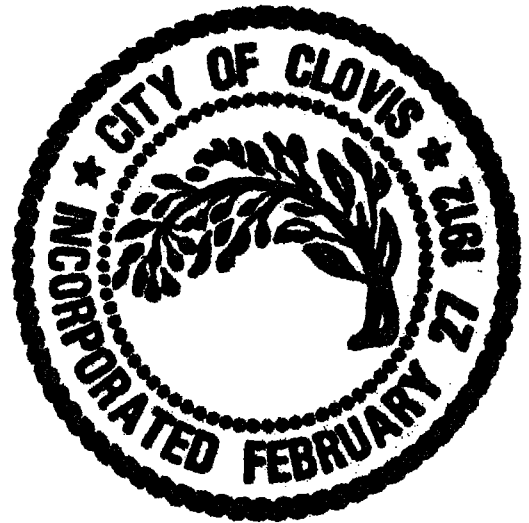


CITY OF  
**CLOVIS**  
CALIFORNIA

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*Comprehensive  
Annual  
Financial  
Report*



For the Fiscal Year ended  
June 30, 2011

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

**CITY OF CLOVIS  
CALIFORNIA**



**JOSE FLORES, MAYOR**

**LYNNE ASHBECK, MAYOR PRO-TEM  
HARRY ARMSTRONG, COUNCILMEMBER  
NATHAN F. MAGSIG, COUNCILMEMBER  
ROBERT WHALEN, COUNCILMEMBER**

**ROBERT WOOLLEY, CITY MANAGER**

**Prepared by City of Clovis Finance Department**

**Jamie G. Hughson, Finance Director**

**CITY OF CLOVIS  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Page No.

**INTRODUCTORY SECTION**

Letter of Transmittal .....	3
GFOA Certificate of Achievement .....	8
Organizational Chart.....	9
List of Principal Officials .....	10

**FINANCIAL SECTION**

Independent Auditors' Report.....	13
Management's Discussion and Analysis .....	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	30
Statement of Activities .....	31
Fund Financial Statements:	
Balance Sheet-Governmental Funds .....	32
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds .....	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance of Governmental Funds to the Statement of Activities .....	34
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual:	
General Fund.....	35
Local Transportation Special Revenue Fund .....	36
Statement of Net Assets-Proprietary Funds .....	38
Statement of Revenues, Expenses and Changes in Net Assets-Proprietary Funds .....	40
Statement of Cash Flows-Proprietary Funds .....	42
Statement of Fiduciary Net Assets-Fiduciary Funds .....	44
Notes to the Financial Statements .....	45
Required Supplementary Information:	
Schedule of Funding Progress-Public Employees Retirement System .....	75
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet-Nonmajor Governmental Funds .....	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds .....	80
Schedules of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual:	
Community Development Capital Projects Fund .....	82
Off Highway Use Special Revenue Fund.....	83
Workforce Investment Special Revenue Fund .....	84
Housing & Community Development Special Revenue Fund.....	85
Community Development Debt Service Fund.....	86
1976 Fire and Sewer Debt Service Fund.....	87
Parks and Recreation Capital Projects Fund.....	88
Refuse Equipment Capital Projects Fund .....	89
Combining Statement of Net Assets-Internal Service Funds .....	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets-Internal Service Funds .....	93
Combining Statement of Cash Flows-Internal Service Funds.....	94
Combining Statement of Fiduciary Net Assets.....	96
Combining Statement of Changes in Assets and Liabilities-Agency Funds .....	98

**CITY OF CLOVIS  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Page No.

**STATISTICAL SECTION**

Net Assets By Component .....	103
Changes in Net Assets .....	104
General Government Revenues by Source.....	106
General Government Expenditures by Function .....	107
Changes in fund Balance of Governmental Funds.....	108
Fund Balance of Governmental Funds.....	110
Assessed and Estimated Actual Value of Property .....	111
Property Tax Rates-Direct and Overlapping Government.....	112
Principal Property Tax Payers .....	113
Property Tax Levies and Collections .....	114
Ratios of Outstanding Debt by Type.....	115
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita.....	116
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt .....	117
Computation of Direct and Overlapping Bonded Debt .....	118
Computation of Legal Debt Margin.....	119
Revenue Bond Coverage .....	120
Demographic Statistics.....	121
Principal Employers.....	122
Full-Time City Employees.....	123
Capital Asset Statistics by Function .....	124
Operating Indicators by Function.....	125
Building Permit Valuations.....	126
Miscellaneous Statistics .....	127

**SINGLE AUDIT SECTION**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	131
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control over Compliance in Accordance with OMB Circular A-133.....	133
Schedule of Expenditures of Federal Awards .....	135
Notes to the Schedule of Expenditures of Federal Awards .....	136
Schedule of Findings and Questioned Costs .....	137
Independent Auditors' Report on Compliance Based on an Audit of the Basic Financial Statements as Related to the Local Transportation Purpose Funds .....	139
Independent Accountants' Report on Agreed-Upon Procedures Applied to the Appropriations Limit Schedule of the City of Clovis, California.....	140
Appropriations Limit Schedule.....	142
Notes to Appropriations Limit Schedule .....	143

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# CITY OF CLOVIS

CITY HALL • 1033 FIFTH STREET • CLOVIS, CA 93612  
(559) 324-2101

December 12, 2011

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Clovis:

It is with pleasure that I present to you the City of Clovis Comprehensive Annual Financial Report. This year's report has been formatted to comply with the financial reporting model as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34. These statements have been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants as required by State law. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Clovis of the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the City of Clovis. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Clovis has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Clovis' financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Clovis' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Clovis' financial statements have been audited by Caporicci & Larson, Inc., A Subsidiary of Marcum LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clovis for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Clovis' financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Clovis was part of a 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 presented in the Single Audit section of this comprehensive annual financial report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Clovis' MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Clovis, incorporated in 1912, as a general law city of the State of California, is located near the middle of the state in the San Joaquin Valley. The Central Valley is considered to be a national and world leader in the agricultural industry. The City of Clovis currently occupies over 23 square miles and serves a population of 97,218.

The City of Clovis operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing 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 two council members elected in one election and three elected in another election, separated by two years. The mayor is selected from among the council members by the council members and serves a two-year term. All five members of the governing board are elected at large. The council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager and attorney. The city manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City of Clovis provides a full range of services, including police and fire protection; the construction, maintenance, and cleaning of streets and other infrastructure; planning and development services; water service; refuse collection, disposal, and recycling services; sewer service; storm drainage; transit services; recreation activities and cultural events; and general administration. Some community development services are provided through a legally separate Redevelopment Agency, which functions, in essence, as a department of the City of Clovis and therefore has been included as an integral part of the City of Clovis' financial statements. Additional information on the Clovis Community Development Agency can be found in Note I.A. in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the city manager during the second week of March each year. The city manager uses these requests along with input from the council to develop a proposed budget. By the third Monday in May the proposed budget is presented to the city council for review. 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 of Clovis' fiscal year. The appropriated budget is prepared by fund and department. The city manager may make transfers of appropriations between departments within a specific fund of up to \$5,000 and up to \$2,500 from reserves. Transfers in excess of those amounts require council action. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the local transportation special revenue fund the budget-to-actual comparison is presented on pages 35-36 as part of the basic financial statements. For governmental funds, other than those funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 78.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Clovis operates.

**Local economy.** The local economy is slowly improving. Property values are expected to increase over the previous year. Sales taxes are picking up and are expected to grow at 5.5% during the next year. Building activity continues to be slower than the 10 year average. During the year, the City implemented two economic development programs designed to attract businesses to expand or relocate to Clovis. These programs have helped entice business development that brought almost 300 new jobs to the city. The City's unemployment rate still ranks one of the lowest in the area, lower than the national average and much lower than the State of California average.

The City experienced a 0.36% growth in population in 2011 compared to the ten year average growth rate of 3.24%. The City has three major retail centers and several automobile dealerships that anchor the sales tax base. In September of 2010 Kohl's opened a new store at the Sierra Vista Mall and became the new anchor store replacing Mervyn's. Kohl's brings more jobs and renewed growth to the mall as well as the increased sales tax generation. Clovis has the highest per capita taxable spending in Fresno County. These rankings illustrate the importance of Clovis as a regional marketing location. Along with other significant employers, Pelco, an international manufacturer of security equipment and systems and Federal Express are located in the City's industrial park with a combined employment of over 1,600. The Clovis Community Hospital continues its expansion and currently employs over 1,100. Of the 38,100 total jobs in Clovis 10,600 jobs are generated by the top ten employers. The City continues to market 125 acres of the City's Central Valley Research and Technology Business Park and the former DMV site in Old Town Clovis.

The City of Clovis is part of the Fresno/Clovis Metropolitan Area. This includes the City of Clovis, City of Fresno and developed areas of the County of Fresno in and around the cities of Clovis and Fresno. The population of the area is approximately 940,000. There are approximately 450,100 jobs in Fresno County. The county-wide unemployment rate is about 16.0%, not seasonally adjusted, which is the highest this rate has been in several years. Normally the area experiences higher rates than other counties since Fresno

County has a high agricultural employment sector. The City of Clovis has an unemployment rate of about 9.1% with 38,100 employed out of a workforce of 41,900.

**Long-term financial planning.** As part of the City of Clovis land use planning process the City is in the process of preparing a new General Plan which is at the top of the City's land use regulation hierarchy. It is the foundation for most of the Council's budgeting decisions in terms of capital facilities, staffing, programs, utility infrastructure, and levels of service; it establishes a land use pattern for lands beyond the city limit; it provides the vision and guidance for capital improvements and the development of city infrastructure; and it is used to create development impact fees and provides the basis for environmental analysis of the growth of the city. The plan is intended to guide development for a period of ten years and will be the basis of the city's annual 5 year operating and capital forecast. A General Plan committee has been established and is meeting on a regular basis to discuss the alternatives.

Part of the current plan was the construction of a wastewater treatment plant to serve the needs of the new growth area. The plant is expected to accommodate growth thru 2023 at which time we are anticipating constructing phase two of the facility. The wastewater treatment plant also recycles reusable water and disinfects over 2.2 million gallons of water each day and distributes this water through a "purple pipe" distribution system for landscape irrigation throughout the east side of the City. The reuse of this water will help conserve and manage a limited water supply. We have obtained long-term financing for a solar energy project at the Public Safety Facility, Fire Station #1, and Fire Station #5. The project is estimated to reduce energy consumption by approximately 47%. The City is well positioned in terms of infrastructure to meet the demands of a growing city when development returns to normal levels. The City considers long-term financing appropriate to provide funding when larger Community Improvement Projects are needed.

To finance the current growth, the City has in place a variety of user and developer fees to pay for streets, parks, water wells and lines, and sewer lines. The City reviews these fees on an annual basis to assure that the fee structure is in line with the cost of construction. The Water Fund has a planned 15% increase programmed for 2011 and a 5% increase for 2012. The Sewer Fund has planned increases of 14%, 6%, 5%, 4% over the next 4 years respectively with annual increases of 3% starting in 2015 and beyond. The Community Sanitation Fund has annual increases of 4% that will be implemented if needed.

**Structurally Balanced Budget Policy.** Prior to the economic recession, in 2006-2007 the City Council utilized the emergency reserve when budgetary demand for services exceeded available resources. However, in the fall of 2007 when the decline in building activity began, the Council acted quickly to cut costs and services in an attempt to balance the budget. Although it was necessary in 2007/08 to utilize additional funds from the emergency reserve the efforts of the Council to develop a "structurally balanced budget" has paid off and the reserve has been rebuilt and now represents 11% of the general fund budgeted expenditures. The Council is determined to maintain a structurally balanced budget where current estimated expenditures are within projected current revenues in order to provide budgetary stability for all operating budgets.

**Assigned for Emergencies.** The City currently has a policy to assign a portion of its fund balance for emergencies. These emergencies can range from major catastrophic incidents to significant economic downturns. The City Council annually considers an increase in the fund balance assigned for emergencies whenever there is unexpected or one-time revenue or expenditure savings are realized. The use of the assigned fund balance must be approved by 4/5ths of the council.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clovis for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the twenty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2011. In order to qualify for the Distinguished Budget Presentation Award, the governments' budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report has been accomplished with the efficient and dedicated service of the City's Finance Department. I would like to express my appreciation to everyone who assisted in its preparation, especially Bill Casarez, Barbara Melendez, Jay Schengel, and Susan Evans.

Respectfully submitted,

Jamie G. Hughson, CPA(inactive), MPA, CPFO  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clovis  
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.



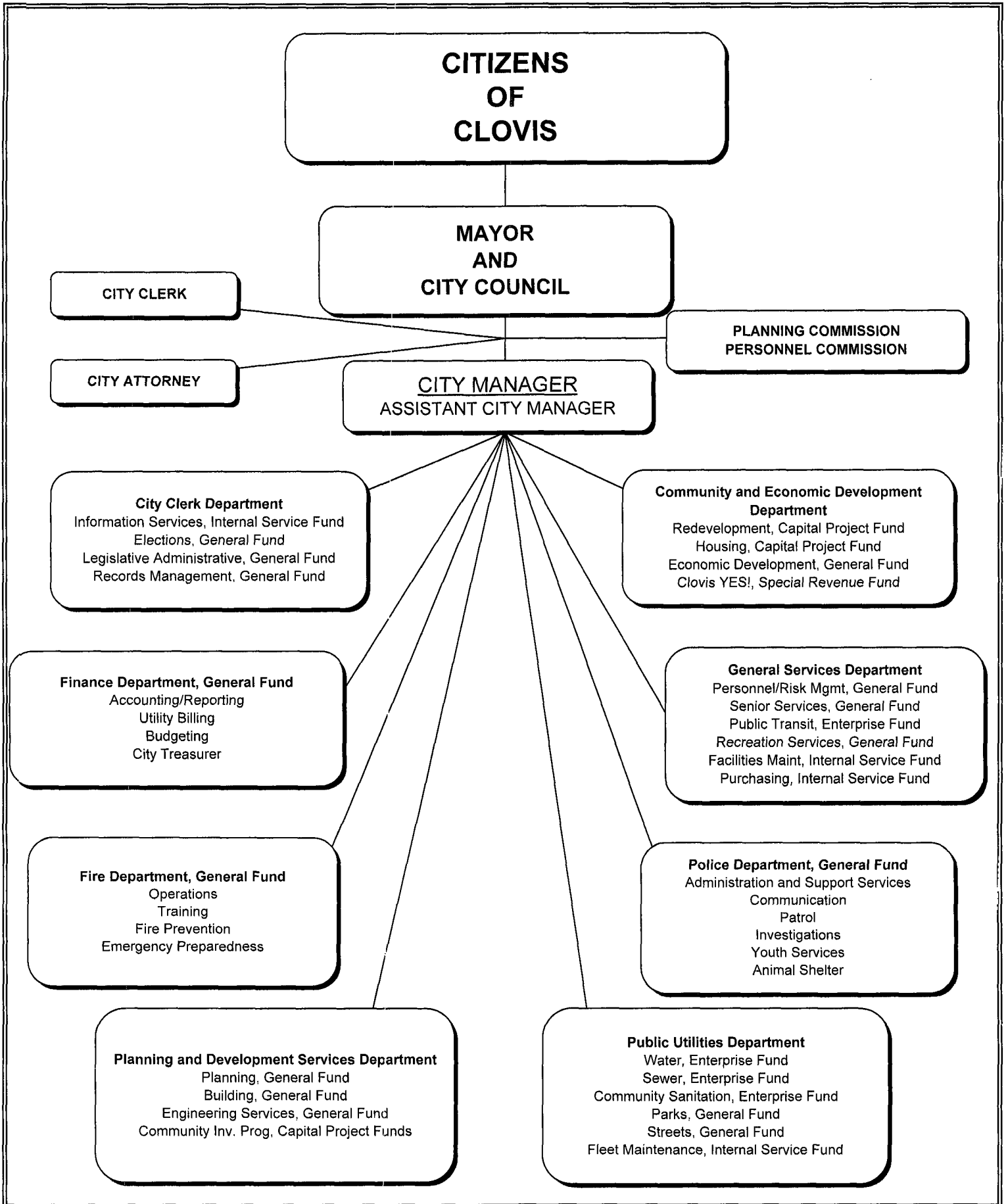
A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

President

A handwritten signature in black ink, which appears to read 'Jeffrey R. Enen'.

Executive Director

# CITY OF CLOVIS ORGANIZATION CHART



**CITY OF CLOVIS**  
**LIST OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2011**

---

**Title**

**Name**

*City Manager*

*Robert Woolley*

*Assistant City Manager/City Clerk*

*John Holt*

*Public Utilities Director*

*Michael Leonardo*

*Finance Director/City Treasurer*

*Jamie G. Hughson*

*Police Chief*

*Janet Davis*

*Interim Fire Chief*

*Lee Kraft*

*Planning & Development Services Director*

*Dwight Kroll*

*General Services Director*

*Robert Ford*

*Community & Economic Development Director*

*Tina Sumner*

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, 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 Clovis, 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 basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund and the Local Transportation Special Revenue Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained further in Note 17 to the Basic Financial Statements, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

The City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

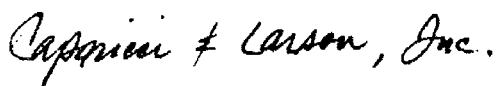
In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, California  
Page Two

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Public Employees Retirement System Schedule of Funding Progress 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 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 financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Caporicci & Larson, Inc.  
A subsidiary of Marcum LLP  
Certified Public Accountants  
San Diego, California  
November 22, 2011

## **Management's Discussion and Analysis**

This discussion and analysis of the City of Clovis' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

### **Financial Highlights**

The City's government-wide total assets exceeded liabilities (net assets) at the close of the fiscal year by \$648 million, which is 4% greater than 2010. Of this amount, \$60 million, 5% greater than 2010, is in unrestricted net assets, which is available to meet the City's ongoing commitments to citizens and creditors.

The City's governmental funds ended the year with a combined fund balance of \$44.1 million, which is 5% less than the fund balance at June 30, 2010. Of this balance, \$4.3 million is unassigned and is therefore available for spending, within the restrictions of the individual funds, at the City's discretion.

The City's General Fund, including Landscape Maintenance, Parking and Business Improvement (PBIA), and Supplemental Law Enforcement, ended the year with a fund balance of \$11 million, which represents a net increase of less than one million from the previous year. The unassigned balance of under \$1 million is available for carryover to fund future general fund expenditures.

During the year rate increases were implemented for water, sewer and refuse services. Sewer and refuse operations have approved annual rate increases that will be implemented if needed.

### **Overview of the Financial Statements**

This annual report consists of a series of financial statements. These statements include all activities of the City of Clovis and its component unit, the Clovis Community Development Agency, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services are financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the Government.

## Reporting the City as a Whole

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid out.

The *statement of net assets* presents information on all 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 one indicator of whether the City's financial position is improving or deteriorating.

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

The government-wide financial statements of the City are divided as follows:

**Governmental Activities:** Most of the City's basic services are included here such as public safety, transportation (street and roads), community development, culture and recreation and general government. These services are primarily financed by property and sales taxes, federal and state grants and development fees. The Clovis Community Development Agency, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included under government activities as an integral part of the City.

**Business-type Activities:** The City charges fees to customers to cover the costs of services provided. The City's utilities, water, sewer, community sanitation (refuse and street cleaning), and public transit services are included here.

The government-wide financial statements can be found on pages 30-31 of this report.

**Fund financial statements.** The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. 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. Some funds are required to be established by State Law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the City can be classified 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 the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a governments near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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 reconciliation between governmental funds and governmental activities. This reconciliation explains the relationship (or differences) between the fund statements and the government-wide statements.

The City of Clovis maintains ten individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund, Local Transportation Fund, and Community Development Fund, all of which are considered to be major funds. Data from the other seven funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance to this budget. The basic governmental fund financial statements can be found on pages 32-36 of this report.

*Proprietary funds.* The City has two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions represented as business-type activities in the government-wide financial statements. The City utilizes enterprise funds to account for those activities that are supported primarily by user charges to external users, and includes community sanitation, sewer disposal, water and transit. Internal service funds are used to account for activities that are supported by user charges primarily to the City's other programs and activities and include employee benefits, general services, self-insurance and fleet services. Because all 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 each of the enterprise funds since they are all major funds. All of

the internal service funds are combined into a single, aggregated presentation in the fund financial statements. Individual fund data for 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 38-43 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefits of parties outside the city. Fiduciary funds are **not** reflected in the government-wide financial statements because the City cannot use these funds to finance its operations. The basic fiduciary fund financial statements can be found on page 44 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 statements. The notes to the financial statements can be found on pages 45-74 of this report.

### Government-wide Financial Analysis

Below is a table showing the City's net assets for the fiscal year ended June 30, 2011, with comparative data for the fiscal year ended June 30, 2010.

#### City of Clovis' Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 85,665,960	\$ 84,824,751	\$ 56,890,590	\$ 59,284,904	\$ 142,556,550	\$ 144,109,655
Capital and intangible assets	476,892,147	455,832,055	281,144,884	281,933,288	758,037,031	737,765,343
Total assets	562,558,107	540,656,806	338,035,474	341,218,192	900,593,581	881,874,998
Long-term liabilities outstanding	68,285,703	65,792,154	169,936,711	173,319,986	238,222,414	239,112,140
Other liabilities	8,082,862	10,178,691	6,252,863	10,096,324	14,335,725	20,275,015
Total liabilities	76,368,565	75,970,845	176,189,574	183,416,310	252,558,139	259,387,155
<b>Net assets:</b>						
Invested in capital assets, net of related debt	436,784,790	414,755,478	112,382,716	107,064,972	549,167,506	521,820,450
Restricted	33,283,530	35,940,788	5,269,019	7,705,960	38,552,549	43,646,748
Unrestricted	16,121,222	13,989,695	44,194,165	43,030,950	60,315,387	57,020,645
Total net assets	\$ 486,189,542	\$ 464,685,961	\$ 161,845,900	\$ 157,801,882	\$ 648,035,442	\$ 622,487,843

As of June 30, 2011, the City's government-wide total assets exceeded liabilities (net assets) by \$648 million. Governmental activities finished the year with a positive net asset balance of \$486 million, an increase of \$21 million, or 5% over 2010. Business-type activities finished the year with a positive balance of \$162 million, an increase of \$4 million, or 3% over 2010. Net assets, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net assets, \$549 million or 85% is the City's investment in capital assets (e.g. land, buildings and improvements, machinery and equipment and the road network) less any related debt used to acquire those assets that is still outstanding. The City's investment in capital assets increased \$27 million, restricted net assets decreased

\$5 million and unrestricted net assets increased \$3 million, accounting for the increase in total net assets of \$25 million. This is primarily due to the addition of donated governmental assets including streets and roads donated by developers. In addition to the donated streets and roadways various streets were constructed and/or improved, accounting for the increase in net assets.

Almost all the City's long-term liabilities relate to the acquisition of capital assets. Some of those assets include the City's corporation yard, fire stations, police vehicles and sewer and water infrastructure including the surface water treatment plant and the sewer treatment-water reuse facility. These capital assets are utilized to provide services to citizens and are not available for future spending. The repayment of the debt on these assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets amount to \$39 million or 6% of the total. Restricted net assets are those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

Unrestricted net assets are those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net assets are \$60 million or 9% of the total net assets, which is an increase of \$3 million or 5% from the previous year. Governmental activities account for \$16 million or 27% of the total unrestricted net assets and increased \$2 million or 14% compared to last year. Business-type activities account for \$44 million or 73% of the total and increased from last year \$1 million or 2% and can only be used to finance the continuing operations of the water, community sanitation, sewer disposal, and transit operations.

**Governmental activities.** Governmental activities account for \$486 million or 75% of the total Government-wide net assets. This is an increase of \$21 million or 5% over June 30, 2010. Donated and constructed assets increased by \$22 million while the amounts available for debt service, street and road construction and community development decreased by \$3 million. Additionally, the amount accumulated during the year for normal activities, unrestricted net assets, increased by \$2 million.

The following lists key components of this increase:

**City of Clovis'**  
**Changes in Net Assets**

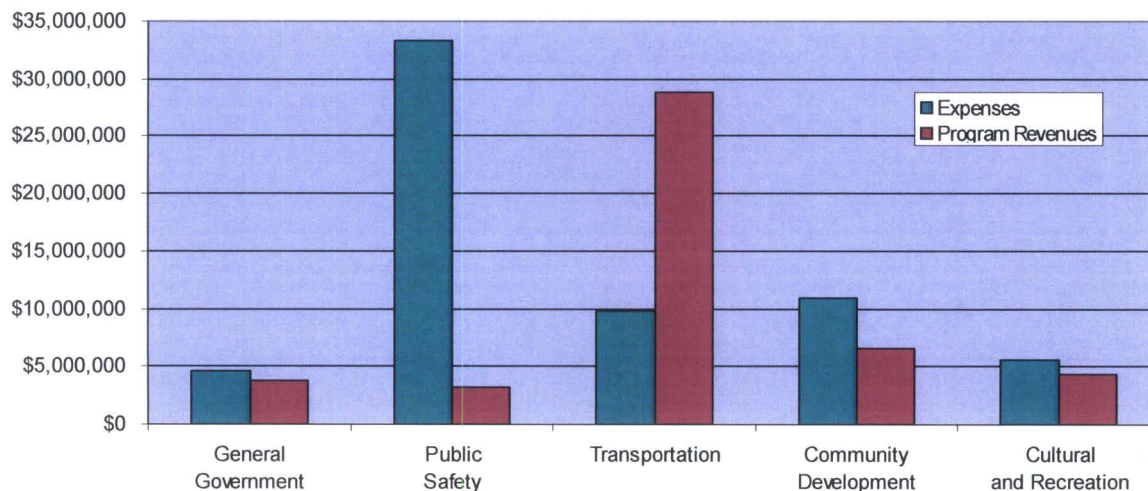
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 23,819,644	\$ 22,553,260	\$ 48,334,243	\$ 40,074,627	\$ 72,153,887	\$ 62,627,887
Operating grants and contributions	1,524,189	1,115,230	-	-	1,524,189	1,115,230
Capital grants and contributions	21,426,763	19,651,978	3,176,508	2,800,152	24,603,271	22,452,130
<b>General revenues:</b>						
Property taxes	20,159,275	19,943,975			20,159,275	19,943,975
Sales taxes	13,121,481	12,406,210			13,121,481	12,406,210
Business Lic/Franchise	4,080,924	4,044,563			4,080,924	4,044,563
Other taxes	1,601,673	1,162,948			1,601,673	1,162,948
Grants and contributions not restricted to specific programs	628,597	445,797			628,597	445,797
Unrestricted investment earnings	474,835	473,327	298,172	664,483	773,007	1,137,810
Total revenues	86,837,381	81,797,288	51,808,923	43,539,262	138,646,304	125,336,550
<b>Expenses:</b>						
General government	4,683,527	4,282,225			4,683,527	4,282,225
Public safety	33,332,068	31,345,252			33,332,068	31,345,252
Transportation	9,868,609	10,122,865			9,868,609	10,122,865
Community development	10,931,252	11,289,050			10,931,252	11,289,050
Cultural and recreation	5,584,552	4,658,857			5,584,552	4,658,857
Community Sanitation			13,096,676	14,737,435	13,096,676	14,737,435
Sewer			17,138,515	19,630,699	17,138,515	19,630,699
Water			13,352,257	14,098,516	13,352,257	14,098,516
Transit			4,226,457	3,979,704	4,226,457	3,979,704
Total expenses	64,400,008	61,698,249	47,813,905	52,446,354	112,213,913	114,144,603
Increase in net assets before transfers	22,437,373	20,099,039	3,995,018	(8,907,092)	26,432,391	11,191,947
Transfers	(49,000)	(49,000)	49,000	49,000	0	0
Increase in net assets	22,388,373	20,050,039	4,044,018	(8,858,092)	26,432,391	11,191,947
Net assets - beginning	464,685,961	444,635,922	157,801,882	166,659,974	622,487,843	611,295,896
Adjustment to beginning net asset	(884,792)				(884,792)	
Net assets - ending	\$ 486,189,542	\$ 464,685,961	\$ 161,845,900	\$ 157,801,882	\$ 648,035,442	\$ 622,487,843

Total governmental revenues for the year were \$87 million, which is \$5 million or 6% greater than in 2010. Charges for services at \$24 million in 2011 accounted for 28% of the total revenue and are \$1 million or 4% greater than 2010. Capital grants and contributions increased \$1 million from the previous year, due to additional grant funding becoming available from federal stimulus grants. Taxes, which include property, sales, business license/franchise, and other taxes, account for \$39 million or 44% of the City's governmental activities revenue and increased over 2010 by \$1 million or 3%. Property taxes and business licenses/franchise fees experienced a small increase compared to the previous year. Sales taxes increased with the addition of the Kohl's at the Sierra Vista

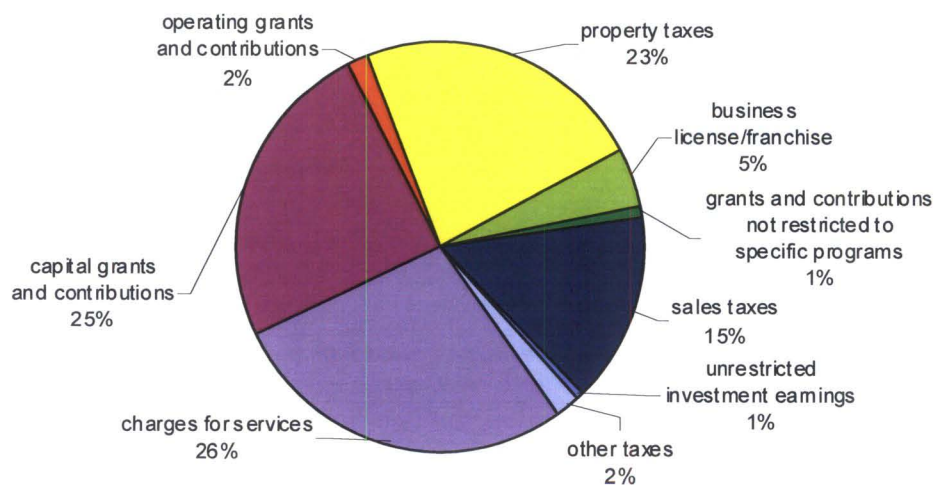
Mall, higher fuel prices and increases in automobile sales. Other taxes increased due to an increase in transit occupancy tax as a result of the addition of several new hotels.

Total governmental expenses for the year were \$64 million, an increase of \$3 million or 3% from 2010. Public Safety, which includes police and fire, accounts for \$33 million or 52% of the total governmental activities expenses. Public Safety expenses increased \$2 million or 6% partially due to the hiring of six additional firefighters funded through an operating grant. Cultural and recreation expenses were \$6 million or 9%. Cultural and Recreation expenses increased \$1 million or 19% from 2010. The increase is due to increased costs for city services, tree inventory, and landscape maintenance. Transportation expenses were \$10 million or 15%, Community development expenses were \$11 million or 17%, and General government expenses were \$5 million or 7% of the total expenses.

### Expenses and Program Revenues-Governmental Activities



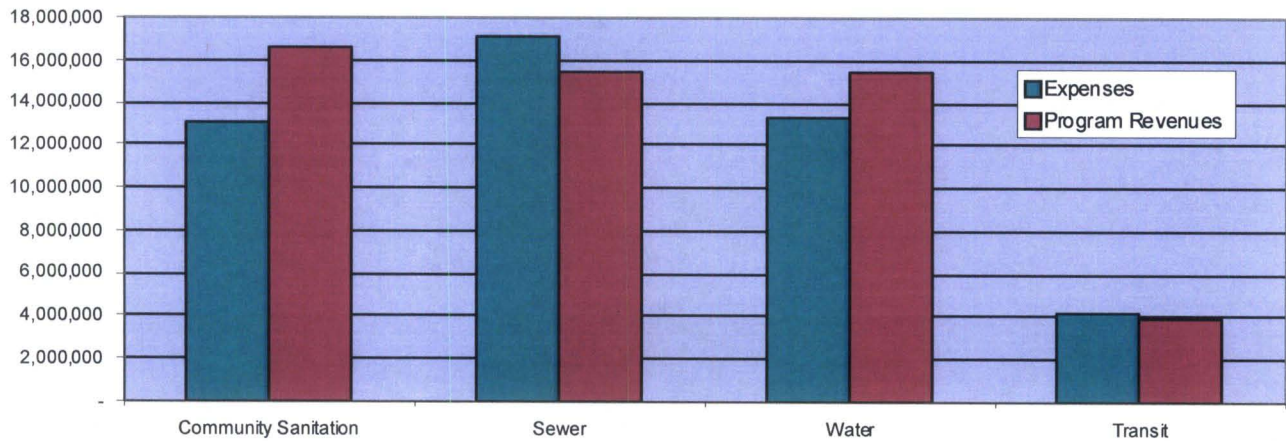
### Revenues by Source-Governmental Activities



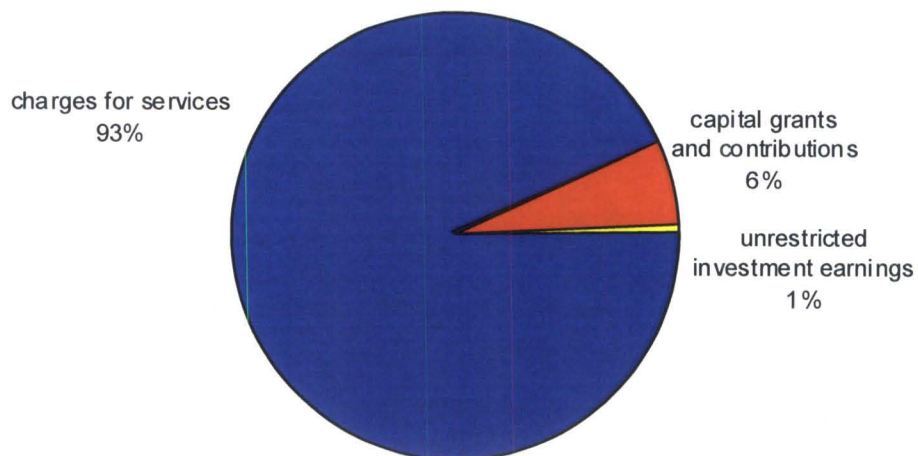
Program revenues that include charges for services and grants specific to certain programs account for \$47 million or 54% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of “general” revenues such as taxes, interest, and unrestricted grants and contributions.

**Business-type Activities.** Business-type activities account for \$162 million or 25% of the total Government-wide net assets. This is an increase of \$4 million or 3% from June 30, 2010. The component, “Invested in Capital Assets” accounts for \$112 million or 69% of the total net assets and is an increase of \$5 million from 2010. The amount restricted for debt service represents \$5 million or 3% of the total net assets and decreased \$3 million from 2010. The amount in “Unrestricted Net Assets,” \$44 million or 27% of total net assets, increased \$1 million compared to 2010. Charges for current services were \$48 million or 92% percent of the total business-type activity revenue and increased \$8 million from 2010 as a result of rate increases. Capital grants and contributions of \$3 million represent mostly contributions of sewer and water mains from developers.

#### Expenses and Program Revenues-Business-type Activities



#### Revenues by Source-Business-type Activities



Included in charges for current services are development fees relating to the construction of capital improvements for sewer disposal and water operations and as a result in a given year, as is the case in sewer for 2010, revenues may not be sufficient to cover total expenses which indicates the use of accumulated excess revenues from prior years. The revenues generated by these development fees are normally accumulated until such time as there are sufficient reserves to construct or acquire capital assets or to pay debt service on previously incurred debt. Debt service payments of principal are not considered a program expense and are, therefore, not reflected in this chart.

## Financial Analysis of the City's Funds

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

**Governmental funds.** During the 2011 year the City of Clovis implemented Governmental Accounting Standards Board statement 54 - "Fund Balance Report and Governmental Fund Type Definitions" which redefined how the City classifies fund balances. Fund balance is now defined in five categories, nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balances cannot be spent because of their form. Restricted fund balance has limitations imposed externally by creditors, grantors, contributors, or laws and regulations of other governments. Committed fund balance has self-imposed limitations set in place prior to the end of the period. Assigned fund balance is the amount left available for appropriation at the City's discretion within the fund's purpose.

All of the City's governmental funds ended the year with positive fund balances. The ending fund balance for all funds is \$44 million, which is \$2 million less than the previous year. Of the total fund balance, \$20 million or 45% is unassigned, which, within the limitations of the fund's purpose, is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted, assigned or committed for the following: (in millions)

Assets held for resale	\$3.2
Long-term Receivables	6.6
Debt service	1.7
Landscape Maintenance	2.9
Parking and Business Improvement	0.1
Law Enforcement	<0.1
Services materials and supplies	0.5
Capital	3.4
Emergencies	5.9

The general fund is the chief operating fund of the City. As of June 30, 2011, the *total* fund balance (including all reserves and designations) of the general fund was \$10.9 million, up \$0.2 million from June 30, 2010. The total fund balance of \$10.9 million includes restricted

balances of \$3.8 million, assigned balances of \$6.6 million and an unassigned balance of \$0.5 million.

The general fund *restricted* balances of \$2.8 million and are nearly the same as June 30, 2010. The *assigned* balance for unforeseen expenditures increased by \$1.2 million from \$4.7 million to \$5.9 million or 11% of expenditures in order to reach the 10%-15% minimum balance level established by council policy. The *unassigned* fund balance decreased \$0.7 million from \$1.2 million to \$0.5 million from June 30, 2010. The \$0.5 million unassigned portion is the amount carried over to offset the impact of any revenue shortfall that may occur in the next year due to economic uncertainty.

Revenues exceeded expenditures by \$1.7 million excluding the landscape maintenance where expenditures exceeded revenues by \$0.3 million. Some general fund revenues came in higher than budgeted; they were "Property Taxes," \$0.9 million; "Sales Taxes," \$0.2 million; "Business license/Franchise fee," \$0.1 million and "Other taxes," \$0.1 million. Other general fund revenues came in under budgeted amounts, they were "Fines and forfeitures," \$0.1 million; "From other Agencies," \$0.3 million; "Charges for services," \$0.3 million and "Other revenues," \$0.2 million. The increase in property tax was the result of the county's delay of collection of prior years' supplemental taxes that were paid in 2010/11. The greater than expected sales tax was mostly due to better general retail sales, higher fuel prices and improved automobile sales. The shortfall in From Other Agencies represents some grant funding for public safety operations being carried over for next year and the decrease in Other revenues represents lower than anticipated charges to the capital improvement program.

Several departments experienced expenditure savings including "Manager," \$0.1 million, "Finance," \$0.4 million, "Police," \$0.3 million, "Fire," \$0.5 million and "Public Utilities," \$0.3 million. Most of the expenditure savings in the departments were savings achieved by staffing vacancies, savings in services and supplies and postponed capital expenditures. Most savings attributed to "projects" that were not commenced before the end of the fiscal year, but are included in the "Assigned for Capital" amount, will be spent in the next fiscal year.

The local transportation fund, used to account for all street construction projects, incurred less than budgeted expenditures as a result of the added workload due to Federal economic stimulus funded projects from 2010 which resulted in other non stimulus funded projects carrying over into the next fiscal year. The ending fund balance of \$6.9 million is \$0.3 million less than June 30, 2010.

The Community Development fund shows a decrease in fund balance of less than \$1 million and is the result of reduced revenues and the ongoing Supplemental Educational Revenue Augmentation Fund payment to the State. Included in the ending fund balance of \$21 million are nonspendable amounts for "Assets held for resale," and "Long-term receivables" totaling \$9 million with \$12 million in "Unassigned" which is available for community development projects.

**Proprietary funds.** As indicated in the description of proprietary funds, there are two types of funds, enterprise and internal service funds. All of the City's enterprise funds ended the year with positive unrestricted net assets.

All the internal service funds finished with positive unrestricted net assets with the exception of the Employee Benefits Fund. The Employee Benefits Fund ended the year with a deficit unrestricted net asset balance of \$5.5 million. This deficit balance is attributable to the liability of workers' compensation program claims. The current liability for workers' compensation claims is \$9.2 million. The City funds the current year workers' compensation expenditures with charges to City programs. The City has also funded approximately \$2.5 million of the accrued liability through charges to City programs in prior years. The balance of the liability is of a long-term nature, not requiring current resources, and therefore has not been funded.

### **General Fund Budgetary Highlights**

Throughout the fiscal year it was necessary to adjust the original General Fund budget. The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual, General Fund, on page 35 shows the original budget and final budget. Below is a summary of the primary amendments:

\$ 16,000	City Attorney-additional costs incurred for consulting services provided for litigation
\$ 854,000	Police Department-Various grant expenditures offset by additional grant revenues
\$ 28,000	Fire Department-additional costs for Emergency Operations Center training offset by a grant
\$ 45,000	General Services Department-additional costs for personnel and senior services
\$ 100,000	Planning and Development Department-additional costs as a result of General Plan update and new building permits system

The budget variances were the result of additional grants awarded during the year to the Police Department and Fire Department, increases to personnel for recruitment of the new city manager, services to seniors and recreation, and the need to update the General Plan and building permits system.

### **Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$758 million (net of depreciation/amortization) an increase of \$19 million over 2010. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and road network and intangible capacity rights for water and sewer.

Major capital asset additions this year include the following:

Road network improvements and land acquisitions	\$ 27 million
Sewer system improvements	4 million
Water system improvements	2 million
Equipment purchases(fire truck and landfill compactor)	2 million
Landfill improvements	1 million

During the year the City made improvements to various streets and received developer donated infrastructure. The sewer system improvements include the City's share of capital projects for the Fresno-Clovis regional waste water treatment plant.

Additional information on the City's capital assets can be found in note IV.E on page 57.

**CITY OF CLOVIS'**  
**Capital Assets**  
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 200,675,273	\$ 193,107,014	\$ 36,081,421	\$ 35,149,336	\$ 236,756,694	\$ 228,256,350
Buildings and improvements	83,538,163	82,769,254	215,125,109	216,681,508	298,663,272	299,450,762
Machinery and equipment	12,247,350	12,406,650	2,620,693	3,155,119	14,868,043	15,561,769
Road network	180,431,361	167,549,137	-	-	180,431,361	167,549,137
Intangibles	-	-	27,317,661	27,892,619	27,892,619	27,892,619
Total	\$ 476,892,147	\$ 455,832,055	\$ 281,144,884	\$ 282,878,582	\$ 758,037,031	\$ 738,710,637

**Long-term Debt.** The City's long-term debt as of June 30, 2011, was \$208 million with governmental activities accounting for \$45 million or 22% and business-type activities accounting for \$163 million or 78%.

**CITY OF CLOVIS'**  
**Outstanding Bonds, Capitals Leases, Loans and Contracts**

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Tax allocation bonds	\$ 18,020,000	\$ 18,570,000			\$ 18,020,000	\$ 18,570,000
Capital leases	10,156,335	7,174,582			10,156,335	7,174,582
Loans payable	1,314,655	1,352,424			1,314,655	1,352,424
Revenue bonds	15,390,000	16,010,000	\$ 150,415,000	\$ 152,510,000	165,805,000	168,520,000
Contracts payable			12,818,719	14,359,233	12,818,719	14,359,233
Total	\$ 44,880,990	\$ 43,107,006	\$ 163,233,719	\$ 166,869,233	\$ 208,114,709	\$ 209,976,239

General obligation debt are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Clovis' debt limit is \$1.1 billion. The City currently has no general obligation debt outstanding. Detailed information on the City's long-term debt activity can be found in Note F. of the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The City is closely watching the national economy and keeping up with the state's budget issues and the impact these have on Clovis. During the budget development process for the 11/12 fiscal year, the City was able to increase general fund safety expenditures by \$0.7 million to take advantage of the Staffing for Adequate Fire and Emergency Response (SAFER) grant funding for six additional firefighters.

Economic forecasts for the Central Valley and Fresno County indicate a slower economic recovery when compared to all of California and the nation. The good news is the local economy is slowly improving. Property values are expected to increase slightly over last year due to modest increases in county-wide assessed values. Taxable sales are projected to increase by 6% compared to the previous year due to increased retail sales and automobile sales. The City recently implemented economic development programs designed to stimulate job creation and promote the development of industrial and office construction. The City of Clovis' population is continuing to grow and is anticipated to reach 100,000 by the year 2014.

Residential building activity leveled off in 2011 and is projected to remain at this reduced level until late 2012. The City of Clovis continues to be a premier city with one of the best school districts in the county and as such there is still demand for new homes in the city and the new smaller, more affordable product lines being built by local developers have been well received by home buyers. With the added incentives to create jobs and promote development of industrial and office spaces, the City has seen increased interest from new businesses wanting to locate in Clovis. The Clovis Community Medical Center continues its growth and is emerging as a top employer in the City of Clovis.

Total city-wide expenditures, excluding capital expenditures, were projected to increase approximately 3.1%. While there were no negotiated salary increases included in the budget, the budget did reflect the costs of normal step increases. Expenditures in the 2011-2012 General Fund budget were increased by 2.6%. This is the result of the elimination of employee concessions as well as increased costs for retirement and health benefits. Revenues are projected to increase by 2.6% attributed to increased property tax and sales tax collections.

This slow but steady economic recovery offers opportunities to adjust and prepare for the changes occurring in the business environment. The City continues to work on the General Plan update keeping in mind sustainability. The City recognizes the need to encourage private sector businesses and industries to develop and expand within the city. This will benefit our citizens and support the desired quality of life this community prefers.

At June 30, 2011 the General Fund has an assigned fund balance of \$5.9 million or 11.0% of budgeted expenditures set aside for unforeseen emergencies.

The Community Sanitation Fund has a planned rate increase of 4% for refuse collection, the Water Fund has a planned increase of 5% and the Sewer Fund has a planned increase of 6% in the new fiscal year.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Clovis' finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Clovis, 1033 Fifth Street, Clovis, CA, 93612.

# **B A S I C F I N A N C I A L S T A T E M E N T S**

**City of Clovis**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$63,519,806	\$41,902,549	\$105,422,355
Receivables	10,190,755	7,620,212	17,810,967
Internal balances	(1,554,430)	1,554,430	0
Due from other governments	7,155,072	544,379	7,699,451
Inventories	535,000		535,000
Prepaid items	794,702		794,702
Assets held for resale	3,228,978		3,228,978
Restricted assets:			
Cash and investments	1,796,077	5,269,020	7,065,097
Capital assets, not being depreciated			
Land	200,675,273	36,081,421	236,756,694
Capital assets (net of accumulated depreciation):			
Buildings and improvements	83,538,163	215,125,109	298,663,272
Machinery and equipment	12,247,350	2,620,693	14,868,043
Road network	180,431,361		180,431,361
Intangible assets (net of accumulated amortization)		27,317,661	27,317,661
Total assets	<u>562,558,107</u>	<u>338,035,474</u>	<u>900,593,581</u>
<b>LIABILITIES</b>			
Accounts payable	4,013,548	5,849,011	9,862,559
Unearned revenue	4,094,348	403,852	4,498,200
Noncurrent liabilities:			
Due within one year	6,033,396	6,334,297	12,367,693
Due in more than one year	62,227,273	163,602,414	225,829,687
Total liabilities	<u>76,368,565</u>	<u>176,189,574</u>	<u>252,558,139</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	436,784,878	111,938,872	548,723,750
Restricted for:			
Debt service	1,978,879	5,269,019	7,247,898
Streets and roads	10,035,163		10,035,163
Community development	21,269,488		21,269,488
Unrestricted	16,121,134	44,638,009	60,759,143
Total net assets	<u>\$486,189,542</u>	<u>\$161,845,900</u>	<u>\$648,035,442</u>

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

**City of Clovis**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Asset		
	Expenses	Operating		Governmental Activities	Business-type Activities	Total
		Charges for Services	Grants and Contributions			
<b>Primary government:</b>						
Governmental activities:						
General government	\$4,683,527	\$3,764,616		(\$918,911)		(\$918,911)
Public safety	33,332,068	2,094,010	\$1,125,230	(30,070,309)		(30,070,309)
Transportation	9,868,609	7,637,136	21,165,707	18,934,234		18,934,234
Community development	10,931,252	6,153,199	297,564	(4,363,217)		(4,363,217)
Cultural and recreation	5,584,552	4,170,683	101,395	(1,211,209)		(1,211,209)
Total governmental activities	64,400,008	23,819,644	1,524,189	(17,629,412)	0	(17,629,412)
Business-type activities:						
Community sanitation	13,096,676	16,591,981	30,830		\$3,526,135	3,526,135
Sewer	17,138,515	14,027,179	1,391,218		(1,720,118)	(1,720,118)
Water	13,352,257	13,873,737	1,631,912		2,153,392	2,153,392
Transit	4,226,457	3,841,346	122,548		(262,563)	(262,563)
Total business-type activities	47,813,905	48,334,243	0	0	3,696,846	3,696,846
Total primary government	\$112,213,913	\$72,153,887	\$1,524,189	(17,629,412)	3,696,846	(13,932,566)
General revenues:						
Property taxes				20,159,275		20,159,275
Sales taxes				13,121,481		13,121,481
Business License/Franchise Fees				4,080,924		4,080,924
Other taxes				1,601,673		1,601,673
Grants and contributions not restricted to specific programs				628,597		628,597
Unrestricted investment earnings				474,835	298,172	773,007
Transfers				(49,000)	49,000	0
Total general revenues and transfers				40,017,785	347,172	40,364,957
Change in net assets				22,388,373	4,044,018	26,432,391
Net assets-beginning				464,685,961	157,801,882	622,487,843
Adjustment to beginning net assets (Note I.)				(884,792)		(884,792)
Net assets-ending				\$486,189,542	\$161,845,900	\$648,035,442

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

**City of Clovis  
Balance Sheet  
Governmental Funds  
June 30, 2011**

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>Local Transportation</b>	<b>Community Development</b>		
<b>ASSETS</b>					
Cash and investments	\$8,678,561	\$17,095,974	\$12,110,236	\$3,864,402	\$41,749,173
Cash with agents-restricted		166,036		1,065,566	1,231,602
Receivables	1,421,685	46,963	7,531,876	69,789	9,070,313
Due from other funds	53,000				53,000
Due from other governments	3,709,343	3,170,663	133,141	32,646	7,045,793
Assets held for resale			3,228,978		3,228,978
Total assets	<u>\$13,862,589</u>	<u>\$20,479,636</u>	<u>\$23,004,231</u>	<u>\$5,032,403</u>	<u>\$62,378,859</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$761,858	\$1,494,338	\$127,134	\$20,985	\$2,404,315
Due to other funds				53,000	53,000
Deposits and other liabilities	688,427	9,498,738	1,575,000	9,200	11,771,365
Deferred revenue	1,462,619	2,599,121	32,609		4,094,349
Total liabilities	<u>2,912,904</u>	<u>13,592,197</u>	<u>1,734,743</u>	<u>83,185</u>	<u>18,323,029</u>
Fund balances:					
Nonspendable:					
Assets held for resale			3,228,978		3,228,978
Long-term receivables	855,000		5,803,143		6,658,143
Restricted for:					
Capital projects		3,828,539	12,226,367	3,029,724	19,084,630
Community development				65,779	65,779
Debt service				1,735,715	1,735,715
Landscape maintenance	2,920,945				2,920,945
Parking and business improvement	63,270				63,270
Law enforcement	504				504
Assigned for:					
Services, materials and supplies	477,000				477,000
Capital	163,000	3,058,900	11,000	118,000	3,350,900
Emergencies	5,925,000				5,925,000
Unassigned, reported in:					
General fund	544,966				544,966
Total fund balances	<u>10,949,685</u>	<u>6,887,439</u>	<u>21,269,488</u>	<u>4,949,218</u>	<u>44,055,830</u>
Total liabilities and fund balances	<u>\$13,862,589</u>	<u>\$20,479,636</u>	<u>\$23,004,231</u>	<u>\$5,032,403</u>	

**Reconciliation of the Governmental Fund Balances to the Governmental Activities Net Assets**

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. (Net of \$78,645,563 of internal service fund capital assets)	398,246,584
Internal service funds are used by management to charge the costs of fleet management, employee benefits, liability and property insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. (Net of \$1,554,430 allocated to business-type activities)	63,814,897
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(19,927,769)
Net Assets of Governmental Activities	<u>\$486,189,542</u>

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

**City of Clovis**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	Major Funds			Other	Total
	General	Local Transportation	Community Development	Governmental Funds	Governmental Funds
<b>REVENUES</b>					
Property taxes	\$13,967,672		\$3,797,107		\$20,764,779
Sales taxes	13,329,533				13,329,533
Business license/Franchise fee	4,080,924				4,080,924
Other taxes	1,601,673				1,601,673
Licenses and permits	1,113,238				1,113,238
Fines and forfeitures	166,010				166,010
Use of money and property	51,263	\$106,825	256,717	\$19,174	433,979
From other agencies	3,738,612	7,857,574	275,032	547,081	12,418,299
Charges for current services	5,549,094	944,819		938,418	7,432,331
Other revenues	6,253,480	4,377	413,267	363	6,671,487
Total revenue	52,851,499	8,913,595	4,742,123	1,505,036	68,012,253
<b>EXPENDITURES</b>					
Current:					
General government	4,468,062				4,468,062
Public safety	33,303,647				33,303,647
Transportation	3,134,317				3,134,317
Community development	5,725,817			497,471	6,223,288
Cultural and recreation	4,843,250				4,843,250
Debt service:					
Principal				550,000	550,000
Interest and fiscal charges				814,129	814,129
Capital outlays		9,253,962	3,862,147	1,950,672	15,066,781
Total expenditures	51,475,093	9,253,962	3,862,147	3,812,272	68,403,474
Excess (deficiency) of revenues over (under) expenditures	1,376,406	(340,367)	879,976	(2,307,236)	(391,221)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	0		0	1,388,000	1,388,000
Transfers out	(1,090,000)		(1,348,000)	(49,000)	(2,487,000)
Total other financing sources (uses)	(1,090,000)	0	(1,348,000)	1,339,000	(1,099,000)
Net change in fund balances	286,406	(340,367)	(468,024)	(968,236)	(1,490,221)
Fund balances-beginning	10,663,279	7,227,806	22,622,304	5,917,454	46,430,843
Prior year adjustment (Note I.)			(884,792)		(884,792)
Fund balances-beginning, as restated	10,663,279	7,227,806	21,737,512	5,917,454	45,546,051
Fund balances-ending	\$10,949,685	\$6,887,439	\$21,269,488	\$4,949,218	\$44,055,830

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

**City of Clovis**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2011**

Amounts reported for governmental activities in the statement of activities (page 31) are different because:

Net change in fund balances-total governmental funds (page 33)	(\$1,490,221)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,054,862
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	17,856,903
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resource of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance cost, 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.	520,100
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.	232,260
Internal service funds are used by management to charge the costs of fleet maintenance, employee benefits, liability and property insurance and general services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. Net of \$317,945 allocated to business-type activities.	1,214,469
Change in net assets of governmental activities (page 31)	<u><u>\$22,388,373</u></u>

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

**City of Clovis**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
Property taxes	\$16,109,000	\$16,109,000	\$16,967,672	\$858,672
Sales taxes	13,100,000	13,100,000	13,329,533	229,533
Business license/Franchise fee	4,010,000	4,010,000	4,080,924	70,924
Other taxes	1,497,000	1,497,000	1,601,673	104,673
Licenses and permits	1,117,000	1,117,000	1,113,238	(3,762)
Fines and forfeitures	232,000	232,000	166,010	(65,990)
Use of money and property	41,000	41,000	51,263	10,263
From other agencies	3,461,000	4,047,800	3,738,612	(309,188)
Charges for current services	5,827,000	5,827,000	5,549,094	(277,906)
Other revenues	6,368,000	6,508,000	6,253,480	(254,520)
Total revenues	<u>51,762,000</u>	<u>52,488,800</u>	<u>52,851,499</u>	<u>362,699</u>
<b>EXPENDITURES</b>				
Council	239,300	239,300	237,111	2,189
Clerk	306,600	306,600	195,186	111,414
Attorney	746,000	762,000	761,794	206
Manager	1,116,213	1,116,213	983,938	132,275
General services	1,156,600	1,201,600	1,201,076	524
Finance/Treasurer	2,215,488	2,215,488	1,810,757	404,731
Police	22,065,392	22,919,392	22,629,166	290,226
Fire	11,183,828	11,211,628	10,674,480	537,148
Public utilities	7,589,659	7,589,659	7,255,768	333,891
Planning and development services	5,626,731	5,726,731	5,725,817	914
Total expenditures	<u>52,245,811</u>	<u>53,288,611</u>	<u>51,475,093</u>	<u>1,813,518</u>
Excess (deficiency) of revenues over expenditures	(483,811)	(799,811)	1,376,406	2,176,217
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	0	(1,090,000)	(1,090,000)	0
Total other financing sources (uses)	<u>0</u>	<u>(1,090,000)</u>	<u>(1,090,000)</u>	<u>0</u>
Net change in fund balances	(483,811)	(1,889,811)	286,406	2,176,217
Fund balances-beginning	10,663,279	10,663,279	10,663,279	
Fund balances-ending	<u>\$10,179,468</u>	<u>\$8,773,468</u>	<u>\$10,949,685</u>	<u>\$2,176,217</u>

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

**City of Clovis**

**Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual  
Local Transportation Special Revenue Fund  
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
Use of money and property	\$125,000	\$125,000	\$106,825	(\$18,175)
From other agencies	6,997,000	6,997,000	7,857,574	860,574
Charges for services	122,000	703,000	944,819	241,819
Other revenues	0	0	4,377	4,377
Total revenues	<u>7,244,000</u>	<u>7,825,000</u>	<u>8,913,595</u>	<u>1,088,595</u>
<b>EXPENDITURES</b>				
Capital Outlay	9,141,680	20,199,680	9,253,962	10,945,718
Total expenditures	<u>9,141,680</u>	<u>20,199,680</u>	<u>9,253,962</u>	<u>10,945,718</u>
Excess (deficiency) of revenues over expenditures	(1,897,680)	(12,374,680)	(340,367)	12,034,313
Fund balances-beginning	7,227,806	7,227,806	7,227,806	
Fund balances-ending	<u>\$5,330,126</u>	<u>(\$5,146,874)</u>	<u>\$6,887,439</u>	<u>\$12,034,313</u>

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

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# City of Clovis

## Statement of Net Assets

## Proprietary Funds

**June 30, 2011**

	Business-Type Activities-Enterprise Funds			
	Community Sanitation	Sewer Disposal	Water	Totals
<b>ASSETS</b> Current assets: Cash and investments Receivables Due from other governments Inventories Prepaid items Total current assets	\$5,429,910 3,131,392	\$20,657,705 2,038,987	\$15,706,462 2,442,083	\$41,902,549 7,620,212 544,379
	8,561,302	22,696,692	18,148,545	50,067,140
Noncurrent assets: Restricted cash and investments: Cash with fiscal agent-bond accounts Total restricted assets Capital assets: Land Buildings and improvements Machinery and equipment Less accumulated depreciation Total capital assets (net of accumulated depreciation) Intangible assets Less accumulated amortization Total intangible assets (net of accumulated amortization) Total noncurrent assets Total assets	897,642 897,642	4,371,377 4,371,377	0 0	5,269,019 5,269,019
	18,020,873 1,971,539 2,022,033 (1,685,926)	4,287,312 151,667,467 511,951 (19,723,538)	13,773,236 99,859,977 1,022,993 (19,529,439)	36,081,421 253,498,983 6,956,442 (42,709,623)
	20,328,519	136,743,192	95,126,767	253,827,223
		34,512,269	4,615,072	39,127,341
		(11,154,290)	(655,390)	(11,809,680)
	0	23,357,979	3,959,682	27,317,661
	21,226,161	164,472,548	99,086,449	286,413,903
	29,787,463	187,169,240	117,234,994	336,481,043

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit	Totals
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	414,418	3,396,694	2,028,028	9,870	5,849,010
Claims and judgments payable					0
Accrued compensated absences	60,000	19,073	46,118	30,109	155,300
Deposits and other liabilities		4,661	1,116,730		1,121,391
Unearned revenue		236,800		167,052	403,852
Capital leases-current					0
Loans payable-current					0
Revenue bonds-current	540,000	1,385,000	1,495,000		3,420,000
Contracts payable-current		1,637,606			1,637,606
Total current liabilities	1,014,418	6,679,834	4,685,876	207,031	12,587,159
Noncurrent liabilities:					
Claims and judgments payable					6,672,000
Accrued compensated absences	161,971	51,464	124,438	81,242	419,115
Capital leases					0
Loans payable					0
Revenue bonds (net of deferred amount on refunding and discount/premium)	4,431,808	108,686,194	36,598,544		149,716,546
Contracts payable		11,181,113			11,181,113
Landfill closure	2,285,640				2,285,640
Total noncurrent liabilities	6,879,419	119,918,771	36,722,982	81,242	163,602,414
Total liabilities	7,893,837	126,598,605	41,408,858	288,273	176,189,573
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	14,459,069	34,858,153	60,992,905	1,628,745	111,938,872
Restricted for debt service	897,642	4,371,377	0		5,269,019
Unrestricted	6,536,915	21,341,105	14,833,231	372,328	43,083,579
Total net assets	\$21,893,626	\$60,570,635	\$75,826,136	\$2,001,073	\$65,369,327
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					1,554,430
Net assets of business-type activities					\$161,845,900

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

**City of Clovis**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit	Totals
Operating revenues:					
Charges for services	\$16,608,146	\$13,489,056	\$13,493,998	\$1,355,704	\$44,946,904
From other agencies			8,588		8,588
Other revenues	14,665	538,123	369,567		922,355
Total operating revenues	<u>16,622,811</u>	<u>14,027,179</u>	<u>13,872,153</u>	<u>1,355,704</u>	<u>45,877,847</u>
Operating expenses:					
Salaries and benefits	3,888,639	917,988	2,830,826	2,184,323	9,821,776
Services, materials and supplies	6,913,280	4,235,487	4,515,439	1,187,567	16,851,773
Administration	1,721,100	1,666,200	1,885,018	425,300	5,697,618
Depreciation/amortization	178,965	4,349,372	2,281,495	358,514	7,168,346
Total operating expenses	<u>12,701,984</u>	<u>11,169,047</u>	<u>11,512,778</u>	<u>4,155,704</u>	<u>39,539,513</u>
Operating income (loss)	<u>3,920,827</u>	<u>2,858,132</u>	<u>2,359,375</u>	<u>(2,800,000)</u>	<u>6,338,334</u>
Nonoperating revenues (expenses):					
Interest income	66,508	166,172	64,524	967	298,171
Interest expense	(309,193)	(5,886,594)	(1,728,500)		(7,924,287)
Sales tax override					0
State transit assistance				2,608,190	2,608,190
Gain (loss) on sale of capital assets	(2,016)		1,584	(30,143)	(30,575)
Total nonoperating revenue (expense)	<u>(244,701)</u>	<u>(5,720,422)</u>	<u>(1,662,392)</u>	<u>2,579,014</u>	<u>(5,048,501)</u>
Income before contributions and transfers	3,676,126	(2,862,290)	696,983	(220,986)	1,289,833
Capital contributions-development fees		1,391,218	1,631,912		3,023,130
Transfers in	49,000				49,000
Changes in net assets	3,725,126	(1,471,072)	2,328,895	(220,986)	4,361,963
Total net assets-beginning	18,168,500	62,041,707	73,497,241	2,222,059	64,472,803
Total net assets-ending	<u>\$21,893,626</u>	<u>\$60,570,635</u>	<u>\$75,826,136</u>	<u>\$2,001,073</u>	<u>\$65,369,327</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					(317,945)
Change in net assets of business-type activities (page 31)					<u>\$4,044,018</u>

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

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**City of Clovis  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2011**

Business-Type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
Community Sanitation	Sewer Disposal	Water	Transit	Totals	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$12,890,033	\$13,373,770	\$1,352,992	\$44,183,725	\$30,188,398
Payments to suppliers	(8,614,297)	(7,098,468)	(1,615,460)	(26,242,409)	(25,443,529)
Payments to employees	(3,886,480)	(916,767)	(2,179,198)	(9,805,693)	(3,517,600)
Other operating revenues	14,665	538,123	369,567	922,355	1,989,413
Net cash provided/(used) by operating activities	3,780,818	3,897,205	(2,441,666)	9,057,978	3,216,682
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans from/(to) other funds	(3,500,000)			(3,500,000)	
Repayment of loans from/(to) other funds		2,500,000	(199,000)	2,301,000	1,000,000
Receipts from Sales Tax Override				0	11,371
Transfers-in from other funds	49,000			49,000	1,050,000
Transportation funding-State			2,826,170	2,826,170	
Net cash provided/(used) by noncapital financing activities	(3,451,000)	2,500,000	2,627,170	1,676,170	2,061,371
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(932,085)	(2,258,790)	(125,147)	(83,132)	(3,374,506)
Principal paid on loans, bonds, and capital leases	(469,200)	(1,680,514)	(1,440,000)	(3,589,714)	(1,546,527)
Interest paid on loans, bonds and capital leases	(332,093)	(5,875,625)	(1,796,062)	(8,003,780)	(1,149,725)
Proceeds from capital leases					3,870,511
Proceeds from sale of capital assets	3,984		3,439	4,344	699,021
Net cash provided/(used) by capital and related financing activities	(1,729,394)	(9,814,929)	(3,357,770)	(78,788)	(1,501,226)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	66,508	166,172	64,524	967	89,010
Net cash provided by investing activities	66,508	166,172	64,524	967	89,010
Net increase/(decrease) in cash and cash equivalents	(1,333,068)	(3,251,552)	528,375	107,683	3,865,837
Cash and cash equivalents-beginning of year	7,660,620	28,280,634	15,178,087	789	18,469,271
Cash and cash equivalents-end of year	\$6,327,552	\$25,029,082	\$15,706,462	\$108,472	\$22,335,108

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

Operating income/(loss)	\$3,920,827	\$2,858,132	\$2,359,375	(\$2,800,000)	\$6,338,334	\$307,486
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation/amortization expense	178,965	4,349,372	2,281,495	358,514	7,168,346	4,151,203
Landfill closure expense	145,500				145,500	
(Increase)/decrease in accounts receivable	(41,216)	(569,423)	(253,165)	(2,712)	(866,516)	(570,303)
(Increase)/decrease in due from other governments					0	959,737
(Increase)/decrease in inventories						(29,000)
(Increase)/decrease in prepaid items						(794,702)
Increase/(decrease) in accounts payable	(425,417)	(2,712,497)	(698,011)	(2,593)	(3,838,518)	(1,081,137)
Increase/(decrease) in accrued compensated absences	2,159	1,221	7,578	5,125	16,083	258,110
Increase/(decrease) in unearned revenue		(29,600)			(29,600)	
Increase/(decrease) in claims and judgments payable						44,000
Increase/(decrease) in deposits			124,349		124,349	(28,712)
Total adjustments	(140,009)	1,039,073	1,462,246	358,334	2,719,644	2,909,196
Net cash provided/(used) by operating activities	\$3,780,818	\$3,897,205	\$3,821,621	(\$2,441,666)	\$9,057,978	\$3,216,682

**Noncash investing, capital, and financing activities:**

During the year the Sewer Disposal Fund, an enterprise fund, received \$1,391,218 in donated assets.

During the year the Water Fund, an enterprise fund, received \$1,631,912 in donated assets.

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

**City of Clovis**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$2,114,958
Cash with agent-restricted	486,261
Receivables	<u>3,556</u>
Total assets	<u><u>\$2,604,775</u></u>
 <b>LIABILITIES</b>	
Accrued payroll	\$1,324,064
Agency funds payable	<u>1,280,711</u>
Total liabilities	<u><u>\$2,604,775</u></u>

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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

**I. Summary of significant accounting policies**

**A. Reporting entity**

The City of Clovis, California (City) was incorporated on February 27, 1912 as a general law city of the State of California, and as such can exercise the powers specified by the constitution and laws of the State of California. The City is governed by an elected five-member City Council under the administration of an appointed City Manager. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended components units, although legally separate entities, are, in substance, part of the government's operations.

**Blended component units.** The Clovis Community Development Agency was established by the Clovis City Council in November 1981 to handle the City's redevelopment activities. The Council at that time established itself as the Agency Board and appointed the City Manager as the agency's Executive Director. City staff provides all support services and charges these services back to the agency on a revenue/expenditure basis. The annual budget for the agency is approved by the City Council sitting as the Agency Board. The City is not obligated for any of the agency's debt but will advance cash to the agency to cover temporary shortfalls, if any. Separate financial statements of the Clovis Community Development Agency may be obtained from the City of Clovis, 1033 Fifth St., Clovis, CA 93612.

The Clovis Municipal Development Corporation was established by the Clovis City Council in January 1985 to handle the City's and the Clovis Community Development Agency's development of property. There were no assets, liabilities, equity or activity to report for the current or prior fiscal years.

The Clovis Public Financing Authority was established by the Clovis City Council in July 1991 to facilitate the issuance of the City's debt. There were no assets, liabilities, equity or other activity to report for the current or prior fiscal years.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its components units. The effects of interfund activity have 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 of a 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 are the proprietary fund financial statements. Fiduciary fund financial statements are reported using the accrual basis of accounting but do not have a measurement focus since agency funds are the only fiduciary funds the City reports. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirement imposed by the provider have been met.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of "the end of the current fiscal period." Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 cash is received by the government.

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 local transportation fund accounts for the City's share of Transportation Development Act (SB 325) funds allocated by the State and payments for capital street improvements and maintenance and for the deposits by developers for special street improvement projects.

The community development fund accounts for the resources and capital projects within the Clovis redevelopment project areas.

The City reports the following major proprietary funds:

The community sanitation fund accounts for the activities of the City's refuse collection and disposal operations, landfill operations and street sweeping operations.

The sewer disposal fund accounts for the activities of the City's sanitary sewer system operations.

The water fund accounts for the activities of the City's water production and distribution operations.

The transit fund accounts for the activities of the City's transit operations.

Additionally, the City reports the following fund types:

Internal service funds account for general liability and property damage insurance, fleet management services, retirement, workers' compensation, and health, unemployment and medicare insurance, facility maintenance and enhancement, telecommunication and information technology, and other general services provided to other departments or agencies of the City on cost reimbursement bases.

Agency funds account for assets held by the City as an agent for special senior activities, certain special assessments collected and distributed on behalf of the districts, payroll taxes collected and distributed to other governments and collections from the State of California for assets forfeited.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this general rule is payments-in-lieu of taxes. 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the community sanitation enterprise fund, of the sewer enterprise fund, of the water enterprise fund and of the City's internal service funds are charges to customers for sales and services. The sewer enterprise fund and the water enterprise fund also recognize as operating revenue the portion of developer 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 nonoperating revenues and expenses.

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

**D. Assets, liabilities, and net assets or equity**

**1. Cash and investments**

The City maintains a cash and investment pool that is available for use by all funds. This pool utilizes investments authorized by the Government Code and is further defined by the City's investment policy that is reviewed annually by the City Council.

In accordance with Governmental Accounting Standards Board (GASB) Statement Number 31, *"Accounting and Financial Reporting for Certain Investment Pools"*, highly liquid market investments with maturities of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for the securities for which market quotations are readily available.

Authorized investments include deposits in the State of California administered Local Agency Investment Fund, insured certificates of deposits, collateralized certificates of deposits, commercial paper, bankers acceptances, medium term notes, money market mutual funds and securities backed by the US Government. All investments are stated at fair value.

Interest income earned as a result of pooling is distributed to the appropriate funds based on month end cash balances in each fund. Interest income from cash and investments with fiscal agents and deferred compensation is credited directly to the related fund.

For purposes of the statement of cash flows, the City considers short term and highly liquid investments (including restricted assets) to be cash and cash equivalents.

The City invests its excess cash principally in U.S. Government Securities, U.S. Treasuries and the State of California Local Agency Investment Fund (LAIF). Investments in the LAIF are available for withdrawal on demand.

The City is also required to deposit funds with fiscal agents under the provisions of Certificates of Participation, Contracts and/or Lease Agreements. These funds are invested by the fiscal agent in instruments generally more restrictive than the City's investment policy.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

**2. Receivables**

Billed but unpaid services provided to individuals or non-governmental entities are recorded as "receivables." Services provided to other governmental entities are recorded as "due from other governments." The City's utility enterprise funds include an estimated amount for services rendered but not yet billed as of June 30, 2011, determined by prorating the July 2011 bi-monthly billing.

The City has not experienced any material write-off of receivables; and therefore, an "allowance for bad debts" is not included on the City's balance sheets or statements of net assets.

**3. Interfund receivables/payables**

During the course of operations, interfund receivables and payables transactions arise. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements. On the government-wide statement of net assets, the "internal balances" represents the amounts receivable/payable between business-type activities and governmental activities. All other interfund transactions have been eliminated on the statement of net assets.

**4. Inventories**

Inventories, consisting of fuel and vehicle parts, are valued at cost which approximates market, using the first-in/first-out (FIFO) method.

**5. Assets held for resale**

Assets held for resale consist of land and improvements held by the Clovis Community Development Agency for the purpose of improving and reselling them. The primary purpose of redevelopment agencies is the development or redevelopment of blighted properties. This is accomplished by buying, improving and reselling parcels of land. Property is valued at the lower of cost or net realizable value.

**6. Capital assets/intangible assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (roadways), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000, and an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date donated. Intangible assets are valued at historical cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Intangible assets include the purchase of sewer capacity rights and water entitlement rights. The City purchased sewer capacity rights from the City of Fresno at the Fresno Regional Waste Water Treatment Plant. The total amount of \$23,357,979 is reported in the City's Sewer Disposal Fund. The City has purchased water entitlement rights from the Fresno Irrigation District for surface water. The total amount of \$3,959,682 is reported in the City's Water Fund.

Donated assets include developer donated land as well as the improvements on the land including streets, curbs and gutters, sidewalks, street lighting and landscaping. Included in the total amount of capital grants and contributions on the government-wide statement of activities is \$20,880,034 of developer donated assets.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

Property, plant and equipment of the primary government is depreciated over the estimated useful lives using the straight-line method, half-year convention. Estimated useful lives are as follows:

Distribution Systems	50 years
Roadways	50
Buildings	20-40
Vehicles	5-20
Other Equipment	3-10

Amortization of intangibles is computed over 40 years using the straight-line method, half-year convention.

#### **7. Compensated absences**

The liability for vested leave (vacation, compensated time off, holiday) earned but not used in governmental funds is expensed and established as a liability and is reported in the government-wide statement of net assets in the governmental activities column. Vested leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue. No liability is recorded for non-vesting leave such as sick leave.

#### **8. Long-term liabilities**

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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as bond discounts 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 costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts not withheld from the actual debt proceeds received are reported as debt service expenditures. Discounts withheld from the debt proceeds are reported as other financing uses.

#### **9. Fund balances**

In the fund financial statements, governmental funds report components of fund balance based on constraints on the specific purposes for which amounts can be spent. "Nonspendable" fund balance is not in a spendable form or has a requirement to maintain intact. "Restricted" fund balance has externally enforceable limitations on its use such as restrictions from outside parties such as creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. "Assigned" fund balance is limited by City Council, the City Manager or the designated department head as delegated by City Council. "Unassigned" fund balance is the residual net resources.

The City of Clovis will spend the funds restricted for their purpose within those funds first followed by assigned funds for their intended purposes prior to spending any unassigned funds. The City Council has established a target of a minimum unassigned fund balance for any operational fund is 10% of the budgeted expenditures with the goal for unassigned fund balance of up to 15% of budgeted expenditures unless capital borrowing or extraordinary fiscal conditions require higher levels of unassigned fund balance be maintained.

The local transportation fund is the City's only major special revenue fund. This fund accounts for the capital street projects paid for out of the City's share of Transportation Development Act (SB 325) funds allocated by the state, 1/2 cent sales tax for transportation, Special Gas Tax Select Street funds, and federal funding sources under the Federal Intermodal Surface Transportation Efficiency Act. In addition, funds are transferred from the Developer Trust Fund as reimbursements are made for developer-financed projects.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

**10. Net assets**

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**11. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**12. Implementation of GASB Statement No. 54**

The City adopted a new accounting standard in order to conform to Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy described in Note 9, Fund balances, based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**13. Recent Changes in Legislation Affecting California Redevelopment Agencies**

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city “may use any available funds not otherwise obligated for other uses” to make this payment. The City of Example intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011. Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

On August 9, 2011, Clovis Community Development Agency Resolution No. 11-04 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$2.1 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$499,000 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

## **II. 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 (\$19,927,769) difference are as follows:

Tax allocation bonds payable (net of \$806,543 discount)	\$ (17,213,457)
Accrued interest payable	(321,312)
Accrued compensated absences (net of \$1,095,169 reported in Internal Service Funds)	<u>(2,393,000)</u>
 Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	  <u><u>\$ (19,927,769)</u></u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

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

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

The details of this \$4,054,862 difference are as follows:

Capital outlay	\$ 11,574,183
Depreciation expense (net of \$4,151,203 reported in Internal Service Funds)	<u>(7,519,321)</u>
Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net assets-governmental activities</i>	<u>\$ 4,054,862</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." Donated capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

The details of this \$11,574,183 difference are as follows:

General government capital asset additions	\$ 32,805,592
Internal service fund capital asset additions	(3,374,506)
Donated capital asset additions	<u>(17,856,903)</u>
Net capital outlay	<u>\$ 11,574,183</u>

Another element of that reconciliation states that "The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the 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 \$520,100 represents the net of long-term debt principal repayments and the amortization of bond premium/discount.

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 \$232,260 difference are as follows:

Compensated absences	\$ 223,279
Accrued interest	<u>8,981</u>
Net adjustment to decrease <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net assets-governmental activities</i>	<u>\$ 232,260</u>

**III. Stewardship, compliance, and accountability**

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

On or before the second week of March of each year, all departments of the City submit request for appropriations to the City Manager so that a budget may be prepared. On or before the third Monday in May, the proposed budget is presented to the City council for review. The council holds public hearings and a final budget must be adopted no later than June 30.

The appropriated budget is prepared by fund and department. The City Manager may make transfers of appropriations between departments within a specific fund of up to \$5,000 and up to \$2,500 from reserves. Transfers in excess of those amounts require council action. No action is required at any level lower than the department level. The legal level of budgetary control is the department level. During the year, supplementary appropriations approved by the council were necessary for some departments.

**B. Deficit fund equity**

The Employee Benefits internal service fund has deficit net assets of \$5,485,398 as of June 30, 2011. The fund incurred expenses that were in excess of the amount allocated to the funds for workers compensation accrued liability. Due to the long-term nature of the liability for workers' compensation the City will fund an amount equal to the current year expense for worker's compensation benefits. In addition, each year the Employee Benefits fund, an internal service fund, charges out the cost of next year's claims.

**IV. Detailed notes on all funds**

**A. Cash and investments**

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

Statement of net assets:	
Cash and investments	\$ 105,422,355
Cash and investments held by bond trustee	7,065,097
Fiduciary funds:	
Cash and investments	2,114,958
Cash and investments held by bond trustee	<u>486,261</u>
Total cash and investments	<u>\$ 115,088,671</u>

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

Cash on hand	\$ 9,015
Demand deposits with financial institutions - Demand Deposits	1,967,829
Investments	<u>113,111,827</u>
Total cash and investments	<u>\$ 115,088,671</u>

*Investments Authorized by the California Government Code and the City's Investment Policy.* The table below identifies the investment types that are authorized for the City of Clovis by the California Government Code (or the City of Clovis investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City of Clovis 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 City of Clovis, rather than the general provisions of the California Government Code or the City of Clovis' investment policy.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio or Amount*</u>	<u>Maximum Investment or One Issuer or Amount</u>
U.S. Treasury Obligations	3 years	None	None
U.S. Agency Securities	3 years	None	None
Bankers Acceptances	180 days	30%	30%
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit	3 years	30%	Legal Limit
Repurchase Agreements	1 year	None	None
Medium-Term Notes	3 years	30%	None
Qualified Mutual Funds	N/A	\$2,000,000	\$2,000,000
Money Market Accounts	N/A	\$10,000,000	\$10,000,000
Local Agency Investment Fund (LAIF)	N/A	None	None

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

*Investments Authorized by Debt Agreements.* Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City of Clovis' investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment or One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	30%	30%
Commercial Paper	270 days	15%	10%
Qualified Mutual Funds	N/A	None	None
Money Market Accounts	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

*Disclosures Relating to Interest Rate Risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Clovis 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. The City of Clovis monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City of Clovis investment policy states that no investment can have a maturity in excess of three years unless approved by the City Manager.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Money Market	\$ 25,529,201	N/A
U.S. Agency Securities	15,024,690	2.60
Local Agency Investment Fund (LAIF)	65,006,578	N/A
Held by Bond Trustee:		
Money Market Funds	7,551,358	N/A
Total	<u>\$ 113,111,827</u>	

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

*Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations.* The City of Clovis' investments do not include any investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

*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 (where applicable) the California Government Code, the City of Clovis' investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type Rating</u>	<u>Amount</u>	<u>Minimum Rating Required</u>	<u>Ratings as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Money Market	\$ 25,529,201	N/A		\$ 25,529,201
U.S. Agency Securities	15,024,690	N/A	\$ 15,024,690	
LAIF	65,006,578	N/A		65,006,578
Held by Bond Trustee:				
Money Market Funds	7,551,358	N/A		7,551,358
Total	<u>\$ 113,111,827</u>		<u>\$ 15,024,690</u>	<u>\$ 98,087,137</u>

*Concentration of Credit Risk.* The investment policy of the City of Clovis 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 U.S. Treasury securities and external investment pools) that represent 5% or more of total City of Clovis' investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FNMA	Federal Agency Securities	\$ 6,021,690

*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 broker or dealer to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and the City of Clovis' 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 provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government 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, no City of Clovis' deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. In addition, as of June 30, 2011, no investments were held by the same broker dealer (counterparty) that was used by the City of Clovis to purchase the securities.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2011 included a portion of the pooled funds invested in Structured Notes and Assets-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2011, the City had \$65,006,573 invested in LAIF, which had invested 5.01% of the pool investment funds in Structured Notes and Asset-Backed Securities. Fair value of LAIF was calculated by applying a factor of 1.001576470 to total investments held by LAIF.

The fair value of the City's position in the LAIF pool is the same as the value of the pool shares.

**B. Property taxes**

Secured property taxes become a lien on the property as of January 1 and are levied in two equal installments: the first due November 1 and delinquent on December 11, and the second due February 1 and delinquent April 11. Property taxes on unsecured property are due on the lien date of March 1 and become delinquent on September 1. The County of Fresno is responsible for the assessment, collection and apportionment for all jurisdictions within the County, including the City of Clovis.

**C. Receivables**

Receivables as of June 30, 2011 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	General	Local Transportation	Community Development	Community Sanitation	Sewer Disposal	Water	Transit	Nonmajor & Other Funds
Interest	\$ 8,840	\$ 19,180	\$ 3,133	\$ 21,527	\$ 19,703	\$ 17,505	\$ 98	\$ 20,415
Taxes	245,702							
Accounts	1,167,143	27,783	7,528,743	3,109,865	2,019,284	2,424,578	7,652	1,169,816
	<u>\$ 1,421,685</u>	<u>\$ 46,963</u>	<u>\$ 7,531,876</u>	<u>\$ 3,131,392</u>	<u>\$ 2,038,987</u>	<u>\$ 2,442,083</u>	<u>\$ 7,750</u>	<u>\$ 1,190,231</u>

**D. Interfund receivables, payables and transfers**

Interfund balances for the purpose of the government-wide financial statements have been eliminated. The composition of interfund balances in the fund level statements as of June 30, 2011, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose	Amount
General Fund	Housing & Community Dev	temporary cash loan	\$ 15,000
General Fund	Workforce Investment	temporary cash loan	38,000
Total interfund receivables/payables			<u>\$ 53,000</u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

Interfund transfers:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Purpose</u>	<u>Amount</u>
Enterprise Fund	Capital Project Fund	development capital cost	\$ 49,000
Special Revenue Fund	General Fund	operating costs	40,000
Internal Service Fund	General Fund	future capital replacement	800,000
Internal Service Fund	General Fund	operating costs	250,000
Debt Service Fund	Capital Project Fund	debt service	<u>1,348,000</u>
Total transfers			<u>\$ 2,487,000</u>

**E. Capital assets and intangible assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Government activities:</b>				
Capital assets, not being depreciated:				
Land	<u>\$ 193,095,341</u>	<u>\$ 7,579,932</u>		<u>\$ 200,675,273</u>
Capital assets, being depreciated:				
Buildings and improvements	101,039,542	3,495,688	\$ (467,136)	104,068,094
Machinery and equipment	32,448,660	2,401,954	(981,315)	33,869,299
Road network	221,817,318	19,328,018		241,145,336
Total capital assets being depreciated	<u>355,305,520</u>	<u>25,225,660</u>	<u>(1,448,451)</u>	<u>379,082,729</u>
Less accumulated depreciation for				
Buildings and improvements	(18,258,615)	(2,738,452)	467,136	(20,529,931)
Machinery and equipment	(20,042,010)	(2,486,278)	906,339	(21,621,949)
Road network	(54,268,181)	(6,445,794)		(60,713,975)
Total accumulated depreciation	<u>(92,568,806)</u>	<u>(11,670,524)</u>	<u>1,373,475</u>	<u>(102,865,855)</u>
Total capital assets, being depreciated, net	<u>262,736,714</u>	<u>13,555,136</u>	<u>(74,976)</u>	<u>276,216,874</u>
Governmental activities capital assets, net	<u>\$ 455,832,055</u>	<u>\$ 21,135,068</u>	<u>\$ (74,976)</u>	<u>\$ 476,892,147</u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

**Business-type activities:**

Capital assets, not being depreciated:

Land	\$ 35,149,336	\$ 932,085		\$ 36,081,421
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Capital assets, being depreciated:

Buildings and improvements	249,431,956	4,067,027		253,498,983
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Machinery and equipment	7,679,375	107,543	\$ (830,476)	6,956,442
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Total capital assets being depreciated	257,111,331	4,174,570	(830,476)	260,455,425
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Less accumulated depreciation for

Buildings and improvements	(32,750,448)	(5,623,426)		(38,373,874)
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Machinery and equipment	(4,524,256)	(599,627)	788,134	(4,335,749)
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Total accumulated depreciation	(37,274,704)	(6,223,053)	788,134	(42,709,623)
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Total capital assets,

being depreciated, net	219,836,627	(2,048,483)	(42,342)	217,745,802
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Intangible assets, being amortized	37,811,712	1,315,629		39,127,341
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Less accumulated amortization	(10,864,387)	(945,293)		(11,809,680)
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Business-type activities intangible assets, net	26,947,325	370,336	0	27,317,661
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Business-type activities

capital assets, net	\$ 281,933,288	\$ (746,062)	\$ (42,342)	\$ 281,144,884
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Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:

General government	\$ 90,826
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Public safety	192,294
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Transportation	6,523,129
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Cultural and recreation	652,422
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Community development	60,650
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Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	4,151,203
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Total governmental activities depreciation expense	\$ 11,670,524
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Business-type activities depreciation/amortization:

Community Sanitation	\$ 178,965
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Sewer	4,349,372
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Water	2,281,495
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Transit	358,514
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Total business type activities depreciation/amortization expense	\$ 7,168,346
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**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

**F. Long-term debt**

The following is a summary of long-term debt for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Classification	
					Due in One Year	Due in more than One Year
<b>Governmental Activities:</b>						
Tax allocation bonds	\$ 18,570,000		\$ (550,000)	\$ 18,020,000	\$ 575,000	\$ 17,445,000
Revenue bonds	16,010,000		(620,000)	15,390,000	655,000	14,735,000
Less deferred amounts:						
Discounts	(1,162,805)		49,097	(1,113,708)		(1,113,708)
Total bonds payable	33,417,195	0	(1,120,903)	32,296,292	1,230,000	31,066,292
Capital leases	7,174,582	\$ 3,870,511	(888,758)	10,156,335	1,088,220	9,068,115
Discounts	(34,213)		1,268	(32,945)		(32,945)
Total capital leases	7,140,369	3,870,511	(887,490)	10,123,390	1,088,220	9,035,170
Loans payable	1,352,424		(37,769)	1,314,655	133,112	1,181,543
Less deferred amounts:						
Discounts	(6,115)		555	(5,560)		(5,560)
Total loans payable	1,346,309	0	(37,214)	1,309,095	133,112	1,175,983
Deposits & other liabilities:						
Developer deposits	7,722,817	5,648,110	(3,872,189)	9,498,738		9,498,738
Section 108 HUD	1,670,000		(110,000)	1,560,000	120,000	1,440,000
Other deposits & liabilities	1,866,126	939,965	(2,041,106)	764,985	18,764	746,221
Total deposits & other liabilities	11,258,943	6,588,075	(6,023,295)	11,823,723	138,764	11,684,959
Claims and judgments	9,176,000	2,998,968	(2,954,968)	9,220,000	2,500,000	6,720,000
Compensated absences	3,453,338	2,634,307	(2,599,476)	3,488,169	943,300	2,544,869
Total governmental activities	<u>\$ 65,792,154</u>	<u>\$16,091,861</u>	<u>\$ (13,623,346)</u>	<u>\$ 68,260,669</u>	<u>\$ 6,033,396</u>	<u>\$ 62,227,273</u>
	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Classification	
					Due in One Year	Due in more than One Year
<b>Business-Type Activities:</b>						
Revenue bonds	\$152,510,000		\$ (2,095,000)	\$150,415,000	\$ 3,420,000	\$ 146,995,000
Less deferred amounts:						
Deferred refunding	(151,481)		75,743	(75,738)		(75,738)
(Discounts)/premiums	2,906,720		(109,436)	2,797,284		2,797,284
Total bonds payable	155,265,239	0	(2,128,693)	153,136,546	3,420,000	149,716,546
Contracts payable	14,359,233		(1,540,514)	12,818,719	1,637,606	11,181,113
Landfill closure	2,140,140	\$ 145,500		2,285,640		2,285,640
Compensated absences	558,332	560,428	(544,345)	574,415	155,300	419,115
Deposits and other liabilities	997,042	990,524	(866,175)	1,121,391	1,121,391	0
Total business-type activities	<u>\$173,319,986</u>	<u>\$ 1,696,452</u>	<u>\$ (5,079,727)</u>	<u>\$169,936,711</u>	<u>\$ 6,334,297</u>	<u>\$ 163,602,414</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$1,151,427 of internal service funds compensated absences are included in the above amounts. Included in deposits and other liabilities in business-type activities are utility customer deposits of \$1,111,182 and miscellaneous deposits and other liabilities of \$10,209. For the governmental activities, accrued compensated absences are generally liquidated by the general fund.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

***Governmental activities long-term debt***

**1. Tax allocation bonds**

Tax Allocation Bonds at June 30, 2011, consisted of the following:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Classification	
					Due in One Year	Due in more than One Year
2008 Tax allocation bonds	\$ 18,570,000		\$ (550,000)	\$ 18,020,000	\$ 575,000	\$ 17,445,000
Total tax allocation bonds	<u>\$ 18,570,000</u>	<u>\$ 0</u>	<u>\$ (550,000)</u>	<u>\$ 18,020,000</u>	<u>\$ 575,000</u>	<u>\$ 17,445,000</u>

2008 Tax allocation bonds

The Clovis Community Development Agency issued tax allocation bonds in the amount of \$19,100,000 in April 2008. The net proceeds of \$18,204,140 (after the original issue discount of \$233,214 and payment of \$662,646 in underwriting fees, insurance, and other issuance costs) from the bonds were used to aid in the financing of the Agency's projects and to refund the \$7,170,000 aggregate principal amount outstanding on the Agency's 1996 tax allocation bonds. The aggregate debt service payments of the new debt are \$21,290,161 more than the old debt. The issuance of the new debt and refunding of the old debt resulted in an economic gain (the difference between the present value of the old debt and new debt service payments) of approximately \$590,000. The City has pledged a portion of future property tax increment revenue to repay these bonds.

The interest rates on the 2008 tax allocation bonds vary from 3.00% to 4.75% and the final payment is scheduled for August 2037.

Annual debt service requirements to maturity for the 2008 Tax Allocation Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 575,000	\$ 775,604	\$ 1,350,604
2013	595,000	755,179	1,350,179
2014	610,000	736,341	1,346,341
2015	630,000	715,798	1,345,798
2016	655,000	693,704	1,348,704
2017-2021	3,695,000	3,011,476	6,706,476
2022-2026	4,595,000	2,094,617	6,689,617
2027-2031	4,730,000	937,000	5,667,000
2032-2036	1,320,000	308,750	1,628,750
2037-2039	615,000	29,568	644,568
Total	<u>\$ 18,020,000</u>	<u>\$ 10,058,037</u>	<u>\$ 28,078,037</u>

**2. Special assessment district bonds**

The 1998-1 Temperance Barstow District and the 2000-1 Shepherd Temperance District are not reported as debt by the City since the City is not obligated in any way for the repayment of the debt. Transactions relating to debt service for this district are reported under an agency fund and reflect that the City's responsibility is limited to acting only as an agent. Total debt for this district at June 30, 2011, for the Temperance Barstow District is \$535,069 including interest of \$115,069 and for the 2000-1 Shepherd Temperance District is \$1,003,387 including interest of \$278,387.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

**3. Revenue bonds**

Revenue bonds at June 30, 2011, consisted of the following:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Classification	
					Due in One Year	Due in more than One Year
2001 corp yard revenue bonds	\$ 16,010,000		\$ (620,000)	\$ 15,390,000	\$ 655,000	\$ 14,735,000
Total revenue bonds	<u>\$ 16,010,000</u>	<u>\$ 0</u>	<u>\$ (620,000)</u>	<u>\$ 15,390,000</u>	<u>\$ 655,000</u>	<u>\$ 14,735,000</u>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2011:

Land, structures and equipment	\$ 39,666,621
Less accumulated depreciation	<u>(8,645,542)</u>
Total	<u>\$ 31,021,079</u>

2001 corporation yard revenue bonds

In April 2001, the City issued \$19,755,000 in Corporation Yard Revenue Bonds for financing the construction of a new corporation yard. The bonds have interest rates varying from 3.4% to 5.375% and the final payment is scheduled for March 2027. The City has pledged a portion of future revenues to repay these bonds.

Annual debt service requirements to maturity for the 2001 corporation yard revenue bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 655,000	\$ 773,041	\$ 1,428,041
2013	680,000	744,876	1,424,876
2014	710,000	714,956	1,424,956
2015	750,000	679,456	1,429,456
2016	785,000	643,082	1,428,082
2017-2021	4,570,000	2,553,950	7,123,950
2022-2026	5,880,000	1,250,750	7,130,750
2027	<u>1,360,000</u>	<u>68,000</u>	<u>1,428,000</u>
Total	<u>\$ 15,390,000</u>	<u>\$ 7,428,111</u>	<u>\$ 22,818,111</u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

**4. Capital leases**

Capital leases at June 30, 2011, consisted of the following:

	Balance			Balance	Classification	
	July 1, 2010	Additions	Reductions	June 30, 2011	Due in One Year	Due in more than One Year
2000 fire station capital lease	\$ 635,242		\$ (120,093)	\$ 515,149	\$ 126,996	\$ 388,153
2002 equipment capital lease	131,178		(51,052)	80,126	52,933	27,193
2006 police vehicle capital lease	108,033		(108,033)	0	0	0
2007 fire station #1 capital lease	4,959,351		(347,301)	4,612,050	361,332	4,250,718
2008 fire truck capital lease	823,305		(153,870)	669,435	159,086	510,349
2010 police vehicle capital lease	517,473		(108,409)	409,064	112,067	296,997
2011 equipment capital lease		\$ 791,000		791,000	148,077	642,923
2011 solar project capital lease		2,454,100		2,454,100	74,130	2,379,970
2011 fire truck capital lease		625,411		625,411	53,599	571,812
<b>Total capital leases</b>	<b>\$ 7,174,532</b>	<b>\$ 3,870,511</b>	<b>\$ (888,758)</b>	<b>\$ 10,156,335</b>	<b>\$1,088,220</b>	<b>\$ 9,068,115</b>

The City has entered into multiple lease agreements for financing the acquisition of a fire station, fire trucks, fire equipment (non-capitalized), communication equipment (non-capitalized), refuse replacement trucks, police vehicles, and new and replacement landfill equipment. These lease agreements qualify as capital leases for accounting purposes. These leases have interest rates varying from 3.04% to 8.25% and the final payment on these leases is scheduled for March 2015. The City has pledged a portion of future revenues to repay these bonds. The following is an analysis of the land and structures and equipment leased as of June 30, 2011:

Land, structures and equipment	\$ 8,818,604
Less accumulated depreciation	(4,289,272)
<b>Total</b>	<b>\$ 4,529,332</b>

2000 Capital lease for fire station

In October 2000, the City entered into a capital lease agreement with Citicorp Leasing, to lease a fire station. The purchase price of the fire station was \$1,510,774 and is payable over a period of one hundred and seventy four months. Monthly payments on the contract are \$12,715. The effective interest rate on the contract is 5.6% per annum. The balance outstanding as of June 30, 2011, was \$515,149.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

The annual debt service requirements for the 2000 Capital Lease for fire station outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 126,996	\$ 25,582	\$ 152,578
2013	134,295	18,283	152,578
2014	142,014	10,564	152,578
2015	111,844	2,589	114,433
Total	<u>\$ 515,149</u>	<u>\$ 57,018</u>	<u>\$ 572,167</u>

2002 Capital lease for equipment

In November 2002, the City entered into capital lease agreements with Suntrust Leasing, to lease a fire truck, landfill equipment, and refuse equipment. The purchase price of the equipment was \$3,174,126 and is payable over a period from eighty-four to one hundred and twenty months. Semi-annual payments on the contract are currently \$27,689. The effective interest rate on the contract is 5.2% per annum. The balance outstanding as of June 30, 2011, was \$80,126.

The annual debt service requirements for the 2002 Capital Lease for equipment outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 52,933	\$ 2,446	\$ 55,379
2013	27,193	496	27,689
Total	<u>\$ 80,126</u>	<u>\$ 2,942</u>	<u>\$ 83,068</u>

2006 Capital lease for police vehicles

In May 2006, the City entered into a capital lease agreement with Bank of America, to lease eleven police vehicles. The purchase price of the equipment was \$500,000 and is payable over a period of sixty months. Semi-annual payments on the contract are \$55,634. The effective interest rate on the contract is 4.0% per annum. The final payment was made in June 2011.

2007 Capital lease for fire station #1

In December 2006, the City entered into a capital lease agreement with JPMorgan Chase & Co., for the construction of the Fire Station building at 633 Pollasky Avenue. The work includes various site improvements and construction of a new 10,248 square foot fire station. The purchase price of the project was \$6,090,000 and is payable over a period of fifteen years. Semi-annual payments on the contract are \$271,118. The effective interest rate on the contract is 4.0% per annum. The balance outstanding as of June 30, 2011, was \$4,612,050.

The annual debt service requirements for the 2007 Capital Lease for fire station #1 outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 361,332	\$ 180,905	\$ 542,237
2013	375,930	166,307	542,237
2014	391,117	151,119	542,236
2015	406,919	135,318	542,237
2016	423,358	118,878	542,236
2017-2021	2,387,592	323,591	2,711,183
2022	265,802	5,316	271,118
Total	<u>\$ 4,612,050</u>	<u>\$ 1,081,434</u>	<u>\$ 5,693,484</u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

2008 Capital lease for fire truck

In May 2008, the City entered into a capital lease agreement with Banc of America, to lease a fire truck. The purchase price of the equipment was \$1,116,078 and is payable over a period of seven years. Semi-annual payments on the contract are \$90,131. The effective interest rate on the contract is 3.36% per annum. The balance outstanding as of June 30, 2011, was \$669,435.

The annual debt service requirements for the 2008 Capital Lease for fire truck outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 159,086	\$ 21,176	\$ 180,262
2013	164,478	15,784	180,262
2014	170,053	10,209	180,262
2015	175,818	4,444	180,262
Total	<u>\$ 669,435</u>	<u>\$ 51,613</u>	<u>\$ 721,048</u>

2010 Capital lease for police vehicles

In August 2009, the City entered into a capital lease agreement with Banc of America, to lease fifteen police vehicles. The purchase price of the equipment was \$570,342 and is payable over a period of sixty months. Semi-annual payments on the contract are \$62,414. The effective interest rate on the contract is 3.35% per annum. The balance outstanding as of June 30, 2011, was \$409,064.

The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 112,067	\$ 12,762	\$ 124,829
2013	115,850	8,979	124,829
2014	119,760	5,069	124,829
2015	61,387	1,027	62,414
Total	<u>\$ 409,064</u>	<u>\$ 27,837</u>	<u>\$ 436,901</u>

2011 Capital lease for landfill equipment

In January 2011, the City entered into a capital lease agreement with Commerce Bank, to lease a landfill compactor. The purchase price of the equipment is \$791,000 and is payable over a period of sixty months. Semi-annual payments on the contract are \$86,409. The effective interest rate on the contract is 3.28% per annum. The balance outstanding as of June 30, 2011, was \$791,000.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

The annual debt service requirements for the 2011 Capital Lease for landfill equipment outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 148,077	\$ 24,740	\$ 172,817
2013	152,974	19,844	172,818
2014	158,033	14,785	172,818
2015	163,259	9,559	172,818
2016	168,657	4,160	172,817
Total	<u>\$ 791,000</u>	<u>\$ 73,088</u>	<u>\$ 864,088</u>

2011 Capital lease for solar project

In June 2011, the City entered into a capital lease agreement with Municipal Finance Corporation, to lease a solar project. The solar project includes installing solar panels on City properties including public safety headquarters and fire station #1 and #5. The City has pledged fire station #5 as collateral on the lease. The purchase price of the equipment is \$2,454,100 and is payable over a period of twenty years. Semi-annual payments on the contract are \$97,351. The effective interest rate on the contract is 4.95% per annum. The balance outstanding as of June 30, 2011, was \$2,454,100.

The annual debt service requirements for the 2011 Capital Lease for solar project outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 74,130	\$ 120,572	\$ 194,702
2013	77,845	116,857	194,702
2014	81,746	112,956	194,702
2015	85,842	108,860	194,702
2016	90,144	104,558	194,702
2017-2021	523,183	450,326	973,509
2022-2026	668,086	305,423	973,509
2027-2031	853,124	120,386	973,510
Total	<u>\$ 2,454,100</u>	<u>\$ 1,439,938</u>	<u>\$ 3,894,038</u>

2011 Capital lease for fire truck

In June 2011, the City entered into a capital lease agreement with Bank of America, to lease a fire truck. The purchase price of the equipment was \$625,411 and is payable over a period of seven years. Semi-annual payments on the contract are \$37,068. The effective interest rate on the contract is 3.36% per annum. The balance outstanding as of June 30, 2011, was \$625,411.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

The annual debt service requirements for the 2011 Capital Lease for fire truck outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 53,599	\$ 20,538	\$ 74,137
2013	55,412	18,725	74,137
2014	57,287	16,850	74,137
2015	59,225	14,912	74,137
2016	61,229	12,908	74,137
2017-2021	338,659	32,025	370,684
Total	<u>\$ 625,411</u>	<u>\$ 115,958</u>	<u>\$ 741,369</u>

**5. Loans payable**

Loans payable at June 30, 2011, consisted of the following:

	Balance			Balance	Classification	
	July 1, 2010	Additions	Reductions	June 30, 2011	Due in One Year	Due in more than One Year
R&T Park loan payable	\$ 485,224		\$ (37,769)	\$ 447,455	\$ 38,924	\$ 408,531
2010 Energy loan payable	867,200			867,200	94,188	773,012
Total loans payable	\$ 1,352,424	\$ 0	\$ (37,769)	\$ 1,314,655	\$ 133,112	\$ 1,181,543

The following is an analysis of the assets acquired with the proceeds as of June 30, 2011:

Buildings and improvements	\$ 5,446,360
Less accumulated depreciation	<u>(196,387)</u>
Total	<u>\$ 5,249,973</u>

Research and Technology Park loan payable:

In April 2001, the City entered into an agreement with the California infrastructure and economic development bank for improvements at the City's Research and Technology Park. The agreement has an interest rate of 3.06% and the final payment is scheduled for August 2021. The City has pledged Building B at 1033 Fifth Street as collateral on the lease. In September 2002, the City received the first draw down of this lease.

The annual debt service requirements for the Research and Technology Park loan payable outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 38,924	\$ 13,097	\$ 52,021
2013	40,115	11,887	52,002
2014	41,343	10,641	51,984
2015	42,608	9,357	51,965
2016	43,911	8,033	51,944
2017-2021	240,554	18,845	259,399
Total	<u>\$ 447,455</u>	<u>\$ 71,860</u>	<u>\$ 519,315</u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

2010 Energy project loan payable

In January 2010, the City entered into an agreement with the California Energy Commission for the purchase of lighting efficiency upgrades and heating, ventilating, and air conditioning equipment replacement. The agreement has an interest rate of 1.0% and the final payment is scheduled for December 2018.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2011, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 94,188	\$ 7,570	\$ 101,758
2013	95,132	6,626	101,758
2014	96,086	5,672	101,758
2015	97,049	4,709	101,758
2015	98,022	3,736	101,758
2016-2019	386,723	12,946	399,669
Total	<u>\$ 867,200</u>	<u>\$ 41,259</u>	<u>\$ 908,459</u>

2011 Energy project loan payable

In April 2011, the City entered into an agreement with the California Energy Commission for the installation of solar panels on City properties including public safety headquarters and fire station #1 and #5. The agreement has an interest rate of 3.0% and the final payment is scheduled for June 2026. The loan amount is not to exceed \$953,239. The first payment is scheduled for December 2012. No advances have been requested and no liability has been incurred through June 30, 2011.

***Business-type activities long-term debt***

**1. Revenue bonds**

Revenue bonds at June 30, 2011, consisted of the following:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Classification</u>	
					<u>Due in</u> <u>One Year</u>	<u>Due in more</u> <u>than One Year</u>
1998 sewer revenue bonds	\$ 14,180,000		\$ (140,000)	\$ 14,040,000	\$ 145,000	\$ 13,895,000
1998 refuse revenue bonds	5,670,000		(515,000)	5,155,000	540,000	4,615,000
2003 water revenue bonds	38,385,000		(1,440,000)	36,945,000	1,495,000	35,450,000
2005 wastewater revenue bonds	25,735,000			25,735,000	310,000	25,425,000
2007 wastewater revenue bonds	68,540,000			68,540,000	930,000	67,610,000
Total revenue bonds	<u>\$ 152,510,000</u>	<u>\$ 0</u>	<u>\$ (2,095,000)</u>	<u>\$150,415,000</u>	<u>\$3,420,000</u>	<u>\$146,995,000</u>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2011:

Land, structures and equipment	\$ 140,270,357
Less accumulated depreciation	<u>(16,508,163)</u>
Total	<u>\$ 123,762,194</u>

1998 sewer revenue bonds

In July 1998, the City issued \$15,330,000 in Sewer Revenue Bonds with interest rates varying from 4.50% to 5.50% and the final payment scheduled for August 2028. The bonds were issued to advance refund \$4,920,000 of outstanding 1991 Certificates of Participation with interest rates varying from 5.00% to 7.20% and \$9,074,010 of outstanding 1991

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

Contract Payable with interest rates varying from 4.90% to 6.25%. The City has pledged a portion of future sewer revenues to repay this bond.

The 1998 sewer revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 145,000	\$ 729,027	\$ 874,027
2013	150,000	722,057	872,057
2014	425,000	707,870	1,132,870
2015	445,000	686,120	1,131,120
2016	470,000	663,245	1,133,245
2017-2021	2,755,000	2,895,527	5,650,527
2022-2026	4,375,000	2,041,650	6,416,650
2027-2029	5,275,000	421,071	5,696,071
<b>Total</b>	<b>\$ 14,040,000</b>	<b>\$ 8,866,567</b>	<b>\$ 22,906,567</b>

1998 refuse revenue bonds

In August 1998 the City issued the Refuse Revenue Bonds for financing landfill improvements and the advance refunding of the 1987A and 1988A Certificates of Participation (COPs). The bonds have interest rates varying from 3.80% to 5.00% and the final payment is scheduled for September 2018. The City has pledged a portion of future refuse revenues to repay this bond.

The 1998 refuse revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 540,000	\$ 244,250	\$ 784,250
2013	565,000	216,625	781,625
2014	595,000	187,625	782,625
2015	625,000	157,125	782,125
2016	655,000	125,125	780,125
2017-2019	2,175,000	166,625	2,341,625
<b>Total</b>	<b>\$ 5,155,000</b>	<b>\$ 1,097,375</b>	<b>\$ 6,252,375</b>

2003 water revenue bonds

In June 2003 the City issued \$44,330,000 in Water Revenue Bonds for financing the construction of a surface water treatment plant, a water reservoir, and the refunding of the 1992 Certificates of Participation. The bonds have interest rates varying from 2.0% to 5.0% and the final payment is scheduled for March 2028. The City has pledged a portion of future water revenues to repay this bond.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

The 2003 water revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,495,000	\$ 1,753,187	\$ 3,248,187
2013	1,555,000	1,693,388	3,248,388
2014	1,600,000	1,642,850	3,242,850
2015	1,670,000	1,578,850	3,248,850
2016	1,735,000	1,512,050	3,247,050
2017-2021	10,060,000	6,168,500	16,228,500
2022-2026	12,795,000	3,430,150	16,225,150
2027-2028	6,035,000	456,250	6,491,250
<b>Total</b>	<b>\$ 36,945,000</b>	<b>\$ 18,235,225</b>	<b>\$ 55,180,225</b>

2005 wastewater revenue bonds

In May 2005 the City issued \$25,735,000 in Wastewater Revenue Bonds for financing the construction of pump station E, deep sewer trunk lines, force mains and other improvements to the wastewater system. The bonds have interest rates varying from 3.2% to 5.0% and the final payment is scheduled for August 2035. The City has pledged a portion of future sewer revenues to repay this bond.

The 2005 wastewater revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 310,000	\$ 1,276,961	\$ 1,586,961
2013	320,000	1,266,641	1,586,641
2014	70,000	1,259,881	1,329,881
2015	75,000	1,257,169	1,332,169
2016	75,000	1,254,497	1,329,497
2017-2021	445,000	6,224,369	6,669,369
2022-2026	2,010,000	6,027,694	8,037,694
2027-2031	6,820,000	5,129,306	11,949,306
2032-2036	15,610,000	2,029,000	17,639,000
<b>Total</b>	<b>\$ 25,735,000</b>	<b>\$ 25,725,518</b>	<b>\$ 51,460,518</b>

2007 wastewater revenue bonds

In March 2007 the City issued \$68,540,000 in Wastewater Revenue Bonds for financing the construction of a sewer treatment water reuse facility, pump stations, recycled water mains, deep sewer trunk lines, additional force mains and other improvements to the wastewater system. The bonds have interest rates varying from 4.0% to 5.0% and the final payment is scheduled for August 2035. The City has pledged a portion of future sewer revenues to repay this bond.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

The 2007 wastewater revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 930,000	\$ 3,166,250	\$ 4,096,250
2013	970,000	3,128,250	4,098,250
2014	1,275,000	3,076,975	4,351,975
2015	1,340,000	3,011,600	4,351,600
2016	1,390,000	2,945,225	4,335,225
2017-2021	8,120,000	13,624,350	21,744,350
2022-2026	11,160,000	11,360,250	22,520,250
2027-2031	13,795,000	8,014,575	21,809,575
2032-2036	10,615,000	5,500,012	16,115,012
2037-2039	18,945,000	1,304,213	20,249,213
Total	<u>\$ 68,540,000</u>	<u>\$ 55,131,700</u>	<u>\$ 123,671,700</u>

**2. Contracts payable**

Contracts payable at June 30, 2011, consisted of the following:

	Balance			Balance	Classification	
	July 1, 2010	Additions	Reductions	June 30, 2011	Due in One Year	Due in more than One Year
1993 waste water renovation	\$ 12,419,233		\$ (600,514)	\$ 11,818,719	\$ 637,606	\$ 11,181,113
1995 waste water expansion	1,940,000		(940,000)	1,000,000	1,000,000	
Total contracts payable	\$ 14,359,233	\$ 0	\$ (1,540,514)	\$ 12,818,719	\$ 1,637,606	\$ 11,181,113

1993 waste water renovation

The City has entered into a contract with the City of Fresno to purchase capacity rights in the form of participation in the cost of sewer system improvements. These improvements include the renovation and expansion of the Fresno Clovis Regional Wastewater Treatment Plant. The 1993 contract is for the City's share of the 1993 renovation of the Fresno Clovis Regional Wastewater Treatment Plant. The underlying City of Fresno 1993 Revenue Bonds on which the City of Clovis' contract payable amount is based have interest rates varying from 3.50%-6.25% and the final payments are scheduled for September 2023. The City's \$14,514,844 share of the renovation is capitalized as an intangible asset in the Sewer Service Fund, an enterprise fund, as disclosed in Note I. D. 6.

The 1993 waste water renovation contract debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	637,606	600,146	1,237,752
2013	677,515	559,048	1,236,563
2014	720,241	515,368	1,235,609
2015	764,846	468,959	1,233,805
2016	812,736	423,723	1,236,459
2017-2021	4,750,588	1,416,543	6,167,131
2022-2024	3,455,187	239,290	3,694,477
Total	<u>\$ 11,818,719</u>	<u>\$ 4,223,077</u>	<u>\$ 16,041,796</u>

1995 waste water expansion

The City's 1993 contract was amended to include the purchase of additional capacity rights in the form of participation in the 1995 expansion of the Fresno Clovis Regional Wastewater Treatment Plant. The underlying City of Fresno 1995

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

Revenue Bonds on which the City of Clovis' contract payable amount is based have interest rates varying from 3.50%-6.25% and the final payments are scheduled for September 2011. The City's \$9,187,339 share of the expansion of the Plant is capitalized as an intangible asset in the Sewer Service Fund, an enterprise fund, as disclosed in Note I. D. 6.

The 1995 waste water renovation contract debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,000,000	\$ 25,000	\$ 1,025,000
Total	<u>\$ 1,000,000</u>	<u>\$ 25,000</u>	<u>\$ 1,025,000</u>

**G. Landfill closure**

The City has recorded liabilities for landfill closure, post-closure maintenance and for landfill corrective action in the Community Sanitation Fund, an enterprise fund, in accordance with GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. The State of California performs an annual analysis to determine estimated total cost of the landfill closure, postclosure care costs, total capacity and remaining life. During the fiscal year the City was able to significantly increase the capacity and remaining life of the landfill with the landfill reclamation project which involved excavation of the unlined portion of the landfill, sorting out recyclable materials and preparing the area for lining. The City's landfill closure liability, based on landfill capacity used to date, is recorded based on the information provided by their analysis. The landfill corrective action liability is based on the estimated cost of known or reasonably foreseeable corrective action that may be required at the facility.

The City is currently estimating at June 30, 2011 that the capacity of the landfill used is approximately 26%, the estimated remaining life is approximately 36 years and the estimated remaining cost to be recognized is \$11,358,758. The estimated capacity remaining is 6,207,298 cubic yards and the estimated landfill closure liability is \$2,285,640. The current estimated cost of known and/or reasonably foreseeable corrective action is \$954,014 and the City currently has \$1,000,000 set aside for this purpose. These estimates are based on a closure and postclosure maintenance plan and corrective action plan. The estimates have been adjusted for inflation and other factors such as technology and laws and regulations.

**H. Conduit Debt**

The City has issued Multi-Family Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of multi-family housing units. The bonds are secured by the properties financed and are payable solely from revenue received from the operation of the facilities. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County, or the State, and accordingly have not been reported in the accompanying financial statements. The final payment was made November 2010.

**I. Prior period adjustment**

During the current fiscal year it was discovered that there was an accounting error in prior years. The City received funds from the State to purchase foreclosed properties and perform repairs to bring the properties to a marketable condition. These homes were sold to eligible individuals in the current fiscal year. The City recognized the funds as revenues in prior years when received and recorded the property as assets held for resale in error. Based on the funding restrictions no transactions should be recorded in the City's records. The prior period adjustment of \$884,792 to remove the effects of this error is recorded in the Community Development fund, a capital project fund, in the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental funds at June 30, 2011 and in the Statement of Activities in the Governmental Activities column.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

**V. Other information**

**A. Self insurance**

The City is self-insured for general liability, automobile liability, workers' compensation, group dental and group vision programs. The City is responsible for all claims up to \$100,000 per occurrence for automobile liability, \$250,000 per occurrence for workers' compensation, and \$100,000 per occurrence on general liability. The dental and vision programs have no individual per occurrence stop-loss and no aggregate annual stop-loss. Excess insurance for all amounts in excess of the self-insured retention in the workers' compensation program is purchased from Local Agency Workers' Compensation Excess JPA (LAWCX). Consistent with the LAWCX Memorandum of Coverage, LAWCX provides coverage for the City above its self-insured retention of \$250,000 up to \$5,000,000. LAWCX purchases excess insurance which covers the pool for losses from \$5,000,000 to statutory limits.

The City is a member of the Central San Joaquin Valley Risk Management Authority (RMA) for the purpose of pooling general and automobile liability coverage under a retrospectively rated Memorandum of Coverage. Deposit premiums to the RMA are based on actuarially determined claims costs, including incurred but not reported claims, and expenses. Premiums are accrued based on the ultimate cost determined by the experience to date of the pool's member cities. The risk pool covers the City above its self-insured retention of \$100,000 up to \$1,000,000. The Authority purchases excess insurance which covers the pool for losses from \$1,000,001 to \$10,000,000. Pool Members may receive rebates when declared by RMA or, in the event excess liability claims against RMA exceed available resources, may be required to make additional contributions through a retrospective adjustment process.

The City accounts for the self-insurance programs in the Self-Insurance Fund and Employee Benefits Fund, both internal service funds. Charges to user departments are reported as interfund transactions.

Incurred but not reported claims have been accrued as a liability for the workers' compensation and dental programs as required in the amount of \$4,769,440 based on previous claims experience and actuarial studies.

There were no reductions in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage for the past three fiscal years. Following is a reconciliation of the changes in the City's aggregate liabilities for claims for the current and prior fiscal year:

	Workers' Compensation	Dental	Total
Balance, 06/30/09	\$ 8,771,000	\$ 48,000	\$ 8,819,000
Claims provision	2,874,598	365,491	3,240,089
Claims paid	<u>(2,517,598)</u>	<u>(365,491)</u>	<u>(2,883,089)</u>
Balance, 06/30/10	9,128,000	48,000	9,176,000
Claims provision	2,678,696	320,272	2,998,968
Claims paid	<u>(2,634,696)</u>	<u>(320,272)</u>	<u>(2,954,968)</u>
Balance, 06/30/11	<u>\$ 9,172,000</u>	<u>\$ 48,000</u>	<u>\$ 9,220,000</u>

**B. Deferred compensation**

The City has established a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts deferred under the plan and all income attributable to those amounts are solely the property and rights of the plan participants.

Semi-monthly the City forwards all contributions to the plan administrator, the ICMA Retirement Corporation. Plan participants may choose from investment options which are managed by the plan trustee. The City has no liability for losses under the plan. As of January 1, 1998 ICMA Retirement Corporation amended the agreement with the City to

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

comply with IRC Section 457 regulations. The assets and related liabilities are not reported on the City's financial statements in accordance with Governmental Accounting Standards Board Statement No. 32 - "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

**C. Postretirement benefits**

The City allows its retirees who retire under provisions of a regular service retirement and who have five years of service the opportunity to continue enrollment in the City's health insurance program until age 65. The retirees have the same choice of insurance plans as those of current employees. The retirees are pooled together separately from the active employee pool and pay the full cost of the insurance premiums without cost to the City.

**D. Related party transactions**

Due to the increased costs of the landfill reclamation project, the Community Sanitation Fund borrowed funds to cover costs in order to be compliant with various bond covenants. As of December, 2010, funds have been repaid to the Property and Liability Fund, an internal service fund, for \$1,000,000 and the Sewer Fund, a proprietary fund, for \$2,500,000.

**E. Contingent liabilities**

The City entered into a settlement agreement and release of all claims with various chemical corporations in May 1997 which entitled the City to significant recovery of future costs associated with the treatment of contaminated wells. The City expects to incur costs in future years for the treatment of contaminated wells. However, as of June 30, 2011, these costs cannot be reasonably estimated.

The City participates in a number of federally assisted grant programs, including those from the U.S. Department of Housing and Urban Development, U.S. Department of Justice, U.S. Department of Transportation, U.S. Department of Labor, U.S. Department of Health and Human Services and the U.S. Department of Homeland Security. Receipts from these grant programs are subject to audit to determine if the monies were expended in accordance with the appropriate statutes, grant terms and regulations. The City believes no significant liabilities will result.

Although the outcome of other lawsuits and claims is not determinable, it is the opinion of the City Attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**F. Subsequent events**

In August 2011, the City entered into a capital lease agreement with Bank of America to lease purchase self-contained breathing apparatus and related equipment. The purchase price of the equipment was \$500,000 and is payable over a period of 6 years. Semi-annual payments on the contract are approximately \$45,000. The effective interest rate on the contract is 2.60% per annum.

In August 2011, the City entered into a capital lease agreement with Bank of America to lease purchase eighteen police cars and related equipment. The purchase price of the equipment was \$665,000 and is payable over a period of 6 years. Semi-annual payments on the contract are approximately \$71,000. The effective interest rate on the contract is 2.42% per annum.

Redevelopment Agency funds have been targeted for a takeaway by the State. This decision is being litigated by the California Redevelopment Association and other parties with hope that this will be considered unconstitutional. The court's decision is currently being appealed and the outcome should be known no later than January 15, 2012.

**G. Employee retirement system**

*Plan Description.* The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits,

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2011**

annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 "P" Street - Sacramento, CA 95814.

*Funding Policy.* Plan participants are required to contribute 8% of their annual covered salary for miscellaneous members and 9% for public safety members. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by PERS' Board of Administration. The required employer contribution rate for fiscal year 2010/11 was 14.208% for miscellaneous members and 23.251% for public safety members. The contribution requirements of the plan members are established by state statute, and the contribution rate of the employer is established and may be amended by PERS.

*Annual Pension Cost.* For fiscal year 2010/11, the City's annual pension cost of \$5,792,300 was equal to the City's required actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), compounded annually, and; (b) projected salary increase that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members and 3.55% to 13.15% for safety members. Both (a) and (b) include an overall payroll growth component of 3.25% and an inflation component of 3.00%. The actuarial value of PERS assets is determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. The miscellaneous plan of the City of Clovis' and the Safety Plan of the City of Clovis' have an unfunded actuarial liability that is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 18 years for miscellaneous members and 30 years for safety members.

**Three Year Trend Information for PERS**  
(Dollar Amounts in Thousands)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of (APC) Contributed	Net Pension Obligation
<b>Miscellaneous Plan:</b>			
6/30/2009	\$ 2,923	100	0
6/30/2010	2,607	100	0
6/30/2011	2,730	100	0
<b>Safety Plan:</b>			
6/30/2009	\$ 3,074	100	0
6/30/2010	3,036	100	0
6/30/2011	3,062	100	0

**Most Recent Actuarial Study**  
**Schedule of Funding Progress for PERS**  
(Dollar Amounts in Thousands)

Valuation Date	Actuarial Value Assets	Actuarial Accrued Liability (AAL) Entry Age Normal	Unfunded AAL (UAAL)/ (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Miscellaneous Plan:</b>						
6/30/2010	\$ 89,323	\$ 109,144	\$ 19,821	81.8%	\$ 19,195	103.3%
<b>Safety Plan:</b>						
6/30/2010	\$ 99,231	\$ 123,150	\$ 23,919	80.6%	\$ 12,755	187.5%

# REQUIRED SUPPLEMENTARY INFORMATION

## Public Employees Retirement System Schedule of Funding Progress

(Dollar Amounts in Thousands)

<u>Valuation Date</u>	<u>Actuarial Value Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age Normal</u>	<u>Unfunded AAL (UAAL)/ (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<u>Miscellaneous Plan</u>						
6/30/08	\$76,990	\$90,515	\$13,525	85.1%	\$20,920	64.6%
6/30/09	83,093	101,931	18,838	81.5	20,118	93.6
6/30/10	89,323	109,144	19,821	81.8	19,195	103.3
<u>Safety Plan</u>						
6/30/08	\$89,829	\$107,943	\$18,114	83.2%	\$14,811	122.3%
6/30/09	94,756	116,758	22,002	81.2	13,157	167.2
6/30/10	99,231	123,150	23,919	80.6	12,755	187.5

## **Nonmajor Governmental Funds**

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### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Off Highway Users Fund - This fund is used to account for the revenue received from the off-highway users fee since the fee can only be used for off-road facilities.

Workforce Investment Fund - This fund is used to account for the revenues and expenses for the Clovis Youth Employment Services under the federal Workforce Investment Act (WIA).

Housing & Community Development Fund - This fund is used to account for the revenue and expenses for the Community Development Block Grant operational activities.

### **Debt Service Funds**

The debt service fund is used to account for the accumulation of resources and payment of bond principal and interest when the government is obligated in some manner for the payment.

Clovis Community Development Agency Debt Service - This fund is used to account for the annual debt service for the Clovis Community Development Agency.

1976 Fire and Sewer Bond Fund - This fund is used to account for the proceeds of the 1976 Fire and Sewer Bond sale and the annual debt service.

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Park and Recreation Improvement Fund - This fund is used to account for capital improvements for parks, including acquisition of property. Revenues come from developer fees and grants.

Refuse Equipment Reserve Fund - This fund is used to account for the revenue generated by developer fees for the acquisition of equipment for refuse collection and disposal.

**City of Clovis**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	Special Revenue			
	Off Highway Use	Workforce Investment	Housing & Comm Development	Total
<b>ASSETS</b>				
Cash and investments	\$65,403	\$937	\$977	\$67,317
Cash with agents-restricted				
Receivables	72	39,271		39,343
Due from other governments		2,269	14,115	16,384
Total assets	<u>\$65,475</u>	<u>\$42,477</u>	<u>\$15,092</u>	<u>\$123,044</u>
<b>LIABILITIES</b>				
Accounts payable		\$4,265		\$4,265
Due to other funds		38,000	\$15,000	53,000
Deposits and other liabilities				
Total Liabilities	<u>0</u>	<u>42,265</u>	<u>15,000</u>	<u>57,265</u>
<b>FUND BALANCES</b>				
Restricted for:				
Capital projects				
Community Development	\$65,475	212	92	65,779
Debt service				
Assigned for:				
Capital				
Total fund balances	<u>65,475</u>	<u>212</u>	<u>92</u>	<u>65,779</u>
Total liabilities and fund balances	<u>\$65,475</u>	<u>\$42,477</u>	<u>\$15,092</u>	<u>\$123,044</u>

**City of Clovis**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

Page 2 of 2

Community Development	Debt Service	Total	Park and Recreation	Capital Projects	Total	Total Nonmajor Governmental Funds
	1976 Fire and Sewer			Refuse Equipment		
\$267,029	\$402,396	\$669,425	\$2,077,332	\$1,050,328	\$3,127,660	\$3,864,402
1,065,566		1,065,566				1,065,566
307	417	724	28,579	1,143	29,722	69,789
			16,262		16,262	32,646
<u>\$1,332,902</u>	<u>\$402,813</u>	<u>\$1,735,715</u>	<u>\$2,122,173</u>	<u>\$1,051,471</u>	<u>\$3,173,644</u>	<u>\$5,032,403</u>
			\$16,720		\$16,720	\$20,985
			9,200		9,200	53,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,920</u>	<u>0</u>	<u>25,920</u>	<u>9,200</u>
			1,978,253	\$1,051,471	3,029,724	83,185
\$1,332,902	\$402,813	\$1,735,715				3,029,724
			118,000		118,000	65,779
<u>1,332,902</u>	<u>402,813</u>	<u>1,735,715</u>	<u>2,096,253</u>	<u>1,051,471</u>	<u>3,147,724</u>	<u>1,735,715</u>
<u>\$1,332,902</u>	<u>\$402,813</u>	<u>\$1,735,715</u>	<u>\$2,122,173</u>	<u>\$1,051,471</u>	<u>\$3,173,644</u>	<u>\$5,032,403</u>

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

	Special Revenue			
	Off Highway Use	Workforce Investment	Housing & Comm Development	Total
<b>REVENUES</b>				
Use of money and property	\$270			\$270
From other agencies		\$388,881	\$72,755	461,636
Charges for current services				
Other revenues				
Total revenue	270	388,881	72,755	461,906
<b>EXPENDITURES</b>				
Current:				
Community development		415,384	82,087	497,471
Debt service:				
Principal				
Interest and fiscal charges				
Capital outlays				
Total expenditures	0	415,384	82,087	497,471
Excess (deficiency) of revenues over (under) expenditures	270	(26,503)	(9,332)	(35,565)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		40,000		40,000
Transfers Out				
Total other financing sources	0	40,000	0	40,000
Net change in fund balances	270	13,497	(9,332)	4,435
Fund balances-beginning	65,205	(13,285)	9,424	61,344
Fund balances-ending	\$65,475	\$212	\$92	\$65,779

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

<b>Debt Service</b>			<b>Capital Projects</b>			<b>Total Nonmajor Governmental Funds</b>
<b>Community Development</b>	<b>1976 Fire and Sewer</b>	<b>Total</b>	<b>Park and Recreation</b>	<b>Refuse Equipment</b>	<b>Total</b>	
\$2,178	\$1,562	\$3,740	\$10,901	\$4,263	\$15,164	\$19,174
			85,445		85,445	547,081
			843,280	95,138	938,418	938,418
			363		363	363
<u>2,178</u>	<u>1,562</u>	<u>3,740</u>	<u>939,989</u>	<u>99,401</u>	<u>1,039,390</u>	<u>1,505,036</u>
						497,471
550,000		550,000				550,000
814,129		814,129				814,129
			1,950,672		1,950,672	1,950,672
<u>1,364,129</u>	<u>0</u>	<u>1,364,129</u>	<u>1,950,672</u>	<u>0</u>	<u>1,950,672</u>	<u>3,812,272</u>
(1,361,951)	1,562	(1,360,389)	(1,010,683)	99,401	(911,282)	(2,307,236)
1,348,000		1,348,000	0		0	1,388,000
		0		(49,000)	(49,000)	(49,000)
<u>1,348,000</u>	<u>0</u>	<u>1,348,000</u>	<u>0</u>	<u>(49,000)</u>	<u>(49,000)</u>	<u>1,339,000</u>
(13,951)	1,562	(12,389)	(1,010,683)	50,401	(960,282)	(968,236)
1,346,853	401,251	1,748,104	3,106,936	1,001,070	4,108,006	5,917,454
<u>\$1,332,902</u>	<u>\$402,813</u>	<u>\$1,735,715</u>	<u>\$2,096,253</u>	<u>\$1,051,471</u>	<u>\$3,147,724</u>	<u>\$4,949,218</u>

**City of Clovis**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Community Development Capital Project Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
Property taxes	\$3,880,000	\$3,880,000	\$3,797,107	(\$82,893)
Use of money and property	0	0	256,717	256,717
From other agencies	2,392,000	2,392,000	275,032	(2,116,968)
Other revenues	335,000	335,000	413,267	78,267
Total revenues	<u>6,607,000</u>	<u>6,607,000</u>	<u>4,742,123</u>	<u>(1,864,877)</u>
<b>EXPENDITURES</b>				
Capital outlays	<u>7,286,808</u>	<u>9,047,108</u>	<u>3,862,147</u>	<u>5,184,961</u>
Total expenditures	<u>7,286,808</u>	<u>9,047,108</u>	<u>3,862,147</u>	<u>5,184,961</u>
Excess (deficiency) of revenues over expenditures	<u>(679,808)</u>	<u>(2,440,108)</u>	<u>879,976</u>	<u>3,320,084</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	0	0	0	0
Transfers Out	<u>(1,348,000)</u>	<u>(1,348,000)</u>	<u>(1,348,000)</u>	<u>0</u>
Total other financing sources (uses)	<u>(1,348,000)</u>	<u>(1,348,000)</u>	<u>(1,348,000)</u>	<u>0</u>
Net change in fund balances	<u>(2,027,808)</u>	<u>(3,788,108)</u>	<u>(468,024)</u>	<u>3,320,084</u>
Fund balances-beginning	22,622,304	22,622,304	22,622,304	
Prior year adjustment			<u>(884,792)</u>	<u>(884,792)</u>
Fund balances-beginning, as restated	<u>22,622,304</u>	<u>22,622,304</u>	<u>21,737,512</u>	
Fund balances-ending	<u>\$20,594,496</u>	<u>\$18,834,196</u>	<u>\$21,269,488</u>	<u>\$2,435,292</u>

**City of Clovis**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual  
Off Highway Use Special Revenue Fund  
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
Use of money and property	\$0	\$0	\$270	\$270
Total revenues	0	0	270	270
<b>EXPENDITURES</b>				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	270	270
Fund balances-beginning	65,205	65,205	65,205	
Fund balances-ending	<u>\$65,205</u>	<u>\$65,205</u>	<u>\$65,475</u>	<u>\$270</u>

**City of Clovis**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual  
Workforce Investment Special Revenue Fund  
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
From other agencies	\$380,000	\$456,400	\$388,881	(\$67,519)
Total revenues	<u>380,000</u>	<u>456,400</u>	<u>388,881</u>	<u>(67,519)</u>
<b>EXPENDITURES</b>				
Community development	381,460	457,860	415,384	42,476
Total expenditures	<u>381,460</u>	<u>457,860</u>	<u>415,384</u>	<u>42,476</u>
Excess (deficiency) of revenues over expenditures	(1,460)	(1,460)	(26,503)	(25,043)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	0	40,000	40,000	0
Total other financing sources (uses)	<u>0</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Net change in fund balances	(1,460)	38,540	13,497	(25,043)
Fund balances-beginning	(13,285)	(13,285)	(13,285)	
Fund balances-ending	<u>(\$14,745)</u>	<u>\$25,255</u>	<u>\$212</u>	<u>(\$25,043)</u>

**City of Clovis**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Housing and Community Development Special Revenue Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
From other agencies	\$100,000	\$100,000	\$72,755	(\$27,245)
Total revenues	100,000	100,000	72,755	(27,245)
<b>EXPENDITURES</b>				
Community development	82,200	82,200	82,087	113
Total expenditures	82,200	82,200	82,087	113
Excess (deficiency) of revenues over expenditures	17,800	17,800	(9,332)	(27,132)
Fund balances-beginning	9,424	9,424	9,424	
Fund balances-ending	<u>\$27,224</u>	<u>\$27,224</u>	<u>\$92</u>	<u>(\$27,132)</u>

**City of Clovis**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Community Development Debt Service Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
Use of money and property	\$0	\$0	\$2,178	\$2,178
Total revenues	0	0	2,178	2,178
<b>EXPENDITURES</b>				
Debt service:				
Principal	550,000	550,000	550,000	0
Interest and fiscal charges	815,000	815,000	814,129	871
Total expenditures	1,365,000	1,365,000	1,364,129	871
Excess (deficiency) of revenues over expenditures	(1,365,000)	(1,365,000)	(1,361,951)	3,049
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,348,000	1,348,000	1,348,000	0
Total other financing sources (uses)	1,348,000	1,348,000	1,348,000	0
Net change in fund balances	(17,000)	(17,000)	(13,951)	3,049
Fund balances-beginning	1,346,853	1,346,853	1,346,853	
Fund balances-ending	<u>\$1,329,853</u>	<u>\$1,329,853</u>	<u>\$1,332,902</u>	<u>\$3,049</u>

**City of Clovis**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual  
1976 Fire and Sewer Debt Service Fund  
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
Use of money and property	\$0	\$0	\$1,562	\$1,562
Total revenues	0	0	1,562	1,562
<b>EXPENDITURES</b>				
Debt service:	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	1,562	1,562
Fund balances-beginning	401,251	401,251	401,251	
Fund balances-ending	<u>\$401,251</u>	<u>\$401,251</u>	<u>\$402,813</u>	<u>\$1,562</u>

**City of Clovis**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Park and Recreation Capital Project Fund**  
**For the Year Ended June 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>REVENUE</b>				
Use of money and property	\$65,000	\$65,000	\$10,901	(\$54,099)
From other agencies	154,000	154,000	85,445	(68,555)
Charges for current services	875,000	875,000	843,280	(31,720)
Other revenues	0	0	363	363
Total revenues	<u>1,094,000</u>	<u>1,094,000</u>	<u>939,989</u>	<u>(154,011)</u>
<b>EXPENDITURES</b>				
Capital outlays	1,752,396	3,902,396	1,950,672	1,951,724
Total expenditures	<u>1,752,396</u>	<u>3,902,396</u>	<u>1,950,672</u>	<u>1,951,724</u>
Excess (deficiency) of revenues over expenditures	(658,396)	(2,808,396)	(1,010,683)	1,797,713
Fund balances-beginning	3,106,936	3,106,936	3,106,936	
Fund balances-ending	<u>\$2,448,540</u>	<u>\$298,540</u>	<u>\$2,096,253</u>	<u>\$1,797,713</u>

**City of Clovis**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Refuse Equipment Capital Project Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
Use of money and property	\$0	\$0	\$4,263	\$4,263
Charges for current services	0	0	95,138	95,138
Total revenues	0	0	99,401	99,401
<b>EXPENDITURES</b>				
Capital outlays	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	99,401	99,401
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(49,000)	(49,000)	(49,000)	0
Total other financing sources (uses)	(49,000)	(49,000)	(49,000)	0
Net change in fund balances	(49,000)	(49,000)	50,401	99,401
Fund balances-beginning	1,001,070	1,001,070	1,001,070	
Fund balances-ending	<u>\$952,070</u>	<u>\$952,070</u>	<u>\$1,051,471</u>	<u>\$99,401</u>

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## **Internal Service Funds**

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Internal service funds are used to account for the financing of goods or services provided by one department of the agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Self Insurance Fund** - This fund is used to account for the cost of general liability and property damage insurance. It is funded by a charge to all operating departments.

**Fleet Maintenance and Replacement Fund** - This fund is used to account for rental charges to all operating departments for maintenance and replacement cost for equipment and vehicles.

**Employee Benefit Fund** - This fund is used to account for the cost of employee benefits including retirement, workers' compensation, health insurance, unemployment insurance and medicare insurance. It is funded by a charge to all operating departments.

**General Government Services** - This fund is used to account for the centralized support provided to other departments and for government facility enhancements and acquisitions.

**City of Clovis**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2011**

	<b>Self Insurance</b>	<b>Fleet</b>	<b>Employee Benefits</b>	<b>General Services</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$1,258,926	\$6,947,753	\$4,869,834	\$8,694,120	\$21,770,633
Receivables	210,913	11,185	133,701	764,643	1,120,442
Due from other governments				109,279	109,279
Inventories		535,000			535,000
Prepaid items		28,046		766,656	794,702
Total current assets	1,469,839	7,521,984	5,003,535	10,334,698	24,330,056
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts				564,475	564,475
Total restricted assets	0	0	0	564,475	564,475
Capital assets:					
Land				9,403,364	9,403,364
Buildings and improvements		940,271		72,723,269	73,663,540
Machinery and equipment		24,700,269		6,800,596	31,500,865
Less accumulated depreciation		(14,822,903)		(21,099,303)	(35,922,206)
Total capital assets (net of accumulated depreciation)	0	10,817,637	0	67,827,926	78,645,563
Total noncurrent assets	0	10,817,637	0	68,392,401	79,210,038
Total assets	1,469,839	18,339,621	5,003,535	78,727,099	103,540,094
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	42,575	227,110	381,933	636,303	1,287,921
Claims and judgements payable			2,548,000		2,548,000
Accrued compensated absences		17,597	887,000	38,703	943,300
Deposits and other liabilities				52,358	52,358
Capital leases-current		472,829		615,391	1,088,220
Loans payable-current				133,112	133,112
Revenue bonds-current				655,000	655,000
Total current liabilities	42,575	717,536	3,816,933	2,130,867	6,707,911
Noncurrent liabilities:					
Claims and judgements payable			6,672,000		6,672,000
Accrued compensated absences		47,481		104,388	151,869
Capital leases		2,022,081		7,013,088	9,035,169
Lease revenue bonds					
Revenue bonds (net of discount)				14,427,835	14,427,835
Total noncurrent liabilities	0	2,069,562	6,672,000	22,721,294	31,462,856
Total liabilities	42,575	2,787,098	10,488,933	24,852,161	38,170,767
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt		9,444,745		47,839,775	57,284,520
Restricted for debt service				564,475	564,475
Unrestricted	1,427,264	6,107,778	(5,485,398)	5,470,688	7,520,332
Total net assets	\$1,427,264	\$15,552,523	(\$5,485,398)	\$53,874,938	\$65,369,327

**City of Clovis**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

	<b>Self Insurance</b>	<b>Fleet</b>	<b>Employee Benefits</b>	<b>General Services</b>	<b>Total</b>
Operating revenues:					
Charges for services	\$710,735	\$6,815,259	\$15,690,595	\$7,630,889	\$30,847,478
From other agencies		19,127		138,449	157,576
Other revenues	360,946			451,089	812,035
Total operating revenues	<u>1,071,681</u>	<u>6,834,386</u>	<u>15,690,595</u>	<u>8,220,427</u>	<u>31,817,089</u>
Operating expenses:					
Salaries and benefits	151,951	1,292,342	471,405	1,860,012	3,775,710
Services, materials and supplies	1,120,237	2,919,034	15,309,042	3,295,526	22,643,839
Administration	17,400	740,800	36,500	144,151	938,851
Depreciation		1,721,581		2,429,622	4,151,203
Total operating expenses	<u>1,289,588</u>	<u>6,673,757</u>	<u>15,816,947</u>	<u>7,729,311</u>	<u>31,509,603</u>
Operating income (loss)	<u>(217,907)</u>	<u>160,629</u>	<u>(126,352)</u>	<u>491,116</u>	<u>307,486</u>
Nonoperating revenues (expenses):					
Interest income	8,686	18,724	17,309	22,886	67,605
Interest expense		(55,391)		(1,108,593)	(1,163,984)
Sales tax override				11,371	11,371
Gain (loss) on sale of capital assets		(29,413)		653,459	624,046
Total nonoperating revenue (expense)	<u>8,686</u>	<u>(66,080)</u>	<u>17,309</u>	<u>(420,877)</u>	<u>(460,962)</u>
Income before contributions and transfers	<u>(209,221)</u>	<u>94,549</u>	<u>(109,043)</u>	<u>70,239</u>	<u>(153,476)</u>
Transfers in			250,000	800,000	1,050,000
Changes in net assets	<u>(209,221)</u>	<u>94,549</u>	<u>140,957</u>	<u>870,239</u>	<u>896,524</u>
Total net assets-beginning	<u>1,636,485</u>	<u>15,457,974</u>	<u>(5,626,355)</u>	<u>53,004,699</u>	<u>64,472,803</u>
Total net assets-ending	<u>\$1,427,264</u>	<u>\$15,552,523</u>	<u>(\$5,485,398)</u>	<u>\$53,874,938</u>	<u>\$65,369,327</u>

**City of Clovis**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

	Self Insurance	Fleet	Employee Benefits	General Services	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$708,699	\$6,818,275	\$15,640,157	\$7,021,267	\$30,188,398
Payments to suppliers	(1,108,778)	(3,718,566)	(15,402,589)	(5,213,596)	(25,443,529)
Payments to employees	(151,951)	(1,282,086)	(245,405)	(1,838,158)	(3,517,600)
Other operating revenues	449,723	19,127		1,520,563	1,989,413
Net cash provided/(used) by operating activities	(102,307)	1,836,750	(7,837)	1,490,076	3,216,682
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Repayment of loans from/(to) other funds	1,000,000				1,000,000
Receipts from Sales Tax Override				11,371	11,371
Transfers-in from other funds			250,000	800,000	1,050,000
Net cash provided/(used) by noncapital financing activities	1,000,000	0	250,000	811,371	2,061,371
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets		(1,925,387)		(1,449,119)	(3,374,506)
Principal paid on loans, bonds and capital leases		(262,279)		(1,284,248)	(1,546,527)
Interest paid on loans, bonds and capital leases		(55,391)		(1,094,334)	(1,149,725)
Proceeds from capital leases		1,416,411		2,454,100	3,870,511
Proceeds from sale of property and equipment		45,563		653,458	699,021
Net cash provided/(used) by capital and related financing activities	0	(781,083)	0	(720,143)	(1,501,226)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments	8,251	18,724	17,309	44,726	89,010
Net cash provided by investing activities	8,251	18,724	17,309	44,726	89,010
Net increase/(decrease) in cash and cash equivalents	905,944	1,074,391	259,472	1,626,030	3,865,837
Cash and cash equivalents-beginning of year	352,982	5,873,362	4,610,362	7,632,565	18,469,271
Cash and cash equivalents-end of year	\$1,258,926	\$6,947,753	\$4,869,834	\$9,258,595	\$22,335,108
<b>Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:</b>					
Operating income/(loss)	(\$217,907)	\$160,629	(\$126,352)	\$491,116	\$307,486
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:					
Depreciation/amortization expense		1,721,581		2,429,622	4,151,203
(Increase)/decrease in accounts receivable	86,741	3,016	(50,438)	(609,622)	(570,303)
(Increase)/decrease in due from other governments			0	959,737	959,737
(Increase)/decrease in inventories		(29,000)			(29,000)
(Increase)/decrease in prepaid items		(28,046)		(766,656)	(794,702)
Increase/(decrease) in accounts payable	28,859	(1,686)	(101,047)	(1,007,263)	(1,081,137)
Increase/(decrease) in accrued compensated absences		10,256	226,000	21,854	258,110
Increase/(decrease) in claims and judgments payable			44,000		44,000
Increase/(decrease) in deposits				(28,712)	(28,712)
Total adjustments	115,600	1,676,121	118,515	998,960	2,909,196
Net cash provided/(used) by operating activities	(\$102,307)	\$1,836,750	(\$7,837)	\$1,490,076	\$3,216,682

**Noncash investing, capital, and financing activities:**

A receivable and a loan payable for \$86,720 was booked in General Services for proceeds not yet received from a State loan.

## **Fiduciary Funds**

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Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Senior Citizens Memorial Fund - This fund is used to account for revenue and expenditures related to special programs within the Senior Services Program.

Blackhorse III Assessment Fund - This fund is used to account for revenue and expenditures related to the maintenance within the Blackhorse III (95-1) Assessment District such as streets, curb & gutter, street lighting, sidewalks and gates.

Payroll Tax and Withholding Fund - This fund is used to account employee withholding deductions prior to submittal to state or federal agencies.

Temperance/Barstow Assessment Fund - This fund is used to account for the receipts and disbursements of the Temperance Barstow Assessment District.

Shepherd/Temperance Assessment Fund - This fund is used to account for the receipts and disbursements of the Shepherd Temperance Assessment District.

Asset Forfeiture Fund - This fund is used to account for the receipts and disbursements of money received from seized assets.

**City of Clovis**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	Agency Funds						Total
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	
<b>ASSETS</b>							
Cash and investments	\$46,043	\$66,366	\$1,324,064	\$171,596	\$201,239	\$305,650	\$2,114,958
Cash with agent-restricted				178,442	307,819		486,261
Receivables	54	1,632		416	1,057	397	3,556
Total assets	<u>\$46,097</u>	<u>\$67,998</u>	<u>\$1,324,064</u>	<u>\$350,454</u>	<u>\$510,115</u>	<u>\$306,047</u>	<u>\$2,604,775</u>
<b>LIABILITIES</b>							
Accrued payroll			\$1,324,064				\$1,324,064
Agency funds payable	<u>\$46,097</u>	<u>\$67,998</u>		<u>\$350,454</u>	<u>\$510,115</u>	<u>\$306,047</u>	<u>1,280,711</u>
Total liabilities	<u>\$46,097</u>	<u>\$67,998</u>	<u>\$1,324,064</u>	<u>\$350,454</u>	<u>\$510,115</u>	<u>\$306,047</u>	<u>\$2,604,775</u>

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**City of Clovis**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2011**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Senior Citizen Memorial</b>				
Assets				
Cash and investments	\$48,349	\$694	\$3,000	\$46,043
Receivables	165	537	648	54
Total assets	<u>\$48,514</u>	<u>\$1,231</u>	<u>\$3,648</u>	<u>\$46,097</u>
Liabilities				
Agency funds payable	\$48,514	\$1,231	\$3,648	\$46,097
Total liabilities	<u>\$48,514</u>	<u>\$1,231</u>	<u>\$3,648</u>	<u>\$46,097</u>
<b>Blackhorse Assessment</b>				
Assets				
Cash and investments	\$56,113	\$64,235	\$53,982	\$66,366
Receivables	3,543	1,899	3,810	1,632
Total assets	<u>\$59,656</u>	<u>\$66,134</u>	<u>\$57,792</u>	<u>\$67,998</u>
Liabilities				
Agency funds payable	\$59,656	\$66,134	\$57,792	\$67,998
Total liabilities	<u>\$59,656</u>	<u>\$66,134</u>	<u>\$57,792</u>	<u>\$67,998</u>
<b>Payroll Tax and Withholding</b>				
Assets				
Cash and investments	\$1,269,188	\$1,324,064	\$1,269,188	\$1,324,064
Total assets	<u>\$1,269,188</u>	<u>\$1,324,064</u>	<u>\$1,269,188</u>	<u>\$1,324,064</u>
Liabilities				
Accrued Payroll	\$1,269,188	\$1,324,064	\$1,269,188	\$1,324,064
Total liabilities	<u>\$1,269,188</u>	<u>\$1,324,064</u>	<u>\$1,269,188</u>	<u>\$1,324,064</u>

**Temperance/Barstow Assessment**

Assets				
Cash and investments	\$208,241	\$102,283	\$138,928	\$171,596
Cash with agent-restricted	178,407	35		178,442
Receivables	4,776	1,019	5,379	416
Total assets	<u>\$391,424</u>	<u>\$103,337</u>	<u>\$144,307</u>	<u>\$350,454</u>
Liabilities				
Agency funds payable	\$391,424	\$103,337	\$144,307	\$350,454
Total liabilities	<u>\$391,424</u>	<u>\$103,337</u>	<u>\$144,307</u>	<u>\$350,454</u>

**Shepherd/Temperance Assessment**

Assets				
Cash and investments	\$285,327	\$142,304	\$226,392	\$201,239
Cash with agent-restricted	307,758	61		307,819
Receivables	3,743	1,404	4,090	1,057
Total assets	<u>\$596,828</u>	<u>\$143,769</u>	<u>\$230,482</u>	<u>\$510,115</u>
Liabilities				
Agency funds payable	\$596,828	\$143,769	\$230,482	\$510,115
Total liabilities	<u>\$596,828</u>	<u>\$143,769</u>	<u>\$230,482</u>	<u>\$510,115</u>

**Asset Forfeiture**

Assets				
Cash and investments	\$340,212	\$21,919	\$56,481	\$305,650
Receivables	1,349	2,701	3,653	397
Total assets	<u>\$341,561</u>	<u>\$24,620</u>	<u>\$60,134</u>	<u>\$306,047</u>
Liabilities				
Agency funds payable	\$341,561	\$24,620	\$60,134	\$306,047
Total liabilities	<u>\$341,561</u>	<u>\$24,620</u>	<u>\$60,134</u>	<u>\$306,047</u>

**Grand Total All Agency Funds**

Assets				
Cash and investments	\$2,207,430	\$1,655,499	\$1,747,971	\$2,114,958
Cash with agent-restricted	486,165	96	0	486,261
Receivables	13,576	7,560	17,580	3,556
Total assets	<u>\$2,707,171</u>	<u>\$1,663,155</u>	<u>\$1,765,551</u>	<u>\$2,604,775</u>
Liabilities				
Accrued payroll	\$1,269,188	\$1,324,064	\$1,269,188	\$1,324,064
Agency funds payable	1,437,983	339,091	496,363	1,280,711
Total liabilities	<u>\$2,707,171</u>	<u>\$1,663,155</u>	<u>\$1,765,551</u>	<u>\$2,604,775</u>

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## Statistical Section

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This part of the City of Clovis' 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.

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## Statistical Section

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<b>Contents</b>	<b>Page</b>
Financial Trends	103
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	111
These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax.	
Debt Capacity	115
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	121
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	124
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.	

**CITY OF CLOVIS**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**

(accrual basis of accounting)  
(in thousands)

Fiscal Year Ended June 30,

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities:</b>										
Invested in capital assets,										
net of related debt										
Restricted	\$ 37,978	\$ 57,643	\$ 173,735	\$ 204,308	\$ 240,241	\$ 294,905	\$ 375,445	\$ 394,479	\$ 414,755	\$ 436,785
Unrestricted	14,625	18,383	19,396	22,187	26,196	29,022	39,670	38,672	35,940	33,283
	18,968	19,573	17,530	25,016	25,143	17,918	8,968	11,485	13,991	16,121
Total net assets	\$ 71,571	\$ 95,599	\$ 210,661	\$ 251,511	\$ 291,580	\$ 341,845	\$ 424,083	\$ 444,636	\$ 464,686	\$ 486,189
<b>Business-type activities:</b>										
Invested in capital assets,										
net of related debt	\$ 44,177	\$ 59,628	\$ 71,643	\$ 75,486	\$ 82,793	\$ 94,552	\$ 105,729	\$ 107,645	\$ 107,065	\$ 112,383
Restricted	3,022	4,868	4,734	4,905	5,307	4,940	7,174	8,370	7,706	5,269
Unrestricted	41,419	35,487	36,167	43,880	48,198	52,680	53,724	50,645	43,031	44,194
Total net assets	\$ 88,618	\$ 99,983	\$ 112,544	\$ 124,271	\$ 136,298	\$ 152,172	\$ 166,627	\$ 166,660	\$ 157,802	\$ 161,846
<b>Total Primary government:</b>										
Invested in capital assets,										
net of related debt	\$ 82,155	\$ 117,271	\$ 245,378	\$ 279,794	\$ 323,034	\$ 389,457	\$ 481,174	\$ 502,124	\$ 521,820	\$ 549,168
Restricted	17,647	23,251	24,130	27,092	31,503	33,961	46,844	47,042	43,646	38,552
Unrestricted	60,387	55,060	53,697	68,896	73,341	70,598	62,692	62,130	57,022	60,315
Total net assets	\$ 160,189	\$ 195,582	\$ 323,205	\$ 375,782	\$ 427,878	\$ 494,016	\$ 590,710	\$ 611,296	\$ 622,488	\$ 648,035

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

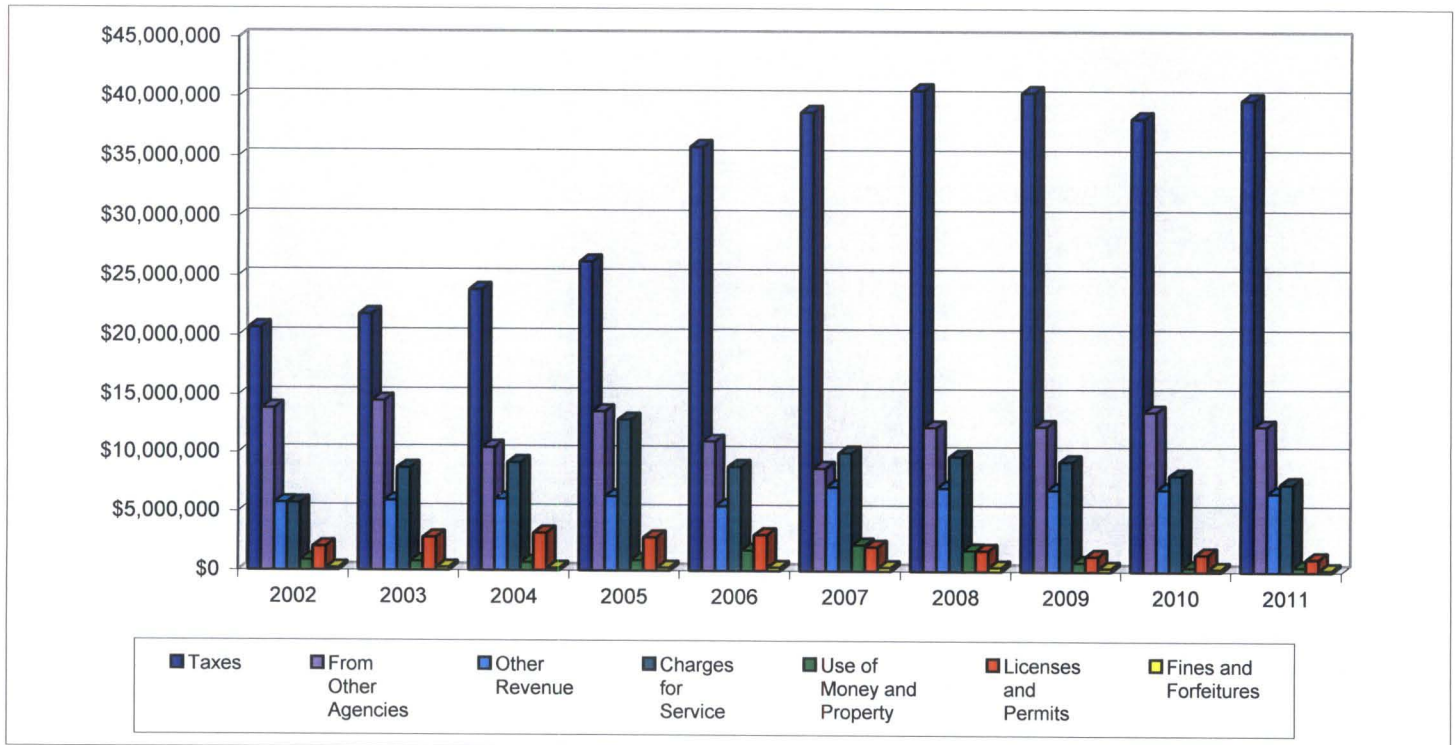
	For the Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 3,263	\$ 3,685	\$ 3,691	\$ 3,697	\$ 4,668	\$ 5,319	\$ 5,495	\$ 5,265	\$ 4,282	\$ 4,684
Public safety	21,447	23,139	26,147	25,793	31,499	34,586	36,476	35,238	31,345	33,331
Transportation	6,520	5,998	8,296	9,715	6,658	7,932	7,982	8,886	10,123	9,869
Community development	7,477	7,985	8,775	9,370	10,377	11,531	11,437	11,065	11,289	10,931
Cultural and recreation	709	2,536	3,269	3,448	5,673	4,520	4,955	5,786	4,659	5,585
Special assessment	177	158	133	109	81	48	-	-	-	-
Total governmental activities expenses	39,593	43,501	50,311	52,132	58,956	63,936	66,345	66,240	61,698	64,400
Business-type activities:										
Refuse	7,341	8,513	9,740	10,646	10,849	10,997	12,207	12,400	13,793	13,097
Sewer	7,702	8,239	9,106	11,986	10,684	11,210	15,054	15,159	19,631	17,139
Water	6,944	8,474	11,838	11,707	13,175	13,087	13,672	13,775	14,098	13,352
Transit	1,686	2,021	2,184	2,300	2,618	2,678	3,397	3,897	3,980	4,226
Street Cleaning	533	616	675	674	862	871	963	877	944	-
Total business-type activities expenses	24,206	27,863	33,543	37,313	38,188	38,843	45,293	46,108	52,446	47,814
Total primary government expenses	63,799	71,364	83,854	89,445	97,144	102,779	111,638	112,348	114,144	112,214
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General Government	1,532	1,787	1,565	2,040	2,537	3,064	3,374	3,338	3,005	3,765
Public Safety	1,082	1,138	1,294	1,277	1,648	2,231	2,563	2,658	1,906	2,094
Transportation	6,988	15,161	24,047	31,398	4,893	5,383	7,398	8,872	6,558	7,637
Community development	6,135	7,886	8,600	8,348	9,065	9,178	8,370	7,348	6,735	6,153
Cultural and recreation	1,448	2,804	3,730	6,199	5,627	5,496	5,204	4,217	4,349	4,171
Special assessment	218	220	203	219	223	132	-	-	-	-
Operating grants and contributions	622	1,171	593	807	836	626	581	737	1,115	1,524
Capital grants and contributions	6,128	3,406	2,886	2,666	32,044	41,644	73,664	16,330	19,652	21,427
Total governmental activities program revenues	24,153	33,573	42,918	52,954	56,873	67,754	101,154	43,500	43,320	46,771

<b>Business-type activities:</b>												
<b>Charges for services:</b>												
Community Sanitation	7,746	8,124	9,005	11,388	12,996	13,981	15,060	15,901	16,405	16,592		
Sewer	12,071	16,370	16,776	16,903	16,478	16,594	16,881	9,607	9,265	14,027		
Water	10,131	12,100	14,688	16,517	14,572	16,242	18,784	10,358	10,870	13,874		
Transit	1,841	2,049	2,158	2,402	2,658	3,626	3,658	4,254	3,535	3,841		
Operating grants and contributions	-	40	21	-	-	-	-	-	-	-		
Capital grants and contributions	86	120	2,031	21	45	70	25	3,534	2,800	3,177		
Total business-type activities	31,875	38,803	44,679	47,231	46,749	50,513	54,408	43,654	42,875	51,511		
Total primary government	56,028	72,376	87,597	100,185	103,622	118,267	155,562	87,154	86,195	98,282		
<b>Net revenues (expenses):</b>												
Governmental activities	(15,440)	(9,928)	(7,393)	822	(2,083)	3,818	34,809	(22,740)	(18,378)	(17,629)		
Business-type activities	7,669	10,940	11,136	9,918	8,561	11,670	9,115	(2,454)	(9,571)	3,697		
Total net revenues (expenses)	(7,771)	1,012	3,743	10,740	6,478	15,488	43,924	(25,194)	(27,949)	(13,932)		
<b>General revenues and other changes in net assets:</b>												
<b>Governmental activities:</b>												
<b>Taxes:</b>												
Property taxes	6,325	6,911	7,808	8,649	16,178	18,719	21,175	22,093	19,944	20,159		
Sales tax	14,162	14,642	15,877	17,223	19,233	19,067	18,174	14,837	12,406	13,121		
Business Lic/Franchise	2,465	2,635	2,747	3,049	3,307	3,570	4,054	3,992	4,045	4,081		
Other taxes	2,775	3,005	3,444	3,931	957	1,134	790	620	1,163	1,602		
Grants and contributions not restricted	4,006	4,410	3,331	6,136	684	741	512	536	446	628		
Unrestricted investment earnings	2,446	1,383	1,070	1,382	2,575	3,358	2,845	1,291	473	475		
Transfers	932	971	(114)	(342)	(782)	(145)	(120)	(77)	(49)	(49)		
Total governmental activities	33,111	33,957	34,163	40,028	42,152	46,444	47,430	43,292	38,428	40,017		
<b>Business-type activities:</b>												
Unrestricted investment earnings	1,945	1,395	1,312	1,466	2,685	4,058	5,220	2,410	664	298		
Transfers	(932)	(971)	114	342	782	145	120	77	49	49		
Total business-type activities	1,013	424	1,426	1,808	3,467	4,203	5,340	2,487	713	347		
Total primary government	34,124	34,381	35,589	41,836	45,619	50,647	52,770	45,779	39,141	40,364		
<b>Changes in net assets:</b>												
Governmental activities	17,671	24,029	26,770	40,850	40,069	50,262	82,239	20,552	20,050	22,388		
Business-type activities	8,682	11,364	12,562	11,726	12,028	15,873	14,455	33	(8,858)	4,044		
Total primary government	\$26,353	\$35,393	\$39,332	\$52,576	\$52,097	\$66,135	\$96,694	\$20,585	\$11,192	\$26,432		

**CITY OF CLOVIS**  
**GENERAL GOVERNMENT REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>From Other Agencies</u>	<u>Charges for Service</u>	<u>Other Revenue</u>	<u>Total</u>
2002	\$20,657,719	\$2,023,868	\$214,577	\$892,720	\$13,863,809	\$5,717,454	\$5,734,586	\$49,104,733
2003	21,814,595	2,814,669	251,923	775,809	14,525,129	8,722,223	5,948,284	54,852,632
2004	23,872,863	3,187,377	199,677	701,924	10,452,635	9,171,410	6,077,956	53,663,842
2005	26,228,864	2,848,845	246,111	890,843	13,623,863	12,915,218	6,313,457	63,067,201
2006	35,823,839	3,054,428	298,091	1,762,543	10,988,153	8,855,189	5,499,742	66,281,985
2007	38,707,722	2,050,759	306,592	2,245,415	8,698,857	10,045,798	7,120,738	69,175,881
2008	40,593,526	1,763,279	352,647	1,776,955	12,284,310	9,740,854	7,073,402	73,584,973
2009	40,381,087	1,302,368	275,406	778,310	12,364,635	9,305,542	6,925,095	71,332,443
2010	38,232,859	1,454,196	240,622	371,328	13,649,374	8,129,216	6,969,861	69,047,456
2011	39,776,909	1,113,238	166,010	433,979	12,418,299	7,432,331	6,671,487	68,012,253

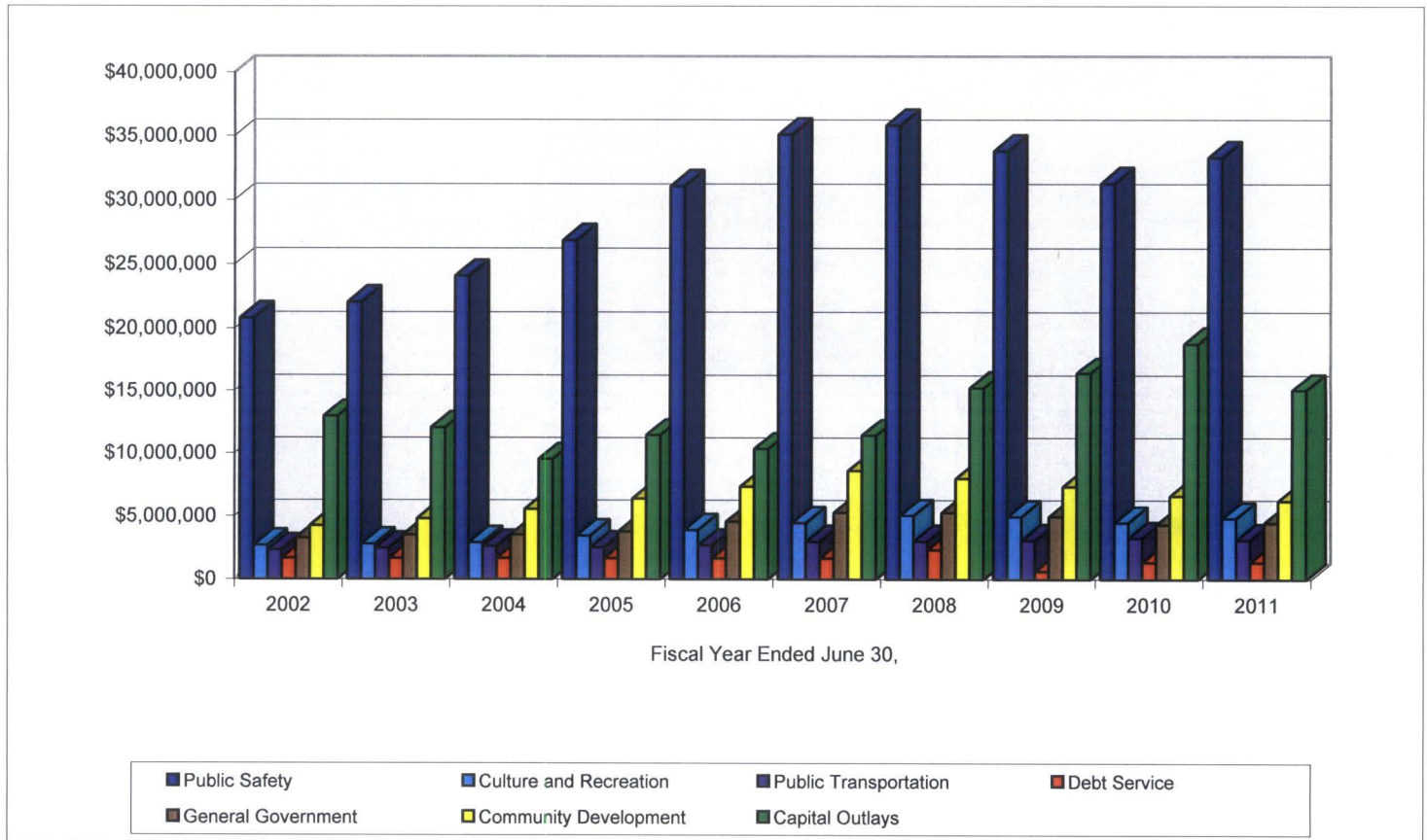
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



**CITY OF CLOVIS**  
**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Transportation</b>	<b>Community Development</b>	<b>Culture and Recreation</b>	<b>Debt Service</b>	<b>Capital Outlays</b>	<b>Total</b>
2002	\$3,278,172	\$20,809,470	\$2,338,575	\$4,243,891	\$2,707,083	\$1,673,727	\$13,000,093	\$48,051,011
2003	3,520,408	22,067,748	2,489,293	4,807,990	2,812,035	1,674,338	12,080,200	49,452,012
2004	3,542,824	24,090,704	2,638,198	5,547,459	2,933,512	1,684,134	9,565,890	50,002,721
2005	3,798,831	26,884,832	2,535,611	6,403,121	3,471,047	1,674,305	11,477,441	56,245,188
2006	4,562,085	31,075,548	2,695,872	7,343,255	3,914,096	1,674,344	10,368,325	61,633,525
2007	5,293,459	35,131,624	3,011,329	8,601,267	4,482,704	1,667,645	11,457,349	69,645,377
2008	5,275,513	35,837,948	3,030,319	7,991,154	5,059,317	2,344,585	15,254,647	74,793,483
2009	4,979,945	33,824,405	3,110,287	7,348,048	4,970,931	642,966	16,425,668	71,302,250
2010	4,317,898	31,289,958	3,288,404	6,622,952	4,496,927	1,361,979	18,825,875	70,203,993
2011	4,468,062	33,303,647	3,134,317	6,223,288	4,843,250	1,364,129	15,066,781	68,403,474

Notes: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



**CITY OF CLOVIS**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30,			
	2002	2003	2004	2005
<b>Revenues:</b>				
Property taxes	\$ 6,760,091	\$ 7,131,132	\$ 8,011,258	\$ 8,867,480
Sales taxes	8,466,653	8,777,324	9,634,234	10,190,462
Business license/Franchise	2,464,562	2,634,833	2,747,359	3,048,661
Other taxes	2,966,413	3,271,306	3,480,012	4,122,261
Licenses and permits	2,023,868	2,814,669	3,187,377	2,848,845
Fines and forfeitures	214,577	251,923	199,677	246,111
Use of money and property	892,720	775,809	701,924	890,843
From other agencies	13,863,809	14,525,129	10,452,635	13,623,863
Charges for current services	5,717,454	8,722,223	9,171,410	12,915,218
Other revenues	5,734,586	5,948,284	6,077,956	6,313,457
Total revenues	<u>49,104,733</u>	<u>54,852,632</u>	<u>53,663,842</u>	<u>63,067,201</u>
<b>Expenditures</b>				
Current:				
General government	3,278,172	3,520,408	3,542,824	3,798,831
Public safety	20,809,470	22,067,748	24,090,704	26,884,832
Transportation	2,338,575	2,489,293	2,638,198	2,535,611
Community development	4,243,891	4,807,990	5,547,459	6,403,121
Cultural and recreation	2,707,083	2,812,035	2,933,512	3,471,047
Debt service:				
Principal	891,501	923,399	970,297	1,012,195
Interest and fiscal charges	782,226	750,939	713,837	662,110
Bond issue costs				
Capital outlays	13,000,093	12,080,200	9,565,890	11,477,441
Total expenditures	<u>48,051,011</u>	<u>49,452,012</u>	<u>50,002,721</u>	<u>56,245,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,053,722</u>	<u>5,400,620</u>	<u>3,661,121</u>	<u>6,822,013</u>
<b>Other financing sources (uses):</b>				
Transfers in	2,135,000	889,400	1,004,694	1,338,300
Transfers out	(2,103,000)	(1,746,500)	(1,602,875)	(1,780,140)
Issuance of bonds				
Bond discount				
Payment to bond escrow agent				
Total other financing sources (uses)	<u>32,000</u>	<u>(857,100)</u>	<u>(598,181)</u>	<u>(441,840)</u>
Net change in Fund balances	<u>\$ 1,085,722</u>	<u>\$ 4,543,520</u>	<u>\$ 3,062,940</u>	<u>\$ 6,380,173</u>
 Debt service as a percentage of noncapital expenditures	 4.4%	 4.1%	 3.9%	 3.4%

**CITY OF CLOVIS**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

Page 2 of 2

(modified accrual basis of accounting)

For the Fiscal Year Ended June 30,					
2006	2007	2008	2009	2010	2011
\$ 16,444,472	\$ 19,083,256	\$ 21,482,384	\$ 22,509,936	\$ 20,425,109	\$ 20,764,779
11,707,495	11,350,453	14,266,968	12,993,878	12,404,059	13,329,533
3,307,514	3,570,363	4,054,455	3,992,374	4,054,563	4,080,924
4,364,358	4,703,650	789,719	884,899	1,349,128	1,601,673
3,054,428	2,050,759	1,763,279	1,302,368	1,454,196	1,113,238
298,091	306,592	352,647	275,406	240,622	166,010
1,762,543	2,245,415	1,776,955	778,310	371,328	433,979
10,988,153	8,698,857	12,284,310	12,364,635	13,649,374	12,418,299
8,855,189	10,045,798	9,740,854	9,305,542	8,129,216	7,432,331
5,499,742	7,120,738	7,073,402	6,925,095	6,969,861	6,671,487
66,281,985	69,175,881	73,534,973	71,332,443	69,047,456	68,012,253
4,562,085	5,293,459	5,275,513	4,979,945	4,317,898	4,468,062
31,075,548	35,131,624	35,837,948	33,824,405	31,289,958	33,303,647
2,695,872	3,011,329	3,030,319	3,110,287	3,288,404	3,134,317
7,343,255	8,601,267	7,991,154	7,348,048	6,622,952	6,223,288
3,914,096	4,482,704	5,059,317	4,970,931	4,496,927	4,843,250
1,065,042	1,111,939	1,164,786		530,000	550,000
609,302	555,706	516,771	642,966	831,979	814,129
		663,028			
10,368,325	11,457,349	15,254,647	16,425,668	18,825,875	15,066,781
61,633,525	69,645,377	74,793,483	71,302,250	70,203,993	68,403,474
4,648,460	(469,496)	(1,208,510)	30,193	(1,156,537)	(391,221)
1,615,000	1,624,000	899,000	862,175	1,350,000	1,388,000
(1,747,000)	(1,194,000)	(1,269,000)	(852,175)	(1,399,000)	(2,487,000)
		19,100,000			
		(233,214)			
		(7,162,780)			
(132,000)	430,000	11,334,006	10,000	(49,000)	(1,099,000)
\$ 4,516,460	\$ (39,496)	\$ 10,125,496	\$ 40,193	\$ (1,205,537)	\$ (1,490,221)
3.1%	2.8%	4.0%	1.1%	2.5%	2.5%

**CITY OF CLOVIS**  
**FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

<b>General Fund</b>					
<b>Fiscal Year Ended June 30,</b>	<b>Nonspendable</b>	<b>Restricted</b>	<b>Assigned</b>	<b>Unassigned</b>	<b>Total</b>
2002	\$ -	\$ 507,383	\$ 2,191,963	\$ 2,575,456	\$ 5,274,802
2003	-	571,506	4,246,460	1,716,457	6,534,423
2004	-	631,991	4,393,599	2,293,424	7,319,014
2005	-	903,576	5,787,142	4,180,052	10,870,770
2006	-	1,676,595	6,550,258	3,178,619	11,405,472
2007	-	2,359,832	5,657,082	1,440,184	9,457,098
2008	855,000	3,236,197	4,138,000	147,846	8,377,043
2009	855,000	3,373,603	3,525,000	1,576,248	9,329,851
2010	855,000	3,278,491	5,320,000	1,209,788	10,663,279
2011	855,000	2,984,719	6,565,000	544,966	10,949,685

<b>All Other Governmental Funds</b>					
<b>Fiscal Year Ended June 30,</b>	<b>Nonspendable</b>	<b>Restricted</b>	<b>Assigned</b>	<b>Unassigned</b>	<b>Total</b>
2002	\$ 3,685,348	\$ 5,950,145	\$ 4,096,799		\$ 13,732,292
2003	4,830,872	10,242,612	1,942,707		17,016,191
2004	5,181,872	13,414,689	697,979		19,294,540
2005	5,207,879	14,355,534	2,559,544		22,122,957
2006	6,341,149	18,344,090	1,419,476		26,104,715
2007	6,204,553	19,772,849	2,036,191		28,013,593
2008	7,240,974	29,791,170	2,187,000		39,219,144
2009	9,075,743	25,491,786	3,739,000		38,306,529
2010	11,082,808	22,186,756	2,498,000		35,767,564
2011	9,010,607	20,907,638	3,187,900		33,106,145

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

Fiscal Year Ended June 30,	Real Property		Personal Property		Exemptions	Net		Total
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Homeowners	Assessed	Estimated Actual	Direct Tax Rate
2002	3,036,159,547	3,036,159,547	124,604,669	124,604,669	84,554,420	3,076,209,796	3,160,764,216	0%
2003	3,375,559,809	3,375,559,809	157,032,205	157,032,205	87,689,300	3,444,902,714	3,532,592,014	0%
2004	3,803,806,069	3,803,806,069	155,968,986	155,968,986	90,700,600	3,869,074,455	3,959,775,055	0%
2005	4,532,815,964	4,532,815,964	175,378,831	175,378,831	90,984,100	4,617,210,695	4,708,194,795	0%
2006	5,376,895,146	5,376,895,146	176,182,372	176,182,372	95,724,300	5,457,353,218	5,553,077,518	0%
2007	6,441,754,743	6,441,754,743	185,287,815	185,287,815	98,770,200	6,528,272,358	6,627,042,558	0%
2008	7,453,513,829	7,453,513,829	231,559,017	231,559,017	100,075,996	7,584,996,850	7,685,072,846	0%
2009	7,575,659,027	7,575,659,027	175,147,109	175,147,109	102,754,800	7,648,051,336	7,750,806,136	0%
2010	7,244,885,892	7,244,885,892	214,587,308	214,587,308	104,305,200	7,355,168,000	7,459,473,200	0%
2011	7,201,539,162	7,201,539,162	215,795,027	215,795,027	104,977,700	7,312,356,489	7,417,334,189	0%

Note: Effective fiscal year 1981-82 and fiscal years thereafter, assessed value is 100% of market value.  
The rate applied to the assessed value for county wide property tax is 1%.

Source: Fresno County Auditor Controller/Treasurer Tax Collector

**CITY OF CLOVIS**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENT**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>City of Clovis</u>	<u>Clovis Unified School District Bond</u>	<u>State Center General Obligation Bond</u>	<u>County Wide</u>	<u>Total</u>
2002	0.000000	0.197500	0.000000	1.000000	1.197500
2003	0.000000	0.197500	0.000000	1.000000	1.197500
2004	0.000000	0.197500	0.015644	1.000000	1.213144
2005	0.000000	0.197500	0.014372	1.000000	1.211872
2006	0.000000	0.197500	0.005886	1.000000	1.203386
2007	0.000000	0.197500	0.005038	1.000000	1.202538
2008	0.000000	0.197500	0.015618	1.000000	1.213118
2009	0.000000	0.197488	0.000594	1.000000	1.198082
2010	0.000000	0.197500	0.013294	1.000000	1.210794
2011	0.000000	0.186740	0.010050	1.000000	1.196790

Note: The basis for the tax rates is per \$100 assessed valuation.

Source: Fresno County Auditor Controller/Treasurer Tax Collector

**CITY OF CLOVIS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND FIVE YEARS AGO**  
(in thousands)

Taxpayer	2011			2006		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Pelco	\$84,149	1	1.15%	\$41,931	2	0.77%
Prindiville Dennis Trustee	43,833	2	0.60	55,564	1	1.02
Regency Cahan-Clovis LLC	34,355	3	0.47	-	-	0.00
Anlin Industries	20,951	4	0.29	21,234	4	0.39
Copper Beech Townhome Communities	20,603	5	0.28	-	-	0.00
Winco Foods LLC	17,930	6	0.25	13,525	9	0.25
Kaiser Foundation Health Plan Inc	17,235	7	0.24	17,088	7	0.31
Brown Garold C Family LTD Partnership	16,823	8	0.23	-	-	0.00
Vons Companies Inc	15,692	9	0.21	20,162	5	0.37
Burgess Smith & Wathen Partnership VII	15,325	10	0.21	-	-	0.00
Save Mart Supermarkets	-	-	0.00	26,075	3	0.48
Clovis I LLC	-	-	0.00	18,018	6	0.33
Clovis Coventry Place LP	-	-	0.00	15,396	8	0.28
Fletcher K LLC	-	-	0.00	12,693	10	0.23
	<u>\$286,896</u>		<u>3.92%</u>	<u>\$241,686</u>		<u>3.69%</u>

Source: City of Clovis-GIS  
Fresno County Assessor

Notes: Information prior to 2006 not available

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

<b>Fiscal Year Ended <u>June 30,</u></b>	<b>Total Tax <u>Levy</u></b>	<b>Current Tax <u>Collections</u></b>	<b>Percent of Current Taxes <u>Collected</u></b>	<b>Delinquent Tax <u>Collections</u></b>	<b>Total Tax <u>Collections</u></b>	<b>Ratio of Total Tax Collections to Total <u>Tax Levy</u></b>	<b>Current Delinquent Taxes</b>	<b>Ratio of Current Delinquent Taxes to Total <u>Tax Levy</u></b>
2002	\$ 4,021,950	\$3,728,751	92.7 %	\$152,758	\$ 3,881,509	96.5 %	\$ 98,176	2.441 %
2003	4,487,532	4,078,805	90.9	139,862	4,218,667	94.0	116,003	2.585
2004	5,076,572	4,741,762	93.4	111,142	4,852,904	95.6	127,016	2.502
2005	5,281,724	5,025,680	95.2	238,739	5,264,419	99.7	108,909	2.062
2006	7,666,490	7,317,096	95.4	523,714	7,840,810	102.3	183,536	2.394
2007	9,146,452	8,732,938	95.5	191,802	8,924,740	97.6	320,126	3.500 *
2008	10,136,188	9,745,493	96.1	345,091	10,090,584	99.6	463,224	4.570 *
2009	9,853,029	9,353,774	94.9	469,608	9,823,382	99.7	382,987	3.887 *
2010	9,510,716	8,756,447	92.1	317,985	9,074,432	95.4	307,101	3.229 *
2011	9,158,780	8,702,520	95.0	531,780	9,234,301	100.8	243,624	2.660 *

Notes: Amounts include only General Fund tax collections.

\* The ratio of current delinquent taxes represents the Fresno County wide rate as the County of Fresno is unable to provide the City of Clovis' delinquent tax ratio.

Sources: Fresno County Assessor's Office  
Fresno County Auditor Controller

**CITY OF CLOVIS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Tax Allocation Bonds</b>	<b>Special Assessment Bonds</b>	<b>Lease Revenue Bonds</b>	<b>Certificates of Participation</b>	<b>Revenue Bonds</b>	<b>Loans/ Contracts Payable</b>	<b>Total</b>	<b>Debt Per AV</b>	<b>Debt Per Capita</b>
<b>Governmental Activities</b>									
2002	\$ 9,595,000	\$3,500,000	\$1,395,902	\$0	\$ 34,755,000	\$0	\$ 49,245,902	\$0.016	\$ 676
2003	9,240,000	2,980,000	1,186,517	0	33,935,000	720,000	48,061,517	0.014	632
2004	8,865,000	2,435,000	968,919	0	32,605,000	689,416	45,563,335	0.012	563
2005	8,470,000	1,870,000	743,111	0	31,230,000	657,896	42,971,007	0.009	500
2006	8,055,000	1,275,000	504,987	0	29,800,000	2,625,411	42,260,398	0.008	470
2007	7,625,000	650,000	258,652	0	28,315,000	1,925,266	38,773,918	0.006	420
2008	19,100,000	0	0	0	26,765,000	1,224,096	47,089,096	0.006	499
2009	19,100,000	0	0	0	16,610,000	521,871	36,231,871	0.005	381
2010	18,570,000	0	0	0	16,010,000	1,352,424	35,932,424	0.005	371
2011	18,020,000	0	0	0	15,390,000	1,314,655	34,724,655	0.005	357
<b>Business-type Activities</b>									
2002	\$ 0	\$0	\$304,097	\$2,985,000	\$ 23,473,002	\$23,498,606	\$ 50,260,705	\$0.016	\$ 690
2003	0	0	258,482	0	67,199,707	22,044,176	89,502,365	0.026	1,178
2004	0	0	211,079	0	66,290,102	20,933,986	87,435,167	0.023	1,081
2005	0	0	161,888	0	91,190,499	19,772,172	111,124,559	0.024	1,292
2006	0	0	110,011	0	90,325,896	18,552,518	108,988,425	0.020	1,212
2007	0	0	56,347	0	157,971,292	17,268,807	175,296,446	0.027	1,900
2008	0	0	0	0	156,157,035	17,194,949	173,351,984	0.023	1,839
2009	0	0	0	0	154,292,777	15,815,472	170,108,249	0.022	1,788
2010	0	0	0	0	152,358,519	14,359,233	166,717,752	0.023	1,721
2011	0	0	0	0	150,339,262	12,818,719	163,157,981	0.022	1,678
<b>Total Primary Government</b>									
2002	\$ 9,595,000	\$3,500,000	\$1,699,999	\$2,985,000	\$ 58,228,002	\$23,498,606	\$ 99,506,607	\$0.032	\$ 1,367
2003	9,240,000	2,980,000	1,444,999	0	101,134,707	22,764,176	137,563,882	0.040	1,810
2004	8,865,000	2,435,000	1,179,998	0	98,895,102	21,623,402	132,998,502	0.034	1,644
2005	8,470,000	1,870,000	904,999	0	122,420,499	20,430,068	154,095,566	0.033	1,791
2006	8,055,000	1,275,000	614,998	0	120,125,896	21,177,929	151,248,823	0.028	1,682
2007	7,625,000	650,000	314,999	0	186,286,292	19,194,073	214,070,364	0.033	2,320
2008	19,100,000	0	0	0	182,922,035	18,419,045	220,441,080	0.029	2,338
2009	19,100,000	0	0	0	170,902,777	16,337,343	206,340,120	0.027	2,169
2010	18,570,000	0	0	0	168,368,519	15,711,657	202,650,176	0.028	2,092
2011	18,020,000	0	0	0	165,729,262	14,133,374	197,882,636	0.027	2,035

Source: City of Clovis Finance Department

**CITY OF CLOVIS**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT**  
**TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>						<b>Ratio of Net</b>	<b>Net</b>
<b>Ended</b>	<b>Estimated</b>	<b>Assessed</b>	<b>Gross Bonded</b>	<b>Less Debt</b>	<b>Net</b>	<b>Bonded Debt to</b>	<b>Bonded Debt</b>
<b><u>June 30,</u></b>	<b><u>Population</u></b>	<b><u>Valuation</u></b>	<b><u>Debt (1)</u></b>	<b><u>Service Fund</u></b>	<b><u>Bonded Debt</u></b>	<b><u>Assessed Value</u></b>	<b><u>Per Capita</u></b>
2002	72,801	\$3,076,209,796	\$0	\$0	\$0	0.00%	\$0
2003	75,997	3,444,902,714	0	0	0	0.00%	0
2004	80,884	3,869,074,455	0	0	0	0.00%	0
2005	86,015	4,617,210,695	0	0	0	0.00%	0
2006	89,924	5,457,353,218	0	0	0	0.00%	0
2007	92,269	6,528,272,358	0	0	0	0.00%	0
2008	94,278	7,584,996,850	0	0	0	0.00%	0
2009	95,128	7,648,051,336	0	0	0	0.00%	0
2010	96,868	7,355,168,000	0	0	0	0.00%	0
2011	97,218	7,312,356,489	0	0	0	0.00%	0

(1) Amount does not include special assessment bonds.

Source: Fresno County Auditor Controller/Treasurer Tax Collector

**CITY OF CLOVIS**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL OBLIGATION BONDED DEBT**  
**TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended <u>June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Debt Service</u></b>	<b><u>Total General Governmental Expenditures (1)</u></b>	<b><u>Ratio of Debt Service to General Government Expenditures</u></b>
2002	\$0	\$0	\$0	\$48,051,011	0.0%
2003	0	0	0	49,452,012	0.0
2004	0	0	0	50,002,721	0.0
2005	0	0	0	56,245,188	0.0
2006	0	0	0	61,633,525	0.0
2007	0	0	0	69,645,377	0.0
2008	0	0	0	74,793,483	0.0
2009	0	0	0	71,302,250	0.0
2010	0	0	0	70,203,993	0.0
2011	0	0	0	68,403,474	0.0

(1) Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).

**CITY OF CLOVIS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**JUNE 30, 2011**

**2010-2011 Assessed Valuation:**      \$6,788,438,822 (after deducting \$628,895,367 redevelopment incremental valuation)

<b><u>Direct and Overlapping Bonded Debt:</u></b>	<b><u>% Applicable</u></b>	<b><u>Debt</u></b>
<b><u>Direct Bonded Debt:</u></b>		
City of Clovis 1915 Act Bonds	100.000%	\$ 1,145,000
City of Clovis Revenue Bonds	100.000%	15,390,000
Total Gross Direct Bonded Debt		<u>16,535,000</u>
<b><u>Overlapping Bonded Debt:</u></b>		
Fresno County General Fund Obligations	12.525%	\$ 10,315,590
Fresno County Pension Obligations	12.525%	59,990,084
State Center Community College District	11.483%	12,712,829
Clovis Unified School District	37.119%	83,495,253
Clovis Unified School District Certificates of Participation	37.119%	15,393,249
Fresno Unified School District	2.538%	6,708,495
Fresno Unified School District General Fund Obligations	2.538%	1,044,133
Total Gross Overlapping Bonded Debt		<u>189,659,633</u>
Total Gross Direct and Overlapping Bonded Debt		<u>206,194,633 (1)</u>
Total Net Direct and Overlapping Bonded Debt		<u><u>\$206,194,633</u></u>

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Ratios to Assessed Valuation:**

Total Direct Debt (\$15,390,000)	0.227%
Combined Total Debt	3.037%

**Share of Authorized and Unsold Bonds:**

City of Clovis	\$ 2,000,000
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**State School Building Aid Repayable as of 6/30/11: \$0**

Source: California Municipal Statistics & City of Clovis

**CITY OF CLOVIS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</b>
2002	\$ 479,591,529	\$0	\$ 479,591,529	0%
2003	529,888,802	0	529,888,802	0
2004	593,966,258	0	593,966,258	0
2005	706,229,219	0	706,229,219	0
2006	832,961,628	0	832,961,628	0
2007	994,056,384	0	994,056,384	0
2008	1,152,760,927	0	1,152,760,927	0
2009	1,162,620,920	0	1,162,620,920	0
2010	1,118,920,980	0	1,118,920,980	0
2011	1,112,600,128	0	1,112,600,128	0

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2011**

Assessed Valuations:

Assessed Value	\$7,312,356,489
Add back exempt property	<u>104,977,700</u>

Total Assessed Value	<u><u>\$7,417,334,189</u></u>
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Legal Debt Margin:

Debt Limitation-15 percent of total assessed value	\$1,112,600,128
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Debt applicable to Limitation:

Total bonded debt	\$0
Less: Amount in debt service funds available for payment of principal	<u>0</u>

Total debt applicable to Limitation	<u>0</u>
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Legal Debt Margin:	<u><u>\$1,112,600,128</u></u>
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**CITY OF CLOVIS**  
**REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**

**REFUSE DISPOSAL FUND**

<b>Fiscal Year Ended June 30,</b>	<b>Gross Revenues (1)</b>	<b>Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements (3)</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2002	\$7,668,822	\$6,859,306	\$809,516	\$415,000	\$439,725	\$854,725	0.95
2003	7,863,675	7,856,504	7,171	430,000	422,697	852,697	0.01
2004	8,515,053	8,702,359	(187,306)	415,000	405,823	820,823	-0.23
2005	10,616,687	10,403,811	212,876	395,000	389,361	784,361	0.27
2006	12,280,701	10,351,583	1,929,118	410,000	372,110	782,110	2.47
2007	13,386,126	10,628,469	2,757,657	430,000	353,620	783,620	3.52
2008	14,413,377	11,289,716	3,123,661	450,000	334,005	784,005	3.98
2009	15,116,271	11,570,964	3,545,307	465,000	311,819	776,819	4.56
2010	15,519,039	12,275,661	3,243,378	490,000	287,628	777,628	4.17
2011	15,691,270	11,526,394	4,164,876	515,000	262,089	777,089	5.36

**SEWER SERVICE FUND**

<b>Fiscal Year Ended June 30,</b>	<b>Gross Revenues (4)</b>	<b>Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements (3)</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2002	\$12,868,009	\$4,287,662	\$8,580,347	\$95,000	\$777,098	\$872,098	9.84
2003	17,076,636	4,777,242	12,299,394	95,000	775,353	870,353	14.13
2004	17,356,735	5,581,386	11,775,349	100,000	770,873	870,873	13.52
2005	17,701,122	8,587,003	9,114,119	105,000	860,138	965,138	9.44
2006	16,637,445	5,513,294	11,124,151	110,000	2,137,772	2,247,772	4.95
2007	16,886,582	5,104,538	11,782,044	115,000	2,857,535	2,972,535	3.96
2008	15,988,470	6,561,113	9,427,357	120,000	5,323,098	5,443,098	1.73
2009	11,225,176	5,504,389	5,720,787	125,000	5,197,580	5,322,580	1.07
2010	9,633,733	9,213,349	420,384	130,000	5,206,043	5,336,043	0.08
2011	14,193,351	6,819,675	7,373,676	140,000	5,199,784	5,339,784	1.38

**WATER SERVICE FUND**

<b>Fiscal Year Ended June 30,</b>	<b>Gross Revenues (4)</b>	<b>Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements (3)</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2003	\$12,765,864	\$7,266,754	\$5,499,110	\$0	\$156,681	\$156,681	35.10
2004	17,378,541	8,583,054	8,795,487	510,000	1,954,862	2,464,862	3.57
2005	17,104,834	8,520,587	8,584,247	450,000	1,952,450	2,402,450	3.57
2006	14,183,983	9,136,113	5,047,870	460,000	1,944,222	2,404,222	2.10
2007	14,288,867	9,366,877	4,921,990	465,000	1,935,138	2,400,138	2.05
2008	12,651,179	9,470,680	3,180,499	1,320,000	1,915,967	3,235,967	0.98
2009	10,921,272	9,530,338	1,390,934	1,350,000	1,881,568	3,231,568	0.43
2010	11,049,053	10,090,509	958,544	1,390,000	1,836,111	3,226,111	0.30
2011	13,936,677	9,231,283	4,705,394	1,440,000	1,786,880	3,226,880	1.46

- (1) Total revenues, including interest.
- (2) Total operating expenses exclusive of depreciation.
- (3) Includes principal and interest of revenue bonds only. It does not include the other debt reported in the refuse and sewer funds.
- (4) Total revenues, including interest and capital contributed by developers. The amount contributed by developers is available for payment of annual debt service and is therefore included in gross revenue for the purposes of this schedule.

Note: This schedule does not represent legal bond covenants.

**CITY OF CLOVIS  
DEMOGRAPHICS STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>				<b>City Population</b>	<b>Fresno County</b>
<b>Ended</b>	<b>City</b>		<b>Fresno County</b>	<b>as % of</b>	<b>Unemployment</b>
<b><u>June 30,</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>County Population</u></b>	<b><u>Rate</u></b>
2002	72,801	2.78 %	826,550	8.81 %	13.30 %
2003	75,997	4.39	841,560	9.03	13.50
2004	80,884	6.43	862,260	9.38	12.70
2005	86,015	6.34	883,537	9.74	8.40
2006	89,924	4.54	899,514	10.00	6.50
2007	92,269	2.61	917,515	10.06	8.10
2008	94,278	2.18	931,098	10.13	9.70
2009	95,128	0.90	942,298	10.10	15.30
2010	96,868	1.83	953,761	10.16	16.00
2011	97,218	0.36	940,220	10.34	16.80

Sources: County of Fresno  
Labor market Info EDD

Note: Per capita income and total personal income information not available.

**CITY OF CLOVIS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

<b>Employer</b>	<b>2011</b>			<b>2002</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment*</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
Clovis Unified School District	5,200	1	12.41%	5,000	1	11.93%
Pelco	1,512	2	3.61	1,200	2	2.86
Clovis Community Hospital	1,131	3	2.70	720	3	1.72
City of Clovis	822	4	1.96	550	4	1.31
Wawona Frozen Foods	600	5	1.43	-	-	-
Target	415	6	0.99	-	-	-
Savemart	303	7	0.72	193	10	0.46
Costco	245	8	0.58	217	9	0.52
Wal-Mart	239	9	0.57	397	5	0.95
Vons	188	10	0.45	-	-	-
Pacific Bell	-	-	-	290	6	0.69
Anlin Industries	-	-	-	290	7	0.69
Home Depot	-	-	-	267	8	0.64

\* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2011.

Source: Employment Development Department

**CITY OF CLOVIS**  
**FULL-TIME CITY EMPLOYEES**  
**LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b><u>Governmental Activities</u></b>										
General Government	23.000	23.250	23.250	26.050	29.050	30.750	29.750	35.700	24.100	36.550
Public Safety										
Police	135.000	137.000	141.000	146.000	158.000	170.000	174.000	151.000	146.000	146.000
Fire	61.000	61.000	61.000	65.000	71.000	76.000	76.000	65.000	60.500	66.500
Transportation	13.350	13.600	13.600	13.600	13.700	13.800	13.500	13.550	13.500	13.800
Community Development	52.250	55.250	58.250	60.250	65.250	67.250	62.250	46.250	52.250	41.500
Culture & Recreation	25.225	25.475	25.475	26.475	32.475	37.225	43.525	31.025	30.500	30.500
Internal Service	29.200	29.950	30.950	31.150	33.050	34.950	38.450	26.000	26.525	26.525
Total Governmental Activities	<u>339.025</u>	<u>345.525</u>	<u>353.525</u>	<u>368.525</u>	<u>402.525</u>	<u>429.975</u>	<u>436.475</u>	<u>368.525</u>	<u>353.375</u>	<u>361.375</u>
<b><u>Business-Type Activities</u></b>										
Refuse	36.050	36.050	33.050	35.200	37.400	37.610	39.610	39.460	39.610	41.860
Sewer	9.050	9.300	9.300	9.300	9.650	10.750	11.000	10.850	10.750	11.250
Water	22.000	24.250	24.250	30.100	30.550	32.750	34.750	34.550	34.350	34.600
Street Cleaning	4.750	4.750	4.750	4.750	5.750	5.790	5.840	5.790	4.790	4.790
Transit	14.125	16.125	17.125	17.125	17.125	19.125	22.325	22.825	22.125	22.125
Total Business-Type Activities	<u>85.975</u>	<u>90.475</u>	<u>91.475</u>	<u>96.475</u>	<u>100.475</u>	<u>106.025</u>	<u>113.525</u>	<u>113.475</u>	<u>111.625</u>	<u>114.625</u>
Total Full-Time Employees	<u>425.000</u>	<u>436.000</u>	<u>445.000</u>	<u>465.000</u>	<u>503.000</u>	<u>536.000</u>	<u>550.000</u>	<u>482.000</u>	<u>465.000</u>	<u>476.000</u>

Source: City of Clovis

Notes: Decimals represent the portions of employees performing duties in two or more functions.

Internal Service Functions have been included in Governmental Activities.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	4	4	4	4	4	4	5	5	5	5
Public utilities:										
Streets (miles)	293	328	345	353	361	369	313	315	315	359
Streetlights	6,000	6,683	7,113	7,311	7,744	8,391	8,929	8,930	8,938	9,567
Cultural and recreation:										
Parks	37	42	45	45	46	46	50	51	53	54
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	349	369	384	403	421	440	459	469	475	479
Sewer										
Sanitary sewers (miles)	256	274	285	300	310	330	342	349	352	356

Source: City of Clovis

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police:										
Arrests	3,968	4,185	4,422	4,162	5,521	5,168	4,761	4,674	4,396	4,503
Parking citations issued	1,447	2,558	2,736	2,054	2,810	2,501	1,596	1,414	878	797
Fire:										
Number of emergency calls	5,372	5,377	5,813	6,722	6,994	6,184	6,492	9,139	8,135	6,970
Parks and recreation:										
Number of recreation classes	116	121	142	154	189	305	270	97	63	86
Number of facility rentals	5	5	5	5	5	5	5	18	18	18
Water:										
New connections	1,240	1,958	1,377	1,018	1,185	1,005	573	353	325	543
Average daily consumption (thousands of gallons)	18,241	19,135	21,738	20,945	23,253	25,416	25,521	24,930	22,889	21,918
Sewer:										
New connections	1,240	1,958	1,377	1,018	1,185	1,005	573	353	350	352
Average daily sewage treatment (thousands of gallons)	6,390	6,700	6,937	7,017	7,088	7,210	7,365	7,397	7,279	7,269

Source: City of Clovis

**CITY OF CLOVIS**  
**BUILDING PERMIT VALUATIONS**  
**LAST TEN YEARS**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Valuation (in Thousands)										
Residential	\$220,321	\$363,549	\$419,823	\$325,085	\$299,916	\$189,387	\$126,584	\$115,217	\$118,545	\$99,320
Non-residential	<u>54,611</u>	<u>60,489</u>	<u>55,689</u>	<u>88,842</u>	<u>81,513</u>	<u>85,670</u>	<u>81,666</u>	<u>75,262</u>	<u>74,849</u>	<u>31,386</u>
Total	<u>\$274,932</u>	<u>\$424,038</u>	<u>\$475,512</u>	<u>\$413,927</u>	<u>\$381,429</u>	<u>\$275,057</u>	<u>\$208,250</u>	<u>\$190,479</u>	<u>\$193,394</u>	<u>\$130,706</u>
New Dwelling Units										
Single Family	1,007	1,510	1,542	1,144	954	688	408	431	474	370
Multiple Family	<u>82</u>	<u>87</u>	<u>490</u>	<u>105</u>	<u>302</u>	<u>30</u>	<u>116</u>	<u>16</u>	<u>0</u>	<u>60</u>
Total	<u>1089</u>	<u>1597</u>	<u>2032</u>	<u>1249</u>	<u>1256</u>	<u>718</u>	<u>524</u>	<u>447</u>	<u>474</u>	<u>430</u>

Source: City of Clovis Building Department

**CITY OF CLOVIS  
MISCELLANEOUS STATISTICS  
JUNE 30, 2011**

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees (full-time and part-time)	822
Area (square miles)	23.1
Miles of Streets	
Number of Street Lights	9,567
Fire Protection:	
Number of Stations	5
Number of Firefighters and Officers	63
Police Protection:	
Number of Police Officers and Other Sworn Personnel	96
Water Department:	
Number of Water Services	30,855
Miles of Water Mains	479
Sewers:	
Miles of Sanitary Sewers	356

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, California

We have audited the basic financial statements of the City of Clovis, California (the "City") as of and for the year ended June 30, 2011, and have issued our report thereon dated November 22, 2011. 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.

**Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [FS 2011-01]

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, California  
Page 2

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, others within the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants  
San Diego, California  
November 22, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, California

**Compliance**

We have audited the City of Clovis, California's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, California  
Page 2

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants  
San Diego, California  
November 22, 2011

**City of Clovis**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2011**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Agency or Pass-Through Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Direct Programs:</i>			
Community Development Block Grant - Entitlement	14.218	N/A	\$ 770,197
Community Development Block Grant - Entitlement (ARRA)	14.253	N/A	20,040
		<b>CDBG Cluster</b>	<b>790,237</b>
Community Development Block Grant - Section 108 Loan	14.248	N/A	18,938
<i>Pass-Through State Housing and Community Development:</i>			
Neighborhood Stabilization Program	14.228	09-NSPI-6251	649,966
<i>Pass-Through California State University, Fresno Foundation</i>			
Sustainable Communities Regional Planning Grant Program	14.703	CARIP0004-10	56,568
<b>Total U.S. Department of Housing and Urban Development</b>			<b>1,515,709</b>
<b>U.S. Department of Justice</b>			
<i>Direct Programs:</i>			
Bulletproof Vest Partnership Program	16.607	N/A	18,035
Public Safety Partnership and Community Policing Grants (ARRA)	16.710	N/A	455,208
Justice Assistance Grant Program	16.738	N/A	22,739
<i>Pass-Through City of Fresno:</i>			
Justice Assistance Grant Program	16.738	2009-DJ-BX-0571	3,561
		<b>Total 16.738</b>	<b>26,300</b>
Justice Assistance Grant Program (ARRA)	16.804	2009-SB-B9-0686	18,427
<b>Total U.S. Department of Justice</b>			<b>517,970</b>
<b>U.S. Department of Labor</b>			
<i>Pass-Through Workforce Investment Corporation:</i>			
Workforce Investment Board - WIA Youth Activities	17.259	340	300,246
Workforce Investment Board - WIA Youth Activities (ARRA)	17.259	340	88,604
		<b>Total 17.259</b>	<b>388,850</b>
<b>Total U.S. Department of Labor</b>			<b>388,850</b>
<b>U.S. Department of Transportation</b>			
<i>Pass-Through State Department of Transportation:</i>			
Highway Planning and Construction	20.205	06-5208	1,387,355
Highway Planning and Construction (ARRA)	20.205	06-5208	675,911
		<b>Total 20.205</b>	<b>2,063,266</b>
<i>Pass-Through CA Office of Traffic Safety:</i>			
State and Community Highway Safety	20.600	N/A	264,832
<b>Total U.S. Department of Transportation</b>			<b>2,328,098</b>
<b>U.S. Department of Health and Human Services</b>			
<i>Pass-Through Fresno-Madera Area Agency on Aging:</i>			
Special Programs for the Aging, Title III, Part C	93.045	960051	17,099
Special Programs for the Aging, Title III, Part C (FY2009/2010)	93.045	960051	7,857
<b>Total U.S. Department of Health and Human Services</b>			<b>24,956</b>
<b>U.S. Department of Homeland Security</b>			
<i>Direct Programs:</i>			
Staffing for Adequate Fire and Emergency Response	97.083	n/a	212,225
<i>Pass-Through County of Fresno:</i>			
Homeland Security Program (SHSP)	97.073	01900000	35,921
<b>Total U.S. Department of Homeland Security</b>			<b>248,146</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 5,023,729</b>

See Notes to Schedule of Expenditures of Federal Awards.

**City of Clovis**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2011**

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**1. REPORTING ENTITY**

The financial reporting entity consists of (a) the primary government, City of Clovis, California (the "City"), (b) organizations for which the primary government is financially accountable, including the Clovis Community Development Agency, Clovis Municipal Development Corporation, and Clovis Public Financing Authority, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

Funds received under the various grant programs have been recorded within governmental fund types of the City. The City utilizes the modified accrual method of accounting for the governmental fund type. The accompanying Schedule of Expenditures of Federal Awards ("Schedule") has been prepared on the modified accrual basis of accounting.

*Schedule of Expenditures of Federal Awards*

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California or County of Fresno is included in the Schedule.

The Schedule was presented only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

**City of Clovis**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2011**

**SECTION 1 - SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Types of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? None Reported

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in  
 Accordance with section 510(a) of OMB Circular A-133 No

Identification of major programs:

Major Program	CFDA	Amount
Community Development Block Grant - Entitlement	14.218	\$ 770,197
Community Development Block Grant - Entitlement (ARRA)	14.253	20,040
Public Safety Partnership and Community Policing Grant (ARRA)	16.710	455,208
Workforce Investment Board - WIA Youth Activities	17.259	300,246
Workforce Investment Board - WIA Youth Activities (ARRA)	17.259	88,604
Highway Planning and Construction	20.205	1,387,355
Highway Planning and Construction (ARRA)	20.205	675,911
Staffing for Adequate Fire and Emergency Response	97.083	212,225
<b>Total Major Program Expenditures</b>		<b>\$ 3,909,786</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 5,023,729</b>
<b>Percent of Total Expenditures of Federal Awards</b>		<b>77.83%</b>

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee under  
 section 530 of OMB Circular A-133? Yes

**City of Clovis**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2011**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**FS 2011-01**

**Internal Controls Over Financial Reporting**

**Criteria:**

Effective internal control over financial reporting provides reasonable assurance for the completeness and accuracy of accounting records and proper year end closing.

**Condition:**

We noted the City recorded a prior period adjustment in the Community Development Fund in the amount of \$884,792 in order to remove revenues and assets recorded erroneously in prior years. This resulted in a restatement and reduction of the June 30, 2010 fund balance. The amount recorded as revenue at June 30, 2010 was also reported as reserved fund balance and therefore there was no effect on the unreserved fund balance.

**Cause:**

The City's policies and procedures for evaluating, reviewing, and properly recording financial transactions arising from new funding sources were not effectively complied within the prior year.

**Effect:**

The Community Development Fund's beginning fund balance was overstated by \$884,792.

**Recommendation:**

The City should enhance its review processes over transactions arising from new funding sources to ensure that they are thoroughly evaluated, reviewed and recorded in order to facilitate the accurate and complete year-end closing of the general ledger and the preparation of its basic financial statements.

**Management Response/Corrective Action Plan:**

When a new source of funding is identified, Finance will determine the purpose for and restrictions on the funds. This will ensure the proper accounting of the transactions in an accurate and timely manner.

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**A. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

No findings or questioned costs were noted on the City's major programs for the year ended June 30, 2011.

**B. PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

No findings or questioned costs were noted on the City's major programs for the year ended June 30, 2010.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN  
AUDIT OF THE BASIC FINANCIAL STATEMENTS AS RELATED TO THE  
LOCAL TRANSPORTATION PURPOSE FUNDS**

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, California

We have audited the basic financial statements of the City of Clovis, California (the "City"), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 22, 2011. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Office of Management and Budget Circular A-133. Those standards require that we perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. 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 basic 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, 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.

Compliance with laws and regulations applicable to the City is the responsibility of City's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. In connection with our audit referred to above, we performed tests of compliance with the California Public Utilities Code Section 142257 regulations as it applies to Local Transportation Purpose Funds. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance with the California Public Utilities Code Section 142257 regulations as applies to Local Transportation Purpose Funds that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the City Council, management and officials of applicable federal and state granting agencies.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A subsidiary of Marcum LLP  
Certified Public Accountants  
San Diego, California  
November 22, 2011

**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES  
APPLIED TO THE APPROPRIATIONS LIMIT SCHEDULE OF THE  
CITY OF CLOVIS, CALIFORNIA**

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Clovis, California (City) for the year ended June 30, 2011, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings were described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ended June 30, 2011, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

*Finding:* No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

*Finding:* No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

*Finding:* No exceptions were noted as a result of our procedures.

4. We agreed the current year appropriations limit presented in the accompanying Appropriations Limit Schedule to the current year appropriations limit adopted by the City Council during the current year.

*Finding:* No exceptions were noted as a result of our procedures.

To the Honorable Mayor and Members of City Council  
of the City of Clovis  
Clovis, California  
Page Two

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
San Diego, California  
November 22, 2011

**City of Clovis**  
**Appropriations Limit Schedule**  
**For the year ended June 30, 2011**

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2009-10	\$ 136,110,158	Prior Year
B. Calculation Factors:		
Population increase %	1.0197	State Department of Finance
Inflation increase %	1.0659	City of Clovis' Building Department
Total adjustment %	1.0869	B1*B2
C. Annual Adjustment Increase	11,827,732	A*(B3-1)
D. Other Adjustments:		
Loss responsibility (-)	-	N/A
Transfer to private (-)	-	N/A
Transfer to fee (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total Adjustments	<u>11,827,732</u>	(C+D)
F. Appropriations Limit FY 2010-11	<u>\$ 147,937,890</u>	(A+E)

**City of Clovis**  
**Notes to Appropriations Limit Schedule**  
**For the year ended June 30, 2011**

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**1. PURPOSE OF LIMITED PROCEDURES REVIEW**

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

**2. METHOD OF CALCULATION**

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

**3. INFLATION FACTORS**

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4<sup>th</sup> quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for the year 2010-2011 represents the annual percentage change for local nonresidential construction.

**4. POPULATION FACTORS**

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the county where the jurisdiction is located. The factor adopted by the City for the year 2010-2011 represents the annual percentage change in population for the City.

**5. OTHER ADJUSTMENTS**

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustments for the year ended June 30, 2011.