COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011
CITY OF PORTERVILLE, CALIFORNIA

PREPARED BY THE DEPARTMENT OF FINANCE

MARIA C. BEMIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011
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December 27, 2011

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, 2011, is hereby submitted in accordance with Sections 24 and 59 of the City Charter. These ordinances require that the City issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

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

Gallina LLP, a firm of licensed certified public accountants, have issued an unqualified (“clean”) opinion on the City of Porterville’s financial statements for the fiscal year ended June 30, 2011. The independent auditor’s report is located at the front of the financial section of this report.

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

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

Profile of the Government

The City of Porterville, incorporated on May 7, 1902, is located in the southeastern portion of California’s San Joaquin Valley, the most diverse agricultural area in the world. The City currently occupies a land area of 16 square miles and serves a population of 54,165. Porterville is empowered to levy property taxes within its boundaries in accordance with Article XIII-A of the California Constitution (Proposition 13), which limits ad valorem taxes on real property to 1.0 percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1,
1978. The County of Tulare is responsible for the assessment, collection and apportionment of property taxes. Porterville is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

The City of Porterville provides a full range of services through its general fund, including general administration and finance; police and fire protection; public works (engineering, building inspection, streets, roads and other infrastructure construction and maintenance); planning, zoning, and economic development; and parks maintenance and community services, library, and adult and youth recreational activities. Transit, water, sewer, and solid waste disposal services are provided through enterprise funds, as are airport, golf course, and the Pearl Zalud Estate museum operations.

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

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

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

Local economy

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

The City’s unemployment rate remains high at 14.3 percent at June 30, 2011 but during the year, the City experienced a 5 percent increase in sales and use tax revenues primarily from new autos, department stores and service stations sales. Retail recruitment remains a high priority for the City. Recruitment activities resulted in the construction of a new PetSmart slated to open early in 2012. In addition, announcements have been made of new businesses coming into the City including Marshalls, Famous Footwear, rue21, and Dickey’s BBQ, all expected to open in 2012. These establishments would provide job opportunities for both skilled and semi-skilled workers in the community. The City continues to partner with Buxton Company for retail development, access to retailers and access to buying pattern data to assist local merchants with inventory and marketing. The City is also awaiting the Governor’s signature for the final designation of the Sequoia Valley Enterprise Zone which will provide tax credits to all businesses located within the Zone allowing for small and large businesses to increase their bottom line.

With the imminent construction of the South County Justice Center, the City is partnering with the Porterville Chamber of Commerce in developing a program to promote downtown for retail, professional and entertainment uses.

The City is also actively engaging a number of industrial and manufacturing entities to choose the Porterville Airport industrial area for their new sites. If successful, these companies would provide substantial local job opportunities.

Long-term financial planning

The City of Porterville is currently working on an ordinance that would create a General Fund Reserve Policy so as to assist in mitigating the effects of economic and financial crisis, enable the City to manage unforeseen emergencies, address future community needs, and ensure that there will be adequate liquid resources to serve as a financial cushion.

In January 2011, the City refinanced its 1997 Sewer System Certificates of Participation which had an outstanding balance of $9,470,000 and issued $19,743,587 (maturity value of $19,870,000) of Sewer Revenue Bonds, 2011 Series A. $7,000,000 of the proceeds will finance the construction of facilities and improvements to the City’s sewer system and extend sewer service to the areas annexed to the City in 2006.

Cash management policies and practices

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Government agencies, the State Treasurer’s local agency investment pool (LAIF) and other investment pools. The maturities of the investments range from 1 day to 5 years. At June 30, 2011, the City’s investment pool had a weighted average maturity of 878 days and an average yield of 2.056 percent. Investment income includes depreciation in the fair value of investments. Decreases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.
Major initiatives

The much awaited construction of the new Superior Court to be located at the old Fairgrounds site has been delayed due to the State’s inability to sell construction bonds. Construction is now scheduled to begin in February 2012. This new Superior Court will serve both limited and unlimited jurisdiction cases. The project includes the construction of a 95,000 square foot building and surface parking on approximately 7.41 acres with the estimated construction cost of $90 million. The development of the South County Justice Center will serve as a community centerpiece and economic force for years to come. It is estimated that the new facility will be staffed by over 100 employees to support the additional courtrooms, new judgeships, drug court, growth in family court services, and a greater number of cases.

Several street projects which will enhance connectivity to downtown are in different stages of planning and design. The Plano Street Bridge widening project which involves the widening of the existing bridge from two to four lanes, construction of sidewalks and addition of specialized treatments and lighting, originally scheduled to begin construction in 2011 has been delayed due to additional environmental review and study required by the State. Construction is now slated to begin in the summer of 2012. The estimated cost of the project is over $7.6 million, a majority of which will be funded by a federal grant from the Highway Bridge Replacement and Rehabilitation program. This project will provide access from Highway 190 to Olive Avenue for the new courthouse. The widening of the Jaye Street Bridge is currently under design and construction is projected to begin in 2013. The City’s Highway 190 corridor interchange project is currently under review by Caltrans and with Measure R Regional funds is anticipated to commence construction by 2015.

The Jaye Street and Montgomery Avenue Roundabout project is currently undergoing environmental review. This project estimated to cost approximately $1,300,000 will improve traffic conditions in the immediate area by addressing mobility and safety issues. Funding for this project includes a federal grant award of $1,115,000. Construction is anticipated to begin in 2012 and completed in 2013.

Also in progress is the circulation of a new Super Walmart Environmental Impact Report which will pave the way for the construction of the 43,000 square foot retail giant at the Riverwalk Marketplace and greatly impact downtown revitalization.

The City is actively pursuing the acquisition of the Porterville Hotel. The City continues to negotiate the terms of acquisition with the owner of the hotel and with the Department of Housing and Community development for the City to assume the loan and the affordability covenants. The City plans to demolish the hotel which was formerly an affordable housing complex, replace the affordable housing units and then market the site to a developer for a possible mixed used development consisting of both retail and office space. The Villa Sienna apartment project which would replace the housing units lost in the vacation of the Porterville Hotel was completed in the fall of 2011. The project also revitalized a former blighted area in downtown Porterville.

Construction on the Scranton Avenue and Indiana Street widening project is just about complete. This project which involved adding new lanes connects Highway 65 with Porterville’s industrial area and eases the pressure along the highway. Funding for this project was made from Tulare County’s Regional Measure R funds, a one-half cent sales tax approved by the voters of Tulare County in 2006 to support road improvements and repair, transit and other transportation projects.
The design of a new Public Safety Station to be located on Jaye Street, south of Highway 190 is currently in progress with construction scheduled in 2013. The station will provide for quicker response time for residents and industrial development in the southern portion of the community.

The rehabilitation of Runway 12-30 is nearing completion. The Federal Aviation Administration had awarded the City grant funds amounting to $2,158,000 for the project. The runway improvements will assure support for the heavy aircraft tankers that utilize the runways during fire season.

Property for the Chase Avenue Park has been purchased from the $2.5 million grant awarded by the California State Parks to the City under the Sustainable Communities and Climate Change Reduction Account of Proposition 84. Design for the project which will include a walking trail, a multi-purpose playing field, playgrounds, and picnic pavilions will be awarded in the early part of 2012. Construction is scheduled to begin in the summer of 2012 and completed in 2013.

The design for the sewer system facilities and improvements for several annexed areas of the City is currently underway with construction anticipated to commence in 2012. The project would extend sewer services to approximately 1,200 residents in the annexed areas.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Porterville for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twenty-first consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of the report. Credit also must be given to the Mayor and governing Council, and 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,

[Signature]

Maria Bemis
Finance Director
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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, 2010

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

[Signatures]

President

Executive Director
CITY OF PORTERVILLE

CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES

As of June 30, 2011

City Council and Redevelopment Agency Board

Ronald L. Irish  Mayor and Chairperson  June 2012
Cameron Hamilton  Vice Mayor and Vice-Chairperson  June 2012
Pete V. McCracken  Council Member and Agency Member  June 2014
Brian Ward  Council Member and Agency Member  June 2012
Greg Shelton  Council Member and Agency Member  June 2014

City Manager and Department Directors

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

Library & Literacy Commission

Ellen Nichols, Chairperson
Joe Moreno, Vice Chairperson
Catherine May, Member
Stephanie Cortez, Member
Mary Leavitt, Member
Rebecca Grayson, Member
Joseph Carter, Member

Parks and Leisure Services Commission

Charles Webber, Chairperson
Monte Moore, Vice Chairperson
Case Lok, Member
Rick Vafeades, Member
Rocco Calantone, Member
Donald W. Beardsley, Member
Leticia Lupio, Member
Gary Ingraham, Member

Arts Commission

Deanna Worthington, Member
Rebecca Grayson, Member
Joan Claire Givan, Member
Financial Section
INDEPENDENT AUDITOR’S REPORT

To the City Council
Porterville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Porterville, California (the “City”), as of and for the year ended June 30, 2011, which collectively comprise the City’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City’s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Porterville, as of June 30, 2011, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued under separate cover our report dated December 29, 2011, on our consideration of the City of Porterville’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.
To the City Council
Porterville, California
Page 2

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Schedules of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual and the Schedules of Funding Progress, 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.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Porterville’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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 financial statements. The 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 financial statements or to the 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Gallina LLP
Roseville, California
December 29, 2011
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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 5 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- The assets of the City of Porterville exceeded its liabilities at the close of the most recent fiscal year by $448,721,658. Of this amount, $22,795,541 (unrestricted net assets) is available to be used to meet Porterville's ongoing obligations to citizens and creditors.

- The City's total net assets increased by $3,589,627 from a combination of a decrease of $1,018,248 in the governmental activities and an increase of $4,607,875 in the business-type activities.

- As of June 30, 2011, the City's governmental funds reported combined ending fund balances of $35,732,984.

- At June 30, 2011, unassigned fund balance for the general fund was $4,917,827, or 23 percent of total general fund expenditures.

- Long-term debt of the City of Porterville shows an increase of $7,307,418 (11%) in the current fiscal year. The City had advance refunded its 1997 Sewer System Refinancing Certificates of Participation to finance the extension of sewer service to several areas annexed to the City.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Porterville is improving or deteriorating.
The statement of activities presents information showing how the City’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., 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, planning and economic development, public works, and parks and recreation. The business-type activities of the City include the Zalud Estate, Public Transit, Sewer, Solid Waste, Airport, Golf, and Water operations.

The government-wide financial statements can be found on pages 24 - 25 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 27 - 30 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 32 – 34 of this report.

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

The basic fiduciary fund financial statement can be found on page 36 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 38 - 67 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Porterville’s progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees.
The City adopts an annual appropriated budget for all governmental funds. Budgetary comparison schedules for the General Fund and the major special revenue funds have been provided to demonstrate compliance with these budgets.

Required supplementary information can be found on pages 68 - 72 of this report.

The combining and individual statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, internal service funds, and fiduciary fund are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 77 - 103 of this report.

**Government-wide Financial Analysis**

**Statement of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Porterville, assets exceeded liabilities by $448,721,658 at June 30, 2011.

By far, the largest portion of the City's net assets, $397,803,125 (89 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Porterville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<table>
<thead>
<tr>
<th>City of Porterville's Net Assets</th>
<th>Governmental activities</th>
<th>Business-type activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>Current and other assets</td>
<td>$58,793,115</td>
<td>$58,280,248</td>
<td></td>
</tr>
<tr>
<td>Capital assets</td>
<td></td>
<td>$36,635,536</td>
<td></td>
</tr>
<tr>
<td></td>
<td>374,364,402</td>
<td>375,025,220</td>
<td>$30,278,190</td>
</tr>
<tr>
<td>Total assets</td>
<td>433,157,517</td>
<td>433,305,466</td>
<td>95,428,651</td>
</tr>
<tr>
<td>Long-term liabilities outstanding</td>
<td>36,097,969</td>
<td>36,475,001</td>
<td>$88,558,438</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>71,981,618</td>
<td>66,625,995</td>
<td></td>
</tr>
<tr>
<td></td>
<td>108,597,154</td>
<td>98,994,156</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>52,358,318</td>
<td>51,592,150</td>
<td></td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>related debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>351,796,976</td>
<td>351,421,810</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>11,680,687</td>
<td>14,383,239</td>
<td></td>
</tr>
<tr>
<td>Total net assets</td>
<td>360,799,199</td>
<td>361,713,318</td>
<td></td>
</tr>
</tbody>
</table>

An additional portion of the City of Porterville's net assets, $28,122,992 (6 percent) represents resources that are subject to external restrictions on how they may be used. $17,606,194 is restricted for capital projects and $5,489,936 is restricted for debt service.
The remaining balance of unrestricted net assets, $22,795,541 (5 percent) may be used to meet the City’s ongoing obligation to citizens and creditors.

At June 30, 2011, the City of Porterville is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Statement of Activities

As stated earlier, the statement of activities shows how the City’s net assets changed from year to year. For the year ended June 30, 2011, the City’s net assets increased by $3,589,627.

<table>
<thead>
<tr>
<th>City of Porterville’s Changes in Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="" alt="Table of changes in net assets" /></td>
</tr>
</tbody>
</table>

16
**Governmental activities.** Revenue in governmental activities decreased by $1,562,755 or 4 percent, mainly from the sale of capital assets in the prior year. Property taxes show a slight increase of $132,489, a 2 percent increase from the prior year. Sales taxes are higher by $337,081 in the current fiscal year, an increase of 6 percent from the prior year. Investment earnings are down 34 percent and proceeds from the sale of capital assets decreased by $1,745,457.

There was a decrease of $453,920 in total expenses in governmental activities, primarily in the general government. In the prior year, general government expenses included financial assistance provided by the City to the Tulare County Junior Livestock Show and Community Fair for the purpose of relocating the fairgrounds. Expenses in the community and economic development department also show a decrease due the completion of the redevelopment project area amendment. There was an increase in the public works department which reflects the additional cost of on-going maintenance projects.
**Business-type activities.** Business-type activities increased the City of Porterville's net assets by $4,607,875. Overall revenues for business-type activities show an increase of $3,199,522 from prior year, and total expenses increased by $489,120.

The Airport Fund reports an increase in fuel sales with a corresponding increase in fuel purchases. During the year, the Airport Fund received $1,850,015 in federal grant awards compared to $477,544 in the prior year. The grants funded the Airport Lighting Project and the Rehabilitation of Runway 12-30.

Federal grants in the Transit Fund were also a major revenue source. The City received $1,647,202 from the Federal Transit Administration, 72 percent of which was utilized to purchase three CNG (compressed natural gas) buses.
Financial Analysis of the Government's Fund

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

**Governmental funds.** The focus of the City of Porterville's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the City of Porterville's governmental funds reported combined ending fund balances of $35,732,984. Of this total amount, $988,796 (3 percent) constitutes unassigned fund balance, which is available for spending at the City's discretion. Assigned fund balance and committed fund balance which represent those amounts that are constrained by the City's intended use amounts to $17,889,240 and $2,644,395 respectively. $8,399,983 is classified as nonspendable and not available for spending in the current period. This includes the long-term portion of loans receivable. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed (1) to pay debt service, $2,238,646, (2) for use on capital projects by bond covenants, $2,700,805, or (3) for a variety of other restricted purposes, $3,535,514.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2011, unassigned fund balance of the general fund was $4,917,287, while total fund balance reached $21,841,056. 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 fund expenditures. Unassigned fund balance represents 23 percent of total general fund expenditures, while total fund balance represents 103 percent of that same amount.

The fund balance of the City of Porterville's general fund increased by $3,135,157 during the current fiscal year primarily due to prior-period adjustments made during the year to write-off prior years' accrued interest in the amount of $406,975 that had been added to the principal of the original advance from the City of Porterville to the Porterville Redevelopment Agency. In addition, the City and the Agency entered into a Public Improvement Cost Reimbursement Agreement wherein the Agency agreed to reimburse $4,221,223 in costs incurred by the City for public improvements constructed between the years 2000 to 2010 within or contiguous to the Redevelopment Project Area. These adjustments increased the fund balance in the General Fund by $3,918,377.

As of June 30, 2011, the public safety sales tax fund has a total fund balance of $3,691,349 which is restricted for police and fire protection and related capital projects and for literacy programs.

The community development block grant fund has a total fund balance of $85,290, all of which is reserved for housing projects for low and moderate income families and for the business assistance program.
The capital projects fund has a total fund balance of $2,700,805 that is all reserved to finance various capital improvement projects. This balance represents the funds available from the issue of the 2005 Infrastructure Financing Project Certificates of Participation.

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

Unrestricted net assets of the Sewer Operations fund at June 30, 2011, amounted to $5,975,874. In the Water Operations fund, a major portion of its net assets, $18,122,890 or 82 percent is invested in capital assets. $6,189,337 is restricted for capital projects and $699,402 for debt service which leaves an unrestricted fund balance of negative $2,964,428. In the Solid Waste fund, the amount of unrestricted net assets at June 30, 2011 is $2,628,768.

**General Fund Budgetary Highlights**

During the year, there was an increase of $145,138 in appropriations between the original budget and the final amended budget. The main components of these changes are as follows:

- $46,629 supplemental appropriation in the City Clerk's Division for expenditures for the 2010 primary elections.
- $16,477 supplemental appropriation in the City Council's budget for the annual dues to the League of California Cities.
- $15,000 appropriation approved by City Council for expenditures for the very first annual Freedom Fest and Fireworks Show.
- $15,276 supplemental appropriation for the purchase of early literacy workstations for the library.
- $18,488 appropriation for library expenditures equivalent to the amount of grant funds awarded to the City.

Variances between the final amended budget and actual expenditures are mainly due to a number of vacant positions in several departments in addition to measures taken by the departments to lower spending per the direction given by City Council.

During the year, the City experienced a positive variance of $660,299 in revenues compared to budgetary estimates. Property taxes, sales taxes and utility users taxes show positive variances mainly due to the conservative approach the City has taken in the budget process. There was a sizeable shortfall (37 percent) in motor vehicle in-lieu tax amounting to $143,806. Due to the decline in the State of California's vehicle license fee (VLF) revenue collections, the City of Porterville did not get its annual allocation of VLF in-lieu of property tax for the annexations.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Porterville's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to $446,326,020 (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 $4,674,805. Major capital asset events during the current fiscal year included the following:

- Purchase of a 2.28-acre parcel of land in the amount of $217,486 for the construction of the Chase Avenue Park.
- Completion of the Airport electrical upgrade a total cost of $562,272.
- Purchase of a 3.9-acre property across from Murry Park in the amount of $252,646 for future projects.
- The installation of a natural gas leak detection system at the City shop was completed during the year at a total cost of $220,754.
- Completion of the bar screen replacement and auger conveyor project for the Wastewater Treatment Facility in the amount of $382,803.
- Completion of several water projects including the construction of Well #31, water main trunk line at Morton Ave and Matthew St, and on Olive Ave, from Plano to 2nd St. The total cost of these projects was $2,490,141.
- New HVAC systems were installed at City Hall and at the Police Building for $962,950.
- Various vehicles and equipments were purchased during the year including 13 vehicles for the police department amounting to $341,671, an electrician’s truck with aerial lift for $105,119 and 6 CNG pick-up trucks for several departments amounting to $214,467.

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

<table>
<thead>
<tr>
<th></th>
<th>Governmental activities</th>
<th>Business-type activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 268,900,048</td>
<td>$ 268,366,492</td>
<td>$ 4,938,508</td>
</tr>
<tr>
<td>Works of art and collections</td>
<td>183,938</td>
<td>183,938</td>
<td>--</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>6,056,287</td>
<td>5,784,205</td>
<td>52,026,086</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5,082,914</td>
<td>4,147,358</td>
<td>5,693,952</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>82,126,587</td>
<td>83,982,507</td>
<td>--</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>2,788,396</td>
<td>3,273,733</td>
<td>5,654,899</td>
</tr>
<tr>
<td>Total</td>
<td>$ 374,364,402</td>
<td>$ 375,025,220</td>
<td>$ 71,961,618</td>
</tr>
</tbody>
</table>
Additional information on the City’s capital assets can be found in Note 1-E-5 and Note 4-E on pages 41 - 42 and pages 52 - 53 this report.

**Long-term debt.** At the end of the current fiscal year, the City of Porterville had total debt outstanding of $75,039,612.

<table>
<thead>
<tr>
<th>City of Porterville’s Outstanding Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Governmental activities</td>
</tr>
<tr>
<td>Revenue bonds</td>
</tr>
<tr>
<td>Certificates of participation</td>
</tr>
<tr>
<td>Notes payable</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Business-type activities</td>
</tr>
<tr>
<td>Revenue bonds</td>
</tr>
<tr>
<td>Certificates of participation</td>
</tr>
<tr>
<td>Notes payable</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The City’s total debt increased by $7,741,462 during the current fiscal year. The key factor in this increase was the advance refunding of the 1997 Sewer System Refinancing Project Certificates of Participation. The City issued $19,743,587 of Sewer Revenue Bonds, 2011 Series A to finance the extension of sewer service to several annexed areas of the City ($7,000,000), in addition to the refunding of the 1997 Certificates ($9,669,000), funding of a reserve fund for the new bonds ($1,786,931), and paying the costs of the issuance of the bonds.

Standard & Poor’s Ratings Services ("S&P") has assigned the rating of BBB+ to the 2008 tax allocation refunding bonds and the rating of AA to the 2011 sewer revenue bonds.

Additional information on the City’s long-term debt can be found in Note 4-G on pages 55-60 of this report.

**Economic Factors and Next Year’s Budget and Rates**

- The unemployment rate for the City of Porterville at the end of the current fiscal year is 14.3 percent which is just slightly lower than the rate of 14.4 percent a year ago. This compares favorably to the county’s rate of 15.6 percent.

- No significant improvement in General Fund revenues is anticipated in the coming year. Property tax revenues for the upcoming year are projected at the same level as the 2010-2011 revenues. A slight growth in sales tax revenues is estimated for the next fiscal year but this is offset by a decrease in utility users tax due to AT&T discontinuing collection of the tax on charges for wireless services providing Internet access.

- For fiscal year 2011-2012, operating expenditures in the General Fund are estimated to be approximately 9 percent higher than the 2010-2011 expenditures, in the most part due to the increase in Public Employees Retirement System (PERS)
pension cost. The City is continuing to work with the employee groups to address this and reduce the City’s pension costs.

It is anticipated that the construction of the 3 million-gallon Martin Hill reservoir, the 500 thousand-gallon Rocky Hill reservoir and the Veteran’s Park booster pump will be completed in the coming fiscal year. A total of $5,745,495 has been budgeted for these projects in fiscal year 2011-2012 with funds from the California Infrastructure and Economic Development Bank loan.

The Sewer Fund budget includes an appropriation of $2,350,000 to begin construction of sewer system improvements on several annexed areas within the City that are lacking in sewer facilities. This is part of the $7 million project funded by the issuance of the Sewer Revenue Bonds, Series A and refunding of the 1997 Sewer System Refinancing Project Certificates of Participation.

The City is expecting $1,115,032 from the Department of Transportation for the construction of the Montgomery St roundabout and $796,102 for the shoulder stabilization project at Newcomb Ave and Beverly St.

Other street projects have been budgeted including $1,210,000 for the rehabilitation of Henderson Ave from Indiana to Jaye St, $1,075,000 for the rehabilitation of Olive Ave (between Cobb and ‘H’ St), and the reconstruction of North Grand Ave (east of Hwy 65) for $363,000. Appropriations for on-going projects like the Scranton Ave/Indiana St widening ($2M) and Jaye St extension ($975,812) had been carried forward to fiscal year 2011-2012. Funding for these projects is a combination of Special Gas Tax and Local Transportation Funds, Prop 1B funds and Measure R sales tax.

At the end of the 2010-11 fiscal year, the unassigned fund balance in the general fund has a balance of $4,917,827. The City of Porterville has appropriated $450,000 of this amount for spending in the 2011-12 fiscal year for operating and capital assistance.

Requests for Information

This financial report is designed to provide a general overview of the City of Porterville’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Division, City of Porterville, 291 North Main Street, Porterville, CA 93257-3737.
Basic
Financial Statements
City of Porterville  
Statement of Net Assets  
June 30, 2011

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$338,186</td>
<td>$169,227</td>
<td>$507,413</td>
</tr>
<tr>
<td>Investments</td>
<td>33,254,933</td>
<td>16,757,138</td>
<td>50,012,071</td>
</tr>
<tr>
<td>Receivables - utility (net of allowance for uncollectibles)</td>
<td>-</td>
<td>2,192,657</td>
<td>2,192,657</td>
</tr>
<tr>
<td>Receivables - misc (net of allowance for uncollectibles)</td>
<td>1,646,805</td>
<td>433,307</td>
<td>2,080,112</td>
</tr>
<tr>
<td>Receivables - housing (net of allowance for uncollectibles)</td>
<td>11,470,852</td>
<td>-</td>
<td>11,470,892</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>186,332</td>
<td>186,332</td>
</tr>
<tr>
<td>Prepaids</td>
<td>15,440</td>
<td>-</td>
<td>15,440</td>
</tr>
<tr>
<td>Internal balances</td>
<td>390,436</td>
<td>(390,436)</td>
<td>-</td>
</tr>
<tr>
<td>Restricted assets - intergovernmental</td>
<td>599,413</td>
<td>241,831</td>
<td>841,244</td>
</tr>
<tr>
<td>Restricted assets - cash and cash equivalents</td>
<td>-</td>
<td>5,285</td>
<td>5,285</td>
</tr>
<tr>
<td>Restricted assets - investments</td>
<td>4,786,237</td>
<td>16,442,305</td>
<td>21,228,542</td>
</tr>
<tr>
<td>Restricted assets - assets held for resale</td>
<td>212,218</td>
<td>-</td>
<td>212,218</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>5,256,667</td>
<td>-</td>
<td>5,256,667</td>
</tr>
<tr>
<td>Certs of Participation issue costs (net of accumulated amortization)</td>
<td>821,888</td>
<td>597,890</td>
<td>1,419,778</td>
</tr>
<tr>
<td>Capital assets - land, construction in progress, works of art and collections</td>
<td>271,872,380</td>
<td>10,593,407</td>
<td>282,465,787</td>
</tr>
<tr>
<td>Capital assets- other, net of accumulated depreciation</td>
<td>102,492,022</td>
<td>61,368,211</td>
<td>163,860,233</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>433,157,517</strong></td>
<td><strong>108,597,154</strong></td>
<td><strong>541,754,671</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and other current liabilities</td>
<td>3,245,287</td>
<td>952,596</td>
<td>4,197,883</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>614,170</td>
<td>575,615</td>
<td>1,189,785</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>12,400,852</td>
<td>-</td>
<td>12,400,892</td>
</tr>
<tr>
<td>Non-current liabilities - due in 1 year</td>
<td>2,426,068</td>
<td>1,524,615</td>
<td>3,950,683</td>
</tr>
<tr>
<td>Non-current liabilities - due in more than 1 year</td>
<td>33,571,901</td>
<td>37,621,869</td>
<td>71,193,770</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>52,358,318</strong></td>
<td><strong>40,674,695</strong></td>
<td><strong>93,033,013</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>351,796,976</td>
<td>46,006,149</td>
<td>397,803,125</td>
</tr>
<tr>
<td>Restricted for capital projects</td>
<td>4,415,179</td>
<td>-</td>
<td>4,415,179</td>
</tr>
<tr>
<td>Restricted for debt service</td>
<td>2,238,646</td>
<td>3,251,290</td>
<td>5,489,936</td>
</tr>
<tr>
<td>Restricted for self-insurance</td>
<td>4,135,743</td>
<td>-</td>
<td>4,135,743</td>
</tr>
<tr>
<td>Restricted for grant programs</td>
<td>891,119</td>
<td>-</td>
<td>891,119</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>17,321,536</td>
<td>18,665,020</td>
<td>35,986,556</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>380,799,199</strong></td>
<td><strong>67,922,459</strong></td>
<td><strong>448,721,658</strong></td>
</tr>
</tbody>
</table>

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, 2011

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary government:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governmental activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community and economic development</td>
<td>3,070,634</td>
<td>228,881</td>
<td>1,576,376</td>
<td>$ (1,231,397)</td>
<td>$ (1,231,397)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>3,613,328</td>
<td>1,613,401</td>
<td>475,603</td>
<td>-</td>
<td>(1,524,324)</td>
<td>-</td>
<td>(1,524,324)</td>
</tr>
<tr>
<td>Parks and recreation</td>
<td>5,448,651</td>
<td>1,890,713</td>
<td>199,011</td>
<td>281,959</td>
<td>(3,076,066)</td>
<td>-</td>
<td>(3,076,066)</td>
</tr>
<tr>
<td>Public safety - fire</td>
<td>4,645,542</td>
<td>22,619</td>
<td>304,426</td>
<td>100,000</td>
<td>(4,218,497)</td>
<td>-</td>
<td>(4,218,497)</td>
</tr>
<tr>
<td>Public safety - police</td>
<td>9,724,885</td>
<td>481,238</td>
<td>308,301</td>
<td>84,553</td>
<td>(8,870,793)</td>
<td>-</td>
<td>(8,870,793)</td>
</tr>
<tr>
<td>Public works</td>
<td>6,391,738</td>
<td>203,812</td>
<td>1,699,284</td>
<td>3,391,711</td>
<td>(1,089,931)</td>
<td>-</td>
<td>(1,089,931)</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>1,934,450</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,934,450)</td>
<td>-</td>
<td>(1,934,450)</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>34,829,228</td>
<td>4,454,644</td>
<td>4,563,001</td>
<td>3,858,223</td>
<td>(21,953,360)</td>
<td>-</td>
<td>(21,953,360)</td>
</tr>
<tr>
<td><strong>Business-type Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport</td>
<td>1,286,590</td>
<td>1,288,281</td>
<td>20,000</td>
<td>1,850,015</td>
<td>-</td>
<td>1,871,736</td>
<td>1,871,736</td>
</tr>
<tr>
<td>Golf course</td>
<td>375,717</td>
<td>225,378</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(150,339)</td>
<td>(150,339)</td>
</tr>
<tr>
<td>Sewer operating</td>
<td>6,170,439</td>
<td>6,983,704</td>
<td>-</td>
<td>50,847</td>
<td>-</td>
<td>844,112</td>
<td>844,112</td>
</tr>
<tr>
<td>Solid waste</td>
<td>5,358,436</td>
<td>5,417,857</td>
<td>6,322</td>
<td>421,176</td>
<td>-</td>
<td>486,917</td>
<td>486,917</td>
</tr>
<tr>
<td>Transit</td>
<td>2,150,821</td>
<td>356,803</td>
<td>1,470,388</td>
<td>1,387,202</td>
<td>-</td>
<td>1,083,572</td>
<td>1,083,572</td>
</tr>
<tr>
<td>Water operating</td>
<td>4,967,147</td>
<td>4,841,675</td>
<td>-</td>
<td>176,524</td>
<td>-</td>
<td>51,052</td>
<td>51,052</td>
</tr>
<tr>
<td>Zalud estate</td>
<td>28,571</td>
<td>5,114</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(23,457)</td>
<td>(23,457)</td>
</tr>
<tr>
<td><strong>Total primary government</strong></td>
<td>55,166,921</td>
<td>23,553,456</td>
<td>6,059,711</td>
<td>7,743,987</td>
<td>(21,953,360)</td>
<td>-</td>
<td>(21,953,360)</td>
</tr>
<tr>
<td><strong>General revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>7,776,735</td>
<td>-</td>
<td>-</td>
<td>7,776,735</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax</td>
<td>6,121,968</td>
<td>-</td>
<td>-</td>
<td>6,121,968</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility users tax</td>
<td>4,048,106</td>
<td>-</td>
<td>-</td>
<td>4,048,106</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Franchise tax</td>
<td>1,485,162</td>
<td>-</td>
<td>-</td>
<td>1,485,162</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor vehicle in-lieu tax</td>
<td>242,142</td>
<td>-</td>
<td>-</td>
<td>242,142</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transient occupancy tax</td>
<td>301,029</td>
<td>-</td>
<td>-</td>
<td>301,029</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted investment earnings</td>
<td>703,908</td>
<td>386,085</td>
<td>1,089,993</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sale of capital assets</td>
<td>197,649</td>
<td>10,202</td>
<td>207,851</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>126,388</td>
<td>-</td>
<td>-</td>
<td>126,388</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>(87,995)</td>
<td>-</td>
<td>-</td>
<td>67,995</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total general revenues and transfers</strong></td>
<td>20,936,112</td>
<td>464,282</td>
<td>21,399,394</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>(1,018,248)</td>
<td>4,807,875</td>
<td>3,589,627</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net assets - beginning</strong></td>
<td>381,713,318</td>
<td>63,314,584</td>
<td>445,027,902</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior period adjustment</strong></td>
<td>104,129</td>
<td>-</td>
<td>-</td>
<td>104,129</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net assets - ending</strong></td>
<td>$380,799,199</td>
<td>$67,522,459</td>
<td>$448,721,358</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

GENERAL FUND

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

SPECIAL REVENUE 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.

Public Safety Sales Tax Fund

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

Community Development Block Grant Fund

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

CAPITAL PROJECTS FUND

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

General Government Fund

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

**Balance Sheet**

**Governmental Funds**

**June 30, 2011**

## ASSETS:

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Public Safety</th>
<th>Community Development</th>
<th>Capital Projects</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$142,264</td>
<td>$35,906</td>
<td>- $17,280</td>
<td>$78,347</td>
<td>$273,797</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>13,841,475</td>
<td>3,557,652</td>
<td>- 1,712,224</td>
<td>7,763,223</td>
<td>26,674,774</td>
<td></td>
</tr>
<tr>
<td>Receivables - misc (net):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>118,314</td>
<td>-</td>
<td>- 112</td>
<td>10,479</td>
<td>128,055</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>876,897</td>
<td>181,100</td>
<td>-</td>
<td>189,058</td>
<td>1,240,655</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>207,809</td>
<td>-</td>
<td>-</td>
<td>12,356</td>
<td>220,165</td>
<td></td>
</tr>
<tr>
<td>Receivables - housing (net)</td>
<td>-</td>
<td>-</td>
<td>11,154,037</td>
<td>316,855</td>
<td>11,470,892</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental receivables</td>
<td>42,177</td>
<td>-</td>
<td>194,594</td>
<td>6,182</td>
<td>599,413</td>
<td></td>
</tr>
<tr>
<td>Interfund receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>924,923</td>
<td>924,923</td>
<td></td>
</tr>
<tr>
<td>Prepaid items</td>
<td>15,440</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,440</td>
<td></td>
</tr>
<tr>
<td>Assets held for resale</td>
<td>-</td>
<td>-</td>
<td>212,218</td>
<td>-</td>
<td>212,218</td>
<td></td>
</tr>
<tr>
<td>Advances receivable</td>
<td>4,057,876</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,057,876</td>
<td></td>
</tr>
<tr>
<td>Restricted - cash/fiscal agent</td>
<td>-</td>
<td>-</td>
<td>2,699,924</td>
<td>2,086,313</td>
<td>4,786,237</td>
<td></td>
</tr>
<tr>
<td>Notes receivable</td>
<td>4,326,867</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>930,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$23,622,719</td>
<td>$3,774,858</td>
<td>$11,560,849</td>
<td>$4,435,722</td>
<td>$12,668,014</td>
<td></td>
</tr>
</tbody>
</table>

## LIABILITIES AND FUND BALANCES

**Liabilities:**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Public Safety</th>
<th>Community Development</th>
<th>Capital Projects</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and other payables</td>
<td>$285,308</td>
<td>$9,986</td>
<td>$212,443</td>
<td>$1,888,699</td>
<td>$8,470</td>
<td>$2,040,906</td>
</tr>
<tr>
<td>Payroll payable</td>
<td>571,120</td>
<td>73,523</td>
<td>7,336</td>
<td>46,218</td>
<td>15,655</td>
<td>713,852</td>
</tr>
<tr>
<td>Interfund payable</td>
<td>30,462</td>
<td>-</td>
<td>101,743</td>
<td>-</td>
<td>132,225</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-</td>
<td>-</td>
<td>11,154,037</td>
<td>-</td>
<td>1,246,855</td>
<td></td>
</tr>
<tr>
<td>Advances payable</td>
<td>894,753</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,982,550</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,781,663</td>
<td>83,509</td>
<td>11,475,599</td>
<td>1,734,917</td>
<td>5,253,530</td>
<td></td>
</tr>
</tbody>
</table>

**Fund balances:**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Public Safety</th>
<th>Community Development</th>
<th>Capital Projects</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>8,399,983</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital projects</td>
<td>-</td>
<td>-</td>
<td>- 2,700,805</td>
<td>-</td>
<td>2,700,805</td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,238,846</td>
<td></td>
</tr>
<tr>
<td>Grant programs</td>
<td>517,869</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>373,250</td>
<td></td>
</tr>
<tr>
<td>Committed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital projects</td>
<td>1,031,674</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,031,674</td>
<td></td>
</tr>
<tr>
<td>Contingency</td>
<td>1,154,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,154,000</td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>458,721</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>458,721</td>
<td></td>
</tr>
<tr>
<td>Assigned</td>
<td>5,360,982</td>
<td>3,691,349</td>
<td>85,290</td>
<td>-</td>
<td>8,731,619</td>
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</tr>
<tr>
<td>Unassigned</td>
<td>4,917,827</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,929,031)</td>
<td></td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td>21,841,056</td>
<td>3,691,349</td>
<td>85,290</td>
<td>2,700,805</td>
<td>7,414,484</td>
<td></td>
</tr>
</tbody>
</table>

**Total liabilities and fund balances**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Public Safety</th>
<th>Community Development</th>
<th>Capital Projects</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$23,622,719</td>
<td>$3,774,858</td>
<td>$11,560,849</td>
<td>$4,435,722</td>
<td>$12,668,014</td>
<td></td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
City of Porterville
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Fund balances of governmental funds

$ 35,732,984

Amounts reported for governmental activities in the statement of net assets are different because:

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(34,369,844)

Internal service funds are used by management to charge the costs of risk management and equipment management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

5,330,147

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

374,105,912

Net assets of governmental activities

$ 380,799,199

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, 2011

<table>
<thead>
<tr>
<th></th>
<th>Public Safety General</th>
<th>Community Development Block Grant</th>
<th>Capital Projects</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 6,830,654</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
<td>$ 946,081</td>
</tr>
<tr>
<td>Sales taxes</td>
<td>3,494,454</td>
<td>2,627,514</td>
<td>-</td>
<td>-</td>
<td>6,121,968</td>
</tr>
<tr>
<td>Utility users tax</td>
<td>4,048,106</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,048,106</td>
</tr>
<tr>
<td>Franchise tax</td>
<td>1,485,182</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,485,182</td>
</tr>
<tr>
<td>Motor vehicle in-lieu tax</td>
<td>242,142</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>242,142</td>
</tr>
<tr>
<td>Transient occupancy tax</td>
<td>301,029</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>301,029</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>824,499</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>824,499</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>655,225</td>
<td>1,536,309</td>
<td>6,182</td>
<td>4,545,710</td>
<td>6,743,426</td>
</tr>
<tr>
<td>Charges for services</td>
<td>3,645,764</td>
<td>198,689</td>
<td>-</td>
<td>-</td>
<td>3,844,453</td>
</tr>
<tr>
<td>Special assessments and fees</td>
<td>8,429</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,023,538</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>54,926</td>
<td>-</td>
<td>-</td>
<td>185,383</td>
<td>240,309</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>404,988</td>
<td>62,509</td>
<td>27,202</td>
<td>4,729</td>
<td>202,983</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>84,790</td>
<td>-</td>
<td>-</td>
<td>135,512</td>
<td>220,302</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>22,080,187</td>
<td>2,690,023</td>
<td>1,762,200</td>
<td>10,911</td>
<td>7,039,207</td>
</tr>
</tbody>
</table>

**EXPENDITURES**

Current:
- Community and economic development: 707,782
- General government: 2,795,383
- Parks and recreation: 4,318,958
- Public safety - fire: 3,358,174
- Public safety - police: 7,480,910
- Public works: 2,091,503
- Debt service:
  - Principal: - 156,000
  - Interest and administrative charges: 2,778
- Total expenditures: 21,341,142

Excess (deficiency) of revenues over expenditures: 739,045

**OTHER FINANCING SOURCES (USES)**

Transfers in: 1,483,522
Transfers out: 3,203,436
Sale of capital assets: 197,649
Total other financing sources and uses: 1,522,265

Net change in fund balances: 783,220

Fund balances - beginning: 18,705,899
Prior period adjustment: 3,918,377
Fund balances - ending: 21,841,056

The notes to the financial statements are an integral part of this statement.
City of Porterville
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net change in fund balances—total governmental funds

$ (135,363)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

(481,558)

The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.

(251,549)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

1,174,139

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.

(485,509)

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.

(838,408)

Change in net assets of governmental activities

$ (1,018,248)

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

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

Sewer Operating Fund

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

Solid Waste Fund

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

Water Operating Fund

Two funds have been established to account for water-related endeavors and are combined for reporting purposes. The Water Operating Fund was established to account for the activities associated with the City’s water pumping and distribution system. The principal source of revenue is water sales. The Water Replacement Fund is used to account for the water acreage fees and the use of those resources.
City of Porterville  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011

### Business-Type Activities - Enterprise Funds

<table>
<thead>
<tr>
<th></th>
<th>Sewer Operations</th>
<th>Water Operations</th>
<th>Solid Waste</th>
<th>Other Proprietary Funds</th>
<th>Total Proprietary Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$116,148</td>
<td>$25,762</td>
<td>$20,887</td>
<td>$6,420</td>
<td>$169,227</td>
<td>$64,389</td>
</tr>
<tr>
<td>Investments</td>
<td>11,506,888</td>
<td>2,611,743</td>
<td>2,070,660</td>
<td>567,847</td>
<td>16,757,138</td>
<td>6,380,159</td>
</tr>
<tr>
<td>Receivables - utility (net of allowance for uncollectibles)</td>
<td>794,191</td>
<td>720,484</td>
<td>677,982</td>
<td>-</td>
<td>2,192,557</td>
<td></td>
</tr>
<tr>
<td>Receivables - misc (net of allowance for uncollectibles)</td>
<td>168,210</td>
<td>42,651</td>
<td>104,018</td>
<td>116,426</td>
<td>433,307</td>
<td>56,880</td>
</tr>
<tr>
<td>Intergovernmental receivables</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>241,831</td>
<td>241,831</td>
<td></td>
</tr>
<tr>
<td>Interfund receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,482</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>186,332</td>
<td>186,332</td>
<td></td>
</tr>
<tr>
<td>Temporarily restricted assets, cash with fiscal agent</td>
<td>5,285</td>
<td>-</td>
<td>-</td>
<td>5,285</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets:</strong></td>
<td>$12,660,722</td>
<td>$3,400,640</td>
<td>$2,873,557</td>
<td>$1,120,588</td>
<td>$19,885,777</td>
<td>$6,531,910</td>
</tr>
<tr>
<td><strong>Noncurrent assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances receivable</td>
<td>285,198</td>
<td>265,694</td>
<td>-</td>
<td>-</td>
<td>551,090</td>
<td>343,673</td>
</tr>
<tr>
<td>Capital assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>3,142,404</td>
<td>318,092</td>
<td>-</td>
<td>1,476,012</td>
<td>4,938,508</td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>86,909</td>
<td>2,698,716</td>
<td>440,198</td>
<td>2,426,076</td>
<td>5,654,899</td>
<td></td>
</tr>
<tr>
<td>Distribution and collection systems</td>
<td>43,854,334</td>
<td>34,192,144</td>
<td>-</td>
<td>77,845,478</td>
<td>841,915</td>
<td></td>
</tr>
<tr>
<td>Buildings and equipment</td>
<td>4,365,535</td>
<td>1,800,758</td>
<td>5,663,366</td>
<td>8,854,916</td>
<td>20,747,575</td>
<td></td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,665,741</td>
<td>7,665,741</td>
<td>6,639</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(19,533,974)</td>
<td>(14,743,768)</td>
<td>(4,388,669)</td>
<td>(5,152,172)</td>
<td>(44,818,583)</td>
<td>(590,064)</td>
</tr>
<tr>
<td>Restricted assets, cash with fiscal agent</td>
<td>9,563,666</td>
<td>8,888,739</td>
<td>-</td>
<td>-</td>
<td>16,442,305</td>
<td></td>
</tr>
<tr>
<td>COP issuance costs (net of accumulated amortization)</td>
<td>597,680</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>597,680</td>
<td></td>
</tr>
<tr>
<td><strong>Total noncurrent assets:</strong></td>
<td>$42,141,650</td>
<td>$31,420,575</td>
<td>$1,714,695</td>
<td>$14,275,573</td>
<td>$69,552,683</td>
<td>$82,163</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$54,882,367</td>
<td>$34,821,215</td>
<td>$4,588,442</td>
<td>$15,986,481</td>
<td>$109,438,457</td>
<td>$7,134,073</td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

**Current liabilities:**
- Accounts and other payables: 51,016 167,309 129,265 314,505 660,535 300,907
- Payroll payable: 42,114 40,065 53,761 12,051 148,011 25,622
- Interfund payable: - - 823,180 823,180 - -
- Accrued claims: - - - - - 1,490,386
- Compensated absences payable: 26,554 36,014 62,023 16,859 144,050 30,071
- Accrued interest payable: 370,992 195,217 - 2,086 575,615 -
- Loans, bonds, leases and certificates of participation payable: 916,522 595,203 - 9,400 1,524,156 -
- **Total current liabilities:** 1,416,188 1,036,628 244,789 1,170,221 3,875,008 1,846,936

**Noncurrent liabilities:**
- Loans, bonds, leases and certificates of participation payable: 28,232,000 11,942,297 - 73,350 40,247,547 -
- Unamortized premium on bonds: 67,172 62,730 - - 129,902 -
- Unamortized discount on bonds: (981,704) - - - (981,704) -
- Deferred charge on refunding: (1,606,135) (267,841) - - (1,773,976) -
- **Total noncurrent liabilities:** 25,811,333 11,737,186 - 148,676 37,897,195 -
- **Total liabilities:** 27,227,501 12,774,014 244,789 1,318,897 41,573,201 1,846,936

### NET ASSETS

- Invested in capital assets, net of related debt: 11,975,531 18,122,690 1,714,895 14,192,733 46,006,149 258,490
- Restricted for capital projects: - - - - - 682,700
- Restricted for debt service: 2,551,888 699,402 - - 3,251,290 -
- Restricted for self-insurance: - - - - - 4,135,743
- Unrestricted: 12,977,552 3,224,509 2,826,768 (123,199) 18,708,030 210,204
- **Total net assets:** $27,505,071 $22,047,201 $4,343,663 $16,068,534 $67,865,469 $5,287,137

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds: (43,010)

Net assets of business-type activities: $67,922,459

The notes to the financial statements are an integral part of this statement.
City of Porterville  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th>Business-type Activities - Enterprise Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sewer Operations</strong></td>
<td><strong>Water Operations</strong></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$6,323,393 $4,656,443 $5,332,229 $1,714,322 $18,026,387 $6,562,236</td>
</tr>
<tr>
<td>Connection fees</td>
<td>461,041 5,990 - - 467,031 -</td>
</tr>
<tr>
<td>Other revenues</td>
<td>176,270 179,242 85,628 161,254 605,394 692,580</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>$6,663,704 $4,841,675 $5,417,857 $1,875,576 $19,088,812 $7,254,816</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Cost of sales and services</td>
<td>2,343,508 1,759,898 4,424,551 2,711,422 11,239,379 6,171,716</td>
</tr>
<tr>
<td>General and administrative</td>
<td>1,310,895 1,707,392 645,887 480,748 4,144,922 204,377</td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>1,126,344 835,292 223,163 622,042 2,805,841 32,830</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>4,779,747 4,302,582 5,293,601 3,814,212 18,190,142 8,408,923</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>2,183,957 539,093 124,256 (1,938,636) 908,670 (1,154,107)</td>
</tr>
<tr>
<td><strong>Nonoperating revenues (expenses):</strong></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>- - - 1,193,532 1,193,532 -</td>
</tr>
<tr>
<td>Federal grants</td>
<td>- 31,646 421,176 3,534,073 3,986,894 -</td>
</tr>
<tr>
<td>State grants and reimbursements</td>
<td>- - 6,322 - 6,322 -</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>227,736 99,628 36,593 22,128 386,085 134,443</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,304,257) (613,440) - (26,421) (1,944,118) -</td>
</tr>
<tr>
<td>Gain on sale of capital assets</td>
<td>- - - 10,202 10,202 -</td>
</tr>
<tr>
<td>Loss on disposal of capital assets</td>
<td>(16,065) - - - -</td>
</tr>
<tr>
<td><strong>Total nonoperating revenue (expenses)</strong></td>
<td>(1,092,586) (482,167) 464,091 4,733,514 3,622,852 134,443</td>
</tr>
<tr>
<td><strong>Income before contributions and transfers</strong></td>
<td>1,091,371 56,926 588,347 2,794,878 4,531,522 (1,019,664)</td>
</tr>
<tr>
<td>Capital contributions, developer fees</td>
<td>50,847 144,879 - - 195,728 -</td>
</tr>
<tr>
<td>Transfers in</td>
<td>1,362 1,270 - 156,637 159,269 -</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(53,449) - (18,363) (19,462) (91,274) (6,112)</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>1,090,131 203,075 569,984 2,932,053 4,795,243 (1,026,776)</td>
</tr>
<tr>
<td><strong>Total net assets - beginning</strong></td>
<td>26,414,540 21,844,126 3,773,679 11,137,481 6,312,913</td>
</tr>
<tr>
<td><strong>Total net assets - ending</strong></td>
<td>$27,505,071 $22,047,201 $4,343,663 $14,069,534 $5,287,137</td>
</tr>
</tbody>
</table>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.  
(187,368)

Change in net assets of business-type activities  
$4,607,875

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Business-type Activities - Enterprise Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer Operations</td>
<td>Proprietary Funds</td>
</tr>
<tr>
<td>Water Operations</td>
<td>Proprietary Funds</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>Proprietary Funds</td>
</tr>
<tr>
<td></td>
<td>Total Proprietary Funds</td>
</tr>
<tr>
<td></td>
<td>Internal Service Funds</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM OPERATING ACTIVITIES**

| Cash receipts from customers                | $ 6,940,942 | $ 4,743,521 | $ 5,431,099 | $ 1,940,625 | $ 19,056,187 | $ 7,248,637 |
| Payments to employees                      | (1,157,420) | (1,039,372) | (1,486,090) | (394,217)  | (4,079,099)  | (648,237)   |
| Payments to suppliers and others           | (2,533,358) | (2,506,047) | (3,385,551) | (2,704,653) | (11,327,609) | (7,329,039) |
| Net cash provided (used) by operating activities | 3,250,164 | 1,198,102  | 358,458    | (1,158,245) | 3,649,479    | (728,639)   |

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

| Cash from interfund                        | -           | -           | -           | 497,942     | 497,942      | -           |
| Intergovernmental - operating assistance   | -           | -           | -           | 428,504     | 428,504      | -           |
| Subsidy from federal and state grants      | -           | -           | 6,322       | 340,000     | 346,322      | -           |
| Transfers in from other funds              | -           | -           | -           | 156,637     | 156,637      | -           |
| Transfers to other funds                   | (53,449)    | -           | (18,383)    | (19,462)    | (91,274)     | (6,112)     |
| Net cash provided (used) by noncapital financing | (53,449)    | -           | (12,041)    | 1,403,621   | 1,338,131    | (6,112)     |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

| Advances for capital projects              | -           | -           | -           | 948         | 948          | -           |
| Construction and other capital projects    | (325,111)   | (3,250,402) | (2,224,950) | (5,800,483) | -            | -           |
| Contributed capital, developer’s fees      | 50,847      | 144,879     | -           | 195,726     | -            | -           |
| Interest paid on long-term debt and advances | (1,062,349) | (583,261)   | (26,421)    | (1,672,031) | -            | -           |
| Principal payments on long-term debt       | (1,070,728) | (405,000)   | (30,432)    | (1,506,160) | 707,673      | -           |
| Purchase of capital assets                 | (144,553)   | (71,810)    | (475,942)   | (1,856,379) | (2,348,684)  | (105,120)   |
| Proceeds from financing                    | 8,791,965   | -           | -           | 8,791,965   | -            | -           |
| Proceeds from sale of capital assets       | -           | -           | 31,645      | 421,176     | 3,115,889    | 3,588,510   |
| Subsidy from federal and state grants      | -           | -           | -           | 11,578      | 11,578       | -           |
| Net cash provided (used) by capital and related financing activities | 6,240,071 | (4,133,849) | (54,768) | (810,915) | 1,240,441 | 603,401 |

**CASH FLOWS FROM INVESTING ACTIVITIES**

| Interests received                         | 227,736     | 99,628      | 36,593      | 22,129      | 386,086      | 134,443     |
| Net cash provided by investing activities  | 227,736     | 99,628      | 36,593      | 22,129      | 386,086      | 134,443     |
| Net Increase (decrease) in cash and cash equivalents | 9,684,522 | (2,838,219) | 329,244     | (543,410)   | 6,614,137    | 3,093       |
| Balances - beginning of year               | 11,517,365  | 12,362,463  | 1,762,313   | 1,117,677   | 26,759,818   | 6,441,455   |
| Balances - end of the year                 | $ 21,181,887 | $ 9,528,244 | $ 2,091,557 | $ 574,267   | $ 33,373,955 | $ 6,444,548 |

As shown on the proprietary statement of net assets:

| Cash and cash equivalents                  | $ 116,148   | $ 25,762    | $ 20,897    | $ 6,420     | $ 169,227    | $ 64,389    |
| Investments                                | 11,506,888  | 2,611,743   | 2,070,660   | 567,847     | 16,757,138   | 6,380,159   |
| Temporarily restricted cash with fiscal agent | 5,285      | -           | -           | -           | 5,285        | -           |
| Restricted assets, cash with fiscal agent  | 9,553,596   | 6,868,739   | -           | -           | 16,442,305   | -           |
| Balances - end of year                     | $ 21,181,887 | $ 9,528,244 | $ 2,091,557 | $ 574,267   | $ 33,373,955 | $ 6,444,548 |

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

| Operating income (loss)                    | $ 2,183,957 | $ 539,093   | $ 124,256   | $ (1,938,636) | $ 908,670    | $ (1,154,107) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | 1,125,344 | 835,292 | 223,163 | 622,042 | 2,805,841 | 32,830 |
| Depreciation and amortization             | (32,245)    | (83,616)    | (1,707)     | 169,084     | 51,526       | 72,340      |
| Changes in assets and liabilities:        | -           | -           | -           | -           | -           | -           |
| Accounts payable                          | -           | -           | -           | -           | -           | -           |
| Accrued claims payable                    | (5,454)     | 3,958       | 2,972       | (5,057)     | (3,591)     | 475         |
| Compensated absences                      | (22,762)    | (98,154)    | 13,242      | 65,049      | (42,625)    | (6,179)     |
| Customer receivables                      | -           | -           | -           | (66,931)    | (66,931)    | -           |
| Inventory                                 | 1,334       | 1,529       | (2,468)     | (3,806)     | (3,411)     | (1,479)     |
| Salaries and benefits payable             | -           | -           | -           | -           | -           | -           |
| Net cash provided by operating activities  | $ 3,250,164 | $ 1,198,102 | $ 359,458   | (1,158,245) | 3,649,479   | (728,639)   |

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

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

Special Deposits Fund

This fund was established to account for monies received by the City acting as an agent. Examples of these transactions are construction bonds, utility service deposits and asset seizure.
## City of Porterville
### Statement of Assets and Liabilities
#### Agency Fund
#### June 30, 2011

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 16,453</td>
</tr>
<tr>
<td>Investments at fair value</td>
<td>$ 1,630,320</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 1,646,773</td>
</tr>
</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and other payables</td>
<td>$ 43,560</td>
</tr>
<tr>
<td>Refundable deposits, utilities</td>
<td>$ 336,406</td>
</tr>
<tr>
<td>Refundable deposits, miscellaneous</td>
<td>$ 619,035</td>
</tr>
<tr>
<td>Other deposits, safety</td>
<td>$ 647,772</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 1,646,773</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
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Notes to
Financial Statements
NOTE 1 - Summary of significant accounting policies

A. Reporting entity

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

Blended component units. The Porterville Redevelopment Agency was established in March of 1981 pursuant to the California Community Redevelopment Laws contained in Section 33000 Et. Seq. of Division 24 of the Health and Safety Code. The primary purpose of the Agency is to revitalize targeted areas of blight and deterioration within the city limits so as to eliminate or mitigate existing and potential physical, social, and economic liabilities in the interest of the health, safety, and welfare of all its citizens. A board consisting of the City's elected council governs the Agency.

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

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

B. Government-wide and fund financial statements

The government-wide financial statements (e.g., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and

2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.
C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as well as the proprietary fund financial statements. The agency funds financial statements report only assets and liabilities and have no measurement focus but use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

The agency fund is used to account for refundable deposits collected for public works projects, utilities, asset forfeiture and school impact fees.
As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exceptions to this general rule are the fleet management and the risk management charges to the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include:

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

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

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

D. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosed contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

E. Assets, liabilities, and net assets or equity

1. Deposits and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under the provisions of the City’s investment policy and California Government Code Section 53601, the City Treasurer is authorized to invest in negotiable certificates of deposit, obligations of the U.S. Treasury, banker’s acceptances, certain federal agency obligations, commercial paper, guaranteed investment contracts (GIC), and the California Local Agency Investment Fund (LAIF). The policy does not permit investment in Repurchase Agreements, or borrow funds through the use of Reverse-Repurchase Agreements. The collateral underlying investments must be “delivered” to the city. If U.S. Treasury Bills are used as the underlying collateral, delivery may be made by book entry only. For all other collateral, the security must be physically delivered either to the city or to a third-party custodial agent. All investments are reported at fair value. All investments are reported at fair value. Fair values are obtained by using quotations obtained from independent published sources.

California banks and savings and loan associations are required to secure a city’s deposits by pledging government securities as collateral. The fair value of the pledged securities must equal at least 110 percent of a city’s deposits. The City Treasurer, at his or her discretion, may waive the 110 percent collateral requirement for deposits that are insured up to the $250,000 by the FDIC. It is the City’s policy to waive the collateral requirement in order to receive a higher interest yield on its deposits.

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

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

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

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance is equal to 3 percent of outstanding amounts due at June 30, 2011.

3. Inventories and prepaid items

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

Any payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

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

4. Restricted assets

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

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

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

<table>
<thead>
<tr>
<th>Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>20 to 50</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>20 to 50</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>30 to 50</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5 to 20</td>
</tr>
</tbody>
</table>

6. **Compensated absences**

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

7. **Long-term obligations**

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

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

8. **Fund equity**

In the fund financial statements, the following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

- **Committed fund balance** – This includes amounts that can only be used for specific purposes determined by formal action of the City Council and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

- **Assigned fund balance** – This includes amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designated for that purpose.

- **Unassigned fund balance** – This is the residual classification that included amounts not contained in the other classifications.
The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the unrestricted resources that are committed, assigned and unassigned, in this order as they are needed.

9. Property taxes

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

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

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

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

10. Utility Users Tax

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

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

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $34,369,844 difference are as follows:
Bonds payable $ 30,035,000
  Less: Deferred charge on refunding (to be amortized as interest expense) (838,616)
  Less: Deferred charge for issuance costs (to be amortized over life of debt) (821,888)
  Less: Issuance discount (to be amortized as interest expense) (120,227)
  Plus: Issuance premium (to be amortized over life of debt) 166,716
  Notes payable 3,232,350
  Accrued interest payable 614,170
  Net postemployment benefits obligation 1,161,580
  Compensated absences 940,759

Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities $ 34,369,844

Another element of that reconciliation explains that "Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of assets." The details of this $5,330,147 difference are as follows:

Net assets of the internal service funds $ 5,287,137
  Less: Internal payable representing charges in excess of cost to business-type activities – prior years (144,358)
  Add: Internal receivable representing costs in excess of charges to business-type activities – current year 187,368

Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities $ 5,330,147

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in government-wide statement of activities. One element of that reconciliation explains that "Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $481,558 difference are as follows:

Capital outlay $ 2,754,660
Depreciation expense (3,236,218)

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities $ (481,558)
Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets is to decrease net assets." The details of this $251,549 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. $ 2,909

The statement of activities reports losses arising from disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. (254,458)

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities $ (251,549)

Another element of that reconciliation states that "The issuance of long-term debt provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $1,174,139 difference are as follows:

Principal repayments:
Certificate of participation $ 690,000
Tax allocation refunding bonds 105,000
Notes payable 379,139

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities $ 1,174,139

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 $485,509 difference are as follows:

Other postemployment benefits $ 386,894
Compensated absences 19,528
Accrued interest (14,680)
Amortization of deferred charge on refunding 69,892
Amortization of issuance costs 31,037
Amortization of bond discounts 4,256
Amortization of bond premiums (11,418)

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities $ 485,509
Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of certain activities to individual funds. The net loss of the internal service funds is reported with governmental activities." The details of this $838,408 difference are as follows:

Change in net assets of the internal service funds $ 1,025,776
Loss from charges to business-type activities (187,368)

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities $ 838,408

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

The proprietary fund statement of net assets includes a reconciliation between net assets – total enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this $43,010 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities – prior year $ 144,358
Internal payable representing costs in excess of charges to business-type activities – current year (187,368)

Net adjustment to decrease net assets – total enterprise funds to arrive at net assets – business-type activities $ (43,010)

NOTE 3 - Stewardship, compliance, and accountability

A. Budgetary information

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

On or before June 1 of each year, the City Manager submits a proposed budget to the city council for review. The council holds public hearings, and the final budget is adopted by resolution prior to July 1. Annual budgets are adopted and prepared on a basis consistent with generally accepted accounting principles.

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

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

B. Excess of expenditures over appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the Community Development Block Grant Fund by $1,639,499. These expenditures are funded by federal and state grants and available fund balance.
C. Changes in reporting of beginning fund balances

Due to changes in fund activity, major fund classifications will change from year to year. Beginning fund balances are affected when a prior year-classified major fund does not meet the requirements of a major fund in the current reporting year. For the fiscal year ended June 30, 2011, no changes were made in major fund classifications.

NOTE 4 - Detailed notes on all funds

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

The City of Porterville follows the practice of pooling cash and investments of all funds except for those required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on the pooled cash and investments is allocated monthly to the various funds based on monthly cash balances. At year-end, the City’s cash bank balance was $520,582 and cash on hand was $3,285.

Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

<table>
<thead>
<tr>
<th>Statement of net assets:</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>50,519,484</td>
</tr>
<tr>
<td>Cash and investments with fiscal agent</td>
<td>21,233,827</td>
</tr>
<tr>
<td>Fiduciary funds:</td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>1,646,773</td>
</tr>
<tr>
<td>Total cash and investments</td>
<td>$ 73,400,084</td>
</tr>
</tbody>
</table>

Cash and investments as of June 30, 2011, consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>3,285</td>
</tr>
<tr>
<td>Deposits with financial institution</td>
<td>520,582</td>
</tr>
<tr>
<td>Investments</td>
<td>72,876,217</td>
</tr>
<tr>
<td>Total cash and investments</td>
<td>$ 73,400,084</td>
</tr>
</tbody>
</table>

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

The table below identifies the investment types that are authorized for the City of Porterville by the California Government Code and/or the City’s investment policy (where more restrictive). The table also identifies certain provisions of the California Government Code and/or the City’s investment policy (where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Entity, rather than the general provisions of the California Government Code or the City’s investment policy.
<table>
<thead>
<tr>
<th>Authorized investment type</th>
<th>Maximum maturity</th>
<th>Maximum percentage of portfolio¹</th>
<th>Maximum investment in one issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Bonds</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Treasury Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Agency Securities</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Banker's Acceptances</td>
<td>180 days</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit</td>
<td>5 years</td>
<td>30%</td>
<td>None</td>
</tr>
<tr>
<td>Repurchase Agreements²</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements²</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Medium-Term Notes</td>
<td>5 years</td>
<td>30%</td>
<td>None</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>N/A</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>N/A</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Mortgage Pass-Through Securities</td>
<td>5 years</td>
<td>20%</td>
<td>None</td>
</tr>
<tr>
<td>County Pooled Investment Funds</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>JPA or other Investment Pools</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

¹ Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.
² The City's investment policy does not permit investments in repurchase or reverse repurchase agreements.

**Investments authorized by debt agreements**

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

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

**Disclosures relating to interest rate risk**

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

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

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

### Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, Porterville's investment policy, or debt agreements, and the actual rating as of June 30, 2011, for each investment type:

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Minimum local rating</th>
<th>Exempt from disclosure</th>
<th>AAA</th>
<th>Aa</th>
<th>Not rated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal agency securities</td>
<td>$16,980,830</td>
<td>N/A</td>
<td>$</td>
<td>$</td>
<td>$16,980,830</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>7,900,594</td>
<td>N/A</td>
<td>$</td>
<td>--</td>
<td>7,900,594</td>
</tr>
<tr>
<td>Corporate notes</td>
<td>109,988</td>
<td>A</td>
<td>$</td>
<td>--</td>
<td>109,988</td>
</tr>
<tr>
<td>Capital stock</td>
<td>59,050</td>
<td>A</td>
<td>$</td>
<td>--</td>
<td>59,050</td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>11,980,936</td>
<td>N/A</td>
<td>$</td>
<td>--</td>
<td>11,980,936</td>
</tr>
<tr>
<td>Tulare County Investment Pool</td>
<td>8,335,918</td>
<td>N/A</td>
<td>$</td>
<td>--</td>
<td>8,335,918</td>
</tr>
<tr>
<td>CSJVRMA JPA Investment Pool</td>
<td>6,275,994</td>
<td>N/A</td>
<td>$</td>
<td>--</td>
<td>6,275,994</td>
</tr>
<tr>
<td>Held by bond trustees:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market funds</td>
<td>16,893,903</td>
<td>A</td>
<td>$</td>
<td>--</td>
<td>16,893,903</td>
</tr>
<tr>
<td>Federal agency securities</td>
<td>4,307,012</td>
<td>N/A</td>
<td>$</td>
<td>--</td>
<td>4,307,012</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>32,912</td>
<td>N/A</td>
<td>$</td>
<td>--</td>
<td>32,912</td>
</tr>
<tr>
<td>Total</td>
<td>$72,876,217</td>
<td>$</td>
<td>$21,287,842</td>
<td>$17,003,871</td>
<td>$34,584,504</td>
</tr>
</tbody>
</table>

### Concentration of credit risk

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

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Investment type</th>
<th>Reported amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Home Loan Bank</td>
<td>Federal agency securities</td>
<td>$4,584,236</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corp</td>
<td>Federal agency securities</td>
<td>$8,596,476</td>
</tr>
<tr>
<td>Federal National Mortgage Association</td>
<td>Federal agency securities</td>
<td>$7,093,296</td>
</tr>
</tbody>
</table>
Custodial credit risk

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

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

As of June 30, 2011, $270,582 of the City’s deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts. As of June 30, 2011, 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:

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Reported amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal agency securities</td>
<td>$6,975,800</td>
</tr>
</tbody>
</table>

Investment in the State Investment Pool

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

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

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

Tulare County Investment Pool

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

Receivables as of June 30, 2011, for the City’s individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Public Safety</th>
<th>Community Development</th>
<th>Capital Projects</th>
<th>Sewer Operating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest</strong></td>
<td>$ 118,314</td>
<td>$ --</td>
<td>--</td>
<td>$ 112</td>
<td>$ 7,215</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>870,697</td>
<td>181,100</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Other accounts receivable</strong></td>
<td>207,809</td>
<td>--</td>
<td>11,154,037</td>
<td>--</td>
<td>979,749</td>
</tr>
<tr>
<td><strong>Intergovernmental – restricted</strong></td>
<td>42,177</td>
<td>--</td>
<td>194,594</td>
<td>6,182</td>
<td>--</td>
</tr>
<tr>
<td><strong>Gross receivables</strong></td>
<td>1,238,997</td>
<td>--</td>
<td>11,348,631</td>
<td>6,294</td>
<td>986,964</td>
</tr>
<tr>
<td><strong>Less: allowance for uncollectibles</strong></td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>(24,563)</td>
</tr>
<tr>
<td><strong>Net total receivables</strong></td>
<td>$ 1,238,997</td>
<td>$ 181,100</td>
<td>$ 11,348,631</td>
<td>$ 6,294</td>
<td>$ 962,401</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Water Operating</th>
<th>Solid Waste</th>
<th>Nonmajor and Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest</strong></td>
<td>$ 3,047</td>
<td>$ --</td>
<td>$ 10,479</td>
<td>$ 139,167</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>--</td>
<td>--</td>
<td>189,058</td>
<td>1,240,855</td>
</tr>
<tr>
<td><strong>Other accounts receivable</strong></td>
<td>782,371</td>
<td>802,969</td>
<td>504,519</td>
<td>14,431,454</td>
</tr>
<tr>
<td><strong>Intergovernmental – restricted</strong></td>
<td>--</td>
<td>--</td>
<td>598,291</td>
<td>841,244</td>
</tr>
<tr>
<td><strong>Gross receivables</strong></td>
<td>785,418</td>
<td>802,969</td>
<td>1,302,347</td>
<td>15,652,720</td>
</tr>
<tr>
<td><strong>Less: allowance for uncollectibles</strong></td>
<td>(22,283)</td>
<td>(20,969)</td>
<td>--</td>
<td>(67,815)</td>
</tr>
<tr>
<td><strong>Net total receivables</strong></td>
<td>$ 763,135</td>
<td>$ 782,000</td>
<td>$ 1,302,347</td>
<td>$ 16,584,905</td>
</tr>
</tbody>
</table>

C. Assets held for resale

On February 3, 2009, the City entered into a Joint Powers Agreement with Tulare County in order to access funds from the state allocated to the City under the Neighborhood Stabilization Program (NSP). This program was created by the Housing and Economic Recovery Act of 2008 under which states, cities and counties were eligible to receive a total of $3.92 billion to rejuvenate neighborhoods and communities that are hardest hit by the foreclosure crisis. The total NSP funds allocated to the City of Porterville was $700,699. In the first year of the program, the City purchased four foreclosed properties and rehabilitated them for sale to eligible household with 120% of median income or less. As of June 30, 2011, three of these properties were sold. The City also acquired another foreclosed property during the year. The total assets being held for resale at June 30, 2011 amount to $212,218.

D. Notes receivable

On December 29, 2009, the City of Porterville entered into a loan agreement with Prospect-Henderson Partners, L.P., whereby the City provided funds in the amount of $2,700,000 to Prospect-Henderson Partners, L.P. to assist in the revitalization effort and mitigate the loss of retail services within the City by enabling the developer to lease to Kohl’s Department Stores, Inc, a 76,367 square foot building left vacant by the closing of the Mervyn’s store, for the operation of a Kohl's store at the site. The loan is secured with a Promissory Note and Deed of Trust. The loan has a compound interest rate of 1.5 percent amortized over an initial 70 month term, and a compound interest rate of 3 percent over the second 60 month term. Monthly interest-only payments started in November 15, 2010 with the repayment of the principal and any remaining unpaid interest to be made in full no later than October 27, 2020. As of June 30, 2011, $2,734,371 is owed in principal and accrued interest.
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 upon the date of the promissory note dated February 1, 2010.

E. Capital assets

Capital asset activity for the year ended June 30, 2011, was as follows:

<table>
<thead>
<tr>
<th>Governmental activities:</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Adjustments</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets, not being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 268,366,492</td>
<td>533,554</td>
<td>--$</td>
<td>--$</td>
<td>$ 268,900,046</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>3,273,733</td>
<td>1,026,536</td>
<td>(1,353,149)</td>
<td>(158,726)</td>
<td>2,788,396</td>
</tr>
<tr>
<td>Works of art and collections</td>
<td>183,938</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>183,938</td>
</tr>
<tr>
<td>Total capital assets, not being depreciated</td>
<td>271,824,163</td>
<td>1,560,092</td>
<td>(1,353,149)</td>
<td>(158,726)</td>
<td>271,872,380</td>
</tr>
</tbody>
</table>

| Capital assets, being depreciated: |                      |           |           |             |                |
| Buildings                      | 14,073,209          | 234,743   | (35,031)  | --          | 14,272,921     |
| Improvements other than buildings | 7,647,797        | 477,520   | (132,888) | --          | 7,992,429      |
| Machinery and equipment        | 9,532,320          | 1,693,612 | (452,444) | --          | 10,773,488     |
| Infrastructure                 | 101,681,989        | 249,871   | --        | --          | 101,931,860    |
| Total capital assets, being depreciated | 132,935,315       | 2,655,746 | (620,363) | --          | 134,970,696    |

Less accumulated depreciation for:

| Buildings                      | (4,786,222)         | (277,980) | 17,515    | --          | (5,046,687)    |
| Improvements other than buildings | (1,863,592)        | (186,220) | 113,670   | --          | (1,936,142)    |
| Machinery and equipment        | (5,384,962)         | (699,057) | 393,445   | --          | (5,690,574)    |
| Infrastructure                 | (17,699,482)        | (2,105,791)| --       | --          | (19,805,273)   |
| Total accumulated depreciation | (29,734,258)        | (3,269,048)| 524,630  | --          | (32,478,676)   |
| Total capital assets, being depreciated, net | 103,201,057      | (613,302) | (95,733) | --          | 102,492,022    |

Governmental activities capital assets, net $ 375,025,220 $ 946,790 $(1,448,882) $ (158,726) $ 374,364,402
## Business-type activities:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Adjustments</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets, not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$4,938,508</td>
<td>--$</td>
<td>--$</td>
<td>--$</td>
<td>$4,938,508</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>3,117,028</td>
<td>4,967,594</td>
<td>(2,425,198)</td>
<td>(4,525)</td>
<td>5,654,899</td>
</tr>
<tr>
<td>Total capital assets, not being depreciated</td>
<td>8,055,536</td>
<td>4,967,594</td>
<td>(2,425,198)</td>
<td>(4,525)</td>
<td>10,593,407</td>
</tr>
<tr>
<td><strong>Capital assets, being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>5,302,163</td>
<td>67,377</td>
<td>(10,967)</td>
<td></td>
<td>5,358,573</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>81,830,450</td>
<td>3,702,808</td>
<td>(21,039)</td>
<td></td>
<td>85,512,219</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>13,920,056</td>
<td>1,841,109</td>
<td>(445,163)</td>
<td></td>
<td>15,316,001</td>
</tr>
<tr>
<td>Total capital assets, being depreciated</td>
<td>101,052,668</td>
<td>5,611,294</td>
<td>(477,169)</td>
<td></td>
<td>106,186,793</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(1,617,974)</td>
<td>(102,845)</td>
<td>10,419</td>
<td></td>
<td>(1,710,400)</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>(31,628,128)</td>
<td>(1,863,528)</td>
<td>5,523</td>
<td></td>
<td>(33,486,133)</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(9,236,107)</td>
<td>(829,730)</td>
<td>443,788</td>
<td></td>
<td>(9,622,049)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(42,462,209)</td>
<td>(2,796,103)</td>
<td>459,730</td>
<td></td>
<td>(44,818,582)</td>
</tr>
<tr>
<td>Total capital assets, being depreciated, net</td>
<td>58,570,459</td>
<td>2,815,191</td>
<td>(17,439)</td>
<td></td>
<td>61,368,211</td>
</tr>
<tr>
<td>Business-type activities capital assets, net</td>
<td>$66,625,995</td>
<td>$7,782,785</td>
<td>(2,442,637)</td>
<td>(4,525)</td>
<td>$71,961,618</td>
</tr>
</tbody>
</table>

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

### Governmental activities:
- Community and economic development $41,181
- General government 149,987
- Parks and recreation 342,699
- Public safety – fire 131,324
- Public safety – police 355,932
- Public works 2,247,925
- Total depreciation expense - governmental activities $3,269,048

### Business-type activities:
- Zulud house $3,792
- Transit 396,955
- Sewer operating 1,115,606
- Solid waste 223,163
- Airport operations 194,502
- Golf course 26,793
- Water operating 835,292
- Total depreciation expense - business-type activities $2,796,103
F. Interfund and advances receivable/payable, and transfers

The composition of interfund balances as of June 30, 2011, is as follows:

### Interfund receivable/payable

<table>
<thead>
<tr>
<th>Receivable Fund</th>
<th>Payable Fund</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building construction</td>
<td>Golf course</td>
<td>$436,383</td>
<td>Temporary operating loan</td>
</tr>
<tr>
<td>Building construction</td>
<td>Community Development Block Grant</td>
<td>101,743</td>
<td>Temporary operating loan</td>
</tr>
<tr>
<td>Local transportation funds</td>
<td>Transit</td>
<td>386,797</td>
<td>Temporary operating loan</td>
</tr>
<tr>
<td>Risk management</td>
<td>General</td>
<td>30,482</td>
<td>Current portion of advance for underground storage tank upgrade</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$955,405</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Advances receivable/payable

<table>
<thead>
<tr>
<th>Receivable Fund</th>
<th>Payable Fund</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer operating</td>
<td>General</td>
<td>285,186</td>
<td>Certificate forward purchase proceeds dedicated for sports park</td>
</tr>
<tr>
<td>Water operating</td>
<td>General</td>
<td>265,894</td>
<td>Certificate forward purchase proceeds dedicated for sports park</td>
</tr>
<tr>
<td>General</td>
<td>Capital projects</td>
<td>3,982,550</td>
<td>Public improvement cost reimbursement agreement with the Redevelopment Agency</td>
</tr>
<tr>
<td>General</td>
<td>Airport</td>
<td>75,326</td>
<td>Advance for the purchase of kit fox mitigation credits to release the designated preserve</td>
</tr>
<tr>
<td>Risk management</td>
<td>General</td>
<td>343,873</td>
<td>Advance for underground storage tank upgrade</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>4,952,629</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Interfund transfers

<table>
<thead>
<tr>
<th>Transfer out</th>
<th>General Fund</th>
<th>Public Safety Sales Tax Fund</th>
<th>Capital Projects Fund</th>
<th>Nonmajor Governmental Funds</th>
<th>Enterprise Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td>$</td>
<td>$3,736</td>
<td>$1,221,467</td>
<td>$1,826,499</td>
<td>$151,734</td>
<td>$3,203,436</td>
</tr>
<tr>
<td>Public safety sales tax fund</td>
<td>--</td>
<td>--</td>
<td>406</td>
<td>--</td>
<td>--</td>
<td>406</td>
</tr>
<tr>
<td>Community development block grant fund</td>
<td>109,296</td>
<td>--</td>
<td>65,993</td>
<td>--</td>
<td>--</td>
<td>175,289</td>
</tr>
<tr>
<td>Nonmajor governmental funds</td>
<td>1,361,764</td>
<td>--</td>
<td>3,300,087</td>
<td>79,506</td>
<td>7,535</td>
<td>4,748,892</td>
</tr>
<tr>
<td>Enterprise funds</td>
<td>12,462</td>
<td>--</td>
<td>25,363</td>
<td>53,449</td>
<td>--</td>
<td>91,274</td>
</tr>
<tr>
<td>Internal service funds</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>6,112</td>
<td>--</td>
<td>6,112</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,483,522</strong></td>
<td><strong>$3,736</strong></td>
<td><strong>$4,619,428</strong></td>
<td><strong>$1,959,454</strong></td>
<td><strong>$159,269</strong></td>
<td><strong>$8,225,409</strong></td>
</tr>
</tbody>
</table>

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

G. Long-term debt

Certificates of Participation

The City has issued $44,715,000 in Certificates of Participation, $26,290,000 to support governmental activities and $18,425,000 to support business-type activities. The governmental issues are entitled 2002 Public Buildings Refunding (formerly 1992 Public Buildings Project) and 2005 Infrastructure Financing Project (formerly 1998 Infrastructure Financing Project). Interest rates vary from 5.8 percent to 6.3 percent and 3.0 percent to 5.0 percent, respectively. The business-type issues are entitled 2002 Sewer System Refunding Project and 2002 Water System Refunding Project (both formerly 1992 Improvement Projects). Interest rates range from 5.8 percent to 6.3 percent.

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

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

Certificates of participation currently outstanding are as follows:

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 Public Building Refunding Project</td>
<td>$3,365,000</td>
</tr>
<tr>
<td>2005 Infrastructure Financing Project</td>
<td>$18,670,000</td>
</tr>
<tr>
<td>2002 Sewer System Refunding Project</td>
<td>$4,590,000</td>
</tr>
<tr>
<td>2002 Water System Refunding Project</td>
<td>$4,280,000</td>
</tr>
</tbody>
</table>

| Total                                        | $30,905,000 |
Debt service requirements on Certificates of Participation are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2012</td>
<td>735,000</td>
<td>1,087,864</td>
</tr>
<tr>
<td>2013</td>
<td>770,000</td>
<td>1,051,016</td>
</tr>
<tr>
<td>2014</td>
<td>805,000</td>
<td>1,011,784</td>
</tr>
<tr>
<td>2015</td>
<td>845,000</td>
<td>970,022</td>
</tr>
<tr>
<td>2016</td>
<td>880,000</td>
<td>925,750</td>
</tr>
<tr>
<td>2017 – 2021</td>
<td>4,045,000</td>
<td>3,928,043</td>
</tr>
<tr>
<td>2022 – 2026</td>
<td>3,260,000</td>
<td>3,097,000</td>
</tr>
<tr>
<td>2027 – 2031</td>
<td>4,160,000</td>
<td>2,173,750</td>
</tr>
<tr>
<td>2032 – 2036</td>
<td>5,310,000</td>
<td>996,000</td>
</tr>
<tr>
<td>2037</td>
<td>1,225,000</td>
<td>30,625</td>
</tr>
<tr>
<td>Total</td>
<td>22,035,000</td>
<td>15,271,854</td>
</tr>
</tbody>
</table>

Revenue bonds

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

In January of 2011, the City issued $19,743,587 (maturity value of $19,870,000) of Sewer Revenue Bonds, 2011 Series A and advance refunded the 1997 Sewer System Refinancing Certificates of Participation. Interest rates vary from 1 percent to 5.75 percent. The installment payments are secured by a pledge of and lien on the net revenues of the City's municipal sewer enterprise. The bonds were issued to finance the construction of certain improvements and facilities to the Sewer System, refund the remaining outstanding principal balance of the 1997 Certificates, fund a reserve fund for the bonds, and pay the costs of issuance. $7,000,000 of the proceeds will be used to finance the sewer project which generally consists of the extension of sanitary sewer service to six separate areas annexed to the City in April 2006 and bring sewer service to various scattered areas lacking in sewer facilities throughout the City. $9,470,000 of the proceeds was deposited into an escrow fund for the payment of principal and interest with respect to the 1997 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by $1,306,684. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which was shorter than the life of the new debt issued.

Revenue bonds outstanding at June 30, 2011 are as follows:

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Tax Allocation Refunding Bonds</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>2011 Sewer Revenue Bonds</td>
<td>$19,870,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$27,870,000</strong></td>
</tr>
</tbody>
</table>
Debt service requirements on revenue bonds are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2012</td>
<td>$115,000</td>
<td>$512,555</td>
</tr>
<tr>
<td>2013</td>
<td>115,000</td>
<td>507,580</td>
</tr>
<tr>
<td>2014</td>
<td>125,000</td>
<td>502,380</td>
</tr>
<tr>
<td>2015</td>
<td>130,000</td>
<td>496,252</td>
</tr>
<tr>
<td>2016</td>
<td>135,000</td>
<td>489,579</td>
</tr>
<tr>
<td>2017 – 2021</td>
<td>800,000</td>
<td>2,328,323</td>
</tr>
<tr>
<td>2022 – 2026</td>
<td>1,065,000</td>
<td>2,060,200</td>
</tr>
<tr>
<td>2027 – 2031</td>
<td>1,435,000</td>
<td>1,678,880</td>
</tr>
<tr>
<td>2032 – 2036</td>
<td>1,975,000</td>
<td>1,138,150</td>
</tr>
<tr>
<td>2037 – 2040</td>
<td>2,105,000</td>
<td>371,980</td>
</tr>
<tr>
<td>Total</td>
<td>$8,000,000</td>
<td>$10,085,879</td>
</tr>
</tbody>
</table>

Notes payable

The City of Porterville Redevelopment Agency (Agency) entered into loan agreements for various redevelopment projects. In April 1991, a promissory note in the amount of $300,000 was issued to the California Department of Commerce, Rural Economic Development Infrastructure Loan Program to partially finance street and storm drainage system infrastructure improvements. Repayment will be made over a 25-year term with an interest rate of 3.0 percent. Interest payments were deferred for the first five years, interest-only payments for the next five years, and principal and interest payments for the remaining 15 years. As of June 30, 2011, $140,350 is owed in principal and deferred interest.

On October 1, 2003, the City of Porterville was awarded $3,885,000 under HUD’s Section 108 Loan Guarantee Program to fund the construction of a new neighborhood community center. The note was in a Variable/Fixed Rate format which was designed to convert from a variable rate note to a fixed rate note on its ‘Conversion Date’, which is a date after all advances had been made by the City. Funds were deposited in a trust account with Union Bank of California in May 2004 and the note was converted into a fixed rate note on June 30, 2004. 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. As of June 30, 2011, the outstanding balance of the note is $3,092,000.

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, 2011 is $4,691,922.

On May 24, 2005, the City of Porterville executed a loan agreement with the State of California Department of Transportation for the sum of $118,000 to purchase hangars at the Porterville Municipal Airport. The loan will extend for a period of 12 years at an annual interest of 4.4477 percent. As of June 30, 2011, $82,840 is outstanding.

In April of 2008, a note secured by deed of trust was signed by the Porterville Redevelopment Agency promising to pay to the Porterville Civic Development Foundation the sum of $200,000 used for the preparation of the Redevelopment Area Amendment and Master Plan. There is no interest on the loan until May 1, 2011. Thereafter, the unpaid principal balance shall accrue interest at the rate of 7 percent per annum. The entire balance of principal, interest or other charges on the note is due and payable on May 1, 2011. On August 17, 2010, the Porterville City Council approved the request by the Porterville Redevelopment Agency for the City to assume the note and pay the principal due on or before May 1, 2011. As of June 30, 2011, the note payable to the Porterville Civic Development Foundation has been paid full.
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. Interest only payments are in effect through July 31, 2011. The first principal payment will be due on August 1, 2011.

In addition, the City entered into a second Enterprise Fund Installment Sale Agreement with CIEDB for $1,500,000. Proceeds from this loan will be used to finance the Rocky Hill Reservoir Project which involves the construction of a 550,000 gallon storage reservoir. 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.

Debt service requirements on notes payable are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2012</td>
<td>$190,839</td>
<td>$171,908</td>
</tr>
<tr>
<td>2013</td>
<td>202,559</td>
<td>162,773</td>
</tr>
<tr>
<td>2014</td>
<td>216,302</td>
<td>152,765</td>
</tr>
<tr>
<td>2015</td>
<td>230,066</td>
<td>141,855</td>
</tr>
<tr>
<td>2016</td>
<td>245,854</td>
<td>129,905</td>
</tr>
<tr>
<td>2017 – 2021</td>
<td>1,324,730</td>
<td>437,871</td>
</tr>
<tr>
<td>2022 – 2026</td>
<td>822,000</td>
<td>73,449</td>
</tr>
<tr>
<td>2027 – 2031</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2032 – 2036</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2037 – 2040</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>$3,232,350</td>
<td>$1,270,526</td>
</tr>
</tbody>
</table>

Advances payable

On April 7, 1981, the City entered into Fund Advance Agreement No. 1 (Agreement) with the Porterville Redevelopment Agency. The agreement states that the City's General Fund will advance funds to the Agency for payment of expenses incurred by the Agency associated with the planning, formation, adoption and execution of one or more redevelopment plans and project areas in the City. The Agency will reimburse all advances made by the City from whatever revenue sources it possesses, including future tax increment funds when these revenues become available. The agreement was modified on June 30, 1999, with respect to the interest rate applied to outstanding advance balances. The previous interest rate of 10.0 percent per annum was reduced to zero percent per annum, and became effective as of July 1, 1998. At that time, $1,145,425 in principal and accrued interest was outstanding.

On November 12, 1997, the Redevelopment Agency entered into Fund Advance Agreement No. 2 with the City of Porterville. This agreement states that the City's Risk Management Fund will advance funds to the Agency for payment of expenses incurred by the Agency associated with the improvement of certain storm drain facilities located within Project Area #1. The Agency was to repay the advance made by the City from tax increment revenue as it becomes lawfully available at the interest rate of the Local Agency Investment Fund at June 30 of each year. At the beginning of the current fiscal year, the Agency owed the City $165,398 in principal and interest under this agreement.

On May 1, 2007, the Porterville City Council passed Resolution #31-2007, approving the request by the Porterville Redevelopment Agency to provide funds to the Agency for the repayment of its existing debt to the County of Tulare, in the amount of $195,000. The loan agreement between the City and the Agency has a term of 5 years.
and an interest rate equivalent to the Local Agency Investment Fund rate as reported for the quarter ending March 31 each year. As of July 1, 2010, the outstanding balance on this agreement was $78,000.

On June 19, 2007, the City Council approved Resolution #56-2007, authorizing a loan agreement between the City and the Porterville Redevelopment Agency for the reconstruction of a parking lot located within the Redevelopment Project Area. The amount of the loan, $496,251, is the actual cost of construction with an interest rate of 1.51 percent per annum for a term of 10 years.

Due to the condition of the economy resulting in the decline of property values and ultimately a decrease in tax increment revenues, the City Council approved Resolution #103-2010 on August 17, 2010 consolidating all the outstanding advances made by the City to the Porterville Redevelopment Agency into a single loan agreement with a term of 30 years at a simple interest rate of 3 percent per annum with the first annual payment commencing on July 1, 2014. The City also approved the request by the Agency to waive the accrued interest on the original fund advance agreement from 1981 to 1990 in the amount of $406,975. In addition, the City Council also authorized the City to pay the principal amount of $200,000 due on the Redevelopment Agency loan from the Porterville Civic Development Foundation. The consolidated amount of the new advance plus accrued interest was $1,186,757.

Because of the turmoil created by the budget measures crafted by the Governor of the State of California, particularly those pertaining to Redevelopment Agencies, the Porterville City Council and the Porterville Redevelopment Agency Board moved to amend the above Resolution #103-2010 on March 10, 2011 with Resolution #07-2011, allowing the Agency to pay in full the outstanding amount owed to the City with the proceeds from the 2008 Tax Allocation Refunding Bonds and that the full payment amount reserved for the Porterville Hotel Redevelopment Project. Full payment of $1,714,374 in principal and accrued interest was made in March 2011.

Public Improvement Cost Reimbursement Agreement – On March 10, 2011, the Porterville Redevelopment Agency entered into a Cooperation Agreement with the City of Porterville for the reimbursement of costs incurred by the City for public improvements constructed within or contiguous to the Redevelopment Area. $4,221,223 in improvements constructed between the years 2000 to 2010 were identified. The City Council and the Agency Board determined that the public improvements are of benefit to the Redevelopment Project Area by helping to eliminate blight which is necessary for effective redevelopment and for attracting private investment thereby creating employment and commercial opportunities and facilitating the development of housing for persons and families of low and moderate income. Upon approval of the agreement, the Agency made the first payment of $275,000, with the balance to be paid in annual installments of $150,000 on or before each June 30 beginning on June 30, 2012 until paid in full. Interest at the rate of 3 per annum shall accrue from the date of the agreement. The Agency’s obligations under this agreement are secured by a pledge of tax increment subordinate to all prior pledges of tax increment. As of June 30, 2011, $3,982,550 in principal and accrued interest is outstanding.

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, 2011, was as follows:

<table>
<thead>
<tr>
<th>Governmental activities:</th>
<th>Beginning Balance</th>
<th>Additions/ Adjustments</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds payable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificates payable</td>
<td>$ 22,725,000</td>
<td>--</td>
<td>(690,000)</td>
<td>$ 22,035,000</td>
<td>735,000</td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>8,105,000</td>
<td>--</td>
<td>(105,000)</td>
<td>8,000,000</td>
<td>115,000</td>
</tr>
<tr>
<td>Plus deferred amounts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For issuance premiums</td>
<td>178,135</td>
<td>--</td>
<td>(11,418)</td>
<td>166,716</td>
<td>--</td>
</tr>
<tr>
<td>Less deferred amounts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For issuance discounts</td>
<td>(124,483)</td>
<td>--</td>
<td>4,256</td>
<td>(120,227)</td>
<td>--</td>
</tr>
<tr>
<td>On refunding</td>
<td>(908,508)</td>
<td>--</td>
<td>69,891</td>
<td>(838,618)</td>
<td>--</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>29,975,144</td>
<td>--</td>
<td>(732,271)</td>
<td>29,242,873</td>
<td>850,000</td>
</tr>
<tr>
<td>Notes payable</td>
<td>3,611,489</td>
<td>--</td>
<td>(379,139)</td>
<td>3,232,350</td>
<td>190,839</td>
</tr>
<tr>
<td>Claims</td>
<td>1,162,855</td>
<td>4,427,514</td>
<td>(4,100,033)</td>
<td>1,490,336</td>
<td>461,928</td>
</tr>
<tr>
<td>Net postemployment</td>
<td>774,686</td>
<td>643,912</td>
<td>(257,018)</td>
<td>1,161,580</td>
<td>257,018</td>
</tr>
<tr>
<td>benefits obligation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences*</td>
<td>950,827</td>
<td>951,173</td>
<td>(931,170)</td>
<td>970,830</td>
<td>666,283</td>
</tr>
<tr>
<td>Governmental activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>$ 36,475,001</td>
<td>6,022,599</td>
<td>(6,399,631)</td>
<td>$ 36,097,969</td>
<td>$ 2,426,068</td>
</tr>
</tbody>
</table>

Business-type activities:

| Bonds payable:          |                   |                        |            |                |                   |
| Certificates payable    | $ 19,675,000      | --                     | (10,805,000)| 8,870,000      | 885,000           |
| Revenue bonds           | --                | 19,870,000             | --         | 19,870,000     | 315,000           |
| Plus deferred amounts:  |                   |                        |            |                |                   |
| For issuance premiums   | 147,815           | --                     | (17,912)   | 129,903        | --                |
| Less deferred amounts:  |                   |                        |            |                |                   |
| For issuance discounts  | --                | (1,000,387)            | 18,683     | (981,704)      | --                |
| On refunding            | (1,542,441)       | (1,306,684)            | 1,075,149  | (1,773,976)    | --                |
| Total bonds payable     | 18,280,374        | 17,562,929             | (9,729,080)| 26,114,223     | 1,200,000         |
| Notes payable           | 13,181,660        | --                     | (149,399)  | 13,032,261     | 324,615           |
| Business-type activity  |                   |                        |            |                |                   |
| Long-term liabilities   | $ 31,462,034      | 17,562,929             | (9,878,479)| $ 39,146,484   | $ 1,524,615       |

* Governmental compensated absences are primarily liquidated in the General Fund. Net postemployment benefits obligation and claims liabilities are liquidated by the internal service funds.

NOTE 5 - Other information

A. Joint venture

The City is a member of the Central San Joaquin Valley Risk Management Authority (the Authority). The Authority is comprised of 55 Central California member cities and is organized under the provisions of Sections 6500 - 6515 of the California Government Code. It was established for the purpose of operating and maintaining a cooperative program of self-insurance and risk management which benefits its member agencies through cost
reductions, insurance coverage stability and loss control techniques. Each member city has a representative on the Board of Directors. The Board members elect officers of the Authority. The Authority establishes claim liabilities based on actuarial estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred, but not reported.

The following is the condensed audited statement of net assets and the changes in net assets of the Authority for the year ended June 30, 2011.

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>Workers’ Compensation Programs</th>
<th>Liability Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$37,517,498</td>
<td>$22,719,627</td>
</tr>
<tr>
<td>Liabilities to member cities</td>
<td>(33,245,341)</td>
<td>(17,851,759)</td>
</tr>
<tr>
<td>Net assets, reserved for insurance claims and losses</td>
<td>$4,272,157</td>
<td>$4,867,868</td>
</tr>
</tbody>
</table>

| Changes in Net Assets                          |                               |                    |
| Revenues                                       | $13,404,120                   | $8,243,064         |
| Expenses                                       | (12,686,585)                  | (8,849,541)        |
| Operating income (loss)                        | 717,535                       | (606,477)          |
| Non-operating revenues                         | 788,341                       | 734,620            |
| Change in net assets                           | 1,505,876                     | 128,143            |
| Net assets, July 1                              | 2,766,281                     | 4,739,725          |
| Net assets, June 30                            | $4,272,157                    | $4,867,868         |

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

**B. Risk management**

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

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

An outside agent administers the medical program. Charges per employee are based on total outstanding claims and past history. The City will pay all medical claims up to $85,000 per claim. An outside insuring agent covers any additional losses up to $1,000,000. The maximum payment for dental claims is $2,000 per employee per year. The unemployment liability program is administered through the State of California wherein the City is charged for the actual cost of claims paid by the State.

The City is self-insured for the first $100,000 per claim for general liability, to a limit of $1,000,000. The California Affiliated Risk Management Authority (CARMA) covers losses in excess of $1,000,000 to a limit of $29,000,000 through its participation with Everest Reinsurance Company and Colony National Insurance Company.

At June 30, 2011, $1,490,336 has been accrued for claims representing estimates of amounts to be paid for actual claims and incurred but not reported claims based on past actuarial experience.
Changes in the balances of claims liabilities during the past two years are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Fiscal year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2011</td>
</tr>
<tr>
<td>Unpaid claims, beginning of year</td>
<td>$1,162,855</td>
</tr>
<tr>
<td>Incurred claims</td>
<td>4,427,514</td>
</tr>
<tr>
<td>Claim payments</td>
<td>(4,100,033)</td>
</tr>
<tr>
<td>Unpaid claims, end of year</td>
<td>$1,490,336</td>
</tr>
</tbody>
</table>

C. Contingent liabilities

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

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

D. Unearned revenue - Governmental activities

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

The Low and Moderate Income Housing Special Revenue Fund had participated in lending forgivable funds to first-time homebuyers based on income qualifications. The maximum amount of assistance is $17,000 that is forgivable over a 45-year span. The amount of money recognized as deferred revenue is based on the number of loans issued less the annual forgivable portion. In addition, the Porterville Redevelopment Agency conveyed 2.7 acres of real property to Porterville Housing Partners, L.P. 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 and commercial buildings to be constructed on the property. The principal balance of the loan is recognized as deferred revenue in the Low and Moderate Income Housing Fund.

Details on unearned revenue at June 30, 2011, are as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental activities:</td>
<td></td>
</tr>
<tr>
<td>Special revenue fund -</td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant Housing</td>
<td>$11,154,037</td>
</tr>
<tr>
<td>Low and Moderate Income</td>
<td>1,246,855</td>
</tr>
<tr>
<td>Total unearned revenue – governmental activities</td>
<td>$12,400,892</td>
</tr>
</tbody>
</table>
E. Deferred compensation plans

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

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

F. Defined benefit pension plan

Plan Description

The City has two defined benefit pension plans, a Miscellaneous Plan and a Safety Plan, each providing retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Both plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees’ Retirement Law establish a menu of benefit provisions, as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. As of June 30, 2011, the contracted plan for Miscellaneous was 2.7 percent at age 55 and 3 percent at age 55 for Safety. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS’ annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

Funding Policy

Active plan members are required to contribute a percentage of their annual covered salary, 8.0 percent for participation in the Miscellaneous Plan and 9.0 percent for Safety Plan. The City is currently making these contributions on behalf of the police series employees only, in accordance with a Memorandum of Understanding, and the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year June 30, 2011, was 19.507 percent for miscellaneous employees and 25.893 percent for firefighters and police officers. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the fiscal year 2010-2011, the City’s annual pension cost of $3,289,787 for CalPERS was equal to the City’s required and actual contributions.

Miscellaneous Plan

The required contribution for fiscal year June 30, 2011 for the Miscellaneous Plan was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25 percent to 14.45 percent depending on age, service, and type of employment, (c) an inflation component of 3.0 percent, (d) 3.25 percent
overall payroll growth, and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0 percent and an annual production growth of 0.25 percent. The actuarial value of the plan's assets was determined using a technique that smooths the effect of short-term volatility in fair value of investments over a fifteen year period. The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period for the Miscellaneous Plan was 26 years as of the valuation date.

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Annual Pension Cost (APC)</th>
<th>Percentage of APC Contributed</th>
<th>Net Pension Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/09</td>
<td>$1,696,008</td>
<td>100%</td>
<td>--</td>
</tr>
<tr>
<td>06/30/10</td>
<td>1,797,081</td>
<td>100%</td>
<td>--</td>
</tr>
<tr>
<td>06/30/11</td>
<td>1,772,005</td>
<td>100%</td>
<td>--</td>
</tr>
</tbody>
</table>

The funded status of the plan as of June 30, 2010, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL) $60,633,173
Actuarial value of plan assets 42,918,390
Unfunded actuarial accrued liability (UAAL) $17,714,783

Funded ratio (actuarial value of plan assets/AAL) 70.8%
Covered payroll 9,286,665
UAAL as a percentage of covered payroll 190.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, included in the required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Safety Plan

The Safety Plan is part of the Safety 3.0% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2010 to June 30, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. The actuarial assumptions used to determine the contractually required contributions for the cost-sharing multiple-employer defined benefit plan included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25 percent to 14.45 percent depending on age, service and type of employment, (c) inflation rate of 3.0 percent, (d) payroll growth of 3.25 percent, and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0 percent and an annual production growth of 0.25 percent. The plan's assets are valued using a 15 year smoothed market and the actuarial liability is amortized as a level percentage of payroll. The average remaining amortization period for the cost-sharing multiple-employer defined benefit plan was 16 years as of the valuation date.
<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Annual Pension Cost (APC)</th>
<th>Percentage of APC Contributed</th>
<th>Net Pension Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/08</td>
<td>$1,368,248</td>
<td>100%</td>
<td>--</td>
</tr>
<tr>
<td>06/30/09</td>
<td>1,405,899</td>
<td>100%</td>
<td>--</td>
</tr>
<tr>
<td>06/30/10</td>
<td>1,561,818</td>
<td>100%</td>
<td>--</td>
</tr>
<tr>
<td>06/30/11</td>
<td>1,517,781</td>
<td>100%</td>
<td>--</td>
</tr>
</tbody>
</table>

G. Other postemployment benefits

Plan Description

In addition to the pension benefits described above in Note 5F, the City provides other postemployment benefits (OPEB) for its employees, a single-employer retiree health program. Retired employees are eligible to purchase the City's Medical, Dental, and/or Vision Plan benefits for themselves and their spouse, provided the spouse was covered under each of the Benefit Plans proposed to be purchased for not less than 30 days immediately prior to the employee's retirement date. Employees who retire on or after January 1, 2005 will pay 70 percent of the monthly contribution rate for medical coverage for themselves and for their eligible spouse; and the City will contribute 30 percent of said costs, for so long as timely and continuous monthly premium payments are made by or on behalf of the eligible retiree and/or by their eligible spouse. Medical plan benefit coverage for retirees and eligible spouses will be effective until they reach the age of 65. The monthly cost shall be 102% of the actuarially established contribution rate, and such rates are subject to change from time-to-time.

Funding Policy and Actuarial Assumptions

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

The calculation method used to determine the annual accrual amount was the entry age normal actuarial cost method. The allocation of OPEB cost was based on years of service and the level percentage of payroll method was used to allocate OPEB cost over years of service. The amortization method used to allocate amortization cost by year is the level percentage of payroll method. The amortization period used is an open 30 year amortization period. Projections of benefits are based on the substantive plan, the formulation of which was based on a review of written plan documents as well as historical information regarding practices with respect to employer and employee contributions and other relevant factors. Economic assumptions included (a) 3 percent per year inflation rate, (b) an investment return/discount rate of 5 percent per year, (c) a long-term trend assumption of 4 percent per year, and (d) a payroll increase of 3 percent per year.

Annual OPEB Cost

As required by GASB 45, an actuary will determine the City's annual required contribution (ARC) at least once every two years. The ARC is calculated in accordance with certain parameters, and includes the normal cost for one year and a component of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years. This is the basis of the annual OPEB cost and the net OPEB obligation. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and the City's net OPEB obligation at June 30, 2011:
Annual required contribution $ 643,912
Interest on net OPEB obligation / (asset) --
Adjustment to annual required contribution --
Annual OPEB cost (expense) 643,912
Contributions made 257,018
Increase in net OPEB obligation / (asset) 386,894
Net OPEB obligation / (asset) – beginning of year 774,686
Net OPEB obligation / (asset) – end of year $ 1,161,580

The funded status of the plan as of March 1, 2011, the plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL) $ 5,348,777
Actuarial value of plan assets --
Unfunded actuarial accrued liability (UAAL) $ 5,348,777
Funded ratio (actuarial value of plan assets/AAL) 0.0%
Covered payroll 14,867,608
UAAL as a percentage of covered payroll 36.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, included in the required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 6 – Prior year’s debt defeasance

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in this trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City’s government-wide financial statements. As of June 30, 2011, the amount of the defeased debt outstanding amounted to $28,760,000.

NOTE 7 – Prior period adjustments

During the fiscal year 2010-2011, the City of Porterville made a prior period adjustment to restate the beginning net assets of its governmental activities. Unearned revenue in the amount of $104,129 reported in prior years was written-off in the current fiscal year which increased net assets - governmental activities. This liability pertains to the 1998 accrued interest added to the principal of the original advance made by the City to the Redevelopment Agency. In August of 2010, the Porterville City Council approved the request by the Agency to waive interest accrued on the advance.
Prior period adjustments are also reported in the City's governmental funds specifically the General Fund and the Redevelopment Agency Capital Projects Fund. An adjustment was made in both funds to write-off prior years' accrued interest that had been added to the principal of the original advance from the City to the Agency as approved by the City Council in August of 2010. In March of 2011, the City of Porterville and the Porterville Redevelopment Agency entered into a Public Improvement Cost Reimbursement Agreement wherein the Agency agreed to reimburse $4,221,223 in costs incurred by the City for public improvements constructed between the years 2000 to 2010 within or contiguous to the Redevelopment Project Area. These adjustments increased the fund balance in the General Fund by $3,918,377 and decreased the fund balance in the Redevelopment Agency Capital Projects Fund by $3,814,248.

Note 8 - Subsequent event

On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. The Dissolution Act provides for the elimination of redevelopment agencies by appointing successor agencies to direct the orderly distribution of a redevelopment agency's assets and liabilities. The Voluntary Program Act provides a voluntary alternative for local governments to continue redevelopment activities by the enactment of an ordinance agreeing to comply with the program requirements and agreeing to make certain annual Community Remittance payments into a special fund established for the benefit of other governments. The Porterville Redevelopment Agency's "Community Remittance" payment is estimated to be $314,376 for fiscal year 2011-12.

The Redevelopment Restructuring Act requires the Agency and its sponsoring government (the City) to take several legislative actions to implement the various provisions of each assembly bill. On August 16, 2011, the City Council and the Agency agreed to participate under the "Alternative Voluntary Redevelopment Program" and subsequently enacted the required ordinance to comply with its provisions, including the remittance of the payments described above as "Community Remittances."

The California Redevelopment Association along with others has filed suit challenging the constitutionality of Assembly Bill X1 26 and Assembly Bill X1 27. In August 2011, the Court agreed to hear the case on an expedited basis so that a decision could be reached before January 15, 2012, when the first payments under the Voluntary Program Act are due. Until a decision is reached, the California Supreme Court has issued a partial stay of AB X1 26 and AB X1 27, delaying the effectiveness of the statute.
Required Supplementary Information
<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Budgeted Amounts</th>
<th>Variance with Final Budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Property taxes</td>
<td>$6,804,085</td>
<td>$6,804,085</td>
</tr>
<tr>
<td>Sales taxes</td>
<td>3,376,913</td>
<td>3,376,913</td>
</tr>
<tr>
<td>Utility users tax</td>
<td>3,824,573</td>
<td>3,824,573</td>
</tr>
<tr>
<td>Transient occupancy tax</td>
<td>310,000</td>
<td>310,000</td>
</tr>
<tr>
<td>Franchise tax</td>
<td>1,476,134</td>
<td>1,476,134</td>
</tr>
<tr>
<td>Business licenses</td>
<td>390,000</td>
<td>360,000</td>
</tr>
<tr>
<td>Building permits</td>
<td>225,500</td>
<td>225,500</td>
</tr>
<tr>
<td>Plumbing permits</td>
<td>140,000</td>
<td>140,000</td>
</tr>
<tr>
<td>Electrical permits</td>
<td>37,200</td>
<td>37,200</td>
</tr>
<tr>
<td>Other licenses and permits</td>
<td>21,000</td>
<td>21,000</td>
</tr>
<tr>
<td>Motor vehicle in-lieu tax</td>
<td>385,948</td>
<td>385,948</td>
</tr>
<tr>
<td>Federal grants</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td>State grants/reimbursements</td>
<td>396,965</td>
<td>410,955</td>
</tr>
<tr>
<td>Planning and zoning</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Engineering and inspection</td>
<td>30,850</td>
<td>30,850</td>
</tr>
<tr>
<td>Police services</td>
<td>217,000</td>
<td>217,000</td>
</tr>
<tr>
<td>Fire services</td>
<td>24,000</td>
<td>24,000</td>
</tr>
<tr>
<td>Library services</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Recreational activities</td>
<td>1,461,500</td>
<td>1,461,500</td>
</tr>
<tr>
<td>Other service charges</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Interdepartmental service charge</td>
<td>1,817,030</td>
<td>1,817,030</td>
</tr>
<tr>
<td>Parking fines</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Vehicle code fines</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Other fines</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Impact fees</td>
<td>4,500</td>
<td>4,500</td>
</tr>
<tr>
<td>Special assessments and fees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>230,000</td>
<td>230,000</td>
</tr>
<tr>
<td>Rent</td>
<td>21,600</td>
<td>21,600</td>
</tr>
<tr>
<td>Contributions</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Other revenues</td>
<td>72,000</td>
<td>72,000</td>
</tr>
<tr>
<td>Total revenues</td>
<td>21,204,888</td>
<td>21,419,888</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>Current:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development</td>
<td>812,119</td>
</tr>
<tr>
<td>General government</td>
<td>2,596,191</td>
</tr>
<tr>
<td>Parks and recreation</td>
<td>4,622,548</td>
</tr>
<tr>
<td>Public safety - police</td>
<td>7,997,888</td>
</tr>
<tr>
<td>Public works</td>
<td>2,272,929</td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
</tr>
<tr>
<td>Interest and administrative charges</td>
<td>1,050</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>578,857</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>22,312,583</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(1,107,795)</td>
</tr>
</tbody>
</table>

| OTHER FINANCING SOURCES (USES) |
| Sale of assets | - | - | 197,649 | 197,649 |
| Transfers in | 1,344,808 | 1,344,808 | 1,483,522 | 138,714 |
| Transfers out | (3,433,952) | (3,433,952) | (3,203,436) | 230,516 |
| Total other financing sources (uses) and special items | (2,089,144) | (2,089,144) | (1,522,265) | 566,879 |
| Net change in fund balances | (3,196,939) | (3,127,077) | (783,220) | 2,343,857 |
| Fund balance - beginning | 18,705,899 | 18,705,899 | 18,705,899 | - |
| Prior period adjustment | - | - | 3,918,377 | - |
| Fund balance - ending | $15,506,060 | $15,578,222 | $21,841,056 | $2,343,857 |
### City of Porterville

**Public Safety Sales Tax Fund**

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

For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th></th>
<th>Actual Amounts</th>
<th></th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td>$ 2,400,000</td>
<td>$ 2,400,000</td>
<td>$ 2,627,514</td>
<td>$ 227,514</td>
<td></td>
</tr>
<tr>
<td>Sales tax</td>
<td>50,000</td>
<td>50,000</td>
<td>62,509</td>
<td>12,509</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>2,450,000</td>
<td>2,450,000</td>
<td>2,690,023</td>
<td>240,023</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parks and leisure services</td>
<td>363,838</td>
<td>363,838</td>
<td>306,429</td>
<td>57,409</td>
<td></td>
</tr>
<tr>
<td>Public safety - fire</td>
<td>892,939</td>
<td>892,939</td>
<td>795,466</td>
<td>97,473</td>
<td></td>
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<tr>
<td>Public safety - police</td>
<td>1,281,157</td>
<td>1,281,157</td>
<td>1,183,732</td>
<td>97,425</td>
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<tr>
<td>Total expenditures</td>
<td>2,537,934</td>
<td>2,537,934</td>
<td>2,285,627</td>
<td>252,307</td>
<td></td>
</tr>
<tr>
<td>Excess(deficiency) of revenues over(under) expenditures</td>
<td>(87,934)</td>
<td>(87,934)</td>
<td>404,396</td>
<td>492,330</td>
<td></td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td>3,736</td>
<td>3,736</td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,400,000)</td>
<td>(1,400,000)</td>
<td>(406)</td>
<td>1,399,594</td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>(1,400,000)</td>
<td>(1,400,000)</td>
<td>3,330</td>
<td>1,403,330</td>
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</tr>
<tr>
<td>Net change in fund balances</td>
<td>(1,487,934)</td>
<td>(1,487,934)</td>
<td>407,726</td>
<td>1,895,660</td>
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<tr>
<td>Fund balance - beginning</td>
<td>3,283,623</td>
<td>3,283,623</td>
<td>3,283,623</td>
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<tr>
<td>Fund balance - ending</td>
<td>$1,795,689</td>
<td>$1,795,689</td>
<td>$3,691,349</td>
<td>$1,895,660</td>
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</table>
City of Porterville  
Community Development Block Grant  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Budgeted Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
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<tr>
<td>Federal grants</td>
<td>$1,151,514</td>
<td>$1,151,514</td>
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<tr>
<td>State grants/reimbursements</td>
<td>354,526</td>
<td>354,526</td>
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<tr>
<td>Other service charges</td>
<td>140,500</td>
<td>140,500</td>
</tr>
<tr>
<td>Interest</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Total revenues</td>
<td>1,666,540</td>
<td>1,666,540</td>
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</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Current:</td>
<td></td>
<td></td>
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<tr>
<td>Community Development</td>
<td>188,716</td>
<td>188,716</td>
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<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>156,000</td>
<td>156,000</td>
</tr>
<tr>
<td>Interest and administrative charges</td>
<td>175,439</td>
<td>175,439</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>520,155</td>
<td>520,155</td>
</tr>
<tr>
<td>Excess(deficiency) of revenues over(under) expenditures</td>
<td>1,146,385</td>
<td>1,146,385</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER FINANCING SOURCES (USES)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers out:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(985,885)</td>
<td>(985,885)</td>
<td>(175,289)</td>
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<tr>
<td>Net change in fund balances</td>
<td>160,500</td>
<td>160,500</td>
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<tr>
<td>Fund balance - beginning</td>
<td>753,693</td>
<td>753,693</td>
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<tr>
<td>Fund balance - ending</td>
<td>$914,193</td>
<td>$914,193</td>
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</table>
## REQUIRED SUPPLEMENTARY INFORMATION

### Public Employees Retirement System

#### Schedule of Funding Progress

**Miscellaneous Plan**

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Entry Age Normal Accrued Liability</th>
<th>Actuarial Value of Assets</th>
<th>Unfunded Actuarial Accrued Liability</th>
<th>Funded Ratio</th>
<th>Annual Covered Payroll</th>
<th>UAAL as a % of Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/06</td>
<td>$39,891,390</td>
<td>$29,852,991</td>
<td>$10,038,399</td>
<td>74.8% $</td>
<td>7,424,053</td>
<td>135.2%</td>
</tr>
<tr>
<td>06/30/07</td>
<td>44,065,666</td>
<td>33,713,837</td>
<td>10,351,829</td>
<td>76.5%</td>
<td>7,128,765</td>
<td>145.2%</td>
</tr>
<tr>
<td>06/30/08</td>
<td>50,264,752</td>
<td>37,274,664</td>
<td>12,990,088</td>
<td>74.2%</td>
<td>8,782,071</td>
<td>147.9%</td>
</tr>
<tr>
<td>06/30/09</td>
<td>58,238,588</td>
<td>39,937,228</td>
<td>18,301,360</td>
<td>68.6%</td>
<td>9,300,892</td>
<td>196.8%</td>
</tr>
<tr>
<td>06/30/10</td>
<td>60,633,173</td>
<td>42,918,390</td>
<td>17,714,783</td>
<td>70.8%</td>
<td>9,286,665</td>
<td>190.8%</td>
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</tbody>
</table>
REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits Plan
Schedule of Funding Progress

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Actuarial Value of Assets</th>
<th>Actuarial Accrued Liability</th>
<th>Unfunded Actuarial Accrued Liability</th>
<th>Funded Ratio</th>
<th>Annual Covered Payroll</th>
<th>UAAL as a % of Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/01/09</td>
<td>$</td>
<td>$ 9,983,546</td>
<td>$ 9,983,546</td>
<td>0.0%</td>
<td>$ 14,650,620</td>
<td>68.1%</td>
</tr>
<tr>
<td>03/01/11</td>
<td>--</td>
<td>$ 5,348,777</td>
<td>$ 5,348,777</td>
<td>0.0%</td>
<td>$ 14,867,608</td>
<td>36.0%</td>
</tr>
</tbody>
</table>
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Supplemental
Statements
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Transportation Development Fund - This fund was established by Council action on May 5, 1998 to account for the collection/distribution of the newly-adopted Traffic Impact Fee assessed to new development.

Park Development Fund - This fund was established to account for receipts of federal and state grants for the improvement, maintenance, and acquisition of parks within the City.

Storm Drain Development Fund - This fund was established to account for storm drain acreage fees from subdivisions and developers. The funds will be used to finance storm drainage facilities in the future.
Building Construction Fund - This fund was created to accumulate and account for monies derived through the sale of City-owned assets.

DEBT SERVICE FUNDS

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

General Government Fund - This fund is used to account for the payment of principal and interest on the 1992 Public Buildings Certificates of Participation obligation.

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

CAPITAL PROJECTS FUND

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

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**June 30, 2011**

<table>
<thead>
<tr>
<th>Special Revenue</th>
<th>Redevelopment Agency</th>
<th>Low &amp; Moderate Housing</th>
<th>Special Gas Tax</th>
<th>Local Transportation Funds (LTF)</th>
<th>Traffic Safety</th>
<th>Public Safety Grant</th>
<th>Landscape Maintenance District</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,931</td>
<td>$20,678</td>
<td>$15,817</td>
<td>-</td>
<td>$3,398</td>
<td>$5,073</td>
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</tr>
<tr>
<td>Investments</td>
<td>290,414</td>
<td>2,068,756</td>
<td>1,567,303</td>
<td>-</td>
<td>335,717</td>
<td>502,686</td>
<td></td>
</tr>
<tr>
<td>Receivables - misc (net):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>-</td>
<td>162,910</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>6,449</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - housing (net):</td>
<td>316,855</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental receivables</td>
<td>-</td>
<td>-</td>
<td>241,329</td>
<td>69,130</td>
<td>46,001</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Interfund receivables</td>
<td>-</td>
<td>-</td>
<td>386,797</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Restricted - cash with fiscal agent</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Note receivable</td>
<td>930,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$1,540,200</td>
<td>$2,252,544</td>
<td>$2,211,246</td>
<td>$69,130</td>
<td>$386,116</td>
<td>$513,208</td>
<td></td>
</tr>
</tbody>
</table>

**LIABILITIES AND FUND BALANCES**

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>Fund balances:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and other payables</td>
<td>$37</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$984</td>
<td>$6,760</td>
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<tr>
<td>Payroll payable</td>
<td>1,691</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,902</td>
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<tr>
<td>Deferred revenue</td>
<td>1,246,855</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Advances payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total liabilities</td>
<td>1,248,583</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,866</td>
<td>6,760</td>
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<tr>
<td>Restricted for debt service</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted for grant programs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>373,250</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>291,617</td>
<td>2,252,544</td>
<td>2,211,246</td>
<td>69,130</td>
<td>-</td>
<td>506,448</td>
</tr>
<tr>
<td>Unassigned</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total fund balances</td>
<td>291,617</td>
<td>2,252,544</td>
<td>2,211,246</td>
<td>69,130</td>
<td>373,250</td>
<td>506,448</td>
</tr>
<tr>
<td>Total liabilities and fund balances</td>
<td>$1,540,200</td>
<td>$2,252,544</td>
<td>$2,211,246</td>
<td>$69,130</td>
<td>$386,116</td>
<td>$513,208</td>
</tr>
<tr>
<td>Transportation Development</td>
<td>Park Development</td>
<td>Storm Drain Development</td>
<td>Building Construction</td>
<td>General Government</td>
<td>Redevelopment Agency</td>
<td>Redevelopment Agency</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------</td>
<td>------------------------</td>
<td>----------------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>$ 7,153 $</td>
<td>- $</td>
<td>$ 19,553 $</td>
<td>$ 1,771 $</td>
<td>- $</td>
<td>$ 1,211 $</td>
<td>$ 562 $</td>
</tr>
<tr>
<td>708,789</td>
<td>-</td>
<td>1,937,393</td>
<td>175,493</td>
<td>-</td>
<td>119,944</td>
<td>55,728</td>
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<td>-</td>
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<td>5,107</td>
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<td>5,372</td>
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<tr>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>20,699</td>
<td>-</td>
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<td>-</td>
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<td>12,356</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>-</td>
<td>-</td>
<td></td>
<td>538,126</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>1,410,053</td>
<td>676,260</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>924,923</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>1,415,160</td>
<td>823,486</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>930,000</td>
</tr>
<tr>
<td>$ 715,942 $</td>
<td>- $</td>
<td>$ 1,969,302 $</td>
<td>$ 715,390 $</td>
<td>$ 1,415,160 $</td>
<td>$ 823,486 $</td>
<td>$ 56,290 $</td>
</tr>
</tbody>
</table>

| $                        | - $              | - $                    | - $                 | - $             | - $                 | - $                 | - $                           |
| 709 $                    | 8,470            |                        | 2,062               | 15,655          |                    | 1,246,855            | 3,982,550                      |
|                        | 3,982,550        |                        | -                   | -               |                    | 3,985,321           | 5,253,530                      |
|                        | 1,415,160        |                        | 823,486             | -               |                    | 2,238,646           | 373,250                        |
| 715,942                 | 8,731,619        |                        | -                   | -               |                    | (3,929,031)         | (3,929,031)                    |
|                        | 7,414,484        |                        |                     |                 |                    | (3,929,031)         |                                |
| $ 715,942 $             | - $              | $ 1,969,302 $          | $ 715,390 $        | $ 1,415,160 $   | $ 823,486 $        | $ 56,290 $          | $ 12,668,014                    |
CITY OF PORTERVILLE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th>Redevelopment Agency</th>
<th>Special Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low &amp; Mod. Housing</td>
</tr>
</tbody>
</table>

Revenues:
- Property taxes $201,087
- Intergovernmental $1,709,654 $2,216,327 $620,729
- Special assessments and fees
- Fines and forfeitures
- Investment earnings 4,841 $33,292 $41,412 $1,255 $1,185
- Miscellaneous 93,954
- **Total revenues** 299,882 $1,747,946 $2,257,739 $186,638 $628,486 $278,529

Expenditures:
- Community development 75,381
- General government
- Parks and leisure services
- Public safety - fire
- Public safety - police
- Debt redemption, principal 20,000
- Debt redemption, interest & charges 111,451
- **Total expenditures** 206,832

Excess (deficiency) of revenues over (under) expenditures 93,050 $1,747,946 $2,257,739 $186,638 302,282 108,050

Other financing sources (uses):
- Transfers in
- Transfers out
- Total other financing sources (uses)

Net change in fund balances 93,050 905,650 (250,365) 27,786 302,282 108,050

Fund balances - July 1 196,567 $1,346,894 $2,481,611 41,344 70,986 396,398

Prior period adjustment

Fund balances (deficits) - June 30 $291,617 $2,252,544 $2,211,246 $69,130 $373,250 $506,448
<table>
<thead>
<tr>
<th>Transportation Development</th>
<th>Park Development</th>
<th>Storm Drain Development</th>
<th>Building Construction</th>
<th>General Government</th>
<th>Redevelopment Agency</th>
<th>Redevelopment Agency</th>
<th>Capital Projects</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>35,758</td>
<td>62,740</td>
<td>510,994</td>
<td>17,052</td>
<td>15,490</td>
<td>768,263</td>
<td>47,049</td>
<td>218,399</td>
<td>62,740</td>
</tr>
<tr>
<td>- 205,641</td>
<td></td>
<td></td>
<td></td>
<td>23,260</td>
<td>12,938</td>
<td>135,512</td>
<td>202,983</td>
<td>1,023,538</td>
</tr>
<tr>
<td>- 12,758</td>
<td>42</td>
<td>33,449</td>
<td>17,052</td>
<td>15,490</td>
<td>34,111</td>
<td>202,983</td>
<td>135,512</td>
<td>185,383</td>
</tr>
<tr>
<td>218,399</td>
<td>62,740</td>
<td>510,994</td>
<td>17,052</td>
<td>15,490</td>
<td>768,263</td>
<td>47,049</td>
<td>218,399</td>
<td>62,740</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,121,909</td>
<td>410,237</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,817,729</td>
<td>624,668</td>
</tr>
<tr>
<td>218,399</td>
<td>62,740</td>
<td>510,994</td>
<td>17,052</td>
<td>15,490</td>
<td>768,263</td>
<td>47,049</td>
<td>218,399</td>
<td>62,740</td>
</tr>
<tr>
<td>-</td>
<td>31,830</td>
<td>662,000</td>
<td>(115)</td>
<td>79,506</td>
<td>(79,506)</td>
<td>(200,000)</td>
<td>218,399</td>
<td>31,830</td>
</tr>
<tr>
<td>-</td>
<td>62,740</td>
<td>(31,830)</td>
<td>(662,000)</td>
<td>1,826,384</td>
<td>(79,506)</td>
<td>(120,494)</td>
<td>218,399</td>
<td>(31,830)</td>
</tr>
<tr>
<td>68,399</td>
<td>-</td>
<td>479,164</td>
<td>(644,948)</td>
<td>24,145</td>
<td>64,069</td>
<td>(225,553)</td>
<td>951,729</td>
<td>1,959,454</td>
</tr>
<tr>
<td>647,543</td>
<td>-</td>
<td>1,490,138</td>
<td>1,380,338</td>
<td>1,391,015</td>
<td>759,397</td>
<td>110,770</td>
<td>10,277,003</td>
<td>(3,814,248)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,814,248)</td>
<td>(3,814,248)</td>
</tr>
<tr>
<td>$ 715,942</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>1,969,302</td>
<td>715,390</td>
<td>1,415,160</td>
<td>823,486</td>
<td>(3,929,031)</td>
<td>7,414,484</td>
<td>3,741,167</td>
<td>1,959,454</td>
<td>(3,814,248)</td>
</tr>
</tbody>
</table>
CITY OF PORTERVILLE

REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Original and Final Budgeted Amounts</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$205,025</td>
<td>$201,087</td>
<td>$(3,938)</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>4,841</td>
<td>4,841</td>
</tr>
<tr>
<td>Other</td>
<td>3,480</td>
<td>93,954</td>
<td>90,474</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>208,505</td>
<td>299,882</td>
<td>91,377</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community development:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>82,333</td>
<td>75,381</td>
<td>6,952</td>
</tr>
<tr>
<td>Debt redemption, principal</td>
<td>20,000</td>
<td>20,000</td>
<td>-</td>
</tr>
<tr>
<td>Debt redemption, interest &amp; charges</td>
<td>111,521</td>
<td>111,451</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>213,854</td>
<td>206,832</td>
<td>7,022</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>$ (5,349)</td>
<td>93,050</td>
<td>$98,399</td>
</tr>
<tr>
<td>Fund balance - July 1</td>
<td></td>
<td>198,567</td>
<td></td>
</tr>
<tr>
<td>Fund balance - June 30</td>
<td></td>
<td>$291,617</td>
<td></td>
</tr>
</tbody>
</table>
## 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, 2011

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Original and Final Budgeted Amounts</th>
<th>Variance Favorable</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other taxes:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State gasoline tax section 2103</td>
<td>$1,200</td>
<td>- $507,016</td>
<td>$507,016</td>
</tr>
<tr>
<td>State gasoline tax section 2105</td>
<td>275,286</td>
<td>274,069</td>
<td>(1,217)</td>
</tr>
<tr>
<td>State gasoline tax section 2106</td>
<td>168,844</td>
<td>162,894</td>
<td>(5,950)</td>
</tr>
<tr>
<td>State gasoline tax section 2107</td>
<td>366,731</td>
<td>366,092</td>
<td>(639)</td>
</tr>
<tr>
<td>State gasoline tax section 2107.5</td>
<td>7,500</td>
<td>7,500</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other taxes</strong></td>
<td><strong>818,361</strong></td>
<td><strong>1,317,571</strong></td>
<td><strong>499,210</strong></td>
</tr>
</tbody>
</table>

| **Intergovernmental:** | | | |
|------------------------|-----------------|-----------------|
| State grants | 866,976 | 391,083 | (475,893) |
| Federal grants | 996,102 | - | (996,102) |
| **Total intergovernmental** | **1,863,078** | **391,083** | **(1,471,995)** |

| **Interest** | 15,000 | 39,292 | 24,292 |

| **Total revenues** | 2,696,439 | 1,747,946 | (948,493) |

| **Other financing sources (uses):** | | | |
|------------------------|-----------------|-----------------|
| Transfers out | (3,707,933) | (842,296) | 2,865,637 |

| **Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses** | | | |
|---------------------------------------------------------------|-----------------|-----------------|
| $1,011,494 | 905,650 | $1,917,144 |

<table>
<thead>
<tr>
<th><strong>Fund balance - July 1</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1,346,894</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Fund balance - June 30</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,252,544</td>
<td></td>
</tr>
</tbody>
</table>
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, 2011

<table>
<thead>
<tr>
<th>Totals</th>
<th>Original and Final Budgeted Amounts</th>
<th>Variance Favorable</th>
<th>(Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Actual</td>
<td></td>
</tr>
</tbody>
</table>

Revenues:

Other taxes:

- State gasoline tax - LTF: $1,123,448
- Sales tax - County Measure R: $916,550

Total other taxes: $2,039,998

Intergovernmental:

- Federal grants: $300,000
  Actual: $176,329
  Variance: $(123,671)

Interest: $40,000
  Actual: $41,412
  Variance: $1,412

Total revenues: $4,230,100
  Actual: $2,257,739
  Variance: $(1,972,361)

Other financing sources (uses):

- Transfers in: $53,449
- Transfers out: $(2,561,553)

Total other financing sources (uses): $(2,508,104)

Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses: $(1,709,882)

Fund balance - July 1: $2,461,611

Fund balance - June 30: $2,211,246
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, 2011

<table>
<thead>
<tr>
<th>Totals</th>
<th>Original and Final Budgeted Amounts</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and forfeitures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penal code fines</td>
<td>$199,500 $185,383 $ (14,117)</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$500 $1,255 $755</td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$200,000 $186,638 $(13,362)</td>
<td></td>
</tr>
<tr>
<td>Other financing sources (uses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>$(200,000) $(158,852) 41,148</td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>other financing sources over (under)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>expenditures and other financing</td>
<td>$27,786 $27,786</td>
<td></td>
</tr>
<tr>
<td>uses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance - July 1</td>
<td></td>
<td>41,344</td>
</tr>
<tr>
<td>Fund balance - June 30</td>
<td></td>
<td>$69,130</td>
</tr>
</tbody>
</table>
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, 2011

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergovernmental:</td>
<td></td>
</tr>
<tr>
<td>State grants</td>
<td>$160,000 $453,075 $293,075</td>
</tr>
<tr>
<td>Federal grants</td>
<td>137,808 167,654 29,846</td>
</tr>
<tr>
<td>Total intergovernmental</td>
<td>297,808 620,729 322,921</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>6,572 6,572</td>
</tr>
<tr>
<td>Total revenues</td>
<td>304,380 628,486 324,106</td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
</tr>
<tr>
<td>Public safety - fire</td>
<td>140,265 140,265 -</td>
</tr>
<tr>
<td>Public safety - police</td>
<td>235,032 185,959 49,073</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>375,297 326,224 49,073</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under)</td>
<td></td>
</tr>
<tr>
<td>expenditures</td>
<td>$ (70,917) 302,262 $373,179</td>
</tr>
<tr>
<td>Fund balance - July 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>70,918</td>
</tr>
<tr>
<td>Fund balance - June 30</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$373,250</td>
</tr>
</tbody>
</table>
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, 2011

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Original and Final Budgeted Amounts</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special assessments</td>
<td>$260,000</td>
<td>$277,654</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>875</td>
</tr>
<tr>
<td>Total revenues</td>
<td></td>
<td>278,529</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Parks and leisure services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of service</td>
<td>210,986</td>
<td>170,479</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>$49,014</td>
<td>108,050</td>
</tr>
</tbody>
</table>

Fund balance - July 1 | 398,398 |
Fund balance - June 30 | $506,448 |
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, 2011

<table>
<thead>
<tr>
<th></th>
<th>Original and Final Budgeted Amounts</th>
<th>Totals</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation impact fees</td>
<td>$200,000 $205,641 $5,641</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$10,000 $12,758 $2,758</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$210,000 $218,399 $8,399</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financing uses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>$(400,000) $(150,000) $250,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>other financing sources over (under)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>expenditures and other financing uses</td>
<td>$190,000 $68,399 $258,399</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance - July 1</td>
<td></td>
<td>$647,543</td>
<td></td>
</tr>
<tr>
<td>Fund balance - June 30</td>
<td></td>
<td>$715,942</td>
<td></td>
</tr>
</tbody>
</table>
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, 2011

<table>
<thead>
<tr>
<th></th>
<th>Original and Final Budgeted Amounts</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park impact fees</td>
<td>$50,000</td>
<td>$62,698</td>
<td>$12,698</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Total revenues</td>
<td>50,000</td>
<td>62,740</td>
<td>12,740</td>
</tr>
<tr>
<td><strong>Other financing uses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(50,000)</td>
<td>(62,740)</td>
<td>(12,740)</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</strong></td>
<td>$ -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund balance - July 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fund balance - June 30</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 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, 2011*

<table>
<thead>
<tr>
<th>Original and Final Budgeted Amounts</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storm drain fees</td>
<td>$ 75,000</td>
<td>$ 477,545</td>
</tr>
<tr>
<td>Interest</td>
<td>$ 20,000</td>
<td>$ 33,449</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$ 95,000</td>
<td>$ 510,994</td>
</tr>
<tr>
<td><strong>Other financing sources (uses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,451,000)</td>
<td>(31,830)</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</td>
<td>(1,356,000)</td>
<td>479,164</td>
</tr>
<tr>
<td><strong>Fund balance - July 1</strong></td>
<td></td>
<td>1,490,138</td>
</tr>
<tr>
<td><strong>Fund balance - June 30</strong></td>
<td>$ 1,969,302</td>
<td></td>
</tr>
</tbody>
</table>
**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, 2011

<table>
<thead>
<tr>
<th></th>
<th>Original and Final Budgeted Amounts</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$50,000</td>
<td>$17,052</td>
<td>($32,948)</td>
</tr>
<tr>
<td><strong>Other financing sources (uses):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,370,000)</td>
<td>(662,000)</td>
<td>708,000</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</strong></td>
<td>(1,320,000)</td>
<td>(644,948)</td>
<td>675,052</td>
</tr>
<tr>
<td><strong>Fund balance - July 1</strong></td>
<td></td>
<td>1,360,338</td>
<td></td>
</tr>
<tr>
<td><strong>Fund balance - June 30</strong></td>
<td></td>
<td>$715,390</td>
<td></td>
</tr>
</tbody>
</table>
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, 2011

<table>
<thead>
<tr>
<th>Totals</th>
<th>Original and Final Budgeted Amounts</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues:</td>
<td>$5,000 $15,490 $10,490</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>2,500 5,820 (3,320)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt redemption, principal</td>
<td>690,000 690,000 -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt redemption, interest &amp; charges</td>
<td>1,121,909 1,121,909 -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>1,814,409 1,817,729 (3,320)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(1,809,409) (1,802,239) 7,170</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financing sources (uses):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>1,820,449 1,826,499 6,050</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(2,500) (115) 2,385</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>1,817,949 1,826,384 8,435</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</td>
<td>$8,540 $24,145 $15,605</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance - July 1</td>
<td>$1,391,015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance - June 30</td>
<td>$1,415,160</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CITY OF PORTERVILLE

REDEVELOPMENT AGENCY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Original and Final Budgeted Amounts</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$760,292</td>
<td>$744,994</td>
<td>$(15,298)</td>
</tr>
<tr>
<td>Interest</td>
<td>$16,051</td>
<td>$23,269</td>
<td>7,218</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td></td>
<td>$776,343</td>
<td>$768,263</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community development :</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>104,589</td>
<td>106,292</td>
<td>$(1,703)</td>
</tr>
<tr>
<td>Debt redemption, principal</td>
<td>108,139</td>
<td>108,139</td>
<td>0</td>
</tr>
<tr>
<td>Debt redemption, interest &amp; charges</td>
<td>410,241</td>
<td>410,237</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td></td>
<td>622,969</td>
<td>624,668</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>153,374</td>
<td>143,595</td>
<td>$(9,779)</td>
</tr>
<tr>
<td><strong>Other financing sources (uses):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>$(162,110)</td>
<td>$(79,506)</td>
<td>82,604</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>$(162,110)</td>
<td>$(79,506)</td>
<td>82,604</td>
</tr>
</tbody>
</table>

Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses

$ (8,736) | 64,089 | $ 72,825

Fund balance - July 1

759,397

Fund balance - June 30

$ 823,486
CITY OF PORTERVILLE

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Original and Final Budgeted Amounts</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$30,000 $12,938 (17,062)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>18,413 34,111 15,698</td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>48,413 47,049 (1,364)</td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community development</td>
<td>162,110 79,506 82,604</td>
<td></td>
</tr>
<tr>
<td>Debt redemption, interest</td>
<td>- 72,602 (72,602)</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>162,110 152,108 10,002</td>
<td></td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>(113,697) (105,059) 8,638</td>
<td></td>
</tr>
<tr>
<td><strong>Other financing sources (uses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>162,110 79,506 (82,604)</td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,800,000) (200,000) 1,600,000</td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>(1,637,890) (120,494) 1,517,396</td>
<td></td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</strong></td>
<td>$1,751,587 (225,553) $1,526,034</td>
<td></td>
</tr>
<tr>
<td>Fund balance - July 1</td>
<td>110,770</td>
<td></td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>(3,814,248)</td>
<td></td>
</tr>
<tr>
<td>Fund balance - June 30</td>
<td>$3,829,031</td>
<td></td>
</tr>
</tbody>
</table>
NONMAJOR PROPRIETARY FUNDS

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

Zalud House Fund

This fund was established to account for the original gift of money and assets from the Zalud Estate and the operations of the Zalud House.

Transit Fund

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

Airport Fund

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

Golf Course Fund

This fund was established to account for all revenues and expenses incurred in the operation of the Porterville Municipal Golf Course. The principal source of revenue for this fund is green fees.
City of Porterville  
Combining Statement of Net Assets  
Nonmajor Proprietary Funds  
June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Zalud House</th>
<th>Transit Operations</th>
<th>Airport Operations</th>
<th>Golf Course</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,023</td>
<td>-$</td>
<td>$4,897</td>
<td>$500</td>
<td>$6,420</td>
</tr>
<tr>
<td>Investments</td>
<td>100,399</td>
<td>-</td>
<td>467,448</td>
<td>-</td>
<td>567,847</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for uncollectibles</td>
<td>-</td>
<td>31,328</td>
<td>85,143</td>
<td>1,957</td>
<td>118,428</td>
</tr>
<tr>
<td>Intergovernmental receivables</td>
<td>-</td>
<td>160,303</td>
<td>81,528</td>
<td>-</td>
<td>241,831</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>-</td>
<td>166,332</td>
<td>-</td>
<td>166,332</td>
</tr>
<tr>
<td>Total current assets</td>
<td>101,422</td>
<td>191,631</td>
<td>825,348</td>
<td>2,457</td>
<td>1,120,858</td>
</tr>
<tr>
<td>Noncurrent assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>23,240</td>
<td>352,599</td>
<td>1,000,125</td>
<td>102,048</td>
<td>1,478,012</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>-</td>
<td>290,423</td>
<td>2,129,788</td>
<td>8,865</td>
<td>2,429,076</td>
</tr>
<tr>
<td>Buildings and equipment</td>
<td>138,668</td>
<td>7,304,869</td>
<td>1,081,928</td>
<td>329,251</td>
<td>8,854,916</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>3,547</td>
<td>570,939</td>
<td>6,705,337</td>
<td>385,918</td>
<td>7,665,741</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(97,327)</td>
<td>(2,026,922)</td>
<td>(3,603,448)</td>
<td>(424,475)</td>
<td>(6,152,172)</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>68,328</td>
<td>6,491,908</td>
<td>7,313,730</td>
<td>401,607</td>
<td>14,275,573</td>
</tr>
<tr>
<td>Total assets</td>
<td>169,750</td>
<td>6,683,539</td>
<td>8,139,076</td>
<td>404,064</td>
<td>15,396,431</td>
</tr>
<tr>
<td><strong>LIABILITIES AND FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and other payables</td>
<td>347</td>
<td>111,686</td>
<td>194,795</td>
<td>7,177</td>
<td>314,005</td>
</tr>
<tr>
<td>Payroll payable</td>
<td>768</td>
<td>366</td>
<td>4,642</td>
<td>6,255</td>
<td>12,051</td>
</tr>
<tr>
<td>Interfund payable</td>
<td>-</td>
<td>386,797</td>
<td>-</td>
<td>436,383</td>
<td>823,180</td>
</tr>
<tr>
<td>Compensated absences payable</td>
<td>-</td>
<td>-</td>
<td>11,092</td>
<td>5,567</td>
<td>16,659</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
<td>-</td>
<td>2,836</td>
<td>-</td>
<td>2,836</td>
</tr>
<tr>
<td>Loans payable - current</td>
<td>-</td>
<td>-</td>
<td>9,490</td>
<td>-</td>
<td>9,490</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,115</td>
<td>486,669</td>
<td>222,855</td>
<td>455,382</td>
<td>1,178,221</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances payable</td>
<td>-</td>
<td>-</td>
<td>75,326</td>
<td>-</td>
<td>75,326</td>
</tr>
<tr>
<td>Loans payable</td>
<td>-</td>
<td>-</td>
<td>73,350</td>
<td>-</td>
<td>73,350</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>-</td>
<td>-</td>
<td>148,676</td>
<td>-</td>
<td>148,676</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,115</td>
<td>486,669</td>
<td>371,531</td>
<td>455,382</td>
<td>1,326,897</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>68,328</td>
<td>6,491,908</td>
<td>7,230,890</td>
<td>401,607</td>
<td>14,192,733</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>100,307</td>
<td>(307,238)</td>
<td>536,657</td>
<td>(452,925)</td>
<td>(123,199)</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$168,635</td>
<td>$6,184,670</td>
<td>$7,767,547</td>
<td>$(51,315)</td>
<td>$14,069,534</td>
</tr>
</tbody>
</table>
City of Porterville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Zalud House</th>
<th>Transit Operations</th>
<th>Airport Operations</th>
<th>Golf Course</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$3,279</td>
<td>$346,763</td>
<td>$1,139,027</td>
<td>$225,253</td>
<td>$1,714,322</td>
</tr>
<tr>
<td>Other revenues</td>
<td>1,835</td>
<td>10,040</td>
<td>149,254</td>
<td>125</td>
<td>161,254</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>5,114</td>
<td>356,803</td>
<td>1,288,281</td>
<td>225,378</td>
<td>1,875,576</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales and services</td>
<td>20,582</td>
<td>1,471,505</td>
<td>959,237</td>
<td>260,098</td>
<td>2,711,422</td>
</tr>
<tr>
<td>General and administrative</td>
<td>4,231</td>
<td>294,322</td>
<td>102,179</td>
<td>80,016</td>
<td>480,748</td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>3,792</td>
<td>396,955</td>
<td>194,502</td>
<td>26,793</td>
<td>622,042</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>28,605</td>
<td>2,162,782</td>
<td>1,255,918</td>
<td>366,907</td>
<td>3,814,212</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(23,491)</td>
<td>(1,805,979)</td>
<td>32,383</td>
<td>(141,529)</td>
<td>(1,938,636)</td>
</tr>
<tr>
<td>Nonoperating revenues (expenses):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td></td>
<td>1,170,388</td>
<td>23,144</td>
<td></td>
<td>1,193,532</td>
</tr>
<tr>
<td>Federal grants</td>
<td></td>
<td>1,887,202</td>
<td>1,846,871</td>
<td></td>
<td>3,534,073</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>1,743</td>
<td>741</td>
<td>16,484</td>
<td>3,160</td>
<td>22,128</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
<td>(26,421)</td>
<td></td>
<td>(26,421)</td>
</tr>
<tr>
<td>Sale of capital assets</td>
<td></td>
<td>9,004</td>
<td></td>
<td>1,198</td>
<td>10,202</td>
</tr>
<tr>
<td>Total nonoperating revenue (expenses)</td>
<td>1,743</td>
<td>2,887,335</td>
<td>1,860,078</td>
<td>4,358</td>
<td>4,733,514</td>
</tr>
<tr>
<td>Income before contributions and transfers</td>
<td>(21,748)</td>
<td>1,061,356</td>
<td>1,892,441</td>
<td>(137,171)</td>
<td>2,794,878</td>
</tr>
<tr>
<td>Transfers in</td>
<td>10,000</td>
<td></td>
<td>77,637</td>
<td>69,000</td>
<td>156,637</td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td>(7,000)</td>
<td>(12,462)</td>
<td></td>
<td>(19,462)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(11,748)</td>
<td>1,054,356</td>
<td>1,857,616</td>
<td>(68,171)</td>
<td>2,932,053</td>
</tr>
<tr>
<td>Total net assets - beginning</td>
<td>180,383</td>
<td>5,130,314</td>
<td>5,809,931</td>
<td>16,853</td>
<td>11,137,481</td>
</tr>
<tr>
<td>Total net assets - ending</td>
<td>$168,635</td>
<td>$6,184,670</td>
<td>$7,767,547</td>
<td>($51,318)</td>
<td>$14,089,534</td>
</tr>
</tbody>
</table>
## City of Porterville
### Statement of Cash Flows
#### Nonmajor Proprietary Funds
##### For the Year Ended June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Zaland House</th>
<th>Transit Operations</th>
<th>Airport Operations</th>
<th>Golf Course</th>
<th>Total Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from customers</td>
<td>$5,114</td>
<td>$352,783</td>
<td>$1,355,910</td>
<td>$226,818</td>
<td>$1,940,625</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(14,749)</td>
<td>(106,979)</td>
<td>(112,140)</td>
<td>(160,349)</td>
<td>(394,217)</td>
</tr>
<tr>
<td>Payments to suppliers and others</td>
<td>(9,539)</td>
<td>(1,639,074)</td>
<td>(372,400)</td>
<td>(183,840)</td>
<td>(2,704,653)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>(19,174)</td>
<td>(1,393,270)</td>
<td>371,370</td>
<td>(117,111)</td>
<td>(1,158,245)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from interfund</td>
<td>-</td>
<td>386,797</td>
<td>-</td>
<td>111,145</td>
<td>497,942</td>
</tr>
<tr>
<td>Intergovernmental - operating assistance</td>
<td>-</td>
<td>408,504</td>
<td>20,000</td>
<td>-</td>
<td>428,504</td>
</tr>
<tr>
<td>Subsidy from federal grant</td>
<td>-</td>
<td>340,000</td>
<td>-</td>
<td>-</td>
<td>340,000</td>
</tr>
<tr>
<td>Transfers in from other funds</td>
<td>10,000</td>
<td>-</td>
<td>77,637</td>
<td>69,000</td>
<td>156,637</td>
</tr>
<tr>
<td>Transfers to other funds</td>
<td>-</td>
<td>(7,000)</td>
<td>(12,462)</td>
<td>-</td>
<td>(19,462)</td>
</tr>
<tr>
<td>Net cash (used) by noncapital financing</td>
<td>10,000</td>
<td>1,128,301</td>
<td>85,175</td>
<td>180,145</td>
<td>1,403,621</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction and other capital projects</td>
<td>-</td>
<td>(175,910)</td>
<td>(2,049,040)</td>
<td>-</td>
<td>(2,224,950)</td>
</tr>
<tr>
<td>Interest paid on long-term debt and advances</td>
<td>-</td>
<td>-</td>
<td>(26,421)</td>
<td>-</td>
<td>(26,421)</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>-</td>
<td>-</td>
<td>(30,432)</td>
<td>-</td>
<td>(30,432)</td>
</tr>
<tr>
<td>Proceeds from sale of capital assets</td>
<td>-</td>
<td>10,380</td>
<td>-</td>
<td>1,198</td>
<td>11,578</td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>-</td>
<td>(1,582,650)</td>
<td>(6,397)</td>
<td>(67,332)</td>
<td>(1,656,379)</td>
</tr>
<tr>
<td>Subsidy from federal and state grants</td>
<td>-</td>
<td>1,347,202</td>
<td>1,786,487</td>
<td>-</td>
<td>3,133,689</td>
</tr>
<tr>
<td>Net cash (used) by capital and related financing activities</td>
<td>-</td>
<td>(400,978)</td>
<td>(343,803)</td>
<td>(68,134)</td>
<td>(810,915)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>1,744</td>
<td>741</td>
<td>16,484</td>
<td>3,160</td>
<td>22,129</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>1,744</td>
<td>741</td>
<td>16,484</td>
<td>3,160</td>
<td>22,129</td>
</tr>
<tr>
<td>Net Increase (decrease) in cash and cash equivalents</td>
<td>(7,430)</td>
<td>(665,206)</td>
<td>129,226</td>
<td>-</td>
<td>(543,410)</td>
</tr>
<tr>
<td>Balances - beginning of year</td>
<td>108,852</td>
<td>665,206</td>
<td>343,119</td>
<td>500</td>
<td>1,117,677</td>
</tr>
<tr>
<td>Balances - end of the year</td>
<td>$101,422</td>
<td>-</td>
<td>$472,345</td>
<td>$500</td>
<td>$574,267</td>
</tr>
</tbody>
</table>

### Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

| Operating income (loss) | $ (23,491) | $ (1,805,979) | $32,363 | $ (141,529) | $ (1,938,836) |

### Adjustments to reconcile operating income to net cash provided (used) by operating activities:

| Depreciation and amortization | 3,792       | 396,955        | 194,502  | 26,793      | 622,042        |
| Changes in assets and liabilities: |            |                |          |             |                |
| Accounts payable               | 32          | 32,276         | 143,611  | (6,825)     | 169,094        |
| Compensated absences           | -           | (8,768)        | 1,287    | 2,462       | (5,057)        |
| Customer receivables           | -           | (4,020)        | 67,629   | 1,440       | 66,049         |
| Inventory                      | -           | (86,931)       | -        | (66,931)    |                |
| Salaries and benefits payable  | 493         | (3,716)        | (1,071)  | 488         | (3,806)        |
| Net cash provided by operating activities | $ (19,174) | $(1,393,270)  | $371,370 | $(117,171)  | $(1,158,245)  |
INTERNAL SERVICE FUNDS

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

Risk Management Fund

This fund was established to account for various types of insurance including liability, worker’s compensation, unemployment, property, and employee health. The City is self-insured for liability claims below the amount covered by the City’s insurance carriers. This fund accounts for these self-insured claims as well as the payments of the premiums for the excess liability insurance coverage.

Equipment Management Fund

This fund was established to account for the activities pertaining to the acquisition, maintenance, and repair of City vehicles and equipment. The cost of labor, replacement parts, and fuel are tabulated on a monthly basis and charged to the user departments. The funds derived from such charges are used to maintain operations of this fund.
City of Porterville  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2011

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Risk Management</th>
<th>Equipment Management</th>
<th>Total Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents $</td>
<td>61,302 $</td>
<td>3,087 $</td>
<td>64,389 $</td>
</tr>
<tr>
<td>Investments $</td>
<td>6,074,322</td>
<td>305,837</td>
<td>6,380,159 $</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for uncollectibles</td>
<td>17,194</td>
<td>39,886</td>
<td>56,880 $</td>
</tr>
<tr>
<td>Interfund receivable $</td>
<td>30,482</td>
<td>-</td>
<td>30,482 $</td>
</tr>
<tr>
<td>Total current assets: $</td>
<td>6,183,300</td>
<td>348,610</td>
<td>6,531,910 $</td>
</tr>
</tbody>
</table>

| Noncurrent assets:                          |                 |                      |                              |
| Advances receivable $                       | 343,673         | -                    | 343,673 $                    |
| Capital assets:                             |                 |                      |                              |
| Buildings and equipment $                   | -               | 841,915              | 841,915 $                    |
| Improvements other than buildings $         | -               | 6,639                | 6,639 $                      |
| Less accumulated depreciation $             | -               | (590,064)            | (590,064) $                  |
| Total noncurrent assets: $                  | 343,673         | 258,490              | 602,163 $                    |
| Total assets $                              | 6,526,973       | 607,100              | 7,134,073 $                  |

| LIABILITIES AND FUND BALANCES               |                 |                      |                              |
| Accounts and other payables $              | 204,209         | 96,698               | 300,907 $                    |
| Payroll payable $                          | 5,569           | 20,053               | 25,622 $                     |
| Accrued claims $                           | 1,490,336       | -                    | 1,490,336 $                  |
| Compensated absences payable $             | 8,416           | 21,655               | 30,071 $                     |
| Total current liabilities $                | 1,708,530       | 138,406              | 1,846,936 $                  |

| NET ASSETS                                  |                 |                      |                              |
| Invested in capital assets, net of related debt | -               | 258,490              | 258,490 $                    |
| Restricted for capital projects $           | 682,700         | -                    | 682,700 $                    |
| Restricted for self-insurance $             | 4,135,743       | -                    | 4,135,743 $                  |
| Unrestricted $                              | -               | 210,204              | 210,204 $                    |
| Total net assets $                          | 4,818,443 $     | 468,894 $            | 5,287,337 $                  |
City of Porterville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Risk Management</th>
<th>Equipment Management</th>
<th>Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$3,945,275</td>
<td>$2,616,961</td>
<td>$6,562,236</td>
</tr>
<tr>
<td>Other revenues</td>
<td>599,396</td>
<td>93,184</td>
<td>682,580</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>4,544,671</td>
<td>2,710,145</td>
<td>7,254,816</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales and services</td>
<td>5,624,379</td>
<td>2,547,337</td>
<td>8,171,716</td>
</tr>
<tr>
<td>General and administrative</td>
<td>139,835</td>
<td>64,542</td>
<td>204,377</td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>-</td>
<td>32,830</td>
<td>32,830</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>5,764,214</td>
<td>2,644,709</td>
<td>8,408,923</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>$(1,219,543)</td>
<td>65,436</td>
<td>$(1,154,107)</td>
</tr>
<tr>
<td><strong>Nonoperating revenues (expenses):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment earnings</td>
<td>130,072</td>
<td>4,371</td>
<td>134,443</td>
</tr>
<tr>
<td>Income before transfers</td>
<td>(1,089,471)</td>
<td>69,807</td>
<td>(1,019,664)</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(6,112)</td>
<td>-</td>
<td>(6,112)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(1,095,583)</td>
<td>69,807</td>
<td>(1,026,776)</td>
</tr>
<tr>
<td>Net assets - beginning</td>
<td>5,914,026</td>
<td>398,887</td>
<td>6,312,913</td>
</tr>
<tr>
<td><strong>Total net assets - ending</strong></td>
<td>$4,818,443</td>
<td>$468,694</td>
<td>$5,287,137</td>
</tr>
</tbody>
</table>
City of Porterville  
Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2011

<table>
<thead>
<tr>
<th>Risk Management</th>
<th>Equipment Management</th>
<th>Total Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash receipts from customer</td>
<td>$4,545,968</td>
<td>$2,702,669</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(138,378)</td>
<td>(509,859)</td>
</tr>
<tr>
<td>Payments to suppliers and others</td>
<td>(5,270,676)</td>
<td>(2,058,363)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>(863,086)</td>
<td>134,447</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

| Transfers out to other funds | (6,112) | - | (6,112) |
| Net cash (used) by noncapital financing | (6,112) | - | (6,112) |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

| Advances for capital projects | 948 | - | 948 |
| Principal payments on long-term debt | 707,573 | - | 707,573 |
| Purchase of capital assets | - | (105,120) | (105,120) |
| **Net cash (used) by capital and related financing activities** | 708,521 | (105,120) | 603,401 |

**CASH FLOWS FROM INVESTING ACTIVITIES**

| Interest received | 130,072 | 4,371 | 134,443 |
| **Net cash provided by investing activities** | 130,072 | 4,371 | 134,443 |
| Net increase (decrease) in cash and cash equivalents | (30,605) | 33,696 | 3,093 |
| Balances - beginning of year | 6,166,229 | 275,226 | 6,441,455 |
| Balances - end of the year | $6,135,624 | $308,924 | $6,444,548 |

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

| Operating income (loss) | $(1,219,543) | $65,436 | $(1,154,107) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation and amortization | - | 32,830 | 32,830 |
| Changes in assets and liabilities: | | | |
| Accounts payable | 30,895 | 41,445 | 72,340 |
| Accrued claims | 327,481 | - | 327,481 |
| Compensated absences | (1,613) | 2,086 | 475 |
| Customer receivables | 1,297 | (7,476) | (6,179) |
| Salaries and benefits payable | (1,803) | 124 | (1,679) |
| **Net cash provided by operating activities** | (863,086) | 134,447 | (728,639) |
AGENCY FUNDS

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

Special Deposits Fund

This fund was established to account for monies received by the City acting as an agent. Examples of these transactions are construction bonds, utility service deposits and asset seizure.
City of Porterville
Schedule of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2011

<table>
<thead>
<tr>
<th>Special Deposits</th>
<th>Balance June 30, 2010</th>
<th>Additions</th>
<th>Reductions</th>
<th>Balance June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$1,555,378</td>
<td>$2,125,734</td>
<td>$2,034,339</td>
<td>$1,646,773</td>
</tr>
<tr>
<td>Total assets</td>
<td>$1,555,378</td>
<td>$2,125,734</td>
<td>$2,034,339</td>
<td>$1,646,773</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and other payables</td>
<td>$69,542</td>
<td>$914,196</td>
<td>$940,178</td>
<td>$43,560</td>
</tr>
<tr>
<td>Refundable deposits, utilities</td>
<td>312,488</td>
<td>111,340</td>
<td>87,422</td>
<td>336,406</td>
</tr>
<tr>
<td>Refundable deposits, miscellaneous</td>
<td>531,812</td>
<td>931,492</td>
<td>844,269</td>
<td>619,035</td>
</tr>
<tr>
<td>Other deposits, safety</td>
<td>641,536</td>
<td>188,706</td>
<td>162,470</td>
<td>647,772</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$1,555,378</td>
<td>$2,125,734</td>
<td>$2,034,339</td>
<td>$1,646,773</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Trends</td>
<td>106</td>
</tr>
<tr>
<td></td>
<td>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</td>
</tr>
<tr>
<td>Revenue Capacity</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</td>
</tr>
<tr>
<td>Debt Capacity</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>Demographic and Economic Information</td>
<td>122</td>
</tr>
<tr>
<td></td>
<td>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</td>
</tr>
<tr>
<td>Operating Information</td>
<td>124</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.
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<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>$ -</td>
<td>$ 12,807</td>
<td>$ 9,506</td>
<td>$ 10,074</td>
<td>$ 17,122</td>
<td>$ 314,402</td>
<td>$ 337,298</td>
<td>$ 349,278</td>
<td>$ 351,422</td>
<td>$ 351,797</td>
</tr>
<tr>
<td>Restricted</td>
<td>$ --</td>
<td>$ 8,196</td>
<td>$ 11,016</td>
<td>$ 8,317</td>
<td>$ 10,326</td>
<td>$ 14,739</td>
<td>$ 12,732</td>
<td>$ 15,181</td>
<td>$ 14,383</td>
<td>$ 11,681</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ --</td>
<td>$(2,497)</td>
<td>$ 321</td>
<td>$ 1,314</td>
<td>$(96)</td>
<td>$ 21,232</td>
<td>$ 26,116</td>
<td>$ 16,992</td>
<td>$ 15,906</td>
<td>$ 17,321</td>
</tr>
<tr>
<td><strong>Total governmental activities net assets</strong></td>
<td>$ --</td>
<td>$ 18,506</td>
<td>$ 20,843</td>
<td>$ 19,705</td>
<td>$ 27,352</td>
<td>$ 350,373</td>
<td>$ 376,146</td>
<td>$ 381,451</td>
<td>$ 381,713</td>
<td>$ 380,799</td>
</tr>
<tr>
<td><strong>Business-type activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>$ --</td>
<td>$ 31,868</td>
<td>$ 30,769</td>
<td>$ 26,133</td>
<td>$ 26,690</td>
<td>$ 32,940</td>
<td>$ 39,016</td>
<td>$ 41,328</td>
<td>$ 35,164</td>
<td>$ 46,006</td>
</tr>
<tr>
<td>Restricted</td>
<td>$ --</td>
<td>$ 3,881</td>
<td>$ 4,226</td>
<td>$ 4,114</td>
<td>$ 4,061</td>
<td>$ 3,960</td>
<td>$ 2,494</td>
<td>$ 1,453</td>
<td>$ 1,453</td>
<td>$ 16,442</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ --</td>
<td>$ 5,995</td>
<td>$ 8,679</td>
<td>$ 19,269</td>
<td>$ 21,323</td>
<td>$ 18,172</td>
<td>$ 18,641</td>
<td>$ 18,807</td>
<td>$ 26,701</td>
<td>$ 5,474</td>
</tr>
<tr>
<td><strong>Total business-type activities net assets</strong></td>
<td>$ --</td>
<td>$ 41,744</td>
<td>$ 43,674</td>
<td>$ 49,516</td>
<td>$ 52,074</td>
<td>$ 55,072</td>
<td>$ 60,151</td>
<td>$ 61,588</td>
<td>$ 63,315</td>
<td>$ 67,922</td>
</tr>
<tr>
<td><strong>Primary government:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>$ --</td>
<td>$ 44,675</td>
<td>$ 40,275</td>
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(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville. Data for fiscal years ended prior to June 30, 2003, is not available in this format.
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<td>(13,697)</td>
<td>(16,606)</td>
<td>(22,511)</td>
<td>(21,953)</td>
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<tr>
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<tr>
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<td>(12,630)</td>
<td>(10,558)</td>
<td>(11,990)</td>
<td>(9,909)</td>
<td>(16,290)</td>
<td>(21,251)</td>
<td>(17,810)</td>
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<td><strong>Governmental activities:</strong></td>
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<td>3,894</td>
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<td>(489)</td>
<td>(202)</td>
<td>(188)</td>
<td>(95)</td>
<td>(309)</td>
<td>(455)</td>
<td>103</td>
<td>(68)</td>
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<tr>
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<td>543</td>
<td>598</td>
<td>980</td>
<td>985</td>
<td>661</td>
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<tr>
<td>Transfers</td>
<td>119</td>
<td>488</td>
<td>202</td>
<td>158</td>
<td>95</td>
<td>309</td>
<td>455</td>
<td>(103)</td>
<td>68</td>
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<td>$23,239</td>
<td>$21,399</td>
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(1) 2002-03 marks the year of GASS Statement #34 implementation for the City of Porterville. Data for fiscal years ended prior to June 30, 2003, is not available in this format.
CITY OF PORTERVILLE
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Property Tax</th>
<th>Franchise Tax</th>
<th>Utility Users Tax</th>
<th>Transient Occupancy Tax</th>
<th>Sales Tax</th>
<th>Motor Vehicle In-Lieu Tax</th>
<th>Total</th>
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<td>$1,991,695</td>
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<td>$2,857,415</td>
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<td>$2,813,354</td>
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<tr>
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<tr>
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<td>$273,584</td>
<td>$4,338,578</td>
<td>$301,100</td>
<td>$16,291,412</td>
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<tr>
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<td>$7,318,460</td>
<td>$870,673</td>
<td>$21,221,373</td>
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<tr>
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<td>$301,029</td>
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# CITY OF PORTERVILLE
## FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
### LAST TEN FISCAL YEARS (1)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>General fund:</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>$</td>
<td>--</td>
<td>$1,508</td>
<td>$1,524</td>
<td>$1,493</td>
<td>$1,475</td>
<td>$1,355</td>
<td>$1,316</td>
<td>$1,262</td>
<td>$4,041</td>
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<td>Restricted - grant programs</td>
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<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
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<tr>
<td>Committed - capital projects</td>
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<td>175</td>
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<td>254</td>
<td>254</td>
<td>254</td>
<td>254</td>
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<td>1,500</td>
<td>1,500</td>
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<td>1,154</td>
<td>1,154</td>
<td>1,154</td>
<td>1,154</td>
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</tr>
<tr>
<td>Committed - debt service</td>
<td>--</td>
<td>--</td>
<td>469</td>
<td>469</td>
<td>469</td>
<td>469</td>
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<td>--</td>
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<td>5,361</td>
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<td>$18,775</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
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<td>$717</td>
<td>$648</td>
<td>$280</td>
<td>$--</td>
<td>$--</td>
<td>$--</td>
<td>$930</td>
<td>$--</td>
</tr>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Capital projects</td>
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<td>4,653</td>
<td>4,645</td>
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<td>242</td>
<td>108</td>
<td>203</td>
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<td>Assigned</td>
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<td>10,957</td>
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<td>(1,214)</td>
<td>(1,257)</td>
<td>(1,257)</td>
<td>(1,443)</td>
<td>(1,390)</td>
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</table>

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.
CITY OF PORTERVILLE  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (In thousands)  
LAST TEN FISCAL YEARS (1)  

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<tr>
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<td>$ 19,603</td>
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<td>2,483</td>
<td>2,972</td>
<td>3,777</td>
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</tr>
<tr>
<td>Capital outlay</td>
<td>4,392</td>
<td>4,160</td>
<td>7,887</td>
<td>5,913</td>
<td>4,216</td>
<td>9,298</td>
<td>7,288</td>
<td>4,601</td>
<td>2,755</td>
<td></td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>838</td>
<td>804</td>
<td>839</td>
<td>980</td>
<td>3,019</td>
<td>1,012</td>
<td>1,117</td>
<td>981</td>
<td>974</td>
<td></td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>1,664</td>
<td>1,567</td>
<td>1,639</td>
<td>2,279</td>
<td>2,023</td>
<td>1,732</td>
<td>2,207</td>
<td>1,872</td>
<td>1,894</td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>$ 21,953</td>
<td>$ 22,439</td>
<td>$ 28,304</td>
<td>$ 29,086</td>
<td>$ 30,479</td>
<td>$ 36,681</td>
<td>$ 35,672</td>
<td>$ 36,124</td>
<td>$ 33,854</td>
<td></td>
</tr>
<tr>
<td>Excess of revenues over (under) expenditures</td>
<td>$ 2,639</td>
<td>784</td>
<td>(3,217)</td>
<td>72</td>
<td>3,744</td>
<td>2,144</td>
<td>74</td>
<td>(2,816)</td>
<td>(271)</td>
<td></td>
</tr>
<tr>
<td>Other financing sources (uses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>7,650</td>
<td>6,507</td>
<td>8,567</td>
<td>6,931</td>
<td>7,297</td>
<td>11,788</td>
<td>13,845</td>
<td>11,090</td>
<td>8,066</td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(5,377)</td>
<td>(6,582)</td>
<td>(8,760)</td>
<td>(7,090)</td>
<td>(7,386)</td>
<td>(12,070)</td>
<td>(13,373)</td>
<td>(11,382)</td>
<td>(8,128)</td>
<td></td>
</tr>
<tr>
<td>Other debt issued</td>
<td>2</td>
<td>4,377</td>
<td>6,024</td>
<td>6,377</td>
<td>6,587</td>
<td>6,897</td>
<td>7,265</td>
<td>7,600</td>
<td>8,066</td>
<td></td>
</tr>
<tr>
<td>Payments to refunded bond escrow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of capital assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>$ 2,275</td>
<td>4,302</td>
<td>(202)</td>
<td>2,675</td>
<td>73</td>
<td>415</td>
<td>4,027</td>
<td>1,738</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>$ 4,914</td>
<td>5,086</td>
<td>(3,419)</td>
<td>$ 2,747</td>
<td>$ 3,817</td>
<td>$ 2,559</td>
<td>$ 4,101</td>
<td>(1,078)</td>
<td>(135)</td>
<td></td>
</tr>
<tr>
<td>Debt service as a percentage of noncapital expenditures</td>
<td>14.247%</td>
<td>12.971%</td>
<td>12.019%</td>
<td>14.064%</td>
<td>19.079%</td>
<td>10.026%</td>
<td>11.711%</td>
<td>9.051%</td>
<td>9.222%</td>
<td></td>
</tr>
</tbody>
</table>

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville. 
Data for fiscal years ended prior to June 30, 2003, is not available in this format.
CITY OF PORTERVILLE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Secured Locally Assessed</th>
<th>State Assessed</th>
<th>Unsecured</th>
<th>Total Taxable Assessed Value (1)</th>
<th>Total Direct Tax Rate</th>
<th>Estimated Actual Value</th>
<th>Ratio of Assessed to Estimated Actual Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$1,222,729,414</td>
<td>$1,876,245</td>
<td>$64,220,507</td>
<td>$1,288,826,166</td>
<td>1.072</td>
<td>$1,288,826,166</td>
<td>100.00%</td>
</tr>
<tr>
<td>2002-03</td>
<td>$1,278,443,170</td>
<td>$1,869,401</td>
<td>$66,444,992</td>
<td>$1,346,757,563</td>
<td>1.075</td>
<td>$1,346,757,563</td>
<td>100.00%</td>
</tr>
<tr>
<td>2003-04</td>
<td>$1,338,072,816</td>
<td>$1,770,228</td>
<td>$79,605,533</td>
<td>$1,419,448,577</td>
<td>1.101</td>
<td>$1,419,448,577</td>
<td>100.00%</td>
</tr>
<tr>
<td>2004-05</td>
<td>$1,443,259,854</td>
<td>$1,921,645</td>
<td>$62,909,363</td>
<td>$1,508,090,862</td>
<td>1.183</td>
<td>$1,508,090,862</td>
<td>100.00%</td>
</tr>
<tr>
<td>2005-06</td>
<td>$1,542,388,260</td>
<td>$1,921,062</td>
<td>$82,681,159</td>
<td>$1,626,990,481</td>
<td>1.093</td>
<td>$1,626,990,481</td>
<td>100.00%</td>
</tr>
<tr>
<td>2006-07</td>
<td>$1,782,433,687</td>
<td>$1,903,653</td>
<td>$69,840,285</td>
<td>$1,854,177,605</td>
<td>1.078</td>
<td>$1,854,177,605</td>
<td>100.00%</td>
</tr>
<tr>
<td>2007-08</td>
<td>$2,131,492,708</td>
<td>$1,792,900</td>
<td>$73,976,769</td>
<td>$2,207,262,397</td>
<td>1.081</td>
<td>$2,207,262,397</td>
<td>100.00%</td>
</tr>
<tr>
<td>2008-09</td>
<td>$2,253,447,140</td>
<td>$1,792,900</td>
<td>$80,861,819</td>
<td>$2,336,101,859</td>
<td>1.078</td>
<td>$2,336,101,859</td>
<td>100.00%</td>
</tr>
<tr>
<td>2009-10</td>
<td>$2,159,692,024</td>
<td>$1,951,769</td>
<td>$84,429,551</td>
<td>$2,246,073,344</td>
<td>1.082</td>
<td>$2,246,073,344</td>
<td>100.00%</td>
</tr>
<tr>
<td>2010-11</td>
<td>$2,155,858,048</td>
<td>$1,983,635</td>
<td>$80,704,920</td>
<td>$2,238,546,603</td>
<td>1.085</td>
<td>$2,238,546,603</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Note:
(1) Assessed valuations are net of exemptions.

Source: County of Tulare Office of the Auditor-Controller.
CITY OF PORTERVILLE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(per $100 of assessed value)

LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>County</th>
<th>School Districts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>1.0000</td>
<td>0.0724</td>
<td>1.0724</td>
</tr>
<tr>
<td>2002-03</td>
<td>1.0000</td>
<td>0.0751</td>
<td>1.0751</td>
</tr>
<tr>
<td>2003-04</td>
<td>1.0000</td>
<td>0.1005</td>
<td>1.1005</td>
</tr>
<tr>
<td>2004-05</td>
<td>1.0000</td>
<td>0.1829</td>
<td>1.1829</td>
</tr>
<tr>
<td>2005-06</td>
<td>1.0000</td>
<td>0.0925</td>
<td>1.0925</td>
</tr>
<tr>
<td>2006-07</td>
<td>1.0000</td>
<td>0.0782</td>
<td>1.0782</td>
</tr>
<tr>
<td>2007-08</td>
<td>1.0000</td>
<td>0.0809</td>
<td>1.0809</td>
</tr>
<tr>
<td>2008-09</td>
<td>1.0000</td>
<td>0.0776</td>
<td>1.0776</td>
</tr>
<tr>
<td>2009-10</td>
<td>1.0000</td>
<td>0.0819</td>
<td>1.0819</td>
</tr>
<tr>
<td>2010-11</td>
<td>1.0000</td>
<td>0.0852</td>
<td>1.0852</td>
</tr>
</tbody>
</table>

Note:

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

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

Source: County of Tulare Office of the Auditor-Controller.
### CITY OF PORTERVILLE
**PRINCIPAL PROPERTY TAXPAYERS**
**CURRENT YEAR AND NINE YEARS AGO**

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Taxable Assessed Value</th>
<th>Percentage of Total Taxable Assessed Value</th>
<th>Rank</th>
<th>2010-11</th>
<th>Taxable Assessed Value</th>
<th>Percentage of Total Taxable Assessed Value</th>
<th>Rank</th>
<th>2001-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wal-Mart Realty Company</td>
<td>$68,146,635</td>
<td>3.04%</td>
<td>1</td>
<td>$62,279,328</td>
<td>1</td>
<td>5.05%</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Del Mesa Farms</td>
<td>45,555,314</td>
<td>2.04%</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lowes HIW Inc</td>
<td>21,405,938</td>
<td>0.96%</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Target Corporation</td>
<td>18,083,071</td>
<td>0.81%</td>
<td>4</td>
<td>5,843,595</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ennis Commercial Properties LLC</td>
<td>14,231,422</td>
<td>0.64%</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Royalty Carpet Mills Inc</td>
<td>13,894,190</td>
<td>0.62%</td>
<td>6</td>
<td>12,207,173</td>
<td>3</td>
<td>0.99%</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Beckman Coulter Inc</td>
<td>12,513,409</td>
<td>0.59%</td>
<td>7</td>
<td>4,878,530</td>
<td>8</td>
<td>0.40%</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Vallarta Properties LLC</td>
<td>12,491,840</td>
<td>0.56%</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Porterville Investments 2005 LP</td>
<td>11,539,754</td>
<td>0.52%</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cherry Keith (SCSR)</td>
<td>10,735,408</td>
<td>0.48%</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Standard Register</td>
<td>-</td>
<td>-</td>
<td></td>
<td>15,850,170</td>
<td>2</td>
<td>1.28%</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Foster Farms</td>
<td>-</td>
<td>-</td>
<td></td>
<td>5,852,550</td>
<td>4</td>
<td>0.47%</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Save Mart - West</td>
<td>-</td>
<td>-</td>
<td></td>
<td>5,118,500</td>
<td>6</td>
<td>0.41%</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Mervyns</td>
<td>-</td>
<td>-</td>
<td></td>
<td>4,999,565</td>
<td>7</td>
<td>0.41%</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Sierra Valley Rehab</td>
<td>-</td>
<td>-</td>
<td></td>
<td>4,137,671</td>
<td>9</td>
<td>0.34%</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Porterville Inn - Best Western</td>
<td>-</td>
<td>-</td>
<td></td>
<td>3,903,566</td>
<td>10</td>
<td>0.32%</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal                              228,596,981  10.21%  125,070,648  10.14%
Total taxable assessed value of other taxpayers 2,009,949,622  89.79%  1,108,484,304  89.86%
Total taxable assessed value $2,238,546,603 100.00% $1,233,554,952 100.00%

Source: County of Tulare Office of the Tax Assessor.
CITY OF PORTERVILLE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Tax Levy (1)</th>
<th>Current Tax Collections (2)</th>
<th>Percent of Levy Collected</th>
<th>Delinquent Tax Collections (2)</th>
<th>Total Tax Collections</th>
<th>Percent of Total Tax Collections to Tax Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$1,332,261</td>
<td>$1,410,480</td>
<td>105.87%</td>
<td>-</td>
<td>$1,410,480</td>
<td>105.87%</td>
</tr>
<tr>
<td>2002-03</td>
<td>1,403,744</td>
<td>1,421,400</td>
<td>101.26%</td>
<td>-</td>
<td>1,421,400</td>
<td>101.26%</td>
</tr>
<tr>
<td>2003-04</td>
<td>1,495,207</td>
<td>1,421,400</td>
<td>95.06%</td>
<td>-</td>
<td>1,421,400</td>
<td>95.06%</td>
</tr>
<tr>
<td>2004-05</td>
<td>1,249,442</td>
<td>1,371,510</td>
<td>109.77%</td>
<td>-</td>
<td>1,371,510</td>
<td>109.77%</td>
</tr>
<tr>
<td>2005-06</td>
<td>1,371,249</td>
<td>1,587,930</td>
<td>115.80%</td>
<td>-</td>
<td>1,587,930</td>
<td>115.80%</td>
</tr>
<tr>
<td>2006-07</td>
<td>1,874,107</td>
<td>2,171,037</td>
<td>115.84%</td>
<td>-</td>
<td>2,171,037</td>
<td>115.84%</td>
</tr>
<tr>
<td>2007-08</td>
<td>2,210,265</td>
<td>2,540,525</td>
<td>114.94%</td>
<td>-</td>
<td>2,540,525</td>
<td>114.94%</td>
</tr>
<tr>
<td>2008-09</td>
<td>2,329,135</td>
<td>2,554,198</td>
<td>109.66%</td>
<td>-</td>
<td>2,554,198</td>
<td>109.66%</td>
</tr>
<tr>
<td>2009-10</td>
<td>2,152,758</td>
<td>2,254,048</td>
<td>104.71%</td>
<td>-</td>
<td>2,254,048</td>
<td>104.71%</td>
</tr>
<tr>
<td>2010-11</td>
<td>2,150,937</td>
<td>2,146,926</td>
<td>99.81%</td>
<td>23,012</td>
<td>2,169,938</td>
<td>100.88%</td>
</tr>
</tbody>
</table>

Sources:
(1) County of Tulare Office of the Auditor-Controller.
(2) City of Porterville Department of Finance.
### CITY OF PORTERVILLE
### SEWER OPERATIONS REVENUE
### LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sewer Service Charges</th>
<th>Lab Service Charges</th>
<th>Reclamation Operation</th>
<th>Connection Fees</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$3,994,226</td>
<td>$213,180</td>
<td>- $</td>
<td>$653,602</td>
<td>$67,891</td>
<td>$4,928,899</td>
</tr>
<tr>
<td>2002-03</td>
<td>4,060,131</td>
<td>307,262</td>
<td>23,489</td>
<td>1,005,040</td>
<td>63,281</td>
<td>5,459,203</td>
</tr>
<tr>
<td>2003-04</td>
<td>4,639,986</td>
<td>344,145</td>
<td>196,880</td>
<td>746,201</td>
<td>83,204</td>
<td>6,010,416</td>
</tr>
<tr>
<td>2004-05</td>
<td>5,113,336</td>
<td>303,835</td>
<td>251,671</td>
<td>948,549</td>
<td>83,400</td>
<td>6,700,791</td>
</tr>
<tr>
<td>2005-06</td>
<td>5,602,053</td>
<td>310,594</td>
<td>316,500</td>
<td>956,991</td>
<td>81,888</td>
<td>7,268,026</td>
</tr>
<tr>
<td>2006-07</td>
<td>5,510,041</td>
<td>331,909</td>
<td>307,896</td>
<td>930,935</td>
<td>85,382</td>
<td>7,166,163</td>
</tr>
<tr>
<td>2007-08</td>
<td>5,955,869</td>
<td>338,697</td>
<td>530,248</td>
<td>648,746</td>
<td>110,412</td>
<td>7,583,972</td>
</tr>
<tr>
<td>2008-09</td>
<td>5,394,799</td>
<td>311,697</td>
<td>311,758</td>
<td>445,630</td>
<td>89,896</td>
<td>6,553,780</td>
</tr>
<tr>
<td>2009-10</td>
<td>6,013,311</td>
<td>309,356</td>
<td>114,156</td>
<td>455,457</td>
<td>150,307</td>
<td>7,042,587</td>
</tr>
<tr>
<td>2010-11</td>
<td>5,961,692</td>
<td>354,055</td>
<td>-</td>
<td>461,041</td>
<td>186,916</td>
<td>6,963,704</td>
</tr>
</tbody>
</table>
CITY OF PORTERVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Governmental activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>$1,578</td>
<td>1,550</td>
<td>$5,888</td>
<td>$5,869</td>
<td>$5,729</td>
<td>$3,885</td>
<td>$3,737</td>
<td>$3,779</td>
<td>$3,611</td>
<td>$3,232</td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>6,100</td>
<td>5,875</td>
<td>5,695</td>
<td>5,510</td>
<td>5,320</td>
<td>5,120</td>
<td>4,505</td>
<td>8,210</td>
<td>8,105</td>
<td>8,000</td>
</tr>
<tr>
<td>Certificates of Participation</td>
<td>24,285</td>
<td>23,700</td>
<td>23,490</td>
<td>22,865</td>
<td>25,620</td>
<td>24,645</td>
<td>24,035</td>
<td>23,395</td>
<td>22,725</td>
<td>22,035</td>
</tr>
<tr>
<td>Business-type activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,356</td>
<td>5,474</td>
<td>5,343</td>
<td>5,208</td>
<td>5,069</td>
<td>13,181</td>
<td>13,032</td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>441</td>
<td>324</td>
<td>200</td>
<td>69</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,870</td>
</tr>
<tr>
<td>Certificates of Participation</td>
<td>28,070</td>
<td>27,210</td>
<td>26,300</td>
<td>25,340</td>
<td>24,330</td>
<td>23,260</td>
<td>22,130</td>
<td>20,935</td>
<td>19,675</td>
<td>8,870</td>
</tr>
<tr>
<td>Capital lease</td>
<td>-</td>
<td>288</td>
<td>271</td>
<td>266</td>
<td>262</td>
<td>253</td>
<td>244</td>
<td>233</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total primary government</td>
<td>$60,474</td>
<td>$58,947</td>
<td>$61,854</td>
<td>$65,275</td>
<td>$66,735</td>
<td>$62,506</td>
<td>$59,859</td>
<td>$61,621</td>
<td>$67,297</td>
<td>$75,039</td>
</tr>
</tbody>
</table>

Percentage of personal income (1)  
N/A  N/A  N/A  N/A  N/A  N/A  7.90%  7.52%  7.38%  8.15%

Per capita (1)  
1,475  1,405  1,433  1,467  1,313  1,214  1,154  1,184  1,271  1,385

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.
CITY OF PORTERVILLE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
GENERAL OBLIGATION BONDS
As of June 30, 2011

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Net General Obligation Bonded Debt Outstanding</th>
<th>Percentage Applicable To City</th>
<th>Amount Applicable To City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Porterville</td>
<td>$ --</td>
<td>100.00%</td>
<td>$ --</td>
</tr>
<tr>
<td>Overlapping:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>$ --</td>
<td>--</td>
<td>$ --</td>
</tr>
</tbody>
</table>

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

Source: County of Tulare Office of Auditor-Controller
## CITY OF PORTERVILLE
### LEGAL DEBT MARGIN INFORMATION
#### LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt limit</td>
<td>$198,659</td>
<td>$207,214</td>
<td>$218,006</td>
<td>$231,236</td>
<td>$249,077</td>
<td>$283,033</td>
<td>$336,923</td>
<td>$356,251</td>
<td>$342,910</td>
<td>$341,718</td>
</tr>
<tr>
<td>Total net debt applicable to limit (1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Legal debt margin</td>
<td>$198,659</td>
<td>$207,214</td>
<td>$218,006</td>
<td>$231,236</td>
<td>$249,077</td>
<td>$283,033</td>
<td>$336,923</td>
<td>$356,251</td>
<td>$342,910</td>
<td>$341,718</td>
</tr>
<tr>
<td>Total net debt applicable to the limit as a percentage of debt limit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Legal debt margin calculation for fiscal year 2010-11**

- Net assessed value of all taxable property: $2,238,646,603
- Add back exempt property: $39,574,645
- Total assessed value of taxable property: $2,278,121,248
- Debt limit (15% of total assessed value): $341,718
- Debt applicable to limit: -
- Legal debt margin: $341,718

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

(1) The City of Porterville does not have any general obligation debt.
CITY OF PORTERVILLE
PLEDGED-REVENUE COVERAGE - BONDS AND LOANS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Revenue (1)</th>
<th>Less: Operating Expense (2)</th>
<th>Net Available Revenue</th>
<th>Debt Service</th>
<th>Coverage ratio (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td></td>
</tr>
<tr>
<td>1994 Water revenue bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001-02</td>
<td>$ 4,983</td>
<td>$ 3,494</td>
<td>$ 1,489</td>
<td>$ 110</td>
<td>$ 31</td>
</tr>
<tr>
<td>2002-03</td>
<td>5,404</td>
<td>3,739</td>
<td>1,665</td>
<td>116</td>
<td>25</td>
</tr>
<tr>
<td>2003-04</td>
<td>5,194</td>
<td>3,828</td>
<td>1,366</td>
<td>124</td>
<td>17</td>
</tr>
<tr>
<td>2004-05</td>
<td>5,126</td>
<td>3,584</td>
<td>1,542</td>
<td>131</td>
<td>10</td>
</tr>
<tr>
<td>2005-06</td>
<td>5,095</td>
<td>3,830</td>
<td>1,265</td>
<td>69</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Bonds paid in full</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>Bonds paid in full</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>Bonds paid in full</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>Bonds paid in full</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>Bonds paid in full</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011 Sewer revenue bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>$ 7,190</td>
<td>$ 4,959</td>
<td>$ 2,231</td>
<td>-</td>
<td>$ 155</td>
</tr>
<tr>
<td>2004 California Infrastructure and Economic Development loan (CIEDB) - Sewer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004-05</td>
<td>$ 7,118</td>
<td>$ 5,200</td>
<td>$ 1,918</td>
<td>-</td>
<td>$ 103</td>
</tr>
<tr>
<td>2005-06</td>
<td>7,705</td>
<td>5,320</td>
<td>2,385</td>
<td>-</td>
<td>176</td>
</tr>
<tr>
<td>2006-07</td>
<td>7,981</td>
<td>5,982</td>
<td>1,999</td>
<td>125</td>
<td>176</td>
</tr>
<tr>
<td>2007-08</td>
<td>8,199</td>
<td>5,874</td>
<td>2,325</td>
<td>129</td>
<td>172</td>
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<tr>
<td>2008-09</td>
<td>7,144</td>
<td>6,153</td>
<td>991</td>
<td>133</td>
<td>167</td>
</tr>
<tr>
<td>2009-10</td>
<td>7,446</td>
<td>5,493</td>
<td>1,953</td>
<td>137</td>
<td>182</td>
</tr>
<tr>
<td>2010-11</td>
<td>7,190</td>
<td>4,959</td>
<td>2,231</td>
<td>141</td>
<td>158</td>
</tr>
<tr>
<td>2009 California Infrastructure and Economic Development loan (CIEDB) - Water</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>$ 5,024</td>
<td>$ 4,357</td>
<td>$ 667</td>
<td>-</td>
<td>$ 151</td>
</tr>
<tr>
<td>2010-11</td>
<td>5,119</td>
<td>4,081</td>
<td>1,038</td>
<td>-</td>
<td>280</td>
</tr>
<tr>
<td>2010 California Infrastructure and Economic Development loan (CIEDB) - Water</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>$ 5,119</td>
<td>$ 4,081</td>
<td>$ 1,038</td>
<td>-</td>
<td>$ 46</td>
</tr>
</tbody>
</table>

Notes:

(1) Total revenue includes investment earnings, capital contributions and transfers.
(2) Operating expenses include debt service due on obligations existing at the time of issuance of the certificates, and exclude depreciation and amortization.
(3) For CIEDB only, interest equals the amount of interest due for the current period plus the annual fee.
(4) Revenue bond/loan covenants state that fees must be collected so as to yield "net revenues" (total revenues less operating expenses) equal to at least 1.25 times annual debt service.
CITY OF PORTERVILLE
PLEDGED-REVENUE COVERAGE - CERTIFICATES OF PARTICIPATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Revenue</th>
<th>Less: Operating Expense (2)</th>
<th>Net Available Revenue</th>
<th>Debt Service Principal</th>
<th>Debt Service Interest</th>
<th>Total Coverage</th>
<th>Coverage ratio (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water system improvement project - issued 2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001-02</td>
<td>$4,963</td>
<td>$2,946</td>
<td>$2,017</td>
<td>$235</td>
<td>$454</td>
<td>$689</td>
<td>2.96</td>
</tr>
<tr>
<td>2002-03</td>
<td>$5,404</td>
<td>$3,150</td>
<td>$2,214</td>
<td>$250</td>
<td>$440</td>
<td>$690</td>
<td>3.21</td>
</tr>
<tr>
<td>2003-04</td>
<td>$5,194</td>
<td>$3,278</td>
<td>$1,916</td>
<td>$285</td>
<td>$426</td>
<td>$691</td>
<td>2.77</td>
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<tr>
<td>2004-05</td>
<td>$5,126</td>
<td>$3,031</td>
<td>$2,095</td>
<td>$285</td>
<td>$409</td>
<td>$694</td>
<td>3.02</td>
</tr>
<tr>
<td>2005-06</td>
<td>$5,095</td>
<td>$3,214</td>
<td>$1,881</td>
<td>$295</td>
<td>$392</td>
<td>$687</td>
<td>2.74</td>
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<tr>
<td>2006-07</td>
<td>$5,018</td>
<td>$3,526</td>
<td>$2,092</td>
<td>$315</td>
<td>$373</td>
<td>$688</td>
<td>3.04</td>
</tr>
<tr>
<td>2007-08</td>
<td>$5,607</td>
<td>$3,491</td>
<td>$2,116</td>
<td>$335</td>
<td>$352</td>
<td>$687</td>
<td>3.08</td>
</tr>
<tr>
<td>2008-09</td>
<td>$4,624</td>
<td>$3,552</td>
<td>$1,072</td>
<td>$360</td>
<td>$330</td>
<td>$690</td>
<td>1.55</td>
</tr>
<tr>
<td>2009-10</td>
<td>$5,024</td>
<td>$3,821</td>
<td>$1,203</td>
<td>$380</td>
<td>$307</td>
<td>$687</td>
<td>1.75</td>
</tr>
<tr>
<td>2010-11</td>
<td>$5,119</td>
<td>$4,081</td>
<td>$1,038</td>
<td>$405</td>
<td>$282</td>
<td>$687</td>
<td>1.51</td>
</tr>
</tbody>
</table>

| Wastewater Treatment Plant Improvement project - issued 1997 | | | | | | | |
| 2001-02 | $5,259 | $3,723 | $1,536 | $330 | $684 | $1,014 | 1.51 |
| 2002-03 | $6,147 | $3,688 | $2,279 | $345 | $669 | $1,014 | 2.25 |
| 2003-04 | $6,162 | $4,199 | $1,963 | $360 | $653 | $1,013 | 1.94 |
| 2004-05 | $7,118 | $3,732 | $3,386 | $380 | $637 | $1,017 | 3.33 |
| 2005-06 | $7,705 | $4,482 | $3,223 | $395 | $619 | $1,014 | 3.18 |
| 2006-07 | $7,081 | $5,269 | $2,712 | $415 | $599 | $1,014 | 2.67 |
| 2007-08 | $8,199 | $5,161 | $3,038 | $435 | $579 | $1,014 | 3.00 |
| 2008-09 | $7,144 | $5,445 | $1,699 | $450 | $558 | $1,008 | 1.69 |
| 2009-10 | $7,446 | $4,782 | $2,664 | $475 | $535 | $1,010 | 2.64 |
| 2010-11 | $7,190 | $4,959 | $2,231 | $500 | $460 | $960 | 2.32 |

| Sewer system improvement project - issued 2002 | | | | | | | |
| 2001-02 | $5,259 | $4,001 | $1,258 | $250 | $486 | $736 | 1.71 |
| 2002-03 | $6,147 | $4,145 | $2,002 | $285 | $472 | $737 | 2.72 |
| 2003-04 | $6,162 | $4,476 | $1,686 | $280 | $456 | $735 | 2.29 |
| 2004-05 | $7,118 | $4,010 | $3,108 | $300 | $439 | $739 | 4.21 |
| 2005-06 | $7,705 | $4,795 | $2,994 | $320 | $420 | $740 | 3.99 |
| 2006-07 | $7,981 | $5,544 | $2,437 | $340 | $399 | $739 | 3.30 |
| 2007-08 | $8,199 | $5,438 | $2,761 | $360 | $377 | $737 | 3.75 |
| 2008-09 | $7,144 | $5,714 | $1,430 | $385 | $354 | $739 | 1.94 |
| 2009-10 | $7,446 | $5,056 | $2,386 | $405 | $329 | $734 | 3.25 |
| 2010-11 | $7,190 | $4,959 | $2,231 | $430 | $303 | $733 | 3.04 |

Notes:
(1) Total revenue includes investment earnings, capital contributions and transfers.
(2) Operating expenses include debt service due on obligations existing at the time of issuance of the certificates, and exclude depreciation and amortization.
(3) Certificate of participation covenants state that fees must be collected so as to yield "net revenues" (total revenues less operating expenses) equal to at least 1.25 times annual debt service.
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Population (1)</th>
<th>Personal Income (1)</th>
<th>Per Capita Personal Income (1)</th>
<th>Median Age (1)</th>
<th>Education Level in Years of Formal Schooling (1)</th>
<th>School Enrollment (2)</th>
<th>Unemployment Rate (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>41,009</td>
<td>N/A</td>
<td>$</td>
<td>N/A</td>
<td>N/A</td>
<td>14,846</td>
<td>10.4%</td>
</tr>
<tr>
<td>2002-03</td>
<td>41,945</td>
<td>N/A</td>
<td>$</td>
<td>N/A</td>
<td>N/A</td>
<td>15,144</td>
<td>10.8%</td>
</tr>
<tr>
<td>2003-04</td>
<td>43,150</td>
<td>N/A</td>
<td>$ 41,693</td>
<td>N/A</td>
<td>N/A</td>
<td>15,444</td>
<td>11.0%</td>
</tr>
<tr>
<td>2004-05</td>
<td>44,496</td>
<td>N/A</td>
<td>$</td>
<td>N/A</td>
<td>N/A</td>
<td>16,325</td>
<td>8.3%</td>
</tr>
<tr>
<td>2005-06</td>
<td>50,840</td>
<td>N/A</td>
<td>$</td>
<td>N/A</td>
<td>N/A</td>
<td>16,752</td>
<td>7.6%</td>
</tr>
<tr>
<td>2006-07</td>
<td>51,467</td>
<td>N/A</td>
<td>$</td>
<td>N/A</td>
<td>N/A</td>
<td>17,214</td>
<td>7.8%</td>
</tr>
<tr>
<td>2007-08</td>
<td>51,863 $</td>
<td>757,251,663</td>
<td>$ 14,601</td>
<td>28.7</td>
<td>65.9% High school graduate or higher</td>
<td>17,399</td>
<td>9.0%</td>
</tr>
<tr>
<td>2008-09</td>
<td>52,056 $</td>
<td>818,997,048</td>
<td>$ 15,733</td>
<td>28.1</td>
<td>67.6% High school graduate or higher</td>
<td>17,550</td>
<td>13.5%</td>
</tr>
<tr>
<td>2009-10</td>
<td>52,960 $</td>
<td>911,706,400</td>
<td>$ 17,215</td>
<td>28.6</td>
<td>61.7% High school graduate or higher</td>
<td>17,112</td>
<td>14.4%</td>
</tr>
<tr>
<td>2010-11</td>
<td>54,165 $</td>
<td>920,209,185</td>
<td>$ 16,989</td>
<td>28.8</td>
<td>67.9% High school graduate or higher</td>
<td>18,130</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Sources:

(1) U.S Census Bureau "American Community Survey", at www.factfinder2.census.gov
(2) California Department of Education "District Enrollment by Grade" at http://dg.cde.ca.gov/dataquest
### CITY OF PORTERVILLE
#### PRINCIPAL EMPLOYERS
#### CURRENT YEAR AND NINE YEARS AGO

<table>
<thead>
<tr>
<th>Employer</th>
<th>2010-11</th>
<th></th>
<th>2001-02</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Employees</td>
<td>Percentage of Total City Employment</td>
<td>Number of Employees</td>
<td>Percentage of Total City Employment</td>
</tr>
<tr>
<td></td>
<td>Rank</td>
<td></td>
<td>Rank</td>
<td></td>
</tr>
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## CITY OF PORTERVILLE
### OPERATING INDICATORS BY FUNCTION
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<td>Number of consumers</td>
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<td>3,931</td>
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<td>608</td>
<td>324</td>
<td>420</td>
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<td>600</td>
<td>608</td>
<td>324</td>
<td>420</td>
<td>297</td>
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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.
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<td>Streets, lights, signals</td>
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Sources: Various city departments
N/A = NOT AVAILABLE