506,099,375</u>

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

City of Porterville
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Community and economic development	\$ 1,755,488	\$ 89,848	\$ 635,253	\$ -	\$ (1,030,387)	\$ -	\$ (1,030,387)
General government	3,901,692	2,661,626	609,852	211,927	(418,287)	-	(418,287)
Parks and recreation	8,002,831	2,724,665	110,545	2,855,376	(2,312,245)	-	(2,312,245)
Public safety - fire	7,490,117	191,122	-	-	(7,298,995)	-	(7,298,995)
Public safety - police	16,001,215	486,687	337,389	11,554	(15,165,585)	-	(15,165,585)
Public works	7,589,601	331,279	2,817,089	4,894,780	453,547	-	453,547
Interest on long-term debt	926,503	-	-	-	(926,503)	-	(926,503)
Total governmental activities	45,667,447	6,485,227	4,510,128	7,973,637	(26,698,455)	-	(26,698,455)
Business-type Activities:							
Airport	1,295,485	1,159,301	10,000	928,886	-	802,702	802,702
Golf course	445,126	158,507	-	-	-	(286,619)	(286,619)
Sewer operating	7,826,879	7,975,521	-	102,961	-	251,603	251,603
Solid waste	6,995,942	6,151,451	24,687	489,000	-	(330,804)	(330,804)
Transit	6,718,188	530,942	5,111,656	3,769,832	-	2,694,242	2,694,242
Water operating	7,786,124	12,193,711	-	556,452	-	4,964,039	4,964,039
Zalud estate	29,570	5,220	-	-	-	(24,350)	(24,350)
Total business-type activities	31,097,314	28,174,653	5,146,343	5,847,131	-	8,070,813	8,070,813
Total primary government	\$ 76,764,761	\$ 34,659,880	\$ 9,656,471	\$ 13,820,768	(26,698,455)	8,070,813	(18,627,642)
General revenues:							
					7,749,429	-	7,749,429
					18,283,902	-	18,283,902
					3,856,019	-	3,856,019
					1,632,872	-	1,632,872
					504,318	-	504,318
					1,559,691	1,632,951	3,192,642
					29,010	7,058	36,068
					73,626	-	73,626
Transfers					(92,626)	92,626	-
Total general revenues and transfers					33,596,241	1,732,635	35,328,876
Change in net position					6,897,786	9,803,448	16,701,234
Net position - beginning					396,103,125	94,901,440	491,004,565
Prior period adjustments					(1,606,424)	-	(1,606,424)
Net position - ending					\$ 401,394,487	\$ 104,704,888	\$ 506,099,375

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

**City of Porterville
Balance Sheet
Governmental Funds
June 30, 2020**

	General	Public Safety Sales Tax	Measure I Sales Tax	Local Transporation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 15,066,308	\$ 1,024,410	\$ 5,907,666	\$ 9,059,877	\$ 6,856,919	\$ 37,915,180
Receivables - misc (net):						
Interest	259,062	-	-	-	368,669	627,731
Taxes	1,870,625	881,609	1,605,945	72,597	160,424	4,591,200
Other	1,002,026	256	-	-	4,277	1,006,559
Receivables - housing (net)	-	-	-	-	8,631,797	8,631,797
Intergovernmental receivables	271,959	-	-	421,379	685,941	1,379,279
Interfund receivables	1,469,840	-	-	2,533,177	-	4,003,017
Prepaid items	166,303	2,950	-	-	-	169,253
Restricted - cash/fiscal agent	-	-	-	-	1,011,726	1,011,726
Notes receivable	3,659,932	-	-	-	975,000	4,634,932
Total assets	<u>\$ 23,766,055</u>	<u>\$ 1,909,225</u>	<u>\$ 7,513,611</u>	<u>\$ 12,087,030</u>	<u>\$ 18,694,753</u>	<u>\$ 63,970,674</u>
LIABILITIES						
Accounts and other payables	\$ 539,563	\$ 27,770	\$ 8,639	\$ -	\$ 592,161	\$ 1,168,133
Payroll payable	844,349	153,670	69,358	-	59,164	1,126,541
Unearned revenue	54,000	-	-	-	-	54,000
Advances payable	553,063	-	-	-	-	553,063
Total liabilities	<u>1,990,975</u>	<u>181,440</u>	<u>77,997</u>	<u>-</u>	<u>651,325</u>	<u>2,901,737</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental	64,713	-	-	3,959	909,896	978,568
Total deferred inflows of resources	<u>64,713</u>	<u>-</u>	<u>-</u>	<u>3,959</u>	<u>909,896</u>	<u>978,568</u>
FUND BALANCES						
Nonspendable	3,826,235	-	-	-	-	3,826,235
Restricted	256,537	1,727,785	7,435,614	12,083,071	18,009,093	39,512,100
Committed	12,083,159	-	-	-	-	12,083,159
Assigned	5,023,446	-	-	-	-	5,023,446
Unassigned	520,990	-	-	-	(875,561)	(354,571)
Total fund balances	<u>21,710,367</u>	<u>1,727,785</u>	<u>7,435,614</u>	<u>12,083,071</u>	<u>17,133,532</u>	<u>60,090,369</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,766,055</u>	<u>\$ 1,909,225</u>	<u>\$ 7,513,611</u>	<u>\$ 12,087,030</u>	<u>\$ 18,694,753</u>	<u>\$ 63,970,674</u>

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

City of Porterville
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

Fund balances of governmental funds	\$	60,090,369
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Amounts reported for *governmental activities* in the statement of net position are different because:

Long-term liabilities, including bonds payable, pension, OPEB, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(69,953,096)
--	--	--------------

Deferred outflows arising from pension contributions made subsequent to the actuarial measurement date, the difference between projected and actual earnings on pension plan investments, and the change in proportion are not applicable to the current period and are not reported in the funds.		8,045,158
--	--	-----------

Deferred outflows arising from changes in assumptions related to other postemployment benefits are not applicable to the current period and are not reported in the funds.		282,206
--	--	---------

Deferred inflows related to pensions, including the changes of assumptions and the difference between actual pension contributions and the proportionate share of contributions are not applicable to the current period and are not reported in the funds.		(2,488,968)
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Deferred inflows related to other postemployment benefits, including changes of assumptions are not applicable to the current period and are not reported in the funds.		(1,036,494)
---	--	-------------

Internal service funds are used by management to charge the costs of risk management and equipment management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(1,750,359)
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Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenue in the funds.		978,568
--	--	---------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		407,227,103
--	--	-------------

Net position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">401,394,487</div>
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The notes to the financial statements are an integral part of this statement.

City of Porterville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Public Safety Sales Tax	Measure I Sales Tax	Local Transportation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 7,749,429	\$ -	\$ -	\$ -	\$ -	\$ 7,749,429
Sales taxes	6,407,796	4,035,590	7,840,516	-	-	18,283,902
Utility users tax	3,856,019	-	-	-	-	3,856,019
Franchise tax	1,632,872	-	-	-	-	1,632,872
Transient occupancy tax	504,318	-	-	-	-	504,318
Licenses and permits	1,268,619	-	-	-	-	1,268,619
Vehicle license fees	47,693	-	-	-	-	47,693
Intergovernmental	469,666	-	-	3,145,831	4,177,409	7,792,906
Charges for services	5,871,776	533	1,925	-	275	5,874,509
Special assessments and fees	7,981	-	-	-	769,916	777,897
Fines and forfeitures	31,067	-	-	-	113,454	144,521
Investment earnings	914,796	35,321	141,025	362,028	255,211	1,708,381
Miscellaneous	129,201	1,250	-	-	7,819	138,270
Total revenues	<u>28,891,233</u>	<u>4,072,694</u>	<u>7,983,466</u>	<u>3,507,859</u>	<u>5,324,084</u>	<u>49,779,336</u>
EXPENDITURES						
Current:						
Community and economic development	1,004,187	-	-	-	552,117	1,556,304
General government	3,419,478	-	-	-	-	3,419,478
Parks and recreation	6,189,457	445,818	-	-	303,862	6,939,137
Public safety - fire	4,166,083	1,698,839	493,606	-	14,170	6,372,698
Public safety - police	10,507,460	1,592,420	1,320,538	-	217,280	13,637,698
Public works	2,847,662	-	-	-	1,298,425	4,146,087
Debt service:						
Principal	-	-	-	-	1,800,000	1,800,000
Interest and administrative charges	-	-	-	-	817,319	817,319
Capital outlay	1,641,922	-	333,682	-	2,055,123	4,030,727
Total expenditures	<u>29,776,249</u>	<u>3,737,077</u>	<u>2,147,826</u>	<u>-</u>	<u>7,058,296</u>	<u>42,719,448</u>
Excess (deficiency) of revenues over expenditures	<u>(885,016)</u>	<u>335,617</u>	<u>5,835,640</u>	<u>3,507,859</u>	<u>(1,734,212)</u>	<u>7,059,888</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,462,531	5,535	-	-	5,882,097	7,350,163
Transfers out	(2,581,409)	(101,516)	(112,430)	(1,140,360)	(3,505,171)	(7,440,886)
Sale of capital assets	29,010	-	-	-	-	29,010
Insurance recoveries	2,500,000	-	-	-	-	2,500,000
Total other financing sources and uses	<u>1,410,132</u>	<u>(95,981)</u>	<u>(112,430)</u>	<u>(1,140,360)</u>	<u>2,376,926</u>	<u>2,438,287</u>
Net change in fund balances	525,116	239,636	5,723,210	2,367,499	642,714	9,498,175
Fund balances - beginning	<u>21,185,251</u>	<u>1,488,149</u>	<u>1,712,404</u>	<u>9,715,572</u>	<u>16,490,818</u>	<u>50,592,194</u>
Fund balances - ending	<u>\$ 21,710,367</u>	<u>\$ 1,727,785</u>	<u>\$ 7,435,614</u>	<u>\$ 12,083,071</u>	<u>\$ 17,133,532</u>	<u>\$ 60,090,369</u>

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

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020**

Net change in fund balances --total governmental funds	\$ 9,498,175
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	(421,042)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	(177,582)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,800,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(353,245)
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,529,633)
Other postemployment benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(711,571)
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.	(201,682)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(5,634)
Change in net position of governmental activities	\$ <u>6,897,786</u>

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

City of Porterville
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 17,947,893	\$ 19,961,075	\$ 5,891,233	\$ -	\$ 2,882,379	\$ 46,682,580	\$ 2,704,074
Receivables-utility (net of allowance for uncollectibles)	1,009,197	1,918,546	917,150	-	-	3,844,893	-
Receivables-misc (net of allowance for uncollectibles)	205,959	22,247	130,906	36,316	56,796	452,224	552,128
Intergovernmental receivables	-	1,384,123	489,000	2,744,241	-	4,617,364	5,658
Inventories	-	-	-	-	84,849	84,849	-
Total current assets:	19,163,049	23,285,991	7,428,289	2,780,557	3,024,024	55,681,910	3,261,860
Noncurrent assets:							
Advances receivable	286,212	266,851	-	-	-	553,063	-
Notes receivable	-	-	-	-	389,794	389,794	-
Capital assets:							
Land	3,443,689	1,758,963	-	352,599	1,125,413	6,680,664	-
Construction in progress	261,602	3,302,554	-	2,237,928	1,392,592	7,194,676	129,617
Buildings	1,715,971	296,688	-	2,757,699	653,716	5,424,074	-
Improvements other than buildings	-	-	-	3,505,818	9,260,527	12,766,345	6,639
Machinery and equipment	10,580,031	3,040,454	8,557,682	17,751,077	1,458,798	41,388,042	936,755
Infrastructure	-	-	-	1,307,602	-	1,307,602	-
Distribution and collection systems	52,018,046	42,559,807	-	-	-	94,577,853	-
Less accumulated depreciation	(30,252,514)	(23,837,550)	(6,158,744)	(8,899,319)	(6,822,157)	(75,970,284)	(798,141)
Restricted assets - investments	13,520,063	-	-	-	-	13,520,063	-
Total noncurrent assets:	51,573,100	27,387,767	2,398,938	19,013,404	7,458,683	107,831,892	274,870
Total assets	70,736,149	50,673,758	9,827,227	21,793,961	10,482,707	163,513,802	3,536,730
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	1,717,495	-	-	-	-	1,717,495	-
Deferred pension-related items	347,112	477,542	506,896	54,742	105,571	1,491,863	246,915
Deferred OPEB-related items	15,214	21,668	36,515	2,010	6,698	82,105	12,540
Total deferred outflows of resources	2,079,821	499,210	543,411	56,752	112,269	3,291,463	259,455
LIABILITIES							
Current liabilities:							
Accounts and other payables	120,526	413,792	149,184	442,367	64,565	1,190,434	497,951
Payroll payable	48,873	69,956	72,995	6,624	16,237	214,685	38,543
Interfund payable	-	-	-	2,533,177	1,469,840	4,003,017	-
Retainage payable	-	-	-	-	46,875	46,875	-
Accrued claims	-	-	-	-	-	-	1,099,031
Compensated absences payable	26,742	44,445	61,714	-	9,466	142,367	21,886
Accrued interest payable	406,731	94,408	-	-	-	501,139	-
Loans and bonds payable	1,097,760	238,996	-	-	-	1,336,756	-
Unearned revenue	-	-	-	100,415	-	100,415	-
Total current liabilities:	1,700,632	861,597	283,893	3,082,583	1,606,983	7,535,688	1,657,411
Noncurrent liabilities:							
Accrued claims	-	-	-	-	-	-	2,479,883
Compensated absences payable	11,481	20,459	10,130	-	9,323	51,393	9,778
Loans and bonds payable	34,660,474	6,164,014	-	-	-	40,824,488	-
Net pension liability	2,721,100	2,729,463	3,413,518	153,677	660,991	9,678,749	1,574,631
Other postemployment benefits liability	469,440	721,564	1,110,739	46,185	229,657	2,577,585	402,151
Total noncurrent liabilities:	37,862,495	9,635,500	4,534,387	199,862	899,971	53,132,215	4,466,443
Total liabilities	39,563,127	10,497,097	4,818,280	3,282,445	2,506,954	60,667,903	6,123,854
DEFERRED INFLOWS OF RESOURCES							
Deferred pension-related items	116,888	136,842	161,277	7,072	19,931	442,010	64,022
Deferred OPEB-related items	56,655	83,237	134,450	6,746	24,459	305,547	43,585
Total deferred inflows of resources	173,543	220,079	295,727	13,818	44,390	747,557	107,607
NET POSITION							
Net investment in capital assets	17,512,403	20,717,906	2,398,938	19,013,404	7,068,889	66,711,540	274,870
Unrestricted	15,566,897	19,737,886	2,857,693	(458,954)	974,743	38,678,265	(2,710,146)
Total net position	\$ 33,079,300	\$ 40,455,792	\$ 5,256,631	\$ 18,554,450	\$ 8,043,632	105,389,805	\$ (2,435,276)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(684,917)	
Net position of business-type activities						\$ 104,704,888	

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

City of Porterville
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Business-type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:							
Charges for services	\$ 6,763,626	\$ 12,022,433	\$ 6,085,334	\$ 525,743	\$ 1,160,817	\$ 26,557,953	\$ 10,760,128
Connection fees	835,296	10,661	-	-	-	845,957	-
Other revenues	376,599	160,617	66,117	5,199	162,211	770,743	77,850
Total operating revenues	7,975,521	12,193,711	6,151,451	530,942	1,323,028	28,174,653	10,837,978
Operating expenses:							
Cost of sales and services	3,004,603	3,639,347	5,657,944	3,960,484	1,212,536	17,474,914	11,041,813
General and administrative	1,296,618	2,761,126	690,349	1,051,372	250,642	6,050,107	288,910
Depreciation	1,502,686	1,119,496	544,013	1,630,317	300,289	5,096,801	43,278
Total operating expenses	5,803,907	7,519,969	6,892,306	6,642,173	1,763,467	28,621,822	11,374,001
Operating income (loss)	2,171,614	4,673,742	(740,855)	(6,111,231)	(440,439)	(447,169)	(536,023)
Nonoperating revenues (expenses):							
Intergovernmental revenues	-	-	-	2,347,659	-	2,347,659	-
Federal grants	-	-	-	2,716,929	-	2,716,929	-
State grants and reimbursements	-	-	24,687	47,068	10,000	81,755	-
Investment earnings	613,928	678,981	222,857	-	117,185	1,632,951	94,023
Interest expense	(2,006,012)	(227,259)	-	-	-	(2,233,271)	-
Sale of capital assets	-	-	7,058	-	-	7,058	-
Total nonoperating revenues (expenses)	(1,392,084)	451,722	254,602	5,111,656	127,185	4,553,081	94,023
Income(loss) before contributions and transfers	779,530	5,125,464	(486,253)	(999,575)	(313,254)	4,105,912	(442,000)
Capital contributions and transfers:							
Capital contributions, developer fees	102,961	139,275	-	200,000	-	442,236	-
Capital contributions, federal and state grants	-	417,177	489,000	3,569,832	928,886	5,404,895	-
Transfers in	3,892	3,629	-	-	85,105	92,626	-
Transfers out	-	-	-	-	-	-	(1,903)
Total capital contributions and transfers	106,853	560,081	489,000	3,769,832	1,013,991	5,939,757	(1,903)
Change in net position	886,383	5,685,545	2,747	2,770,257	700,737	10,045,669	(443,903)
Net position - beginning	32,192,917	34,770,247	5,253,884	15,784,193	7,342,895		(384,949)
Prior period adjustment	-	-	-	-	-		(1,606,424)
Net position - ending	\$ 33,079,300	\$ 40,455,792	\$ 5,256,631	\$ 18,554,450	\$ 8,043,632		\$ (2,435,276)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(242,221)	
Change in net position of business-type activities						\$ 9,803,448	

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, 2020

	Business-type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash receipts from customers	\$ 7,914,474	\$ 12,039,007	\$ 6,066,836	\$ 584,601	\$ 1,332,024	\$ 27,936,942	\$ 10,374,934
Payments to employees	(1,185,328)	(1,618,346)	(1,753,711)	(146,270)	(397,383)	(5,101,038)	(943,265)
Payments to suppliers and others	(3,134,633)	(4,502,193)	(4,392,185)	(4,687,292)	(917,104)	(17,633,407)	(10,092,390)
Net cash provided (used) by operating activities	<u>3,594,513</u>	<u>5,918,468</u>	<u>(79,060)</u>	<u>(4,248,961)</u>	<u>17,537</u>	<u>5,202,497</u>	<u>(660,721)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Cash from interfund	-	-	-	518,084	193,911	711,995	-
Intergovernmental - operating assistance	-	-	-	1,710,880	-	1,710,880	25,045
Subsidy from federal and state grants	-	-	24,687	2,197,840	10,000	2,232,527	-
Transfers in from other funds	3,892	3,629	-	-	85,105	92,626	-
Transfers out to other funds	-	-	-	-	-	-	(1,903)
Net cash provided (used) by noncapital financing	<u>3,892</u>	<u>3,629</u>	<u>24,687</u>	<u>4,426,804</u>	<u>289,016</u>	<u>4,748,028</u>	<u>23,142</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Construction and other capital projects	(388,163)	(2,383,483)	-	(1,751,875)	(1,222,883)	(5,746,404)	-
Contributed capital, developer's fees	102,961	139,275	-	200,000	-	442,236	-
Interest paid on long-term debt and advances	(1,082,575)	(230,664)	-	-	-	(1,313,239)	-
Principal payments on long-term debt	(697,298)	(230,826)	-	-	-	(928,124)	-
Principal payments on notes receivable	-	-	-	-	57,178	57,178	-
Proceeds from financing	13,515,335	-	-	-	-	13,515,335	-
Purchase of capital assets	(374,616)	(310,403)	(832,334)	(2,666,529)	-	(4,183,882)	(61,367)
Sale of capital assets	-	-	7,058	-	-	7,058	-
Subsidy from federal and state grants	14,632	-	-	4,009,566	943,470	4,967,668	-
Net cash provided (used) by capital and related financing activities	<u>11,090,276</u>	<u>(3,016,101)</u>	<u>(825,276)</u>	<u>(208,838)</u>	<u>(222,235)</u>	<u>6,817,826</u>	<u>(61,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	613,928	678,981	222,857	-	117,185	1,632,951	94,023
Net cash provided by investing activities	<u>613,928</u>	<u>678,981</u>	<u>222,857</u>	<u>-</u>	<u>117,185</u>	<u>1,632,951</u>	<u>94,023</u>
Net Increase (decrease) in cash and cash equivalents	15,302,609	3,584,977	(656,792)	(30,995)	201,503	18,401,302	(604,923)
Balances - beginning of year	16,165,347	16,376,098	6,548,025	30,995	2,680,876	41,801,341	3,308,997
Balances - end of the year	<u>\$ 31,467,956</u>	<u>\$ 19,961,075</u>	<u>\$ 5,891,233</u>	<u>\$ -</u>	<u>\$ 2,882,379</u>	<u>\$ 60,202,643</u>	<u>\$ 2,704,074</u>
As shown on the proprietary statement of net position:							
Cash and investments	\$ 17,947,893	\$ 19,961,075	\$ 5,891,233	\$ -	\$ 2,882,379	\$ 46,682,580	\$ 2,704,074
Restricted assets, cash with fiscal agent	13,520,063	-	-	-	-	13,520,063	-
Balances - end of year	<u>\$ 31,467,956</u>	<u>\$ 19,961,075</u>	<u>\$ 5,891,233</u>	<u>\$ -</u>	<u>\$ 2,882,379</u>	<u>\$ 60,202,643</u>	<u>\$ 2,704,074</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 2,171,614	\$ 4,673,742	\$ (740,855)	\$ (6,111,231)	\$ (440,439)	\$ (447,169)	\$ (536,023)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	1,502,686	1,119,496	544,013	1,630,317	300,289	5,096,801	43,278
Changes in assets and liabilities:							
Accounts payable	(166,631)	85,245	(33,896)	157,479	22,662	64,859	86,051
Accrued claims payable	-	-	-	-	-	-	113,026
Compensated absences	7,970	760	5,064	-	5,050	18,844	1,449
Customer receivables	(61,047)	(154,704)	(84,615)	53,659	8,996	(237,711)	(463,044)
Inventory	-	-	-	-	74,914	74,914	-
Other postemployment benefits	39,431	57,462	93,393	4,844	16,149	211,279	28,578
Pensions	97,282	128,698	138,898	15,547	28,834	409,259	67,833
Salaries and benefits payable	3,208	7,769	(1,062)	424	1,082	11,421	(1,869)
Net cash provided (used) by operating activities	<u>\$ 3,594,513</u>	<u>\$ 5,918,468</u>	<u>\$ (79,060)</u>	<u>\$ (4,248,961)</u>	<u>\$ 17,537</u>	<u>\$ 5,202,497</u>	<u>\$ (660,721)</u>
Schedule of non-cash capital and related financing activities							
Contributions of capital assets	\$ -	\$ 417,177	\$ -	\$ 228,262	\$ -	\$ 645,439	\$ -
Purchase of machinery, equipment and vehicles on account	\$ -	\$ -	\$ 489,000	\$ 1,073,025	\$ -	\$ 1,562,025	\$ -

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

City of Porterville
Statement of Net Position
Fiduciary Funds
June 30, 2020

	Private- purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 432,802	\$ 1,693,652
Receivables - housing (net)	182,203	-
Receivables - miscellaneous	-	10,000
Notes receivable	930,000	-
Interest receivable	284,114	
Restricted cash - bond proceeds	153	-
Total assets	<u>1,829,272</u>	<u>\$ 1,703,652</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	<u>407,188</u>	
Total deferred outflows of resources	<u>407,188</u>	
LIABILITIES		
Accounts and other payables	177	\$ 55,219
Payroll payable	1,116	-
Accrued interest payable	22,007	-
Refundable deposits, utilities	-	442,086
Refundable deposits, miscellaneous	-	878,062
Other deposits, safety	-	328,285
Bonds payable	6,560,000	-
Total liabilities	<u>6,583,300</u>	<u>\$ 1,703,652</u>
NET POSITION		
Net position held in trust	<u>\$ (4,346,840)</u>	

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

City of Porterville
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Private-purpose Trust Fund
	<hr/>
ADDITIONS	
Contributions - Redevelopment Property Tax Trust Fund	\$ 285,034
Interest and investment revenue	40,172
	<hr/>
Total additions	325,206
	<hr/>
DEDUCTIONS	
Administrative expenses	37,794
Debt redemption, interest	292,204
	<hr/>
Total deductions	329,998
	<hr/>
Change in net position	(4,792)
Net position held in trust - beginning	(4,342,048)
	<hr/>
Net position held in trust - ending	\$ <u><u>(4,346,840)</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, 2020

NOTE 1 - Summary of significant accounting policies

The financial statements of the City of Porterville have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City of Porterville's significant accounting principles are described below.

A. Reporting entity

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

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

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

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

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

B. Basis of presentation

Government-wide financial statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exceptions to this general rule are the fleet management and the risk management charges to the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities presents a comparison between program expenses and program revenues for each segment of business-type activities of the City and for each function of the City's governmental activities. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

Fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate financial statements for governmental funds, proprietary funds and fiduciary funds are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

The *Measure 1 sales tax fund* was established as a result of the City of Porterville voters' approval of a one cent increase in the transactions sales and use tax on the November 6, 2018 Election ballot. This fund is used to account for revenues received from this district tax to provide funds for the maintenance of local city services, including rapid emergency response, public safety, street maintenance, and other services.

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

C. Measurement focus and basis of accounting

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

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

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

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

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

D. Budgetary information

1. Budgetary basis of accounting

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

On or before June 1 of each year, the City Manager submits a proposed budget to the city council for review. The council holds public hearings, and the final budget is adopted by resolution prior to July 1.

The appropriated budget is prepared by fund, function, and department. The department heads may make transfers of appropriations within their respective departments. Transfers of appropriations between departments require the approval of the city manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

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

2. Excess of expenditures over appropriations

Expenditures in the Community Development Block Grant fund exceeded appropriations by \$34,823 at the end of the fiscal year. In the Landscape Maintenance District Special Revenue Fund, expenditures topped appropriations during the year by \$7,682.

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

1. Cash and investments

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

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at accost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end. Under the provisions of the City's investment policy and California Government Code Section 53601, the City Treasurer is authorized to invest in negotiable certificates of deposit, securities of the U.S. Government, time deposits, banker's acceptance notes, commercial paper, guaranteed investment contracts (GIC), medium term notes, the California Local Agency Investment Fund (LAIF), the Central San Joaquin Valley Risk Management Authority (CSJVRMA) Investment pool, and the County of Tulare Investment pool.

2. Inventories and prepaid items

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

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

3. Restricted assets

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

4. Capital assets

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

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

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

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

5. Long-term debt

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

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

6. Deferred outflows / inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City reports three items under this category. The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB result from differences between estimated and actual investment earnings, changes in actuarial assumptions and other pension and OPEB related charges.

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

7. Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “net position.” Net position is comprised of three components:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation / amortization and reduced by outstanding balances of bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.
- *Restricted net position* consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted net position* is the net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

8. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The City's governmental funds report the following categories of funds balance based on the nature of any limitations requiring the use of resources for specific purposes.

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

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

Committed fund balance – This represents amounts that can only be used for specific purposes determined by the adoption of a resolution of the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until the resources have been spent for the specified purpose of the City Council adopts another resolution to remove or revise the limitation.

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

Unassigned fund balance – This is the residual amount not contained in the other classifications in the general fund. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balances in other governmental funds are reported as unassigned.

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

F. Revenues and expenditures / expenses

1. Program revenues

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

2. Property taxes

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

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

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

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

3. Utility Users Tax

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

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

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

5. Transactions and Use Tax (Measure I)

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

6. Compensated absences

Vacation leave

It is the City of Porterville's policy to permit employees to accumulate earned, but unused, vacation benefits, which are eligible for payment upon separation from City service. The liability is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. Accumulated sick leave lapses when employees leave the employ of the City and upon separation from service.

Sick leave

No liability for unpaid accumulated sick leave is reported. Accumulated sick leave lapses when employees leave the employ of the City unless the employee is eligible for service credit at retirement under the California Employee's Retirement System, providing the employee's retirement date is 120 days from the employee's separation from employment.

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

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, pension, OPEB, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$69,953,096 difference are as follows:

Bonds payable	\$ 19,640,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(1,595,647)
Plus: Issuance premium (to be amortized over life of debt)	590,486
Notes payable	1,095,000
Accrued interest payable	76,455
Net pension liability	40,074,454
Net other postemployment benefits obligation	8,835,179
Compensated absences	<u>1,237,169</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>69,953,096</u>

Another element of that reconciliation explains that “Internal service funds are used by management to charge the costs of risk management and equipment management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$1,750,359 difference are as follows:

Net position of the internal service funds	\$ (2,435,276)
Add: Internal receivable representing costs in excess of charges to business-type activities – prior years	442,696
Add: Internal receivable representing costs in excess of charges to business-type activities – current year	<u>242,221</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>(1,750,359)</u>

Another element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.” The details of this \$407,227,103 difference are as follows:

Land	\$ 274,460,627
Construction in progress	11,932,677
Works of art and collection	50,450
Buildings	21,760,991
Less: Accumulated depreciation – buildings	(7,431,574)
Improvements other than buildings	11,370,141
Less: Accumulated depreciation – improvements other than buildings	(4,012,425)
Machinery and equipment	15,096,451
Less: Accumulated depreciation – machinery and equipment	(8,842,442)
Infrastructure	134,157,185
Less: Accumulated depreciation - infrastructure	(41,314,978)
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>407,227,103</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as

depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of this \$421,042 difference are as follows:

Capital outlay	\$	4,030,727
Depreciation expense		(4,451,769)
<hr/>		
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>(421,042)</u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$1,800,000 difference are as follows:

Principal repayments:		
Certificates of participation	\$	945,000
Notes payable		285,000
Pension obligation bond		570,000
<hr/>		
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>1,800,000</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$353,245 difference are as follows:

Compensated absences	\$	(244,061)
Accrued interest		11,015
Amortization of deferred charge on refunding		(159,565)
Amortization of bond premiums		39,366
<hr/>		
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>(353,245)</u>

Another element of that reconciliation states that “Internal service funds are used by management to charge the costs of risk management and equipment management to individual funds. The net revenue of the internal service funds is reported with governmental activities.” The details of this \$201,682 difference are as follows:

Change in net position of the internal service funds	\$	(443,903)
Profit from charges to business-type activities		242,221
<hr/>		
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>(201,682)</u>

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

The proprietary fund statement of net position includes a reconciliation between *net position – total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position. The description of the sole element of that reconciliation is “Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details of this \$684,917 difference are as follows:

Internal payable representing costs in excess of charges to business-type activities – prior years	\$ (442,696)
Internal payable representing charges in excess of costs to business-type activities – current year	<u>(242,221)</u>
Net adjustment to decrease <i>net position total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	\$ <u>(684,917)</u>

NOTE 3 - Stewardship, compliance, and accountability

A. Deficit fund equity

At June 30, 2020, the Capital Projects Fund, a nonmajor governmental fund has a deficit net position of \$438,261. This deficit is a temporary condition as grant funds billed and reported as unavailable revenue in the current year are expected to be paid and received in the next fiscal year.

At June 30, 2020, the Golf Course Fund, a nonmajor enterprise fund has a deficit net position of \$1,568,062. For the past several years, expenses have exceeded revenues. There is presently no arrangement on how to eliminate the deficit in future years.

The Risk Management Fund, an internal service fund, also has a deficit net position at June 30, 2020 amounting to \$2,405,511. This is primarily due to the amount of estimated outstanding workers’ compensation claims which totals \$3,247,000 at the end of the year. This includes projected case reserves and an amount estimated for incurred but not reported liabilities.

The Equipment Management Fund, another internal service funds, ended the fiscal year with a deficit net position of \$29,765.

NOTE 4 - Detailed notes on all activities and funds

A. Cash and investments

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands, and confirming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the investment policy is safety (preservation of capital), liquidity and yield.

The City of Porterville follows the practice of pooling cash and investments of all funds, to maximize its investment program, except for those required to be held by outside fiscal agents under the provisions of bond indenture. Investment income earned on the pooled cash and investments is allocated monthly to the various funds based on monthly cash balances.

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	\$	87,301,834
Cash and investments - restricted		14,531,789
Fiduciary funds:		
Cash and investments		2,126,454
Cash and investments – restricted		153
Total cash and investments	\$	<u>103,960,230</u>

Cash and investments as of June 30, 2020, consist of the following:

Cash on hand	\$	3,285
Deposits with financial institution		1,381,875
Investments		<u>102,575,070</u>
Total cash and investments	\$	<u>103,960,230</u>

Deposits

Custodial credit risk

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

At year-end, the City's bank balance was \$1,740,942 and cash on hand was \$3,285 and \$1,536,620 of the City's deposits was exposed to custodial credit risk because it was uninsured and was held in uncollateralized accounts.

Investments

The City's Statement of Investment Policy provides the basis for the management of a prudent and systematic investment program. Public funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code and/or the City's investment policy (where more restrictive). The types of securities in which the City Treasurer may invest include U.S. Treasury and U.S. Government agency securities, time deposits or certificates of deposit, negotiable certificates of deposit, bankers' acceptance notes, commercial paper, medium-term notes, bank deposits, money market mutual funds, the State of California Local Agency Investment Fund (LAIF), the investment pool managed by the Central San Joaquin Valley Risk Management Authority (CSJVRMA), and the investment pool managed by the County of Tulare. As of June 30, 2020, all investments are in compliance with State law and with the City's investment policy.

Investment in the State Investment Pool

The City of Porterville is a voluntary participant in the Local Agency Investment Fund (LAIF) program that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars. A separate account is maintained for each governmental unit having deposits in the fund. The income, gains and losses, net of administration fees are allocated in amounts directly proportionate to the respective

amounts deposited in the fund and the length of time the amount remained therein. Moneys placed in LAIF are not subject to either transfer or loan, or impoundment or seizure by any state official or state agency.

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

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

Tulare County Investment Pool

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

The following is a summary of investments held by the City at June 30, 2020:

Investment Pool	Fair Value	Interest Rates	Maturities	Weighted Average Maturity
Federal agency securities	\$ 1,001,050	1.8%	2/25	19 days
Corporate bonds	13,308,340	1.0%-3.5%	3/21-4/25	173 days
Negotiable certificates of deposit	12,945,792	1.6%-3.55%	7/20-3/25	133 days
Certificates of deposit	13,260,638	1.1%-3.5%	9/20-1/25	139 days
Money market funds	274,625	variable	On demand	0.00
Capital stock	136,000	--	--	--
Local Agency Investment Fund	31,016,414	variable	On demand	0.00
Tulare County Investment Pool	9,668,421	variable	On demand	0.00
CSJVRMA JPA Investment Pool	7,442,675	variable	On demand	0.00
	<u>89,053,955</u>			
<u>Investments outside investment pool</u>				
Money market funds	<u>13,521,115</u>			
Total investments	\$ <u>102,575,070</u>			

Fair value of investments

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

- **Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- **Level 2** – Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- **Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

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

As of June 30, 2020, the City has the following recurring fair value measurements:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Federal agency securities	\$ 1,001,050	-	\$ 1,001,050	-
Corporate bonds	13,308,340	-	13,308,340	-
Negotiable certificates of deposit	12,945,792	-	12,945,792	-
Total investments measured at fair value	\$ 27,255,182	\$ -	\$27,255,182	\$ -
<u>Investments not measured at fair value</u>				
Certificates of deposit	\$ 13,260,638			
Money market mutual funds	13,795,740			
Capital stock	136,000			
Local Agency Investment Fund	31,016,414			
Tulare County Investment Pool	9,668,421			
CSJVRMA JPA Investment Pool	7,442,675			
Total investments	<u>\$102,575,070</u>			

Federal agency securities, corporate bonds and negotiable certificates of deposit, classified as level 2 of the fair value hierarchy, are valued using broker quotes that utilize observable market inputs.

Interest Rate Risk

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

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

Investment type		Remaining maturity (in months)		
		12 months or less	13-24 months	25-60 months
Federal agency securities	\$ 1,001,050	\$ --	\$ --	\$ 1,001,050
Corporate bonds	13,308,340	1,012,490	--	12,295,850
Negotiable certificates of deposit	12,945,792	1,237,489	2,749,824	8,958,479
Certificates of deposit	13,260,638	2,010,698	3,010,608	8,239,332
Money market funds	274,625	274,625	--	--
Capital stock	136,000	136,000	--	--
Local Agency Investment Fund	31,016,414	31,016,414	--	--
Tulare County Investment Pool	9,668,421	9,668,421	--	--
CSJVRMA JPA Investment Pool	7,442,675	7,442,675	--	--
Held by bond trustees:				
Money market funds	13,521,115	13,521,115	--	--
Total	\$ 102,575,070	\$ 66,319,927	\$ 5,760,432	\$ 30,494,711

Credit Risk

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

The City does not have any investments in commercial paper as of June 30, 2020. Corporate bonds have a rating of “A” or better by at least one of the three major rating services when purchased.

The following is a summary of the credit quality distribution by investment type as a percentage of fair value of the City’s investment pool at June 30, 2020:

		Moody's	Standard & Poor's	Fitch Ratings	Percentage of Total Investments
Federal National Mortgage Association	\$ 1,001,050	Aaa	AA+	AAA	0.98%
Corporate bonds	1,059,040	Aa2	AA	AA-	1.03%
Corporate bonds	2,000,430	A2	A-	AA-	1.95%
Corporate bonds	1,000,890	A3	BBB+	A	0.98%
Corporate bonds	1,008,880	A1	A	A+	0.98%
Corporate bonds	1,033,630	A1	A+	A+	1.01%
Corporate bonds	1,051,980	Aa1	AA+	--	1.03%
Corporate bonds	1,080,200	A1	A	AA-	1.05%
Corporate bonds	1,080,850	A1	AA-	AA-	1.05%
Corporate bonds	1,001,730	Aa3	A	AA-	0.98%
Corporate bonds	1,988,350	A2	A-	A	1.94%
Corporate bonds	1,002,360	A2	BBB+	AA-	0.98%
Negotiable certificates of deposit	12,945,792	N/R	N/R	N/R	12.62%
Certificates of deposit	13,260,638	N/R	N/R	N/R	12.93%
Money market funds	13,795,740	N/R	N/R	N/R	13.45%
Capital stock	136,000	N/R	N/R	N/R	0.13%
Local Agency Investment Fund	31,016,414	N/R	N/R	N/R	30.24%
Tulare County Investment Pool	9,668,421	N/R	N/R	N/R	9.43%
CSJVRMA JPA Investment Pool	7,442,675	N/R	N/R	N/R	7.26%
Total Investments	\$ 102,575,070				100.00%

N/R = not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of the City of Porterville contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2020, the City has no investments in any one issuer (other than mutual funds and external investment pools) that represent 5 percent or more of the total City investments.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Porterville will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, Porterville's investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment type	Reported amount
Federal agency securities	\$ 1,001,050
Corporate bonds	\$ 13,308,340
Negotiable certificates of deposit	\$ 12,945,792

B. Receivables

Receivables as of June 30, 2020, for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for doubtful accounts, are as follows:

	General	Public Safety Sales Tax	Measure I Fund	Local Transportation Fund	Sewer Operations
Receivables:					
Interest	\$ 259,062	\$ --	\$ --	\$ --	\$ 67
Taxes	1,870,625	881,609	1,605,945	72,597	6,351
Other accounts receivable	1,002,026	256	--	--	1,239,950
Intergovernmental – restricted	<u>271,959</u>	<u>--</u>	<u>--</u>	<u>421,379</u>	<u>--</u>
Gross receivables	3,403,672	881,865	1,605,945	493,976	1,246,368
Less: allowance for doubtful accounts	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(31,212)</u>
Net total receivables	<u>\$ 3,403,672</u>	<u>\$ 881,865</u>	<u>\$ 1,605,945</u>	<u>\$ 493,976</u>	<u>\$ 1,215,156</u>

	Water Operations	Solid Waste Operations	Transit Operations	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ --	\$ --	\$ --	\$ 368,669	\$ 627,798
Taxes	--	--	--	160,466	4,597,593
Other accounts receivable	2,000,129	1,076,421	36,316	9,244,956	14,600,054
Intergovernmental - restricted	<u>1,384,123</u>	<u>489,000</u>	<u>2,744,241</u>	<u>691,599</u>	<u>6,002,301</u>
Gross receivables	3,384,252	1,568,421	2,780,557	10,465,690	25,827,746
Less: allowance for doubtful accounts	<u>(59,336)</u>	<u>(28,365)</u>	<u>--</u>	<u>--</u>	<u>(118,913)</u>
Net total receivables	<u>\$ 3,324,916</u>	<u>\$ 1,537,056</u>	<u>\$ 2,780,557</u>	<u>\$ 10,465,690</u>	<u>\$ 25,708,833</u>

C. Notes receivable

On March 1, 2007, the City accepted a promissory note from Porterville Pacific Associates which evidenced an obligation to pay the City the principal amount of \$975,000 for funds loaned to finance the leasing and development of Porterville Sequoia Village at Rivers Edge. The loan was funded by Home Investment Partnerships Program funds. The note bears a simple interest rate of 3 percent per annum with a term of 55 years after the issuance of the date of completion of the project but in no event more than 58 years. Repayment of the loan will be based on the annual audit of the development in which residual receipts are determined. As of June 30, 2020, the principal balance of the note is \$975,000 with interest accrued in the amount of \$368,669.

On September 7, 2010, a Construction Loan Agreement was executed by the Tulare County Junior Livestock Show and Community Fair (Fair) for the purpose of obtaining a loan from the City of Porterville, the proceeds of which shall be used for the construction of improvements on the Fairgrounds facilities in an amount not to exceed \$2,000,000. The actual amount of the loan shall be determined upon completion of all improvements. The term of the loan is 10 years with interest at the rate of 3 percent per annum, compounded semi-annually. Construction of the improvements was completed in 2012 with the City disbursing a total amount of \$1,900,283. Semi-annual payments commenced on January 15, 2012. On December 2, 2014, the City Council considered the request of the Fair and approved the modification of the Construction Loan Agreement, whereby the Fair would pay to reduce the principal balance of the loan to \$1,200,000 and refinance the new balance over 25 years at an annual interest rate of 4% with annual payments beginning July 15, 2015. As of June 30, 2020, the outstanding loan balance is \$831,421.

On August 25, 2016, a promissory note was executed by GreenPower Motor Company, Inc., promising to pay the City of Porterville the sum of \$594,000 with interest at a rate of 2% per annum, with principal and interest payable in monthly installments of \$5,463 through the 60th month, when the final balloon payment of \$311,764.06 becomes due and payable. The promissory note was executed as part of the consideration in the purchase of land at the municipal airport for the purpose of developing the property for heavy equipment manufacturing and assembly, as well as office space. As of June 30, 2020, the outstanding balance of the note is \$389,794.

With the execution of the Memorandum of Understanding between the City of Porterville and the Porterville Peace Officers Association (PPOA), a new Local Housing Assistance Program was established to assist PPOA employees in purchasing a home within the City of Porterville. The assistance is a \$10,000 loan with an annual interest rate of 3 percent and a term of 10 years. For each year of employment with the City, 1/10th of the loan shall be forgiven and after the completion of 10 years of employment, the loan plus all accrued interest shall be deemed satisfied and paid in full. As of June 30, 2020, there were 6 PPOA employees who have taken advantage of the program. A total of \$4,000 had been written off during the year and the total amount outstanding at June 30, 2020 is \$50,000.

On December 3, 2018, a promissory note secured by deed of trust was executed by Cornerstone Main Partners, L.P. promising to pay the City of Porterville the principal sum of \$2,720,000, plus interest at a compound rate of 2.4% per annum over 20 years. Interest only payments shall be made monthly, with the first payment due on December 1, 2019. Repayment of the principal and any remaining unpaid interest shall be made in full not later than November 30, 2038. The note evidenced the loan agreement between the City and Cornerstone Main Partners, L.P., to assist with the cost, fees and services related to the purchase of property located at 14 N. Main Street and the financing of the development of a 46,290 square foot, three-story building on said property. As of June 30, 2020, the outstanding loan balance is \$2,778,511 which includes accrued interest added to the principal.

D. Capital assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 274,174,169	\$ 286,458	\$ --	\$ --	\$ 274,460,627
Construction in progress	13,947,021	2,359,981	(4,244,708)	--	12,062,294
Works of art and collections	183,938	--	(133,488)	--	50,450
Total capital assets, not being depreciated	<u>288,305,128</u>	<u>2,646,439</u>	<u>(4,378,196)</u>	<u>--</u>	<u>286,573,371</u>
<u>Capital assets, being depreciated:</u>					
Buildings	22,305,602	35,482	(580,093)	--	21,760,991
Improvements other than buildings	11,302,806	73,974	--	--	11,376,780
Machinery and equipment	14,506,612	2,163,540	(666,907)	29,961	16,033,206
Infrastructure	130,925,557	3,236,637	(5,009)	--	134,157,185
Total capital assets, being depreciated	<u>179,040,577</u>	<u>5,509,633</u>	<u>(1,252,009)</u>	<u>29,961</u>	<u>183,328,162</u>
Less accumulated depreciation for:					
Buildings	(7,543,505)	(450,589)	562,520	--	(7,431,574)
Improvements other than buildings	(3,716,216)	(302,848)	--	--	(4,019,064)
Machinery and equipment	(9,233,554)	(1,037,336)	666,907	(29,961)	(9,633,944)
Infrastructure	(38,615,714)	(2,704,273)	5,009	--	(41,314,978)
Total accumulated depreciation	<u>(59,108,989)</u>	<u>(4,495,046)</u>	<u>1,234,436</u>	<u>(29,961)</u>	<u>(62,399,560)</u>
Total capital assets, being depreciated, net	<u>119,931,588</u>	<u>1,014,587</u>	<u>(17,573)</u>	<u>--</u>	<u>120,928,602</u>
Governmental activities capital assets, net	<u>\$ 408,236,716</u>	<u>\$ 3,661,026</u>	<u>\$ (4,395,769)</u>	<u>\$ --</u>	<u>\$ 407,501,973</u>

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

Governmental activities:	
Community and economic development	\$ 45,641
General government	237,332
Parks and recreation	484,128
Public safety – fire	257,161
Public safety – police	517,686
Public works	2,909,820
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>43,278</u>
Total depreciation expense - governmental activities	<u>\$ 4,495,046</u>

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-type activities:					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 6,680,664	\$ --	\$ --	\$ --	6,680,664
Construction in progress	7,948,854	5,265,946	(6,020,124)	--	7,194,676
Total capital assets, not being depreciated	14,629,518	5,265,946	(6,020,124)	--	13,875,340
<u>Capital assets, being depreciated:</u>					
Buildings	5,385,073	39,001	--	--	5,424,074
Improvements other than buildings	12,660,254	106,091	--	--	12,766,345
Machinery and equipment	34,552,826	7,551,089	(822,131)	106,258	41,388,042
Distribution and collection systems	91,893,645	2,684,208	--	--	94,577,853
Infrastructure	1,307,602	--	--	--	1,307,602
Total capital assets, being depreciated	145,799,400	10,380,389	(822,131)	106,258	155,463,916
Less accumulated depreciation for:					
Buildings	(2,572,217)	(104,081)	--	--	(2,676,298)
Improvements other than buildings	(5,665,041)	(354,168)	--	--	(6,019,209)
Machinery and equipment	(17,741,873)	(2,582,532)	822,131	(106,258)	(19,608,532)
Distribution and collection systems	(45,075,762)	(1,971,989)	--	--	(47,047,751)
Infrastructure	(534,463)	(84,031)	--	--	(618,494)
Total accumulated depreciation	(71,589,356)	(5,096,801)	822,131	(106,258)	(75,970,284)
Total capital assets, being depreciated, net	74,210,044	5,283,588	--	--	79,493,632
Business-type activities capital assets, net	\$ 88,839,562	\$ 10,549,534	\$ (6,020,124)	\$ --	\$ 93,368,972

E. Interfund and advances receivable/payable, and transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
General fund	Nonmajor enterprise funds	\$ 1,469,840	Temporary operating loan
Local transportation fund	Transit operations fund	2,553,177	Temporary operating loan
Total		\$ 4,023,017	

Advances receivable/payable

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

Interfund transfers

Transfers Out	Transfers In				Total
	General Fund	Public Safety Fund	Nonmajor Governmental Funds	Enterprise Funds	
General fund	\$ --	\$ 5,535	\$ 2,489,352	\$ 86,522	\$ 2,581,409
Public safety sales tax fund	--	--	101,516	--	101,516
Measure I fund	--	--	112,430	--	112,430
Local transportation fund	--	--	1,140,360	--	1,140,360
Nonmajor governmental funds	1,462,531	--	2,036,536	6,104	3,505,171
Internal service funds	--	--	1,903	--	1,903
Total	<u>\$ 1,462,531</u>	<u>\$ 5,535</u>	<u>\$ 5,882,097</u>	<u>\$ 92,626</u>	<u>\$ 7,442,789</u>

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

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

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

2015 Refinancing Project

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

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

The principal amount of the 2015 Refinancing Project Certificates of Participation outstanding at June 30, 2020 is \$19,055,000.

2019 Financing Project

On December 19, 2019, the City issued Sewer Revenue Certificates of Participation (2019 Financing Project) in aggregate principal amount of \$12,095,000 plus an original issue premium of \$1,701,994. The certificates have a coupon rate of 3.00 percent and 4.00 percent per annum with final maturity on September 15, 2049. Proceeds of the certificates will be used to finance the installation of sewer mains and laterals, as well as appurtenant facilities to 23 identified project areas which are geographically located within the City limits. The project consists of the construction of 14 miles of sewer lines and includes approximately 1,117 lateral connections that will provide for the extension of City sewer services to residents previously dependent upon individual septic tanks.

At June 30, 2020, the outstanding principal amount of the 2019 Sewer Revenue Financing Project Certificates of Participation is \$12,095,000.

Debt service requirements on Certificates of Participation are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 950,000	\$ 724,185	\$ 210,000	\$ 478,550
2022	945,000	687,995	220,000	471,000
2023	1,010,000	651,324	230,000	462,000
2024	1,080,000	611,476	240,000	452,600
2025	1,125,000	569,511	250,000	442,800
2026 – 2030	6,310,000	2,156,770	1,410,000	2,052,600
2031 – 2035	7,635,000	831,408	1,720,000	1,740,600
2036 - 2040	--	--	2,105,000	1,358,900
2041 - 2045	--	--	2,575,000	892,500
2045 – 2050	--	--	3,135,000	323,500
Total	<u>\$ 19,055,000</u>	<u>\$ 6,232,669</u>	<u>\$ 12,095,000</u>	<u>\$ 8,675,050</u>

Pension Obligation Bond

On July 16, 2013, the City Council of the City of Porterville authorized the issuance of its 2013 taxable pension obligation bonds for the purpose of refunding its public safety employee side fund obligation to the California Public Employee's Retirement System (CalPERS) and take advantage of lower interest rates. On November 22, 2013, Rabobank, N.A. offered to enter into an agreement with the City to purchase all of its 2013 Taxable Pension Obligation Refunding Bond for the purchase price of \$3,765,000 with interest at the rate of 3 percent per annum, payable semiannually. The bond will mature on October 1, 2020 with final debt service of \$585,000 in principal and \$8,775 in interest.

Notes payable

On October 1, 2003, the City of Porterville was awarded \$3,885,000 under the U.S. Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee Program to fund the construction of a new neighborhood community center. Annual debt service payments began on February 1, 2005. Repayment will be made over a 20-year term with interest rates ranging from 2.42 percent to 6.13 percent. In April of 2015, the City opted to participate in HUD's refinancing of the note in a Section 108 public offering to take advantage of lower interest rates. The term of the new note remains the same with final maturity in August of 2023. Interest rates on the new note varies from 0.35 percent to 2.49 percent. As of June 30, 2020, the outstanding balance of the note is \$1,095,000.

In September 2004, the City entered into an Enterprise Fund Installment Sale Agreement with the California Infrastructure and Economic Development Bank (I-Bank) in the amount of \$5,356,000 to fund the various capital projects needed to comply with Regional Water Quality Control Board's Cease and Desist Order and Water Discharge Requirements. The term of the agreement is 30 years with an interest rate of 2.98 percent per annum. The remaining balance of the note at June 30, 2020 is \$3,220,845.

On July 1, 2009, the City entered into an Enterprise Fund Installment Sale Agreement with the California Infrastructure and Economic Development Bank (CIEDB) in the amount of \$6,757,500 to finance the Eastside Water Improvement Projects including the construction and installation of pipelines, booster pumps, and storage reservoir and well pump equipment and accessories. The term of the agreement is 30 years with an interest rate of 3.84 percent per annum. On March 1, 2014, the City entered into a Replacement Agreement with CIEDB which reduced the interest rate by 25 basis points, to 3.59 percent per annum commencing with the effective date of the replacement agreement and continuing for the remaining term of the agreement. On May 9, 2017, the Agreement is further amended with the reduction of the outstanding principal by \$63,760 which is the amount of the remaining project funds which were never disbursed to the City because the project had been completed. The outstanding balance of the note as of June 30, 2020 is \$5,228,133.

In addition, the City entered into a second Enterprise Fund Installment Sale Agreement with CIEDB for \$1,500,000 on April 1, 2010. Proceeds from this loan were used to finance the Rocky Hill Reservoir Project which involves the construction of a 550,000 gallon storage reservoir. The remainder of the loan proceeds funded the construction of a new well and a supplemental booster pump. The term of this agreement is 30 years with interest only payments through July 31, 2011 and principal payments beginning on August 1, 2011. The interest rate on the loan is 3.31 percent per annum. As of June 30, 2020, \$1,174,878 is outstanding.

On November 1, 2018, the City entered into an installment sale agreement with the Porterville Public Improvement Corporation for the refunding of the Sewer Revenue Bonds, 2011 Series A. The 2011 bonds were issued to finance the construction of certain improvements and facilities to the municipal sewer system. At the time of refunding, the 2011 bonds had a remaining principal balance of \$19,555,000. The agreement was then sold, assigned and transferred to Banner Bank for a consideration of \$19,283,000. The financing structure set a taxable interest rate of 4.48% effective until October 2021 when the 2011 bonds can be paid off and then convert to a tax-exempt interest rate of 3.47% until final maturity in October 2036. The reacquisition price exceeded the net carrying amount of the old debt by \$2,533,306. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which was shorter than the life of the new debt issued. The City refunded its 2011 Series A sewer revenue bonds to reduce total debt service payments by \$1,641,741 and to obtain an economic gain of 7.3% of the refunded debt or a net present value savings of \$1,428,381. At the end of the current year, the 2018 Sewer Installment Sale Agreement had an outstanding balance of \$18,769,000.

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 273,000	\$ 23,535	\$ 1,126,756	\$ 1,084,996
2022	273,000	17,624	1,239,843	1,109,187
2023	273,000	11,072	1,354,397	883,668
2024	276,000	3,864	1,397,433	837,878
2025	--	--	1,447,970	787,497
2026 – 2030	--	--	8,016,567	3,143,501
2031 – 2035	--	--	9,188,414	1,643,117
2036 – 2040	--	--	4,621,476	244,149
Total	<u>\$ 1,095,000</u>	<u>\$ 56,095</u>	<u>\$ 28,392,856</u>	<u>\$ 9,733,993</u>

Arbitrage

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

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates payable	\$ 20,000,000	\$ --	\$ (945,000)	\$ 19,055,000	\$ 950,000
Pension obligation bond	1,155,000	--	(570,000)	585,000	585,000
Plus deferred amounts:					
For issuance premiums	629,851	--	(39,366)	590,485	--
Total bonds payable	<u>21,784,851</u>	<u>--</u>	<u>(1,554,366)</u>	<u>20,230,485</u>	<u>1,535,000</u>
Notes from direct borrowings	1,380,000	--	(285,000)	1,095,000	273,000
Claims*	3,465,888	4,346,946	(4,233,920)	3,578,914	1,099,031
Compensated absences*	<u>1,023,322</u>	<u>1,231,686</u>	<u>(986,174)</u>	<u>1,268,834</u>	<u>883,815</u>
Governmental activity					
Long-term liabilities	<u>\$ 26,047,637</u>	<u>\$ 5,566,056</u>	<u>\$ (7,059,460)</u>	<u>\$ 26,173,233</u>	<u>\$ 3,790,846</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Certificates payable	\$ --	\$ 12,095,000	\$ --	\$ 12,095,000	\$ 210,000
Plus deferred amounts:					
For issuance premiums	--	1,701,994	(28,605)	1,673,389	--
Total bonds payable	--	13,796,994	(28,605)	13,768,389	210,000
Notes from direct borrowings and direct placements	29,320,978	--	(928,123)	28,392,855	1,126,756
Compensated absences	174,916	195,718	(176,874)	193,760	142,367
Business-type activity					
Long-term liabilities	\$ 29,495,894	\$ 13,992,712	\$ (1,133,602)	\$ 42,355,004	\$ 1,479,123

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

G. Fund balance

Stabilization arrangement

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

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

Fund balance components

Governmental fund balances are presented in the following categories: nonspendable, committed, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2020, is as follows:

	General	Public Safety Sales Tax	Measure I Sales Tax	Local Transportation Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Long-term notes receivable	\$3,659,932	\$ --	\$ --	\$ --	\$ --	\$3,659,932
Prepaid items	166,303	--	--	--	--	166,303
Total nonspendable	3,826,235	--	--	--	--	3,826,235
Restricted:						
Ballpark projects	61,821	--	--	--	--	61,821
Library	194,716	--	--	--	--	194,716
Public safety	--	1,727,785	3,717,807	--	187,313	5,632,905
Community development	--	--	--	--	10,188,583	10,188,583
Public works	--	--	3,717,807	12,083,071	6,226,793	22,027,671
Building construction	--	--	--	--	180,674	180,674
Debt service	--	--	--	--	1,015,570	1,015,570
Landscape maintenance districts	--	--	--	--	210,160	210,160
Total restricted	256,537	1,727,785	7,435,614	12,083,071	18,009,093	39,512,100
Committed:						
Porterville hotel project	209,086	--	--	--	--	209,086
Budget stabilization	3,958,618	--	--	--	--	3,958,618
Catastrophic/emergency reserve	2,785,094	--	--	--	--	2,785,094
Council special purposes	100,000	--	--	--	--	100,000
Capital construction/improvement	693,596	--	--	--	--	693,596
Facility deferred maintenance and equipment maintenance	1,099,188	--	--	--	--	1,099,188
Infrastructure deferred and improvements	1,107,283	--	--	--	--	1,107,283
Library fire insurance proceeds	2,130,294	--	--	--	--	2,130,294
Total committed	12,083,159	--	--	--	--	12,083,159
Assigned:						
Equipment replacement	4,809,575	--	--	--	--	4,809,575
Parks facility	213,871	--	--	--	--	213,871
Total assigned	5,023,446	--	--	--	--	5,023,446
Unassigned	520,990	--	--	--	(875,561)	(354,571)
Total fund balances	\$21,710,367	\$1,727,785	\$7,435,614	\$12,083,071	\$17,133,532	\$60,090,369

NOTE 5 – Prior year’s debt defeasance

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt had been issued and the proceeds have been used to purchase U.S. government securities that were placed in this trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City’s financial statements. As of June 30, 2020, the amount of the defeased debt outstanding amounted to \$19,205,000 and the amount in escrow is \$19,884,862.

NOTE 6 - Other information

A. Joint venture

The City is a member of the Central San Joaquin Valley Risk Management Authority (the Authority). The Authority is comprised of 54 Central California member cities and is organized under the provisions of Sections 6500 - 6515 of the California Government Code. It was established for the purpose of operating and maintaining a cooperative program of self-insurance and risk management which benefits its member agencies through cost reductions,

insurance coverage stability and loss control techniques. Each member city has a representative on the Board of Directors. The Board members elect officers of the Authority. The Authority establishes claim liabilities based on actuarial estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred, but not reported.

The following is the condensed audited statement of net position and the changes in net position of the Authority for the year ended June 30, 2020 for the workers' compensation and liability programs.

	Workers' Compensation Program	Liability Program
<u>Net Position</u>		
Assets	\$ 95,897,998	\$ 34,212,978
Liabilities to member cities	<u>(86,516,284)</u>	<u>(29,820,172)</u>
Net position, reserved for insurance claims and losses	<u>\$ 9,381,714</u>	<u>\$ 4,392,806</u>
<u>Changes in Net Position</u>		
Operating revenues	\$ 26,763,931	\$ 15,539,712
Operating expenses	<u>(30,539,814)</u>	<u>(18,403,027)</u>
Operating income (loss)	(3,775,883)	(2,863,315)
Non-operating revenues (expenses)	<u>4,654,592</u>	<u>2,368,880</u>
Change in net position	878,709	(494,435)
Net position, July 1	<u>8,503,005</u>	<u>4,887,241</u>
Net position, June 30	<u>\$ 9,381,714</u>	<u>\$ 4,392,806</u>

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

B. Risk management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective January 1979, the City Council approved a program of self-insurance for workers' compensation, medical and dental, unemployment and, effective July 1985, general liability. The self-insurance program was established as an Internal Service Fund and is supported by charges to various City departments that are reported as interfund services provided and used.

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

Workers Compensation

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

Liability

Limits of Coverage
Allied World National Assurance Company
\$14M to \$54M
Great American Insurance Company
\$5M to \$14M
CARMA Primary Pool
\$1M to \$4M
CSJVRMA Mid-Layer Pool
\$4M to \$5M
City's Retained Limit
\$1,000,000

The City contracts with a third-party administrator to administer all claims under the medical and dental program. Charges per employee are based on total outstanding claims and past history. The City will pay all medical claims up to \$120,000 per claim. The City then purchases stop loss coverage that covers claim costs above \$120,000 up to \$2,000,000. The maximum payment for dental claims is \$2,000 per employee per year.

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

At June 30, 2020, \$3,578,914 has been accrued for claims representing estimates of amounts to be paid for actual claims and incurred but not reported claims based on past actuarial experience. Non-incremental claims adjustment expenses have been included as part of the liability for claims and judgments.

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

	Fiscal year ended	
	June 30, 2020	June 30, 2019
Unpaid claims, beginning of year	\$ 3,465,888	\$ 1,458,310
Incurred claims	4,346,946	4,125,806
Claim payments	(4,233,920)	(3,724,652)
	<u>3,578,914</u>	<u>1,859,464</u>
Prior period adjustment	<u>--</u>	<u>1,606,424</u>
Unpaid claims, end of year	<u>\$ 3,578,914</u>	<u>\$ 3,465,888</u>

C. Contingencies

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. 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. Although the outcome of these lawsuits is not presently determinable, 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 and will not have material adverse effect on the financial condition of the City.

D. Construction and other significant commitments

The City has various projects ongoing as of June 30, 2020. The following are the City's significant commitments with contractors at fiscal yearend:

Project	Amount	Spent to Date as of June 30, 2020	Remaining Commitment
Airport pavement rehab/access improvements	\$ 1,105,028	\$ 1,018,793	\$ 86,235
Animal shelter facility	449,800	354,205	95,595
Armored rescue vehicle	220,072	--	220,072
City hall/Fire station fire remediation	672,886	--	672,886
City restroom facilities	218,786	--	218,786
CNG refuse trucks	844,253	--	844,253
Corp yard electrification	1,496,390	1,454,874	41,516
D St frontage improvements	75,000	46,433	28,567
D St trail and dog park	225,000	79,177	145,823
Digesters #1, #2 and #4 cleaning	75,980	46,433	28,567
East Porterville phase 2 water connection	162,710	71,973	90,737
Henderson Ave reconstruction – Indiana to Jaye	4,133,305	--	4,133,305
Henderson Ave reconstruction – Second to Plano	3,490,925	--	3,490,925
Henderson Ave rehabilitation – Patsy to Balmayne	79,800	58,500	21,300
Household tank removal project	356,900	223,955	132,945

Project	Amount	Spent to Date as of June 30, 2020	Remaining Commitment
Main St reconstruction	\$ 315,898	\$ 161,409	\$ 154,489
Master plan updates	991,142	954,827	36,315
Mobile fare payment system	616,074	571,664	44,410
Olive Ave lighted crosswalks	563,521	523,678	39,410
Putnam property improvements	24,900	18,768	6,132
Transit charging stations	416,259	--	416,259
Transit passenger vans	1,179,611	--	1,179,611
Transit vans vehicle wrap	64,347	--	64,347
Union Ave reconstruction	103,202	46,419	56,783
Villa St reconstruction	247,215	208,329	38,886
Water tender	467,820	260,569	207,251
Well #35	192,331	94,312	98,019
Zero-emission buses	8,209,350	7,619,946	589,404
Zero-emission chargers	785,900	--	785,900

As discussed in note 1.D.1, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2020, the amount of encumbrances to be honored upon performance by the vendor in the next fiscal year are as follows:

General fund	\$ 1,159,096
Public safety sales tax fund	2,034
Measure I sales tax fund	1,875
Nonmajor governmental funds	8,377,222
Nonmajor enterprise funds	139,125
Sewer operations fund	160,051
Solid waste fund	844,253
Transit operations fund	1,849,469
Water operations fund	369,637
Internal service funds	3,679
Total	<u>\$ 12,906,441</u>

E. Deferred compensation plans

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

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

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

F. Defined benefit pension plan

General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
	Prior to	On or after	On or after
Hire date	July 1, 2012	July 1, 2012	January 2, 2013
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of credited service	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.0%	7.0%	6.0%
Required employer contribution rates*	35.189%	35.189%	35.189%

	Safety		
	Tier 1	Tier 2	PEPRA
	Prior to	On or after	On or after
Hire date	July 1, 2012	July 1, 2012	January 2, 2013
Benefit formula	3.0% @ 55	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of credited service	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	9.0%	9.0%	12.0%
Required employer contribution rates*			
Safety fire plan	40.323%	18.695%	13.657%
Safety police plan	40.323%	18.676%	13.865%

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

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

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

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

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each plan were as follows:

	Miscellaneous			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$2,940,151	\$ 41,556	\$399,401	\$3,381,108

	Safety			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$1,684,461	\$148,563	\$367,395	\$2,200,419

Actuarial Methods and Assumptions – The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2019-2020 for the Miscellaneous Plan and the Safety Plan were derived from the June 30, 2017 funding valuation report.

For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability determined in the June 30, 2018 actuarial accounting valuation. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375% net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Details of the Experience Study report can be found on the CalPERS' website.

Change of Assumption –There were no changes of assumptions in 2019.

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

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

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

The expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

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

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

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

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

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

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

Miscellaneous Agent Multiple-Employer Plan

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2018	\$ 98,567,271	\$ 64,990,183	\$ 33,577,088
Changes recognized for the measurement period:			
Service cost	1,797,973	--	1,797,973
Interest on the total pension liability	6,957,854	--	6,957,854
Changes of assumptions	--	--	--
Differences between expected and actual experience	217,475	--	217,475
Net plan to plan resource movement	--	--	--
Contributions – employer	--	3,240,602	(3,240,602)
Contributions - employees	--	873,924	(873,924)
Net investment income	--	4,263,395	(4,263,395)
Benefit payments, including refunds of employee contributions	(4,742,193)	(4,742,193)	--
Administrative expense	--	(46,378)	46,378
Other miscellaneous income / (expense)	--	151	(151)
Net changes during 2018-2019	4,231,109	3,589,501	641,608
Balance at June 30, 2019	\$102,798,380	\$ 68,579,684	\$ 34,218,696

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

	Discount Rate – 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$48,466,830	\$34,218,696	\$22,518,024

Pension Expense / (Income) for Measurement Period Ended June 30, 2019

Service cost	\$ 1,797,973
Interest on total pension liability	6,957,854
Recognized changes of assumptions	1,367,796
Recognized differences between expected and actual experience	(532,703)
Plan to plan resource movement	--
Employee contributions	(873,924)
Projected earnings on pension plan investments	(4,610,220)
Recognized differences between projected and actual earnings on plan investments	822,023
Administrative expense	46,378
Other miscellaneous (income) / expense	(151)
Total pension expense / (income)	<u>\$ 4,975,026</u>

Deferred Outflows and Deferred Inflows of Resources - As of June 30, 2019, the City reports the following deferred outflows and deferred inflows of resources related to pensions for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,381,108	\$ --
Changes of assumptions	1,197,143	(257,261)
Differences between expected and actual experiences	163,106	(1,039,310)
Net difference between projected and actual earnings on pension plan Investments	--	(351,644)
Total	<u>\$ 4,741,357</u>	<u>\$ (1,648,215)</u>

Deferred outflows of \$3,381,108 related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30	Deferred Outflows / (Inflows) of Resources
2021	\$ 742,546
2022	(1,050,602)
2023	(49,275)
2024	69,365
2025	--
Remaining	--

The Expected Average Remaining Service Lifetime (EARS�) for the Plan for the measurement period ending June 30, 2019 is 4.0 years, which was obtained by dividing the total service years of 2,301 (the sum of remaining service lifetimes of the active employees) by 576 (the total number of participants: active, inactive and retired). Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Safety Cost-Sharing Multiple-Employer Plan

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

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

- 1) *Actuarial Accrued Liability* - Determined based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2018 used for funding purposes.
- 2) *Market Value of Assets* – Determined based on the sum of the market value of assets from the most recent actuarial valuation report as of June 30, 2018 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

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

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

- 5) **Pension Expense** – After completing the above calculations, calculate the employer’s share of collective pension expense based on the employer’s share of changes in net pension liability, changes in deferred outflows and deferred inflows of resources, and the employer’s contributions for the fiscal year ended June 30, 2019.

Net Pension Liability – The City’s net pension liability for its Safety Plan is the proportionate share of the risk pool collective net pension liability. At June 30, 2019, the measurement date, the City’s proportionate share of the Safety Risk Pool’s net pension liability is 0.2740734 percent. As of June 30, 2019, the City reports net pension liability of \$17,109,138 for its proportionate share of the Safety Risk Pool collective net pension liability.

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

	Discount Rate – 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$27,332,940	\$17,109,138	\$ 8,727,222

Pension Expense – The City’s pension expense for its Safety Plan for the measurement period ended June 30, 2019 is \$3,885,921.

Deferred Outflows and Deferred Inflows of Resources - As of June 30, 2019, the City reports the following deferred outflows and deferred inflows of resources related to pensions for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,200,419	\$ --
Changes of assumptions	701,274	(136,853)
Differences between expected and actual experiences	1,117,072	--
Change in proportion	1,023,814	(2,230)
Difference between projected and actual earnings on investments	--	(235,365)
Difference between actual contributions and proportionate share of contributions	--	(972,337)
Total	\$ 5,042,579	\$ (1,346,785)

Deferred outflows of \$2,200,419 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30	Deferred Outflows / (Inflows) of Resources
2021	\$ 1,271,448
2022	22,185
2023	155,947
2024	45,795
2025	--
Thereafter	--

The Expected Average Remaining Service Lifetime (EARS�) for the public agency cost-sharing multiple-employer defined benefit pension plan for the June 30, 2019 measurement date is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

G. Postemployment benefits other than pensions (OPEB)

Plan description

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

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

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

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

Employees covered by benefit terms

At June, 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	24
Active employees	288
Total	<u>341</u>

Total OPEB liability

The City's total OPEB liability of \$11,814,913 was based on an actuarial valuation as of June 30, 2019, a measurement date of June 30, 2020 and the following actuarial method and assumptions:

Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Inflation	2.75%
Investment return/discount rate	2.20% net of expenses, based on the Bond Buyer 20 Bond Index
Healthcare cost trend rate	4.00%
Payroll increase	2.75%
Mortality	The mortality assumptions are based on the 2017 CalPERS Mortality tables.
Costs for retiree coverage	Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 84.0% of non-Medicare medical premium.

All actuarial assumptions used in measuring the total OPEB liability are described in the October 26, 2020 actuarial valuation performed by Total Compensation Systems, Inc.

Changes in Total OPEB Liability – The components of the City's total OPEB liability as of June 30, 2020 were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$11,720,362	\$ --	\$11,720,362
Service cost	881,580	--	881,580
Interest on total OPEB liability	417,844	--	417,844
Employer contributions	--	161,553	(161,533)
Benefit payments	(161,553)	(161,553)	--
Administrative expenses	--	--	--
Experience (gains) / losses	(1,116,113)	--	(1,116,113)
Changes in assumptions	72,793	--	72,793
Other	--	--	--
Net change 2019-2020	94,551	--	94,551
Balance at June 30, 2020	<u>\$11,814,913</u>	<u>\$ --</u>	<u>\$11,814,913</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the City's total OPEB liability as of June 30, 2020 calculated using the discount rate of 2.20 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease 1.20%	Current Rate 2.20%	1% Increase 3.20%
Total OPEB liability	\$12,941,745	\$11,814,913	\$10,995,884

Sensitivity of the total OPEB liability to changes in the healthcare trend rates – The following presents the City's total OPEB liability as of June 30, 2020, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

	1% Decrease 3.00%	Current Rate 4.00%	1% Increase 5.00%
Total OPEB liability	\$10,579,388	\$11,814,913	\$13,530,390

OPEB expense

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$1,112,978 and includes service cost, interest cost, administrative expenses, and change in total OPEB liability due to plan changes, adjusted for deferred inflows and outflows. The components of the annual OPEB expense as of June 30, 2020 were as follows:

Service cost	\$	881,580
Interest cost		417,844
Expected return on assets		--
Administrative expenses		--
Recognition of experience (gain) / loss deferrals		(216,855)
Recognition of assumptions change deferrals		30,409
Recognition of investment (gain) / loss deferrals		--
Employee contributions		--
Changes in benefit terms		--
Net OPEB expense	\$	<u>1,112,978</u>

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

At June 30, 2020, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ --	\$ --
Difference between expected and actual experience	--	(1,210,771)
Changes of assumptions	376,851	(174,854)
Difference between projected and actual earnings on OPEB plan investments	--	--
Total	\$ <u>376,851</u>	\$ <u>(1,385,625)</u>

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

Year Ended June 30	Deferred Outflows / (Inflows) of Resources
2021	\$ (186,446)
2022	(186,446)
2023	(186,446)
2024	(157,160)
2025	(143,232)
Thereafter	(149,044)

NOTE 7 – Insurance recoveries

On February 18, 2020, the City's Main Library located at 41 W. Thurman, suffered a catastrophic loss due to a fire. The City received an initial payment in the amount of \$2,500,000 from the insurance companies in April 2020. This amount is being reported as other financing source in the fund financial statements. The City Council approved and adopted Resolution number 41-2020 on June 2, 2020, to commit this initial payment and all the forthcoming receipts from the proceeds of the insurance policy coverage on the library facility to the reimbursement of expenditures related to the loss of the City Library and the establishment of a new one.

NOTE 8 – Prior period adjustment

In fiscal year 2019-2020, a prior period adjustment was made to reduce net position for governmental activities in the government-wide Statement of Activities in the amount of \$1,606,424. The same adjustment was made to the net position of the Risk Management Fund, an internal service fund. The City is a member of the Central San Joaquin Valley Risk Management Authority's (the RMA) self-insured workers' compensation program. In previous years, the City had consistently reported outstanding claims liability for workers' compensation from incurred but not reported liability (IBNR) but had not included any amounts for the projected case reserves, as reported by the RMA. The prior period adjustment corrects the balance of the claims payable at June 30, 2019 to include the projected workers' compensation case reserves outstanding.

NOTE 9 – Subsequent events

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted into law to provide economic assistance to those affected by the coronavirus disease 2019 (COVID-19). It established the Coronavirus Relief Fund (CRF) to make payments for specified uses to States and certain local governments. In May 2020, the State of California received CRF assistance from the U.S. Treasury and developed a plan to pass through a portion of the CRF to cities and counties in California. The City was allocated the amount of \$736,568 for necessary expenditures incurred due to the public health emergency with respect to COVID-19, beginning March 1, 2020 through December 31, 2020. The State has included the CRF assistance in its 2020-2021 fiscal year and did not make disbursements to cities and counties until after July 1, 2020. Therefore, the City will recognize the CRF revenue in fiscal year 2020-2021.

In a joint meeting on December 1, 2020, the Porterville City Council and the Board of Directors of the Porterville Public Improvement Corporation authorized and directed the execution of installment sale financing documents in connection with the issuance and sale of certificates of participation to finance the acquisition and construction of water system improvements with total principal amount not to exceed \$36,000,000, average interest rate not exceeding 3.95 percent and maturity not extending beyond August 15, 2050. The proceeds of the debt issuance will be used to construct a tertiary treatment plant at an estimated cost of \$15,000,000 to be built on City property adjacent to the Sports Complex and near the casino resort to be constructed by the Tule River Tribe. The tertiary treatment plant will offset the environmental impacts of the new casino resort with the use of disinfected tertiary recycled water offsetting water demands for landscape irrigation within the casino resort and at the City's sports complex. In addition, the project funds will be used to construct a groundwater recharge basin at an estimated cost of \$15,000,000 and another \$5,000,000 is proposed to be utilized to fund improvements to advance full tertiary treatment of plant effluent.

NOTE 10 – Successor Agency trust for assets of former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Porterville that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On September 20, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 59-2011.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are allocated revenue only in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Note receivable

On April 7, 2009, the Porterville Redevelopment Agency entered into an Affordable Housing Agreement with Porterville Housing Partners, L.P. (PHP), to carry out and implement the Redevelopment Plan. Pursuant to the agreement, the Agency conveyed 2.7 acres of real property to PHP on February 3, 2010 for a purchase price of \$930,000 which constitutes a loan to be repaid from the residual receipts of ownership and operating of residential buildings to be constructed on the property. The term of the loan is 55 years after the date of the City's issuance of a certificate of occupancy with interest at the rate of 3 percent per annum, compounded annually, commencing on February 1, 2010, the date of the promissory note. As of June 30, 2020, the principal balance of the note is \$930,000 with interest accrued of \$284,114.

Long-term debt

On December 21, 2016, the Successor Agency issued \$4,920,000 of Tax Allocation Refunding Bonds, Series 2016A and \$2,455,000 of Taxable Tax Allocation Refunding Bonds, Series 2016B to refund \$7,380,000 of the outstanding 2008 Series Tax Allocation Refunding Bonds issued to finance redevelopment activities and low and moderate housing activities within or of benefit to the Redevelopment Project Area. Interest rates on the new bonds range from 2 percent to 4.625 percent. Terms of the refunding bonds remain the same with final maturity on June 1, 2040. The reacquisition price exceeded the net carrying amount of the old debt by \$480,273. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. Revenue bonds outstanding at June 30, 2020 amount to \$6,560,000.

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 225,000	\$ 264,081
2022	230,000	255,831
2023	245,000	246,631
2024	250,000	236,831
2025	260,000	226,831
2026 – 2030	1,445,000	991,425
2031 – 2035	1,750,000	678,969
2036 – 2040	2,155,000	279,788
Total	<u>\$ 6,560,000</u>	<u>\$ 3,180,387</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 6,775,000	\$ --	\$ (215,000)	\$ 6,560,000	\$ 225,000
Total bonds payable	<u>6,775,000</u>	<u>--</u>	<u>(215,000)</u>	<u>6,560,000</u>	<u>225,000</u>
Total long-term liabilities	<u>\$ 6,775,000</u>	<u>\$ --</u>	<u>\$ (215,000)</u>	<u>\$ 6,560,000</u>	<u>\$ 225,000</u>

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**Required Supplementary
Information**



REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Plan Agent Multiple-Employer Defined Benefit Pension Plan

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

	2014	2015	2016	2017	2018	2019
Total pension liability:						
Service cost	\$ 1,707,141	\$ 1,564,655	\$ 1,599,260	\$ 1,867,841	\$ 1,803,826	\$ 1,797,973
Interest on total pension liability	5,754,567	6,004,410	6,317,200	6,529,749	6,664,096	6,957,854
Changes of assumptions	-	(1,533,174)	-	5,686,424	(514,523)	-
Difference between expected and actual experience	-	(531,640)	374,140	(925,820)	(1,688,803)	217,475
Benefit payments, including refunds of employee contributions	(3,352,011)	(3,776,390)	(3,967,074)	(4,160,895)	(4,405,712)	(4,742,193)
Net change in total pension liability	4,109,697	1,727,861	4,323,526	8,997,299	1,858,884	4,231,109
Total pension liability, beginning	77,550,004	81,659,701	83,387,562	87,711,088	96,708,387	98,567,271
Total pension liability, ending	<u>\$ 81,659,701</u>	<u>\$ 83,387,562</u>	<u>\$ 87,711,088</u>	<u>\$ 96,708,387</u>	<u>\$ 98,567,271</u>	<u>\$ 102,798,380</u>
Plan fiduciary net position:						
Contributions - employer	\$ 2,163,264	\$ 2,291,778	\$ 2,545,784	\$ 2,750,175	\$ 2,911,663	\$ 3,240,602
Contributions - employee	799,335	785,498	811,025	734,565	747,704	873,924
Net investment income	8,234,935	1,260,596	273,011	6,175,766	5,168,019	4,263,395
Benefit payments, including refunds of employee contributions	(3,352,011)	(3,776,390)	(3,967,074)	(4,160,895)	(4,405,712)	(4,742,193)
Plan to plan resource movement	-	1,790	-	-	(151)	-
Administrative expense	-	(62,756)	(34,005)	(81,832)	(94,811)	(46,378)
Other miscellaneous income / (expense)	-	-	-	-	(180,048)	151
Net change in fiduciary net position	7,845,523	500,516	(371,259)	5,417,779	4,146,664	3,589,501
Plan fiduciary net position, beginning	47,450,960	55,296,483	55,796,999	55,425,740	60,843,519	64,990,183
Plan fiduciary net position, ending	<u>\$ 55,296,483</u>	<u>\$ 55,796,999</u>	<u>\$ 55,425,740</u>	<u>\$ 60,843,519</u>	<u>\$ 64,990,183</u>	<u>\$ 68,579,684</u>
Plan net pension liability / (asset), ending	<u>\$ 26,363,218</u>	<u>\$ 27,590,563</u>	<u>\$ 32,285,348</u>	<u>\$ 35,864,868</u>	<u>\$ 33,577,088</u>	<u>\$ 34,218,696</u>
Plan fiduciary net positions as a percentage of the total pension liability	<u>67.72%</u>	<u>66.91%</u>	<u>63.19%</u>	<u>62.91%</u>	<u>65.93%</u>	<u>66.71%</u>
Covered payroll	<u>\$ 9,479,377</u>	<u>\$ 9,209,814</u>	<u>\$ 9,567,816</u>	<u>\$ 10,250,475</u>	<u>\$ 9,958,186</u>	<u>\$ 10,052,966</u>
Plan net pension liability / (asset) as a percentage of covered payroll	<u>278.11%</u>	<u>299.58%</u>	<u>337.44%</u>	<u>349.88%</u>	<u>337.18%</u>	<u>340.38%</u>

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

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

(2) Includes any beginning of year adjustment.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

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

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

Benefit changes:

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handsakes).

Changes of Assumptions:

There were no changes in 2019.

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

In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

In 2016, there were no changes.

In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.)

In 2014, amounts reported were based on the 7.5 percent discount rate.

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Plan Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Pension Plan Contributions Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 2,163,264	\$ 2,291,778	\$ 2,545,784	\$ 2,750,175	\$ 2,911,663	\$ 2,967,905	\$ 3,381,108
Contributions in relation to the actuarially determined contribution	(2,163,264)	(2,291,778)	(2,545,784)	(2,750,175)	(2,911,663)	(2,967,905)	(3,381,108)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,479,377	\$ 9,209,814	\$ 9,567,816	\$ 10,250,475	\$ 9,958,186	\$ 10,052,966	\$ 10,551,834
Contributions as a percentage of covered payroll	22.821%	24.884%	26.608%	26.830%	29.239%	29.523%	32.043%

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

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 funding valuation report.

Actuarial cost method	Entry age normal
Amortization method / period	Level percent of pay / closed
Asset valuation method	Fair value of assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2014	2015	2016	2017	2018	2019
Plan's proportion of the net pension liability / (asset)	0.15770%	0.2255%	0.2509%	0.2557%	0.2639%	0.2741%
Plan's proportionate share of the net pension liability / (asset)	\$ 9,812,745	\$ 9,292,237	\$ 12,993,517	\$ 15,278,946	\$ 15,485,991	\$ 17,109,138
Plan's covered payroll	\$ 5,317,226	\$ 6,191,102	\$ 6,228,105	\$ 6,601,426	\$ 6,493,831	\$ 7,020,010
Plan's proportionate share of the net pension liability / (asset) as a percentage of its covered payroll	184.55%	150.09%	208.63%	231.45%	238.47%	243.72%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	82.13%	83.72%	78.53%	77.29%	78.16%	77.07%
Plan's proportionate share of aggregate employer contributions	\$ 4,736,050	\$ 1,314,328	\$ 1,349,037	\$ 1,457,258	\$ 1,549,392	\$ 1,804,487

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Pension Plan Contributions Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 1,359,021	\$ 1,314,328	\$ 1,349,037	\$ 1,457,258	\$ 1,549,392	\$ 1,804,487	\$ 2,200,419
Contributions in relation to the actuarially determined contribution	(4,918,683)	(1,314,328)	(1,349,037)	(1,457,258)	(1,549,392)	(1,804,487)	(2,200,419)
Contributions deficiency (excess)	<u>\$ (3,559,662)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,317,226</u>	<u>\$ 6,191,102</u>	<u>\$ 6,228,105</u>	<u>\$ 6,601,426</u>	<u>\$ 6,493,831</u>	<u>\$ 7,020,010</u>	<u>\$ 7,901,644</u>
Contributions as a percentage of covered payroll	<u>92.505%</u>	<u>21.229%</u>	<u>21.660%</u>	<u>22.075%</u>	<u>23.859%</u>	<u>25.705%</u>	<u>27.848%</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits Plan

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

	2018	2019	2020
Total OPEB liability:			
Service cost	\$ 603,307	\$ 589,097	\$ 881,580
Interest	385,952	429,914	417,844
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	(368,922)	(1,116,113)
Changes of assumptions	(327,957)	456,546	72,793
Benefit payments	(309,991)	(10,163)	(161,553)
Net change in total OPEB liability	351,311	1,096,472	94,551
Total OPEB liability - beginning	10,272,579	10,623,890	11,720,362
Total OPEB liability - ending	<u>\$ 10,623,890</u>	<u>\$ 11,720,362</u>	<u>\$ 11,814,913</u>
Covered employee payroll	<u>\$ 16,408,990</u>	<u>\$ 17,305,003</u>	<u>\$ 18,596,503</u>
Total OPEB liability as a percentage of covered employee payroll	<u>64.74%</u>	<u>67.73%</u>	<u>63.53%</u>

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

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

Notes to Schedule:

The City pays claims and administrative expenses for eligible active employees and retirees.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes of benefit terms: There were no changes in benefit terms in 2020.

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

2020	2.20%
2019	3.50%
2018	3.90%
2017	3.60%

City of Porterville
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive(Negative)
REVENUES				
Property taxes	\$ 7,330,000	\$ 7,330,000	\$ 7,749,429	\$ 419,429
Sales taxes	6,542,477	6,542,477	6,407,796	(134,681)
Utility users tax	4,350,000	4,350,000	3,856,019	(493,981)
Franchise tax	1,631,134	1,631,134	1,632,872	1,738
Transient occupancy tax	550,000	550,000	504,318	(45,682)
Business licenses	480,000	480,000	507,253	27,253
Building permits	250,000	250,000	338,772	88,772
Plumbing permits	150,000	150,000	254,390	104,390
Electrical permits	80,000	80,000	154,395	74,395
Other licenses and permits	12,500	12,500	13,809	1,309
Vehicle license fees	29,000	29,000	47,693	18,693
State grants/reimbursements	167,567	167,567	416,093	248,526
Federal grants	-	32,977	53,573	20,596
Planning and zoning	40,000	40,000	89,573	49,573
Engineering and inspection	75,000	75,000	113,444	38,444
Police services	560,000	560,000	449,412	(110,588)
Fire services	50,000	50,000	93,657	43,657
Library services	40,000	40,000	19,360	(20,640)
Recreational activities	2,763,800	2,763,800	2,576,621	(187,179)
Other service charges	56,000	56,000	59,613	3,613
Interdepartmental service charge	2,450,000	2,450,000	2,470,096	20,096
Special assessments and fees	5,272	5,272	7,981	2,709
Parking fines	12,000	12,000	7,932	(4,068)
Vehicle code fines	2,000	2,000	2,506	506
Other fines	18,000	18,000	20,629	2,629
Interest	275,000	275,000	642,834	367,834
Rent	268,000	268,000	271,962	3,962
Contributions	1,200	1,200	3,781	2,581
Other revenues	179,000	179,000	125,420	(53,580)
Total revenues	28,367,950	28,400,927	28,891,233	490,306
EXPENDITURES				
Current:				
Community and economic development	1,167,833	1,167,833	1,004,187	163,646
General government	3,304,064	3,304,064	3,419,478	(115,414)
Parks and recreation	6,471,749	6,230,316	6,189,457	40,859
Public safety - fire	4,337,124	4,408,354	4,166,083	242,271
Public safety - police	11,019,642	11,019,642	10,507,460	512,182
Public works	2,742,523	2,742,523	2,847,662	(105,139)
Debt service:				
Interest and administrative charges	55	55	-	55
Capital outlay	1,616,000	1,616,000	1,641,922	(25,922)
Total expenditures	30,658,990	30,488,787	29,776,249	712,538
Excess (deficiency) of revenues over (under) expenditures	(2,291,040)	(2,087,860)	(885,016)	1,202,844
OTHER FINANCING SOURCES (USES)				
Transfers in	1,429,875	1,429,875	1,462,531	32,656
Transfers out	(2,806,832)	(2,806,832)	(2,581,409)	225,423
Sale of capital assets	-	-	29,010	29,010
Insurance recoveries	-	-	2,500,000	2,500,000
Total other financing sources (uses)	(1,376,957)	(1,376,957)	1,410,132	287,089
Net change in fund balance	(3,667,997)	(3,464,817)	525,116	1,489,933
Fund balance - beginning	20,784,790	20,784,790	21,185,251	400,461
Fund balance - ending	\$ 17,116,793	\$ 17,319,973	\$ 21,710,367	\$ 4,390,394

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
REVENUES				
Sales tax	\$ 3,844,047	\$ 3,844,047	\$ 4,035,590	\$ 191,543
Charges for services	5,000	5,000	533	(4,467)
Investment earnings	5,000	5,000	35,321	30,321
Miscellaneous	-	-	1,250	1,250
Total revenues	<u>3,854,047</u>	<u>3,854,047</u>	<u>4,072,694</u>	<u>218,647</u>
EXPENDITURES				
Current:				
Parks and recreation	576,607	576,607	445,818	130,789
Public safety - fire	1,585,399	1,585,399	1,698,839	(113,440)
Public safety - police	<u>1,814,345</u>	<u>1,814,345</u>	<u>1,592,420</u>	<u>221,925</u>
Total expenditures	<u>3,976,351</u>	<u>3,976,351</u>	<u>3,737,077</u>	<u>239,274</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(122,304)</u>	<u>(122,304)</u>	<u>335,617</u>	<u>457,921</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	5,535	5,535
Transfers out	<u>(193,240)</u>	<u>(193,240)</u>	<u>(101,516)</u>	<u>91,724</u>
Total other financing sources (uses)	<u>(193,240)</u>	<u>(193,240)</u>	<u>(95,981)</u>	<u>97,259</u>
Net change in fund balance	<u>(315,544)</u>	<u>(315,544)</u>	<u>239,636</u>	<u>555,180</u>
Fund balance - beginning	<u>1,488,149</u>	<u>1,488,149</u>	<u>1,488,149</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,172,605</u>	<u>\$ 1,172,605</u>	<u>\$ 1,727,785</u>	<u>\$ 555,180</u>

City of Porterville
Measure I Sales Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive(Negative)</u>
REVENUES				
Sales tax	\$ 6,655,239	\$ 6,655,239	\$ 7,840,516	\$ 1,185,277
Charges for services	-	-	1,925	1,925
Investment earnings	10,000	10,000	141,025	131,025
Total revenues	6,665,239	6,665,239	7,983,466	1,318,227
EXPENDITURES				
Current:				
Public safety - fire	477,683	477,683	493,606	(15,923)
Public safety - police	1,697,095	1,697,095	1,320,538	376,557
Public works	295,972	295,972	-	295,972
Capital outlay	552,000	552,000	333,682	218,318
Total expenditures	3,022,750	3,022,750	2,147,826	874,924
Excess(deficiency) of revenues over(under) expenditures	3,642,489	3,642,489	5,835,640	2,193,151
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,332,000)	(3,332,000)	(112,430)	3,219,570
Total other financing sources (uses)	(3,332,000)	(3,332,000)	(112,430)	3,219,570
Net change in fund balance	310,489	310,489	5,723,210	5,412,721
Fund balance - beginning	1,712,404	1,712,404	1,712,404	-
Fund balance - ending	\$ 2,022,893	\$ 2,022,893	\$ 7,435,614	\$ 5,412,721

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, 2020

	<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				
Other taxes:				
State gasoline tax - LTF	\$ 1,500,000	\$ 1,500,000	\$ 2,054,874	\$ 554,874
Sales tax - County Measure R	7,374,511	7,374,511	1,090,957	(6,283,554)
Intergovernmental:				
Federal grants	1,839,615	1,839,615	-	(1,839,615)
State grants	100,000	100,000	-	(100,000)
Interest	70,000	70,000	362,028	292,028
Total revenues	<u>10,884,126</u>	<u>10,884,126</u>	<u>3,507,859</u>	<u>(7,376,267)</u>
OTHER FINANCING USES				
Transfers out	<u>(17,307,692)</u>	<u>(17,307,692)</u>	<u>(1,140,360)</u>	<u>16,167,332</u>
Total other financing uses	<u>(17,307,692)</u>	<u>(17,307,692)</u>	<u>(1,140,360)</u>	<u>16,167,332</u>
Net change in fund balance	<u>(6,423,566)</u>	<u>(6,423,566)</u>	<u>2,367,499</u>	<u>8,791,065</u>
Fund balance - beginning	<u>9,715,572</u>	<u>9,715,572</u>	<u>9,715,572</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,292,006</u>	<u>\$ 3,292,006</u>	<u>\$ 12,083,071</u>	<u>\$ 8,791,065</u>

Supplemental Statements



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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 for affordable housing and housing rehabilitation loans, small business assistance loans, and infrastructure development.

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

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

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

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

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

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

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.

DEBT SERVICE FUNDS

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

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

CITY OF PORTERVILLE

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue					
	Special Gas Tax	Traffic Safety	Community Development Block Grant	Public Safety Grant	Landscape Maintenance District	Transportation Development
ASSETS						
Cash and investments	\$ 1,637,759	\$ -	\$ 499,134	\$ 176,566	\$ 223,000	\$ 1,939,911
Receivables - misc (net):						
Interest	-	-	368,669	-	-	-
Taxes	159,378	-	-	-	1,046	-
Other	-	-	-	-	-	-
Receivables - housing (net)	-	-	8,631,797	-	-	-
Intergovernmental receivables	364,393	15,545	93,211	18,510	-	-
Restricted - cash with fiscal agent	-	-	-	-	-	-
Notes receivable	-	-	975,000	-	-	-
Total assets	<u>\$ 2,161,530</u>	<u>\$ 15,545</u>	<u>\$ 10,567,811</u>	<u>\$ 195,076</u>	<u>\$ 224,046</u>	<u>\$ 1,939,911</u>
LIABILITIES						
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	\$ 13,886	\$ -
Payroll payable	-	-	10,559	7,763	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,559</u>	<u>7,763</u>	<u>13,886</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental	364,393	-	368,669	-	-	-
Total deferred inflows of resources	<u>364,393</u>	<u>-</u>	<u>368,669</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted						
Building construction	-	-	-	-	-	-
Community development	-	-	10,188,583	-	-	-
Debt Service	-	-	-	-	-	-
Landscape maintenance districts	-	-	-	-	210,160	-
Public safety	-	-	-	187,313	-	-
Public works	1,797,137	15,545	-	-	-	1,939,911
Total fund balances	<u>1,797,137</u>	<u>15,545</u>	<u>10,188,583</u>	<u>187,313</u>	<u>210,160</u>	<u>1,939,911</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,161,530</u>	<u>\$ 15,545</u>	<u>\$ 10,567,811</u>	<u>\$ 195,076</u>	<u>\$ 224,046</u>	<u>\$ 1,939,911</u>

CITY OF PORTERVILLE

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	<u>Special Revenue</u>			<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Park Development</u>	<u>Storm Drain Development</u>	<u>Building Construction</u>	<u>General Government</u>	<u>General Government</u>	
ASSETS						
Cash and investments	\$ -	\$ 2,032,623	\$ 180,674	\$ 3,844	\$ 163,408	\$ 6,856,919
Receivables - misc (net):						
Interest	-	-	-	-	-	368,669
Taxes	-	-	-	-	-	160,424
Other	-	4,277	-	-	-	4,277
Receivables - housing (net)	-	-	-	-	-	8,631,797
Intergovernmental receivables	-	-	-	-	194,282	685,941
Restricted - cash with fiscal agent	-	-	-	1,011,726	-	1,011,726
Notes receivable	-	-	-	-	-	975,000
Total assets	<u>\$ -</u>	<u>\$ 2,036,900</u>	<u>\$ 180,674</u>	<u>\$ 1,015,570</u>	<u>\$ 357,690</u>	<u>\$ 18,694,753</u>
LIABILITIES						
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	\$ 578,275	\$ 592,161
Payroll payable	-	-	-	-	40,842	59,164
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>619,117</u>	<u>651,325</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental	-	-	-	-	176,834	909,896
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,834</u>	<u>909,896</u>
FUND BALANCES						
Restricted						
Building construction	-	-	180,674	-	-	180,674
Community development	-	-	-	-	-	10,188,583
Debt service	-	-	-	1,015,570	-	1,015,570
Landscape maintenance districts	-	-	-	-	-	210,160
Public safety	-	-	-	-	-	187,313
Public works	-	2,036,900	-	-	437,300	6,226,793
Unassigned	-	-	-	-	(875,561)	(875,561)
Total fund balances	<u>-</u>	<u>2,036,900</u>	<u>180,674</u>	<u>1,015,570</u>	<u>(438,261)</u>	<u>17,133,532</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 2,036,900</u>	<u>\$ 180,674</u>	<u>\$ 1,015,570</u>	<u>\$ 357,690</u>	<u>\$ 18,694,753</u>

CITY OF PORTERVILLE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020**

	Special Revenue					
	Special Gas Tax	Traffic Safety	Community Development Block Grant	Public Safety Grant	Landscape Maintenance District	Transportation Development
Revenues:						
Intergovernmental	\$ 3,202,438	\$ -	\$ 745,730	\$ 211,793	\$ -	\$ -
Charges for services	-	-	275	-	-	-
Special assessments and fees	-	-	-	-	115,624	334,498
Fines and forfeitures	-	113,454	-	-	-	-
Investment earnings	61,667	402	32,108	3,448	-	64,629
Miscellaneous	-	-	-	6,500	-	-
Total revenues	<u>3,264,105</u>	<u>113,856</u>	<u>778,113</u>	<u>221,741</u>	<u>115,624</u>	<u>399,127</u>
Expenditures:						
Community and economic development	-	-	533,322	-	-	-
Parks and recreation	-	-	-	-	167,153	-
Public safety - fire	-	-	-	-	-	-
Public safety - police	-	-	-	217,280	-	-
Public works	-	-	-	-	-	-
Debt redemption - principal	-	-	285,000	-	-	-
Debt redemption - interest & charges	-	-	28,916	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>847,238</u>	<u>217,280</u>	<u>167,153</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,264,105</u>	<u>113,856</u>	<u>(69,125)</u>	<u>4,461</u>	<u>(51,529)</u>	<u>399,127</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	74,259
Transfers out	<u>(2,409,897)</u>	<u>(107,962)</u>	<u>(193,598)</u>	<u>(1,078)</u>	<u>-</u>	<u>(150,000)</u>
Total other financing sources (uses)	<u>(2,409,897)</u>	<u>(107,962)</u>	<u>(193,598)</u>	<u>(1,078)</u>	<u>-</u>	<u>(75,741)</u>
Net change in fund balances	<u>854,208</u>	<u>5,894</u>	<u>(262,723)</u>	<u>3,383</u>	<u>(51,529)</u>	<u>323,386</u>
Fund balances - July 1	<u>942,929</u>	<u>9,651</u>	<u>10,451,306</u>	<u>183,930</u>	<u>261,689</u>	<u>1,616,525</u>
Fund balances - June 30	<u>\$ 1,797,137</u>	<u>\$ 15,545</u>	<u>\$ 10,188,583</u>	<u>\$ 187,313</u>	<u>\$ 210,160</u>	<u>\$ 1,939,911</u>

CITY OF PORTERVILLE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020**

	<u>Special Revenue</u>			<u>Debt Service</u>	<u>Capital Projects</u>	Total Nonmajor Governmental Funds
	<u>Park Development</u>	<u>Storm Drain Development</u>	<u>Building Construction</u>	<u>General Government</u>	<u>General Government</u>	
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 17,448	\$ 4,177,409
Charges for services	-	-	-	-	-	275
Special assessments and fees	110,883	208,911	-	-	-	769,916
Fines and forfeitures	-	-	-	-	-	113,454
Investment earnings	289	72,642	10,689	321	9,016	255,211
Miscellaneous	-	-	-	1,319	-	7,819
Total revenues	<u>111,172</u>	<u>281,553</u>	<u>10,689</u>	<u>1,640</u>	<u>26,464</u>	<u>5,324,084</u>
Expenditures:						
Community and economic development	-	-	-	-	18,795	552,117
Parks and recreation	-	-	-	-	136,709	303,862
Public safety - fire	-	-	-	-	14,170	14,170
Public safety - police	-	-	-	-	-	217,280
Public works	-	-	-	-	1,298,425	1,298,425
Debt redemption - principal	-	-	-	1,515,000	-	1,800,000
Debt redemption - interest & charges	-	-	-	788,403	-	817,319
Capital outlay	-	-	-	-	2,055,123	2,055,123
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,303,403</u>	<u>3,523,222</u>	<u>7,058,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>111,172</u>	<u>281,553</u>	<u>10,689</u>	<u>(2,301,763)</u>	<u>(3,496,758)</u>	<u>(1,734,212)</u>
Other financing sources (uses):						
Transfers in	-	-	-	2,295,697	3,512,141	5,882,097
Transfers out	<u>(111,172)</u>	<u>(222,979)</u>	<u>(308,485)</u>	<u>-</u>	<u>-</u>	<u>(3,505,171)</u>
Total other financing sources (uses)	<u>(111,172)</u>	<u>(222,979)</u>	<u>(308,485)</u>	<u>2,295,697</u>	<u>3,512,141</u>	<u>2,376,926</u>
Net change in fund balances	<u>-</u>	<u>58,574</u>	<u>(297,796)</u>	<u>(6,066)</u>	<u>15,383</u>	<u>642,714</u>
Fund balances - July 1	<u>-</u>	<u>1,978,326</u>	<u>478,470</u>	<u>1,021,636</u>	<u>(453,644)</u>	<u>16,490,818</u>
Fund balances - June 30	<u>\$ -</u>	<u>\$ 2,036,900</u>	<u>\$ 180,674</u>	<u>\$ 1,015,570</u>	<u>\$ (438,261)</u>	<u>\$ 17,133,532</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, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax section 2103	\$ 523,642	\$ 415,515	\$ (108,127)
State gasoline tax section 2105	337,655	307,391	(30,264)
State gasoline tax section 2106	185,326	168,176	(17,150)
State gasoline tax section 2107	441,004	388,140	(52,864)
State gasoline tax section 2107.5	7,500	7,500	-
Total other taxes	<u>1,495,127</u>	<u>1,286,722</u>	<u>(208,405)</u>
Intergovernmental:			
State grants	1,737,810	1,808,955	71,145
Federal grants	<u>367,920</u>	<u>106,761</u>	<u>(261,159)</u>
Total intergovernmental	<u>2,105,730</u>	<u>1,915,716</u>	<u>(190,014)</u>
Investment earnings	<u>15,000</u>	<u>61,667</u>	<u>46,667</u>
Total revenues	<u>3,615,857</u>	<u>3,264,105</u>	<u>(351,752)</u>
Other financing uses:			
Transfers out	<u>(6,218,749)</u>	<u>(2,409,897)</u>	<u>3,808,852</u>
Total other financing uses	<u>(6,218,749)</u>	<u>(2,409,897)</u>	<u>3,808,852</u>
Net change in fund balance	\$ <u><u>(2,602,892)</u></u>	854,208	\$ <u><u>3,457,100</u></u>
Fund balance - July 1		<u>942,929</u>	
Fund balance - June 30		\$ <u><u>1,797,137</u></u>	

CITY OF PORTERVILLE

**TRAFFIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 120,000	\$ 113,454	\$ (6,546)
Investment earnings	400	402	2
Total revenues	<u>120,400</u>	<u>113,856</u>	<u>(6,544)</u>
Other financing uses:			
Transfers out	<u>(120,400)</u>	<u>(107,962)</u>	<u>12,438</u>
Total other financing uses	<u>(120,400)</u>	<u>(107,962)</u>	<u>12,438</u>
Net change in fund balance	\$ <u><u>-</u></u>	5,894	\$ <u><u>5,894</u></u>
Fund balance - July 1		<u>9,651</u>	
Fund balance - June 30		\$ <u><u>15,545</u></u>	

CITY OF PORTERVILLE

**COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
Federal grants	\$ 798,922	\$ 745,730	\$ (53,192)
Charges for services	500	275	(225)
Investment earnings	35,000	32,108	(2,892)
Total revenues	<u>834,422</u>	<u>778,113</u>	<u>(56,309)</u>
Expenditures:			
Current			
Community development	498,499	533,322	(34,823)
Debt Service			
Principal	285,000	285,000	-
Interest and administrative charges	28,916	28,916	-
Total expenditures	<u>812,415</u>	<u>847,238</u>	<u>(34,823)</u>
Other financing uses:			
Transfers out	<u>(152,124)</u>	<u>(193,598)</u>	<u>(41,474)</u>
Total other financing uses	<u>(152,124)</u>	<u>(193,598)</u>	<u>(41,474)</u>
Net change in fund balance	\$ <u>(130,117)</u>	(262,723)	\$ <u>(132,606)</u>
Fund balance - July 1		<u>10,451,306</u>	
Fund balance - June 30		\$ <u><u>10,188,583</u></u>	

CITY OF PORTERVILLE

**PUBLIC SAFETY GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grants	\$ 240,000	\$ 196,615	\$ (43,385)
Federal grants	-	15,178	15,178
Total intergovernmental	<u>240,000</u>	<u>211,793</u>	<u>(28,207)</u>
Investment earnings	1,500	3,448	1,948
Other	<u>-</u>	<u>6,500</u>	<u>6,500</u>
Total revenues	<u>241,500</u>	<u>221,741</u>	<u>(19,759)</u>
Expenditures:			
Public safety - police	<u>400,283</u>	<u>217,280</u>	<u>183,003</u>
Total expenditures	<u>400,283</u>	<u>217,280</u>	<u>183,003</u>
Other financing uses:			
Transfers out	<u>-</u>	<u>(1,078)</u>	<u>(1,078)</u>
Total other financing uses	<u>-</u>	<u>(1,078)</u>	<u>(1,078)</u>
Net change in fund balance	\$ <u>(158,783)</u>	3,383	\$ <u>(203,840)</u>
Fund balance - July 1		<u>183,930</u>	
Fund balance - June 30		\$ <u><u>187,313</u></u>	

CITY OF PORTERVILLE

**LANDSCAPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 112,540	\$ 115,624	\$ 3,084
Total revenues	<u>112,540</u>	<u>115,624</u>	<u>3,084</u>
Expenditures:			
Parks and leisure services:			
Cost of service	<u>159,471</u>	<u>167,153</u>	<u>(7,682)</u>
Total expenditures	<u>159,471</u>	<u>167,153</u>	<u>(7,682)</u>
Net change in fund balance	\$ <u>(46,931)</u>	(51,529)	\$ <u>10,766</u>
Fund balance - July 1		<u>261,689</u>	
Fund balance - June 30		\$ <u>210,160</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, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 200,000	\$ 334,498	\$ 134,498
Investment earnings	10,000	64,629	54,629
Total revenues	<u>210,000</u>	<u>399,127</u>	<u>189,127</u>
Other financing sources (uses):			
Transfers in	-	74,259	74,259
Transfers out	<u>(91,750)</u>	<u>(150,000)</u>	<u>(58,250)</u>
Total other financing sources (uses)	<u>(91,750)</u>	<u>(75,741)</u>	<u>16,009</u>
Net change in fund balance	\$ <u>118,250</u>	323,386	\$ <u>205,136</u>
Fund balance - July 1		<u>1,616,525</u>	
Fund balance - June 30		\$ <u>1,939,911</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, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 50,000	\$ 110,883	\$ 60,883
Investment earnings	50	289	239
Total revenues	<u>50,050</u>	<u>111,172</u>	<u>61,122</u>
Other financing uses:			
Transfers out	<u>(50,050)</u>	<u>(111,172)</u>	<u>(61,122)</u>
Total other financing uses	<u>(50,050)</u>	<u>(111,172)</u>	<u>(61,122)</u>
Net change in fund balance	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		\$ <u>-</u>	

CITY OF PORTERVILLE

**STORM DRAIN DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 100,000	\$ 208,911	\$ 108,911
Investment earnings	25,000	72,642	47,642
Total revenues	<u>125,000</u>	<u>281,553</u>	<u>156,553</u>
Other financing uses:			
Transfers out	<u>(1,864,061)</u>	<u>(222,979)</u>	<u>1,641,082</u>
Total other financing uses	<u>(1,864,061)</u>	<u>(222,979)</u>	<u>1,641,082</u>
Net change in fund balance	\$ <u>(1,739,061)</u>	58,574	\$ <u>1,797,635</u>
Fund balance - July 1		<u>1,978,326</u>	
Fund balance - June 30		\$ <u><u>2,036,900</u></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, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment earnings	\$ 5,000	\$ 10,689	\$ 5,689
Total revenues	5,000	10,689	5,689
Other financing uses:			
Transfers out	(305,000)	(308,485)	(3,485)
Total other financing uses	(305,000)	(308,485)	(3,485)
Net change in fund balance	\$ (300,000)	(297,796)	\$ 2,204
Fund balance - July 1		478,470	
Fund balance - June 30		\$ 180,674	

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, 2020**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment earnings	\$ -	\$ 321	\$ 321
Other	-	1,319	1,319
Total revenues	-	1,640	1,640
Expenditures:			
General government:			
Administration	1,350	1,350	-
Debt redemption, principal	1,515,000	1,515,000	-
Debt redemption, interest	787,053	787,053	-
Total expenditures	2,303,403	2,303,403	-
Excess (deficiency) of revenues over (under) expenditures	(2,303,403)	(2,301,763)	1,640
Other financing sources (uses):			
Transfers in	1,705,953	2,295,697	589,744
Total other financing sources (uses)	1,705,953	2,295,697	589,744
Net change in fund balance	\$ (597,450)	(6,066)	\$ 591,384
Fund balance - July 1		1,021,636	
Fund balance - June 30		\$ 1,015,570	

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that provide goods or services to the general public on a continuing basis and are financed primarily through user charges.

Zalud House Fund

This fund was established to account for the original gift of money and assets from the Pearle Zalud Estate. It is now used to account for the operations of the Zalud House Museum.

Airport Fund

This fund was established to account for all revenues and expenses associated with the operation of the Porterville Municipal Airport. The principal sources of revenue for this fund are fuel sales, hangar rentals, land leases, and concession fees.

Golf Course Fund

This fund was established to account for all revenues and expenses incurred in the operation of the Porterville Municipal Golf Course. The principal source of revenue for this fund is green fees.

City of Porterville
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ 46,295	\$ 2,836,084	\$ -	\$ 2,882,379
Receivables (net of allowance for uncollectibles)	-	54,920	1,876	56,796
Inventories	-	84,849	-	84,849
Total current assets	<u>46,295</u>	<u>2,975,853</u>	<u>1,876</u>	<u>3,024,024</u>
Noncurrent assets:				
Notes receivable	-	389,794	-	389,794
Capital assets:				
Land	23,240	1,000,125	102,048	1,125,413
Construction in progress	-	1,392,592	-	1,392,592
Buildings	75,526	506,971	71,219	653,716
Improvements other than buildings	3,547	8,871,062	385,918	9,260,527
Machinery and equipment	63,341	1,016,326	379,131	1,458,798
Less accumulated depreciation	<u>(127,087)</u>	<u>(6,050,850)</u>	<u>(644,220)</u>	<u>(6,822,157)</u>
Total noncurrent assets	<u>38,567</u>	<u>7,126,020</u>	<u>294,096</u>	<u>7,458,683</u>
Total assets	<u>84,862</u>	<u>10,101,873</u>	<u>295,972</u>	<u>10,482,707</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension-related items	-	68,390	37,181	105,571
Deferred OPEB-related items	-	4,019	2,679	6,698
Total deferred outflows of resources	<u>-</u>	<u>72,409</u>	<u>39,860</u>	<u>112,269</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	199	38,980	25,386	64,565
Payroll payable	91	9,019	7,127	16,237
Interfund payable	-	-	1,469,840	1,469,840
Retainage payable	-	46,875	-	46,875
Compensated absences payable	-	3,345	6,121	9,466
Total current liabilities	<u>290</u>	<u>98,219</u>	<u>1,508,474</u>	<u>1,606,983</u>
Noncurrent liabilities:				
Compensated absences payable	-	4,505	4,818	9,323
Net pension liability	-	399,429	261,562	660,991
Other postemployment benefits liability	-	118,755	110,902	229,657
Total noncurrent liabilities	<u>-</u>	<u>522,689</u>	<u>377,282</u>	<u>899,971</u>
Total liabilities	<u>290</u>	<u>620,908</u>	<u>1,885,756</u>	<u>2,506,954</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension-related items	-	12,073	7,858	19,931
Deferred OPEB-related items	-	14,179	10,280	24,459
Total deferred inflow of resources	<u>-</u>	<u>26,252</u>	<u>18,138</u>	<u>44,390</u>
NET POSITION				
Net investment in capital assets	38,567	6,736,226	294,096	7,068,889
Unrestricted	46,005	2,790,896	(1,862,158)	974,743
Total net position	<u>\$ 84,572</u>	<u>\$ 9,527,122</u>	<u>\$ (1,568,062)</u>	<u>\$ 8,043,632</u>

City of Porterville
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2020

	<u>Zalud House</u>	<u>Airport Operations</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Charges for services	\$ 4,424	\$ 997,901	\$ 158,492	\$ 1,160,817
Other revenues	<u>796</u>	<u>161,400</u>	<u>15</u>	<u>162,211</u>
Total operating revenues	<u>5,220</u>	<u>1,159,301</u>	<u>158,507</u>	<u>1,323,028</u>
Operating expenses:				
Cost of sales and services	21,324	892,625	298,587	1,212,536
General and administrative	5,201	127,798	117,643	250,642
Depreciation/amortization	<u>3,045</u>	<u>271,410</u>	<u>25,834</u>	<u>300,289</u>
Total operating expenses	<u>29,570</u>	<u>1,291,833</u>	<u>442,064</u>	<u>1,763,467</u>
Operating income (loss)	<u>(24,350)</u>	<u>(132,532)</u>	<u>(283,557)</u>	<u>(440,439)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	10,000	-	10,000
Investment earnings	<u>1,626</u>	<u>107,669</u>	<u>7,890</u>	<u>117,185</u>
Total nonoperating revenues (expenses)	<u>1,626</u>	<u>117,669</u>	<u>7,890</u>	<u>127,185</u>
Income before contributions and transfers	<u>(22,724)</u>	<u>(14,863)</u>	<u>(275,667)</u>	<u>(313,254)</u>
Capital contributions and transfers:				
Capital contributions - federal and state grants	-	928,886	-	928,886
Transfers in	<u>10,000</u>	<u>6,105</u>	<u>69,000</u>	<u>85,105</u>
Total contributions and transfers	<u>10,000</u>	<u>934,991</u>	<u>69,000</u>	<u>1,013,991</u>
Change in net position	<u>(12,724)</u>	<u>920,128</u>	<u>(206,667)</u>	<u>700,737</u>
Net position - beginning	<u>97,296</u>	<u>8,606,994</u>	<u>(1,361,395)</u>	<u>7,342,895</u>
Net position - ending	<u>\$ 84,572</u>	<u>\$ 9,527,122</u>	<u>\$ (1,568,062)</u>	<u>\$ 8,043,632</u>

City of Porterville
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020

	<u>Zalud House</u>	<u>Airport Operations</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 5,221	\$ 1,170,172	\$ 156,631	\$ 1,332,024
Payments to employees	(16,906)	(201,810)	(178,667)	(397,383)
Payments to suppliers and others	(10,435)	(696,755)	(209,914)	(917,104)
Net cash provided (used) by operating activities	<u>(22,120)</u>	<u>271,607</u>	<u>(231,950)</u>	<u>17,537</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash from interfund	-	-	193,911	193,911
Subsidy from federal and state grants	-	10,000	-	10,000
Transfers in from other funds	10,000	6,105	69,000	85,105
Net cash provided (used) by noncapital financing	<u>10,000</u>	<u>16,105</u>	<u>262,911</u>	<u>289,016</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Construction and other capital projects	-	(1,184,032)	(38,851)	(1,222,883)
Principal payments on notes receivable	-	57,178	-	57,178
Subsidy from federal and state grants	-	943,470	-	943,470
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(183,384)</u>	<u>(38,851)</u>	<u>(222,235)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,626	107,669	7,890	117,185
Net cash provided by investing activities	<u>1,626</u>	<u>107,669</u>	<u>7,890</u>	<u>117,185</u>
Net Increase (decrease) in cash and cash equivalents	(10,494)	211,997	-	201,503
Balances - beginning of year	56,789	2,624,087	-	2,680,876
Balances - end of the year	<u>\$ 46,295</u>	<u>\$ 2,836,084</u>	<u>\$ -</u>	<u>\$ 2,882,379</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (24,350)	\$ (132,532)	\$ (283,557)	\$ (440,439)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	3,045	271,410	25,834	300,289
Changes in assets and liabilities:				
Accounts payable	(254)	12,260	10,656	22,662
Compensated absences	-	4,783	267	5,050
Customer receivables	1	10,871	(1,876)	8,996
Inventory	-	74,914	-	74,914
Other postemployment benefits	-	9,689	6,460	16,149
Pensions	-	19,048	9,786	28,834
Salaries and benefits payable	(562)	1,164	480	1,082
Net cash provided (used) by operating activities	<u>\$ (22,120)</u>	<u>\$ 271,607</u>	<u>\$ (231,950)</u>	<u>\$ 17,537</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department of the City to other departments on a cost-reimbursement basis.

Risk Management Fund

This fund was created for the purpose of identifying, controlling, preventing, and transferring risk and to manage the City's insurance programs including liability, worker's compensation, unemployment, property, and employee health. The City is self-insured for liability claims below the amount covered by the City's insurance carriers. This fund accounts for these self-insured claims as well as the payments of the premiums for the excess liability insurance coverage. Revenues are derived from charges to departments and interest income.

Equipment Management Fund

This fund was established to account for the activities pertaining to the acquisition, maintenance, and repair of City vehicles and equipment. The cost of labor, replacement parts, and fuel are tabulated on a monthly basis and charged to the user departments. The funds derived from such charges are used to maintain operations of this fund.

City of Porterville
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Risk Management	Equipment Management	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 1,419,671	\$ 1,284,403	\$ 2,704,074
Receivables (net of allowance for uncollectibles)	432,824	119,304	552,128
Intergovernmental receivable	759	4,899	5,658
Total current assets:	<u>1,853,254</u>	<u>1,408,606</u>	<u>3,261,860</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	-	129,617	129,617
Improvements other than buildings	-	6,639	6,639
Machinery and equipment	-	936,755	936,755
Less accumulated depreciation	-	(798,141)	(798,141)
Total noncurrent assets:	<u>-</u>	<u>274,870</u>	<u>274,870</u>
Total assets	<u>1,853,254</u>	<u>1,683,476</u>	<u>3,536,730</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension-related items	45,701	201,214	246,915
Deferred OPEB-related items	1,794	10,746	12,540
Total deferred outflows of resources	<u>47,495</u>	<u>211,960</u>	<u>259,455</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	268,661	229,290	497,951
Payroll payable	6,006	32,537	38,543
Accrued claims	1,099,031	-	1,099,031
Compensated absences payable	1,611	20,275	21,886
Total current liabilities	<u>1,375,309</u>	<u>282,102</u>	<u>1,657,411</u>
Noncurrent liabilities:			
Accrued claims	2,479,883	-	2,479,883
Compensated absences payable	3,176	6,602	9,778
Net pension liability	362,271	1,212,360	1,574,631
Other postemployment liability	60,068	342,083	402,151
Total noncurrent liabilities	<u>2,905,398</u>	<u>1,561,045</u>	<u>4,466,443</u>
Total liabilities	<u>4,280,707</u>	<u>1,843,147</u>	<u>6,123,854</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension-related items	17,570	46,452	64,022
Deferred OPEB-related items	7,983	35,602	43,585
Total deferred inflows of resources	<u>25,553</u>	<u>82,054</u>	<u>107,607</u>
NET POSITION			
Net investment in capital assets	-	274,870	274,870
Unrestricted	<u>(2,405,511)</u>	<u>(304,635)</u>	<u>(2,710,146)</u>
Total net position	<u>\$ (2,405,511)</u>	<u>\$ (29,765)</u>	<u>\$ (2,435,276)</u>

City of Porterville
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2020

	<u>Risk Management</u>	<u>Equipment Management</u>	<u>Total Internal Service Funds</u>
Operating revenues:			
Charges for services	\$ 7,132,070	\$ 3,628,058	\$ 10,760,128
Other revenues	<u>726</u>	<u>77,124</u>	<u>77,850</u>
Total operating revenues	<u>7,132,796</u>	<u>3,705,182</u>	<u>10,837,978</u>
Operating expenses:			
Cost of sales and services	7,182,709	3,859,104	11,041,813
General and administrative	213,509	75,401	288,910
Depreciation/amortization	<u>-</u>	<u>43,278</u>	<u>43,278</u>
Total operating expenses	<u>7,396,218</u>	<u>3,977,783</u>	<u>11,374,001</u>
Operating income (loss)	<u>(263,422)</u>	<u>(272,601)</u>	<u>(536,023)</u>
Nonoperating revenues (expenses):			
Investment earnings	<u>45,988</u>	<u>48,035</u>	<u>94,023</u>
Total nonoperating revenues (expenses)	<u>45,988</u>	<u>48,035</u>	<u>94,023</u>
Income(loss) before transfers	(217,434)	(224,566)	(442,000)
Transfers out	<u>(1,903)</u>	<u>-</u>	<u>(1,903)</u>
Change in net position	<u>(219,337)</u>	<u>(224,566)</u>	<u>(443,903)</u>
Net position - beginning	<u>(579,750)</u>	<u>194,801</u>	<u>(384,949)</u>
Prior period adjustment	<u>(1,606,424)</u>	<u>-</u>	<u>(1,606,424)</u>
Net position - ending	<u>\$ (2,405,511)</u>	<u>\$ (29,765)</u>	<u>\$ (2,435,276)</u>

City of Porterville
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Risk Management	Equipment Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customer	\$ 6,733,425	\$ 3,641,509	\$ 10,374,934
Payments to employees	(174,059)	(769,206)	(943,265)
Payments to suppliers and others	(7,064,015)	(3,028,375)	(10,092,390)
Net cash provided (used) by operating activities	<u>(504,649)</u>	<u>(156,072)</u>	<u>(660,721)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental - operating assistance	(759)	25,804	25,045
Transfers out to other funds	(1,903)	-	(1,903)
Net cash provided (used) by noncapital financing	<u>(2,662)</u>	<u>25,804</u>	<u>23,142</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(61,367)	(61,367)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(61,367)</u>	<u>(61,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	45,988	48,035	94,023
Net cash provided by investing activities	<u>45,988</u>	<u>48,035</u>	<u>94,023</u>
Net Increase (decrease) in cash and cash equivalents	<u>(461,323)</u>	<u>(143,600)</u>	<u>(604,923)</u>
Balances - beginning of year	1,880,994	1,428,003	3,308,997
Balances - end of the year	<u>\$ 1,419,671</u>	<u>\$ 1,284,403</u>	<u>\$ 2,704,074</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (263,422)	\$ (272,601)	\$ (536,023)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	43,278	43,278
Changes in assets and liabilities:			
Accounts payable	28,596	57,455	86,051
Accrued claims	113,026	-	113,026
Compensated absences	75	1,374	1,449
Customer receivables	(399,371)	(63,673)	(463,044)
Other postemployment benefits	5,969	22,609	28,578
Pensions	13,742	54,091	67,833
Salaries and benefits payable	(3,264)	1,395	(1,869)
Net cash provided (used) by operating activities	<u>\$ (504,649)</u>	<u>\$ (156,072)</u>	<u>\$ (660,721)</u>

AGENCY FUNDS

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

Special Deposits Fund

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

City of Porterville
Schedule of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2020

<u>Special Deposits</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>
Assets				
Cash and investments	\$ 1,811,230	\$ 1,588,636	\$ 1,706,214	\$ 1,693,652
Receivables - miscellaneous	-	10,000	-	10,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>1,811,230</u>	\$ <u>1,598,636</u>	\$ <u>1,706,214</u>	\$ <u>1,703,652</u>
Liabilities				
Accounts and other payables	\$ 39,043	\$ 1,617,366	\$ 1,601,190	\$ 55,219
Refundable deposits, utilities	453,786	83,020	94,720	442,086
Refundable deposits, miscellaneous	862,883	1,439,450	1,424,271	878,062
Other deposits, safety	455,518	84,534	211,767	328,285
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ <u>1,811,230</u>	\$ <u>3,224,370</u>	\$ <u>3,331,948</u>	\$ <u>1,703,652</u>

Statistical Section



STATISTICAL SECTION

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

Contents	Page
Financial Trends	125
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	131
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	144
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	148
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	150
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental activities:										
Net investment in capital assets	\$ 351,797	\$ 352,352	\$ 350,078	\$ 362,675	\$ 376,078	\$ 376,681	\$ 380,683	\$ 384,474	\$ 387,285	\$ 388,794
Restricted	11,681	9,160	8,266	4,152	26,482	25,262	25,297	26,719	29,986	40,053
Unrestricted	17,321	23,043	28,545	32,343	(18,340)	(17,650)	(10,323)	(20,249)	(21,168)	(27,453)
Total governmental activities net position	<u>\$ 380,799</u>	<u>\$ 384,555</u>	<u>\$ 386,889</u>	<u>\$ 399,170</u>	<u>\$ 384,220</u>	<u>\$ 384,293</u>	<u>\$ 395,657</u>	<u>\$ 390,944</u>	<u>\$ 396,103</u>	<u>\$ 401,394</u>
Business-type activities:										
Net investment in capital assets	\$ 46,006	\$ 44,059	\$ 44,211	\$ 43,444	\$ 47,096	\$ 52,217	\$ 51,993	\$ 54,180	\$ 62,142	\$ 66,712
Restricted	3,251	3,271	3,239	3,272	3,297	3,326	3,373	3,434	-	-
Unrestricted	18,665	21,633	24,254	27,762	16,239	15,222	24,660	26,393	32,760	37,993
Total business-type activities net position	<u>\$ 67,922</u>	<u>\$ 68,963</u>	<u>\$ 71,704</u>	<u>\$ 74,478</u>	<u>\$ 66,632</u>	<u>\$ 70,765</u>	<u>\$ 80,026</u>	<u>\$ 84,007</u>	<u>\$ 94,902</u>	<u>\$ 104,705</u>
Primary government:										
Net investment in capital assets	\$ 397,803	\$ 396,411	\$ 394,289	\$ 406,119	\$ 423,174	\$ 428,898	\$ 432,676	\$ 438,654	\$ 449,427	\$ 455,506
Restricted	14,932	12,431	11,505	7,424	29,779	28,588	28,670	30,153	29,986	40,053
Unrestricted	35,986	44,676	52,799	60,105	(2,101)	(2,428)	14,337	6,144	11,592	10,540
Total primary government net position	<u>\$ 448,721</u>	<u>\$ 453,518</u>	<u>\$ 458,593</u>	<u>\$ 473,648</u>	<u>\$ 450,852</u>	<u>\$ 455,058</u>	<u>\$ 475,683</u>	<u>\$ 474,951</u>	<u>\$ 491,005</u>	<u>\$ 506,099</u>

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

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

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

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
EXPENSES										
Governmental activities:										
Community and economic development	\$ 3,070	\$ 1,975	\$ 1,450	\$ 1,350	\$ 1,572	\$ 2,156	\$ 725	\$ 1,594	\$ 1,250	\$ 1,755
General government	3,613	3,041	2,923	2,816	3,197	3,213	2,129	3,415	3,305	3,902
Parks and recreation	5,449	5,832	5,350	5,490	5,865	6,550	5,362	7,332	7,514	8,003
Public safety - fire	4,646	4,878	4,498	4,692	4,283	4,660	5,080	6,805	6,263	7,490
Public safety - police	9,725	10,368	9,788	10,863	10,174	10,765	11,233	13,822	13,630	16,001
Public works	6,392	7,135	6,694	5,258	7,271	5,679	4,782	6,583	6,338	7,590
Interest on long-term debt	1,934	1,524	1,080	1,205	1,203	1,122	1,088	1,045	991	926
Total governmental activities expenses	<u>34,829</u>	<u>34,753</u>	<u>31,783</u>	<u>31,674</u>	<u>33,565</u>	<u>34,145</u>	<u>30,399</u>	<u>40,596</u>	<u>39,291</u>	<u>45,667</u>
Business-type activities:										
Airport	1,287	1,563	1,335	1,534	1,570	1,619	1,723	1,729	1,449	1,295
Golf course	376	384	383	403	358	373	358	449	452	445
Sewer operating	6,170	6,697	6,235	6,500	6,654	6,976	6,466	7,145	7,357	7,827
Solid waste	5,358	5,338	5,233	5,450	5,574	5,568	5,428	6,185	6,375	6,996
Transit	2,151	2,210	2,303	3,084	3,258	4,459	4,584	4,910	5,563	6,718
Water operating	4,967	4,971	4,829	5,472	5,544	5,695	7,164	7,106	7,742	7,786
Zalud estate	29	28	27	26	21	26	29	27	27	30
Total business-type activities expenses	<u>20,338</u>	<u>21,191</u>	<u>20,345</u>	<u>22,469</u>	<u>22,979</u>	<u>24,716</u>	<u>25,752</u>	<u>27,551</u>	<u>28,965</u>	<u>31,097</u>
Total primary government expenses	<u>\$ 55,167</u>	<u>\$ 55,944</u>	<u>\$ 52,128</u>	<u>\$ 54,143</u>	<u>\$ 56,544</u>	<u>\$ 58,861</u>	<u>\$ 56,151</u>	<u>\$ 68,147</u>	<u>\$ 68,256</u>	<u>\$ 76,764</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Community and economic development	\$ 263	\$ 258	\$ 352	\$ 373	\$ 51	\$ 29	\$ 36	\$ 136	\$ 56	\$ 90
General government	1,613	1,622	1,656	1,746	1,786	2,037	2,554	2,622	2,628	2,662
Parks and recreation	1,891	1,931	1,942	1,695	1,766	2,007	2,378	2,673	2,945	2,725
Public safety - fire	23	80	70	86	77	104	331	229	385	191
Public safety - police	461	587	624	485	530	411	388	526	518	487
Public works	204	298	219	390	355	303	427	569	432	331
Operating grants and contributions:										
Community and economic development	1,576	1,489	854	796	904	887	554	719	887	635
General government	476	469	469	449	523	511	491	524	508	610
Parks and recreation	199	53	243	33	89	297	264	126	123	110
Public safety - fire	304	6	71	76	61	72	2	--	--	--
Public safety - police	308	400	255	247	427	354	367	273	239	337
Public works	1,699	1,850	1,241	1,306	1,884	2,022	1,932	3,836	2,641	2,817
Capital grants and contributions:										
Community and economic development	--	--	--	--	--	--	101	--	--	--
General government	--	--	--	--	--	--	--	--	409	212
Parks and recreation	282	59	331	1,283	510	183	428	138	125	2,855
Public safety - fire	100	128	50	--	27	--	--	--	33	--
Public safety - police	85	76	141	108	21	--	--	62	162	12
Public works	3,392	4,854	4,894	14,199	11,688	2,653	6,556	4,008	5,228	4,895
Total governmental activities program revenues	<u>12,876</u>	<u>14,160</u>	<u>13,412</u>	<u>23,272</u>	<u>20,699</u>	<u>11,870</u>	<u>16,809</u>	<u>16,441</u>	<u>17,319</u>	<u>18,969</u>

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Business-type activities:										
Charges for services:										
Airport	1,288	1,485	1,206	1,415	1,343	1,591	1,831	1,650	1,251	1,159
Golf course	225	235	226	214	208	198	176	170	160	158
Sewer operating	6,964	6,868	7,115	7,011	7,253	7,574	8,527	7,512	7,574	7,975
Solid waste	5,418	5,536	5,659	5,676	5,793	5,970	5,902	5,996	6,045	6,151
Transit	357	381	462	624	622	626	643	682	669	531
Water operating	4,842	4,736	4,942	5,073	4,676	5,766	10,856	11,557	11,639	12,194
Zalud estate	5	7	7	3	6	4	10	8	6	5
Operating grants and contributions:										
Airport	20	10	10	10	10	10	25	63	10	10
Sewer operating	--	--	--	--	--	--	--	--	150	--
Solid waste	6	10	6	8	6	578	23	22	35	25
Transit	1,470	1,452	1,796	3,140	1,673	3,534	3,694	3,557	3,605	5,112
Water operating	--	--	--	--	16	--	902	446	--	--
Capital grants and contributions:										
Airport	1,850	306	32	35	65	33	32	44	27	929
Sewer operating	51	16	25	34	47	87	192	35	66	103
Solid waste	421	525	--	1,221	--	--	696	--	--	489
Transit	1,387	69	1,001	551	1,385	2,022	215	1,601	6,028	3,770
Water operating	177	33	75	250	195	251	303	98	1,024	556
Total business-type activities program revenues	24,481	21,669	22,562	25,265	23,298	28,244	34,027	33,441	38,289	39,167
Total primary government program revenues	\$ 37,357	\$ 35,829	\$ 35,974	\$ 48,537	\$ 43,997	\$ 40,114	\$ 50,836	\$ 49,882	\$ 55,608	\$ 58,136
Net (expense)/revenue										
Governmental activities	\$ (21,953)	\$ (20,593)	\$ (18,371)	\$ (8,402)	\$ (12,866)	\$ (22,275)	\$ (13,590)	\$ (24,155)	\$ (21,972)	\$ (26,698)
Business-type activities	4,143	478	2,217	2,796	319	3,528	8,275	5,890	9,324	8,070
Total primary government net expense	\$ (17,810)	\$ (20,115)	\$ (16,154)	\$ (5,606)	\$ (12,547)	\$ (18,747)	\$ (5,315)	\$ (18,265)	\$ (12,648)	\$ (18,628)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 7,777	\$ 7,238	\$ 7,347	\$ 7,406	\$ 7,425	\$ 6,784	\$ 6,629	\$ 7,041	\$ 7,355	\$ 7,749
Sales taxes	6,122	6,484	7,163	7,401	7,596	9,049	9,626	9,724	12,201	18,284
Utility users tax	4,048	3,908	3,970	3,955	3,883	3,752	3,913	4,056	3,911	3,856
Other taxes	2,028	1,819	1,838	1,923	2,056	2,108	2,116	2,183	2,170	2,137
Unrestricted investment earnings	704	666	191	603	382	605	326	527	1,495	1,560
Miscellaneous	324	96	87	66	256	138	841	91	110	103
Transfers	(68)	(83)	109	(85)	(87)	(87)	(89)	(95)	(111)	(93)
Total governmental activities	20,935	20,128	20,705	21,269	21,511	22,349	23,362	23,527	27,131	33,596
Business-type activities:										
Unrestricted investment earnings	386	479	105	408	292	499	238	236	1,456	1,633
Miscellaneous	10	1	528	36	2	19	658	--	4	7
Transfers	68	83	(109)	85	87	87	89	95	111	93
Total business-type activities	464	563	524	529	381	605	985	331	1,571	1,733
Total primary government	\$ 21,399	\$ 20,691	\$ 21,229	\$ 21,798	\$ 21,892	\$ 22,954	\$ 24,347	\$ 23,858	\$ 28,702	\$ 35,329
Extraordinary items - governmental activities	\$ --	\$ 4,221	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Change in Net Position										
Governmental activities	\$ (1,018)	\$ 3,756	\$ 2,334	\$ 12,867	\$ 8,645	\$ 74	\$ 9,772	\$ (628)	\$ 5,159	\$ 6,898
Business-type activities	4,607	1,041	2,741	3,325	700	4,133	9,260	6,221	10,895	9,803
Total primary government	\$ 3,589	\$ 4,797	\$ 5,075	\$ 16,192	\$ 9,345	\$ 4,207	\$ 19,032	\$ 5,593	\$ 16,054	\$ 16,701

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Utility Users Tax</u>	<u>Transient Occupancy Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2010-11	\$ 7,776,735	\$ 1,485,182	\$ 4,048,106	\$ 301,029	\$ 6,121,968	\$ 19,733,020
2011-12	7,237,972	1,482,657	3,908,443	309,577	6,484,037	19,422,686
2012-13	7,346,813	1,473,957	3,969,652	335,319	7,163,179	20,288,920
2013-14	7,406,413	1,551,762	3,955,357	370,999	7,401,187	20,685,718
2014-15	7,424,560	1,608,882	3,882,942	446,771	7,596,116	20,959,271
2015-16	6,784,136	1,616,751	3,752,400	491,386	9,048,935	21,693,608
2016-17	6,629,521	1,564,156	3,912,707	551,783	9,626,375	22,284,542
2017-18	7,041,157	1,623,661	4,055,845	559,247	9,724,137	23,004,048
2018-19	7,355,066	1,630,365	3,911,568	539,233	12,201,075	25,637,307
2019-20	7,749,429	1,632,872	3,856,020	504,318	18,283,902	32,026,541

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

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General fund:										
Nonspendable	\$ 8,400	\$ 5,551	\$ 5,323	\$ 5,245	\$ 4,472	\$ 4,354	\$ 1,614	\$ 1,105	\$ 3,834	\$ 3,826
Restricted	518	439	418	62	62	62	220	220	220	257
Committed	2,644	2,091	4,373	4,894	5,018	6,213	9,882	10,419	10,597	12,083
Assigned	5,361	5,654	6,251	6,573	6,668	7,253	8,272	8,460	5,974	5,023
Unassigned	4,918	2,372	1,070	1,539	599	596	592	581	560	521
Total general fund	<u>\$ 21,841</u>	<u>\$ 16,107</u>	<u>\$ 17,435</u>	<u>\$ 18,313</u>	<u>\$ 16,819</u>	<u>\$ 18,478</u>	<u>\$ 20,580</u>	<u>\$ 20,785</u>	<u>\$ 21,185</u>	<u>\$ 21,710</u>
 All other governmental funds:										
Restricted	\$ 17,821	\$ 17,341	\$ 18,744	\$ 18,386	\$ 26,420	\$ 25,023	\$ 25,077	\$ 25,347	\$ 29,861	\$ 39,256
Unassigned	<u>(3,929)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(150)</u>	<u>(1,884)</u>	<u>(454)</u>	<u>(876)</u>
Total all other governmental funds	<u>\$ 13,892</u>	<u>\$ 17,341</u>	<u>\$ 18,744</u>	<u>\$ 18,386</u>	<u>\$ 26,420</u>	<u>\$ 25,023</u>	<u>\$ 24,927</u>	<u>\$ 23,463</u>	<u>\$ 29,407</u>	<u>\$ 38,380</u>

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues:										
Taxes	\$ 19,975	\$ 19,450	\$ 20,317	\$ 20,709	\$ 20,959	\$ 21,694	\$ 22,285	\$ 23,004	\$ 25,637	\$ 32,027
Licenses and permits	825	749	780	882	967	1,023	966	1,048	1,065	1,316
Intergovernmental	6,744	8,202	6,879	16,084	14,718	5,956	7,979	6,920	10,959	7,793
Charges for services	3,845	4,178	4,263	4,312	3,998	4,257	5,193	5,979	6,164	5,874
Special assessments and fees	1,032	539	933	413	318	430	804	658	459	778
Fines and forfeitures	240	286	233	280	231	191	197	154	124	145
Investment earnings	702	665	279	668	545	880	607	512	1,654	1,708
Miscellaneous	220	109	145	96	183	186	584	210	135	138
Total revenues	33,583	34,178	33,829	43,444	41,919	34,617	38,615	38,485	46,197	49,779
Expenditures:										
Community/Economic development	2,964	1,860	1,373	1,154	1,471	2,084	1,068	1,427	1,129	1,556
General government	3,449	2,674	2,612	2,562	2,856	2,909	2,818	2,955	2,972	3,419
Parks and recreation	4,888	5,149	4,809	4,803	5,071	5,959	6,073	6,463	6,818	6,939
Public safety:										
Fire	4,305	4,501	4,203	3,950	4,012	4,263	4,855	5,178	5,492	6,373
Police	8,848	9,441	8,957	9,406	9,514	9,976	10,784	10,704	11,811	13,638
Public works	3,777	4,642	4,140	2,643	3,834	2,994	2,907	3,578	3,417	4,146
Capital outlay	2,755	4,142	3,544	16,731	16,490	4,175	7,445	6,779	5,857	4,031
Debt service:										
Principal	974	914	948	571	1,099	984	1,324	1,686	1,748	1,800
Interest and other charges	1,894	1,516	1,810	1,205	1,955	952	975	932	877	817
Total expenditures	33,854	34,839	32,396	43,025	46,302	34,296	38,249	39,702	40,121	42,719
Excess of revenues over (under) expenditures	(271)	(661)	1,433	419	(4,383)	321	366	(1,217)	6,076	7,060
Other financing sources (uses):										
Transfers in	8,066	9,798	7,914	18,904	18,017	7,388	7,558	7,793	9,756	7,350
Transfers out	(8,128)	(9,851)	(7,805)	(18,989)	(18,104)	(7,476)	(7,647)	(7,888)	(9,867)	(7,441)
Issuance of long-term debt	--	--	21,060	3,765	23,437	--	--	--	--	--
Payments on refunding	--	--	(19,887)	(3,560)	(23,186)	--	--	--	--	--
Sale of capital assets	198	15	16	--	12	29	--	52	380	29
Insurance recoveries	--	--	--	--	152	--	137	--	--	2,500
Total other financing sources (uses)	136	(38)	1,298	120	328	(59)	48	(43)	269	2,438
Net change in fund balances before extraordinary items	(135)	(699)	2,731	539	(4,055)	262	414	(1,260)	6,345	9,498
Extraordinary item	--	(1,586)	--	--	--	--	--	--	--	--
Net change in fund balances	\$ (135)	\$ (2,285)	\$ 2,731	\$ 539	\$ (4,055)	\$ 262	\$ 414	\$ (1,260)	\$ 6,345	\$ 9,498
Debt service as a percentage of noncapital expenditures	9.222%	7.916%	7.490%	6.032%	8.044%	6.417%	7.463%	7.952%	7.661%	6.764%

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

<u>Fiscal Year</u>	<u>Secured Locally Assessed</u>	<u>State Assessed</u>	<u>Unsecured</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>
2010-11	\$ 2,084,784,505	\$ 1,983,635	\$ 75,997,039	\$ 2,162,765,179	0.118%
2011-12	2,039,834,161	1,983,897	86,842,153	2,128,660,211	0.118%
2012-13	1,982,402,325	1,965,732	81,810,544	2,066,178,601	0.118%
2013-14	2,048,455,363	2,191,850	81,633,705	2,132,280,918	0.118%
2014-15	2,140,517,119	2,191,850	82,873,390	2,225,582,359	0.118%
2015-16	2,225,814,816	2,267,139	86,102,059	2,314,184,014	0.118%
2016-17	2,397,586,332	1,404,888	86,879,908	2,485,871,128	0.118%
2017-18	2,482,750,996	1,369,024	128,725,952	2,612,845,972	0.119%
2018-19	2,590,280,843	1,369,024	124,927,929	2,716,577,796	0.119%
2019-20	2,738,994,112	1,369,024	118,435,280	2,858,798,416	0.119%

Source: County of Tulare Office of the Auditor-Controller

NOTE:

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

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

LAST TEN FISCAL YEARS

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Direct Rates:										
City Basic Rate	0.11824	0.11825	0.11820	0.11807	0.11806	0.11837	0.11848	0.11861	0.11861	0.11891
County of Tulare	0.18195	0.18201	0.18138	0.18065	0.18058	0.18082	0.18098	0.17995	0.17993	0.17921
Porterville Elementary School	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774	0.19774
Porterville High School	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942	0.12942
Kern Community College	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572
County School Service Fund	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444	0.02444
Porterville Cemetery District	0.00462	0.00462	0.00462	0.00461	0.00461	0.00462	0.00462	0.00463	0.00463	0.00463
Porterville Memorial District	0.00849	0.00849	0.00849	0.00849	0.00849	0.00850	0.00850	0.00850	0.00850	0.00850
Sierra View District Hospital	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927	0.01927
Tulare County Air Pollution Control District	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035	0.00035
Tulare County Flood Control District	0.00213	0.00213	0.00212	0.00211	0.00212	0.00212	0.00213	0.00211	0.00211	0.00208
Education Revenue Augmentation	0.23763	0.23756	0.23825	0.23913	0.23920	0.23863	0.23836	0.23927	0.23929	0.23974
Total Direct Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:										
Burton Elementary School	0.02310	0.02390	0.02630	0.02630	0.02630	0.02630	0.02500	0.03190	0.03060	0.05860
Porterville Unified School	0.05200	0.04660	0.05670	0.06000	0.06000	0.06160	0.06160	0.06160	0.06990	0.06860
Kern Community College	0.01012	0.00906	0.00850	0.01264	0.01045	0.01357	0.01318	0.03625	0.03367	0.03303

Note:

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

Source: County of Tulare Office of the Auditor-Controller

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

Taxpayer	2019-2020			2010-2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Realty Company	\$ 89,973,190	1	3.15%	\$ 68,146,635	1	3.15%
Del Mesa Farms (Foster Poultry Farms)	28,917,260	2	1.01%	45,555,314	2	2.11%
Village at Henderson LLC	27,540,000	3	0.96%			
Henderson-Prospect Partners II LP	22,341,548	4	0.78%			
Target Corporation	19,487,289	5	0.68%	18,083,071	4	0.84%
Lowes HIW Inc	13,441,640	6	0.47%	21,405,938	3	0.99%
Porterville Investments 2005 LP	13,243,740	7	0.46%	11,539,754	9	0.53%
Wal-Mart Stores Inc	10,763,668	8	0.38%			0.00%
Foxwood Apartments LLC	10,736,749	9	0.38%			
Southern California Edison Company	10,656,038	10	0.37%			
Ennis Commercial Properties LLC				14,231,422	5	0.66%
Royalty Carpet Mills Inc				13,894,190	6	0.64%
Beckman Coulter Inc				12,513,409	7	0.58%
Vallarta Properties LLC				12,491,840	8	0.58%
Cherry Keith (SCSR)				10,735,408	10	0.50%
Subtotal	247,101,122		8.64%	228,596,981		10.57%
Total taxable assessed value of other taxpayers	<u>2,611,697,294</u>		<u>91.36%</u>	<u>1,934,168,198</u>		<u>89.43%</u>
Total taxable assessed value	<u>\$ 2,858,798,416</u>		<u>100.00%</u>	<u>\$ 2,162,765,179</u>		<u>100.00%</u>

Source: County of Tulare Office of the Auditor-Controller

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

Fiscal Year	Total Tax Levy*	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010-11	\$ 2,543,216	\$ 2,330,417	91.63%	\$ 67,192	\$ 2,397,609	94.27%
2011-12	2,453,938	2,252,910	91.81%	82,257	2,335,167	95.16%
2012-13	2,398,457	2,171,025	90.52%	83,571	2,254,596	94.00%
2013-14	2,472,270	2,354,390	95.23%	80,621	2,435,011	98.49%
2014-15	2,588,874	2,436,201	94.10%	87,311	2,523,512	97.48%
2015-16	2,726,990	2,564,303	94.03%	60,262	2,624,566	96.24%
2016-17	2,840,095	2,668,785	93.97%	61,450	2,730,236	96.13%
2017-18	3,006,263	2,862,706	95.22%	61,928	2,924,634	97.28%
2018-19	3,132,554	2,997,549	95.69%	65,274	3,062,823	97.77%
2019-20	3,305,864	3,114,310	94.21%	N/A	3,114,310	94.21%

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

* Reduced by property tax shift to Education Revenue Augmentation Fund.

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

Fiscal Year	Effective Date	State Tax Rate	County Transportation Tax Rate	City Tax Rate*	County District Tax Rate	Combined Rate
2010-11	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2011-12	07/01/2011	6.25%	0.25%	1.25%	0.50%	8.25%
2012-13	07/01/2011	6.25%	0.25%	1.25%	0.50%	8.25%
	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2013-14	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2014-15	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2015-16	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
	01/01/2016	6.25%	0.25%	1.50%	0.50%	8.50%
2016-17	01/01/2016	6.25%	0.25%	1.50%	0.50%	8.50%
	01/01/2017	6.00%	0.25%	1.50%	0.50%	8.25%
2017-18	01/01/2017	6.00%	0.25%	1.50%	0.50%	8.25%
2018-19	04/01/2019	6.00%	0.25%	2.50%	0.50%	9.25%
2019-20	04/01/2019	6.00%	0.25%	2.50%	0.50%	9.25%

Source: California Department of Tax and Fee Administration

*includes City district tax

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

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

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General retail	\$ 155,235	\$ 176,415	\$ 185,195	\$ 189,682	\$ 185,774	\$ 177,516	\$ 184,006	\$ 188,892	\$ 187,883	\$ 180,709
Transportation	106,036	118,399	133,007	143,345	153,340	144,124	148,012	167,745	173,302	169,448
Food products	96,805	101,837	104,115	101,042	106,871	113,106	120,458	110,411	115,764	119,288
Construction	46,490	49,088	52,286	56,000	60,825	61,845	69,100	71,417	67,205	70,277
Business to business	17,815	16,211	19,169	24,228	21,304	26,386	30,240	25,390	20,787	20,779
Miscellaneous	<u>5,022</u>	<u>6,007</u>	<u>4,983</u>	<u>6,030</u>	<u>6,253</u>	<u>6,509</u>	<u>6,715</u>	<u>7,467</u>	<u>10,103</u>	<u>9,485</u>
Total	<u>\$ 427,403</u>	<u>\$ 467,957</u>	<u>\$ 498,755</u>	<u>\$ 520,327</u>	<u>\$ 534,367</u>	<u>\$ 529,486</u>	<u>\$ 558,531</u>	<u>\$ 571,322</u>	<u>\$ 575,044</u>	<u>\$ 569,986</u>

Source: MuniServices

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

<u>Fiscal Year</u>	<u>Sewer Service Charges</u>	<u>Lab Service Charges</u>	<u>Connection Fees</u>	<u>Other</u>	<u>Total</u>
2010-11	\$ 5,961,692	\$ 354,055	\$ 461,041	\$ 186,916	\$ 6,963,704
2011-12	6,068,089	326,127	264,428	209,754	6,868,398
2012-13	6,278,051	344,206	303,851	189,212	7,115,320
2013-14	6,171,141	379,558	272,981	187,559	7,011,240
2014-15	6,186,747	368,679	328,875	369,037	7,253,338
2015-16	6,202,430	404,022	630,011	337,333	7,573,796
2016-17	6,544,083	478,818	1,136,381	367,363	8,526,645
2017-18	6,387,579	386,359	302,736	435,081	7,511,756
2018-19	6,381,402	378,778	404,147	409,272	7,573,598
2019-20	6,365,691	397,935	835,296	376,599	7,975,521

Source: City of Porterville Finance Department

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

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
A. Residential										
(rate per month)										
Single Family (per unit)	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87
Multiple Family (per unit)	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52
Mobile Homes Park (per space)	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52
B. Commercial										
(per 100 cubic feet of water used with a minimum of \$26.87 per month)										
Bars, Hotels without Dining	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22
Restaurants	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97
Retail Stores, Offices	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04
Auto Repair, Service Station	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36
Car Wash, Laundry, Packing House	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96
Hospital, Rest Homes	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09
Mortuaries	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95
Schools	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
Churches	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42
City of Porterville	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83
State Hospital	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09
Multi-unit with consumption	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19
C. Industrial	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93
(per 100 cubic feet of water used with a minimum of \$26.87 per month)										

Source: City of Porterville Finance Department

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

	<u>2019-20</u>		<u>2010-11</u>	
	<u>Rank</u>	<u>Revenue</u>	<u>Rank</u>	<u>Revenue</u>
Porterville State Developmental Center	1	\$ 169,338	1	\$ 169,338
Foster Farms	2	\$ 123,372	2	\$ 133,925
Golden Hills Mobile Home Park, LLC	3	\$ 68,292	3	\$ 68,292
Mission Bell Park	4	\$ 48,998	4	\$ 48,998
Holiday Retirement Site 5280	5	\$ 39,505	5	\$ 39,505
Ranchview Mobile Home Park	6	\$ 36,443	6	\$ 36,443
Santa Fe Plaza	7	\$ 32,155	7	\$ 32,155
Villa Robles Apartments	8	\$ 31,849	8	\$ 31,849
Village at Henderson LLC	9	\$ 29,184		
Fox Hollow Apartments LLC	10	\$ 27,868		
Parkview Apartments			9	\$ 26,949
Porterville Pacific Associates			10	\$ 25,418
 Total Number of Sewer Users	 <u>13,106</u>		 <u>11,990</u>	

Source: City of Porterville Finance Department

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

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Meter Installation Charges</u>	<u>Water Service Charges</u>	<u>Connection Fees</u>	<u>Other</u>	<u>Total</u>
2010-11	\$ 4,528,190	\$ 25,187	\$ 103,066	\$ 5,990	\$ 179,242	\$ 4,841,675
2011-12	4,528,544	10,102	83,691	10,221	102,944	4,735,502
2012-13	4,749,951	13,554	84,139	9,351	85,365	4,942,360
2013-14	4,646,737	37,303	97,465	32,333	234,491	5,048,329
2014-15	4,359,261	30,123	136,988	58,694	90,701	4,675,767
2015-16	5,440,758	29,218	130,366	46,429	119,367	5,766,138
2016-17	10,526,676	18,876	107,744	16,107	187,108	10,856,511
2017-18	11,184,150	19,802	106,108	18,188	228,956	11,557,204
2018-19	11,244,302	31,072	108,123	16,567	239,275	11,639,339
2019-20	11,953,269	6,679	62,485	10,661	160,617	12,193,711

Source: City of Porterville Finance Department

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

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17*</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
A. Metered										
Monthly meter charge										
Meter Size										
Less than 1 inch	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 10.00	\$ 16.50	\$ 16.88	\$ 17.27	\$ 17.67
1 inch	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 11.00	\$ 18.15	\$ 18.57	\$ 19.00	\$ 19.44
1-1/4 inch	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 13.50	\$ 22.28	\$ 22.79	\$ 23.31	\$ 23.85
1-1/2 inch	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 16.00	\$ 26.40	\$ 27.01	\$ 27.63	\$ 28.27
2 inches	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 20.00	\$ 33.00	\$ 33.76	\$ 34.54	\$ 35.33
3 inches	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 27.00	\$ 44.55	\$ 45.57	\$ 46.62	\$ 47.69
4 inches	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 33.00	\$ 54.45	\$ 55.70	\$ 56.98	\$ 58.29
6 inches	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 40.00	\$ 66.00	\$ 67.52	\$ 69.07	\$ 70.66
8 inches	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 50.00	\$ 82.50	\$ 84.40	\$ 86.34	\$ 88.32
Water consumption charge										
Per 100 cubic feet of water	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.90	\$ 1.75	\$ 1.79	\$ 1.83	\$ 1.87
B. Unmetered										
Flat rate charge per month	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 42.80	\$ 79.01	\$ 80.83	\$ 82.69	\$ 84.59

*Rates effective August 1, 2016

Source: City of Porterville Finance Department

**CITY OF PORTERVILLE
WATER CUSTOMERS BY TYPE
LAST TEN FISCAL YEARS**

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Single-family residential	13,019	13,023	13,071	13,204	13,265	13,435	13,817	14,345	14,337	14,560
Multi-family residential	862	861	860	860	879	883	889	886	879	881
Commercial	1,042	1,039	1,041	1,043	1,041	1,054	1,065	1,080	1,071	1,069
Industrial	20	20	20	17	17	17	17	17	17	17
Other	354	355	352	363	376	383	393	395	405	416
Total	<u>15,297</u>	<u>15,298</u>	<u>15,344</u>	<u>15,487</u>	<u>15,578</u>	<u>15,772</u>	<u>16,181</u>	<u>16,723</u>	<u>16,709</u>	<u>16,943</u>

Source: City of Porterville Finance Department

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

	<u>2019-20</u>		<u>2010-11</u>	
	<u>Rank</u>	<u>Revenue</u>	<u>Rank</u>	<u>Revenue</u>
Foster Farms	1	\$ 248,918	1	\$ 103,924
City of Porterville Sports Complex	2	\$ 106,868		
City of Porterville Golf Course	3	\$ 68,108	2	\$ 31,217
Granite Hills High School	4	\$ 49,716	6	\$ 17,122
Porterville High School	5	\$ 46,893	4	\$ 31,534
Monache High School	6	\$ 46,647	3	\$ 21,500
Kern JT Jr College	7	\$ 35,051	5	\$ 31,004
Sierra View District Hospital	8	\$ 34,512		
Golden Hills MHP LLC	9	\$ 29,772		
VB CDT Mountain View LP	10	\$ 27,857		
Burton Pathways Charter HS			7	\$ 14,152
Sequoia Middle School			8	\$ 12,519
Mission Bell Park			9	\$ 11,752
Pioneer Middle School			10	\$ 11,632
Total Number of Connections	<u>16,943</u>		<u>15,360</u>	
Total Water Consumption (in hundred cubic feet)		<u>4,056,118</u>		<u>4,648,264</u>

Source: City of Porterville Finance Department

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental activities:										
Notes	\$ 3,232	\$ 2,925	\$ 2,747	\$ 2,556	\$ 2,352	\$ 2,133	\$ 1,899	\$ 1,648	\$ 1,380	\$ 1,095
Revenue bonds	7,295	-	-	-	-	-	-	-	-	-
Pension obligation bond	-	-	-	3,765	3,275	2,770	2,250	1,710	1,155	585
Certificates of Participation	21,948	21,220	21,292	23,374	23,437	23,138	22,529	21,594	20,630	19,645
Business-type activities:										
Notes	13,032	12,708	12,372	12,024	11,663	11,290	10,841	10,439	29,321	28,393
Revenue bonds	17,652	17,483	17,630	18,712	18,760	18,809	18,858	18,908	-	-
Certificates of Participation:	8,462	7,633	6,745	6,116	5,033	3,880	2,657	1,365	-	13,768
Total primary government	<u>\$ 71,621</u>	<u>\$ 61,969</u>	<u>\$ 60,786</u>	<u>\$ 66,547</u>	<u>\$ 64,520</u>	<u>\$ 62,020</u>	<u>\$ 59,034</u>	<u>\$ 55,664</u>	<u>\$ 52,486</u>	<u>\$ 63,486</u>
Percentage of personal income (1)	7.78%	6.61%	6.56%	6.93%	6.67%	6.93%	6.04%	5.39%	5.02%	5.83%
Per capita (1)	1,322	1,125	1,095	1,195	1,155	1,032	985	916	871	1,064

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF PORTERVILLE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2020

2019-20 Assessed Valuation: \$ 2,858,798,416
Redevelopment Incremental Valuation: \$ 188,932,691
Adjusted Assessed Valuation: \$ 3,047,731,107

	Total Debt 6/30/20	% Applicable	City's Share of Debt 6/30/20
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Kern Community College District School Facilities Improvement District No. 1	\$ 75,430,000	3.287%	\$ 2,479,384
Kern Community College District Safety, Repair and Improvement District	117,836,081	3.307%	3,896,839
Porterville Unified School District - Strathmore High	1,740,000	0.054%	940
Porterville Unified School District School Facilities Improvement District	17,785,219	81.601%	14,512,917
Burton School District	7,352,672	96.029%	7,060,697
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 27,950,777

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT:			
Tulare County Certificates of Participation	\$ 31,105,000	8.292%	\$ 2,579,227
Tulare County Pension Obligation Bonds	232,875,000	8.292%	19,309,995
Tulare County Officed of Education Certificates of Participation	37,965,000	8.292%	3,148,058
Kern Community College District Certificates of Participation	27,687,000	2.969%	822,027
Kern Community College District Benefit Obligations	76,755,000	2.969%	2,278,856
Porterville Unified School District Certificates of Participation	25,170,000	47.291%	11,903,145
Burton School District Certificates of Participation	3,740,000	96.029%	3,591,485
City of Porterville General Fund Obligations	19,645,485	100.000%	19,645,485
City of Porterville Pension Obligation Bonds	585,000	100.000%	585,000
City of Porterville Notes Payable - HUD	1,095,000	100.000%	1,095,000
TOTAL DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT			\$ 64,958,278

OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 6,560,000	100.000%	\$ 6,560,000
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TOTAL DIRECT DEBT	\$ 21,325,485
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TOTAL OVERLAPPING DEBT	\$ 78,143,570
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COMBINED TOTAL DEBT	\$ 99,469,055 (2)
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(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

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

Ratios to 2019-20 Assessed Valuation:

Overlapping Tax and Assessment Debt	0.92%
Total Direct Debt (\$21,325,485)	0.70%
Combined Total Debt	3.26%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$188,932,691):

Total Overlapping Tax Increment Debt	3.47%
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Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Porterville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the property tax payers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

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

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Assessed valuation	\$ 2,162,765	\$ 2,128,660	\$ 2,066,179	\$ 2,132,281	\$ 2,225,582	\$ 2,314,184	\$ 2,485,871	\$ 2,612,846	\$ 2,716,578	\$ 2,858,798
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	540,691	532,165	516,545	533,070	556,396	578,546	621,468	653,211	679,144	714,700
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	81,104	79,825	77,482	79,961	83,459	86,782	93,220	97,982	101,872	107,205
Total net debt applicable to limit:										
General obligation bonds (1)	-	-	-	-	-	-	-	-	-	-
Pension obligations bonds	-	-	-	3,765	3,275	2,770	2,250	1,710	1,155	585
Total net debt	-	-	-	3,765	3,275	2,770	2,250	1,710	1,155	585
Legal debt margin	\$ <u>81,104</u>	\$ <u>79,825</u>	\$ <u>77,482</u>	\$ <u>76,196</u>	\$ <u>80,184</u>	\$ <u>84,012</u>	\$ <u>90,970</u>	\$ <u>96,272</u>	\$ <u>100,717</u>	\$ <u>106,620</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	5%	4%	3%	2%	2%	1%	1%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based on 15% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership of that parcel). The

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

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

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

<u>Fiscal Year</u>	<u>Total Revenue (1)</u>	<u>Less: Operating Expense (2)</u>	<u>Net Available Revenue</u>	<u>Senior Debt Service</u>	<u>Senior Debt Service Coverage</u>	<u>Remaining Net Revenue</u>	<u>Parity / Subordinate Debt Service</u>	<u>Parity / Subordinate Coverage</u>	<u>Net Revenue After Debt Service</u>
Water system improvement projects									
2010-11	\$ 4,941	\$ 3,467	\$ 1,474	\$ 687	2.15	\$ 787	\$ 326	2.41	\$ 461
2011-12	4,858	3,441	1,417	681	2.08	736	476	1.55	260
2012-13	4,978	3,233	1,745	684	2.55	1,061	476	2.23	585
2013-14	5,135	3,867	1,268	684	1.85	584	476	1.23	108
2014-15	4,734	4,068	666	682	0.98	-	461	-	(461)
2015-16	5,878	4,171	1,707	684	2.50	1,023	460	2.22	563
2016-17	10,932	5,785	5,147	678	7.59	4,469	524	8.53	3,945
2017-18	11,632	5,731	5,901	676	8.73	5,225	462	11.31	4,763
2018-19	12,191	6,363	5,828	676	8.62	5,152	462	11.15	4,690
2019-20	12,873	6,400	6,473	-	-	6,473	461	14.04	6,012
Sewer system improvement projects									
2010-11	\$ 7,191	\$ 3,654	\$ 3,537	\$ 1,848	1.91	\$ 1,689	\$ 285	5.93	\$ 1,404
2011-12	7,158	3,848	3,310	2,102	1.57	1,208	285	4.24	923
2012-13	7,162	3,441	3,721	1,786	2.08	1,935	285	6.79	1,650
2013-14	7,248	3,688	3,560	1,779	2.00	1,781	285	6.25	1,496
2014-15	7,417	3,913	3,504	1,780	1.97	1,724	285	6.05	1,439
2015-16	7,831	4,157	3,674	1,780	2.06	1,894	285	6.65	1,609
2016-17	8,640	3,810	4,830	1,781	2.71	3,049	285	10.70	2,764
2017-18	7,626	4,381	3,245	1,776	1.83	1,469	285	5.15	1,184
2018-19	8,117	4,460	3,657	1,569	2.33	2,088	285	7.33	1,803
2019-20	8,589	4,338	4,251	1,495	2.84	2,756	285	9.67	2,471

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Total revenue includes investment earnings.

(2) Operating expenses do not include interest or depreciation and amortization expenses.

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>Education Level in Years of Formal Schooling (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2010-11	54,165	\$ 920,209,185	\$ 16,989	28.8	67.9% High school graduate or higher	18,130	14.3%
2011-12	55,107	\$ 937,370,070	\$ 17,010	29.0	69.7% High school graduate or higher	18,335	13.9%
2012-13	55,490	\$ 926,960,450	\$ 16,705	28.0	68.5% High school graduate or higher	18,623	13.6%
2013-14	55,697	\$ 960,661,856	\$ 17,248	29.6	68.9% High school graduate or higher	18,892	12.4%
2014-15	55,852	\$ 967,915,160	\$ 17,330	29.5	67.6% High school graduate or higher	19,039	12.7%
2015-16	60,070	\$ 894,933,110	\$ 14,898	29.0	66.9% High school graduate or higher	19,151	11.6%
2016-17	59,908	\$ 977,638,652	\$ 16,319	29.1	66.8% High school graduate or higher	19,604	11.2%
2017-18	60,798	\$ 1,031,985,252	\$ 16,974	30.0	66.8% High school graduate or higher	19,907	12.1%
2018-19	60,260	\$ 1,044,546,840	\$ 17,334	29.8	67.5% High school graduate or higher	19,666	11.9%
2019-20	59,655	\$ 1,088,703,750	\$ 18,250	30.5	70.2% High school graduate or higher	19,804	14.6%

Sources:

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

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

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

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

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

Employer	2019-20			2010-11		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville Public Schools	1,606	1	6.30%	1,475	2	6.70%
Porterville State Developmental Center	1,169	2	4.58%	1,560	1	7.09%
Wal-Mart Distribution Center	1,054	3	4.13%			
Sierra View Medical Center	833	4	3.27%	888	4	4.04%
Burton School District	685	5	2.69%	436	8	1.98%
City of Porterville	574	6	2.25%	504	6	2.29%
Eagle Mountain Casino	460	7	1.80%	512	5	2.33%
Foster Farms	387	8	1.52%	450	7	2.05%
Family Healthcare Network	303	9	1.19%			0.00%
Wal-Mart Retail Store	298	10	1.17%			0.00%
Wal-Mart Dist/Retail Store				1,359	3	6.18%
U.S. Forest Service - Sequoia Nation Forest				371	9	1.69%
Beckman Coulter, Inc.				212	10	0.96%
Total	<u>7,369</u>		<u>28.90%</u>	<u>7,767</u>		<u>35.30%</u>
City labor force	<u>25,500</u>			<u>22,000</u>		

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

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

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Function										
General government	24	25	25	23	26	26	25	25	27	24
Public safety:										
Fire										
Sworn	34	35	32	35	33	38	36	36	39	41
Unsworn	2	3	3	2	2	2	2	2	2	3
Police										
Sworn	60	54	60	59	56	58	57	57	65	69
Unsworn	27	26	28	31	27	30	28	31	35	31
Public works:										
Engineering and building	18	18	17	17	16	16	17	16	17	20
Streets maintenance	6	6	5	5	5	5	6	6	6	7
Community development:										
Planning and zoning	8	6	8	6	7	8	8	7	6	7
Economic development	2	2	2	2	2	2	2	2	2	2
Housing	2	2	2	2	1	1	1	1	1	3
Parks and Leisure Services:										
Parks	20	18	17	18	19	19	18	18	18	17
Leisure Services	5	5	4	4	4	4	4	4	4	5
Library	10	10	10	10	10	10	10	10	10	9
Sewer operations	16	13	17	16	14	15	14	12	12	13
Solid waste	20	20	20	20	22	21	20	20	22	20
Airport operations	1	1	2	2	2	3	3	3	3	3
Golf course	2	2	2	2	2	2	2	2	2	2
Water operations	12	12	12	15	15	14	14	19	18	21
Equipment maintenance	6	7	7	6	6	8	8	8	8	8
Total	<u>275</u>	<u>265</u>	<u>273</u>	<u>275</u>	<u>269</u>	<u>282</u>	<u>275</u>	<u>279</u>	<u>297</u>	<u>305</u>

Source: City of Porterville, Finance Department

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

Function	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Public safety:										
Police:										
Stations	1	1	1	1	1	2	2	2	2	2
Patrol units	76	75	68	68	65	64	74	69	81	82
Fire:										
Stations	2	2	2	2	2	3	3	3	3	3
Hydrants	1840	1,929	1,937	1,875	1,902	1,916	2,002	2,190	2,026	2,087
Public works:										
Streets, lights, signals										
Miles	196	196	196	196	206	206	206	207	208	208
Streetlights	3336	3,336	3,336	3,535	3,701	3760	3778	3839	3885	3894
Traffic signals	49	49	49	49	49	50	50	50	50	50
Sewers (miles)	171	171	171	176	179	179	179	181	195	197
Water mains (miles)	212	212	213	213	213	213	213	214	275	278
Storm drains (miles)	52	52	52	52	52	52	52	53	53	53
Parks and Leisure Services:										
Parks acreage	306	306	306	308	308	308	308	308	300	308
Parks	24	24	24	25	25	25	25	25	25	26
Community centers	1	1	1	1	1	1	1	1	1	1
Library volumes/circulations	294,212	297,900	288,326	300,662	296,498	260,834	251,155	231,831	217,488	104,960

Sources: Various city departments

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

FUNCTION	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Police										
Crimes (1):										
Homicide	1	3	3	7	3	3	4	1	3	2
Rape	11	7	12	7	10	13	14	6	14	12
Robbery	65	47	73	39	37	55	52	65	43	41
Assaults	606	467	461	408	405	444	472	548	444	445
Burglary	482	558	542	436	278	308	306	343	279	204
Theft	1,242	1,003	936	737	717	796	807	1,002	880	782
Stolen vehicles	267	162	253	190	204	225	279	287	281	210
Traffic accidents:										
Non-injury	368	373	329	293	291	280	313	320	316	292
Injury	194	220	182	222	202	241	273	266	241	237
Fatal	3	2	6	3	4	4	5	4	2	5
Calls for service	30,753	31,895	31,701	30,263	33,848	38,991	38,247	54,614	43,699	40,398
Officer-initiated activity	37,161	38,394	33,868	33,322	31,866	25,606	22,027	17,718	24,540	23,000
Reports	9,474	9,268	9,159	8,723	8,374	8,293	8,038	7,831	8,174	7,776
Arrests:										
Felony	1,421	1,204	1,246	1,457	1,168	1,090	984	914	888	1,052
Misdemeanor	2,296	2,463	2,094	2,295	2,831	2,937	2,556	2,208	2,967	2,654
Mover citations	2,551	2,725	3,433	2,536	2,233	1,286	1,299	998	1,391	756
Non-mover and other citations	2,314	2,917	3,965	3,115	2,408	1,711	1,582	1,129	1,232	1,638
Fire										
Emergency responses:										
Fires	413	431	521	409	364	249	252	347	356	446
Medical	2,922	2,985	3,247	3,055	3,582	3,222	3,310	3,194	3,176	3,145
Hazardous materials	-	-	-	-	-	-	-	-	-	-
Other	854	942	1,004	967	1,206	1,345	1,414	1,523	487	1,633
Inspections	1,255	1,125	1,588	1,100	1,038	1,032	1,222	732	1,170	714
Hazard abatement	998	1,461	769	1,276	-	-	-	-	-	-
Violations noticed/citations issued	583	154	473	382	66	291	70	549	738	604
Public education - presentations and tours	238	204	123	118	167	77	59	64	60	-
Investigations	155	146	262	133	164	200	236	312	62	54

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

FUNCTION	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Public works:										
Building permits issued	230	240	222	211	252	274	292	297	317	257
Streets:										
Street resurfacing (square feet)	1,211,969	1,687,492	1,936,432	1,309,796	1,189,247	712,095	446,997	394,158	632,492	864,321
Potholes repaired (square feet)	14,153	14,396	10,511	8,717	8,517	28,962	33,817	18,641	32,454	24,650
Solid waste:										
Refuse collected (tons/day)	123	123	109	96	101	104	107	111	114	116
Recyclables collected (tons/day)	47	50	50	45	31	38	41	37	40	40
Water:										
Number of consumers	14,843	15,214	15,395	15,450	15,576	15,635	15,406	16,492	16,838	17,002
Water introduced into system (millions of gallons)	3,970	4,208	4,284	4,196	3,548	3,019	3,206	3,548	3,368	3,555
Metered water deliveries (millions of gallons)	3,529	3,955	3,836	3,642	3,223	2,552	2,959	2,946	2,983	3,034
New water connections	156	54	74	102	144	148	704	625	174	180
Water mains breaks	11	3	6	11	11	19	17	21	18	12
Wastewater:										
Average daily sewage treatment (millions of gallons)	4.8	4.8	4.8	4.6	4.4	4.4	4.4	4.4	4.3	4.3
Parks and leisure services:										
Athletic field permits issued	64	54	70	69	137	191	188	107	101	122
Facility rentals										
Community rooms/centers	29	42	34	28	40	32	32	4	3	-
Municipal swimming pool	43	45	56	60	52	64	62	79	68	35
Park pavilions	489	525	552	530	592	623	581	589	548	260
Zalud Estate house and gardens	6	9	15	11	14	13	10	11	12	6
Recreation program enrollment:										
Recreation afterschool program (RAP)	1,739	1,917	1,622	1,485	1,663	1,656	1,778	1,709	1,716	1,284
Sports activities	1,813	2,101	2,621	2,499	2,449	2,199	2,016	2,214	2,194	1,601
Summer/winter camp	240	417	353	441	586	607	548	529	412	254
Kindergarten/pre-school classes	297	352	316	394	289	341	328	315	300	85

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, California

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