

CITY OF
CLOVIS

CALIFORNIA



*Comprehensive
Annual
Financial
Report*

For the Fiscal Year ended
June 30, 2014

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

**CITY OF CLOVIS
CALIFORNIA**



LYNNE ASHBECK, MAYOR

**NATHAN F. MAGSIG, MAYOR PRO-TEM
HARRY ARMSTRONG, COUNCILMEMBER
JOSE FLORES, COUNCILMEMBER
ROBERT WHALEN, COUNCILMEMBER**

ROBERT WOOLLEY, CITY MANAGER

Prepared by City of Clovis Finance Department

Jamie G. Hughson, Finance Director

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INTRODUCTORY

SECTION



CITY OF CLOVIS

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

December 15, 2014

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, 2014.

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 Pun & McGeady 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, 2014, 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 unmodified opinion that the City of Clovis' financial statements for the fiscal year ended June 30, 2014, 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 102,188.

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.

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 80.

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 experiencing a slow recovery from the economic downturn of recent years. Property values experienced a small increase from the prior year and are expected to improve further during the next year. Sales taxes experienced increases from the prior year and are expected to grow at nearly 7% during the next year due to an improving economy and an increase due to various retail shops now open at the Clovis Crossing Regional Shopping Center at Clovis and Herndon Avenues. Building activity continues to be slower than the 10-year average; however, it is continuing to improve compared to the past few years. The City's unemployment rate still ranks one of the lowest in the area at 5.0%, lower than the national average of 5.8%, the State of California average of 7.3%, and the Fresno County rate of 9.5%.

The City experienced a 2.2% growth in population in 2014 compared to the 10-year average growth rate of 2.8%. The City has three major retail centers and Clovis Community Hospital is near completion of its \$300 million expansion and renovation project, and beginning the addition of another bed tower and more medical office buildings. This expansion and renovation continues to be one of the biggest job creation projects in Fresno County in recent years, creating approximately 4,000 construction jobs with approximately 65% of construction jobs being filled with local labor.

Along with other significant employers, Schneider Electric, an international manufacturer of security equipment and systems, located in the City's industrial park, employs nearly 1,000 people. Other major employers include Wawona Frozen Foods, a fruit processing plant with nearly 1,000 employees and Clovis Community Hospital with over 1,500 employees.

The California Health Sciences University currently has its first class enrolled. The private Pharmacy school will initially employ 50 people and plans to graduate 80 students per semester.

Of the 43,000 total jobs in Clovis, 11,700 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 964,000. There are approximately 375,600 jobs in Fresno County. The county-wide unemployment rate is about 9.5%, not seasonally adjusted, which decreased from 11.1% last year. 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 5.0% with 43,000 employed out of a workforce of 45,200.

Long-term financial planning. As part of the City of Clovis land use planning process, the City just completed 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.

Part of the previous 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 when construction of phase two of the facility is anticipated. 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. The City refunded three outstanding bond issues to take advantage of lower interest rates. These refundings saved the City more than \$7 million over the life of the bonds while maintaining the existing final maturities. The City also obtained long-term financing for the purchase of a fire engine and police vehicles. The City considers long-term financing appropriate to provide funding for larger Community Improvement Projects.

Also, to finance 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 Sewer Fund has planned increases of 4% next year with annual increases of 3% starting in 2015 and beyond. The Community Sanitation Fund has a planned decrease of 5% for next year and approved annual increases of 4% into the future. While there are 4% increases approved, the City currently has no plans to implement increases.

Structurally Balanced Budget Policy. Prior to the economic recession, in 2006/07 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 approximately 15% of the 2014/15 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, 2013. This was the twenty-sixth 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, 2014. 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. This year in the midst of preparing the Comprehensive Annual Financial Report, the City lost one of the most dedicated finance department employees, Barbara Melendez. While she was instrumental in the development of the CAFR, she is no longer with us to receive the acknowledgement. It has been with a great deal of heartache and tears that we have pulled together to finish this project without her so I would like to express my appreciation to everyone who assisted in its preparation, especially Jay Schengel, Susan Evans, Bill Casarez, Haley Lynch, and Steven Nitta.

Respectfully submitted,



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



Government Finance Officers Association

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in Financial
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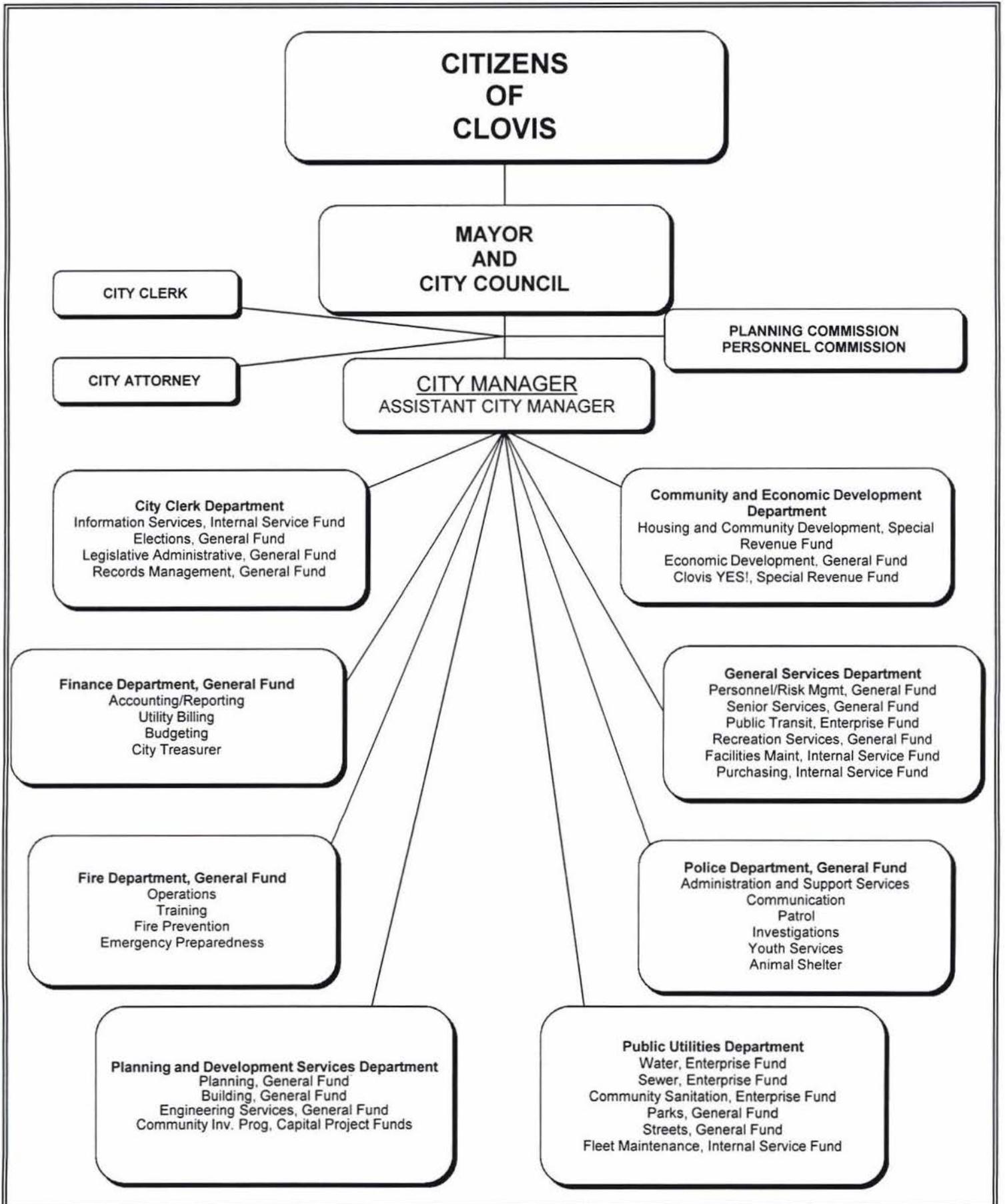
**City of Clovis
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF CLOVIS ORGANIZATION CHART



CITY OF CLOVIS
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2014

Title

Name

City Manager

Robert Woolley

Assistant City Manager/City Clerk

John Holt

Public Utilities Director

Luke Serpa

Finance Director/City Treasurer

Jamie G. Hughson

Police Chief

Matt Basgall

Fire Chief

Michael Despain

Planning & Development Services Director

Dwight Kroll

General Services Director

Robert Ford

Community & Economic Development Director

Tina Sumner

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clovis, California (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, 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.

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

Other Matters

Required Supplementary Information

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.

Other Information

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, Budget Comparison Schedules, 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, the Budgetary Comparison Schedules, 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.

The Introductory and Statistical Sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014 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* in considering the City's internal control over financial reporting and compliance.



San Diego, California
November 21, 2014

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, 2014. 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 position) at the close of the fiscal year by \$734 million, which is 4% greater than 2013. Of this amount, \$82 million, 21% more than 2013, is in unrestricted net position, which is available to meet the City's ongoing commitments to citizens and creditors.

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 \$14 million, which represents a net increase of nearly \$2 million from the previous year. The unassigned balance of over \$1 million is available for carryover to fund future general fund expenditures.

During the year, rate increases were implemented for sewer services as well as recycling and green waste programs with a rate reduction implemented for refuse collection and disposal 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, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Position 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 position* presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed in the most recent fiscal year. All changes of net position 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 and federal and state grants.

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), planning and development services as well as 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 government's 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 eight 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 and the Local Transportation Fund, both of which are considered to be major funds. Data from the other six 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 pages 44-45 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 46-77 of this report.

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2014, with comparative data for the fiscal year ended June 30, 2013.

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 83,832,388	\$ 73,540,685	\$ 78,607,998	\$ 69,454,919	\$ 162,440,386	\$ 142,995,604
Capital and intangible assets	516,357,774	505,899,867	284,543,437	286,640,025	800,901,211	792,539,892
Total assets	600,190,162	579,440,552	363,151,435	356,094,944	963,341,597	935,535,496
Long-term liabilities outstanding	56,363,991	53,749,010	158,002,825	162,153,991	214,366,816	215,903,001
Other liabilities	7,289,808	8,082,221	7,832,503	7,439,801	15,122,311	15,522,022
Total liabilities	63,653,799	61,831,231	165,835,328	169,593,792	229,489,127	231,425,023
Net Position:						
Net investment in capital assets	490,722,382	481,728,976	132,871,889	130,123,119	623,594,271	611,852,095
Restricted	24,266,305	19,810,494	3,364,601	4,794,444	27,630,906	24,604,938
Unrestricted	21,547,676	16,069,851	60,855,054	51,583,589	82,402,730	67,653,440
Total net position	\$ 536,536,363	\$ 517,609,321	\$ 197,091,544	\$ 186,501,152	\$ 733,627,907	\$ 704,110,473

As of June 30, 2014, the City's government-wide total assets exceeded liabilities (net position) by \$734 million. Governmental activities finished the year with a positive net position of \$537 million, an increase of \$19 million, or 4% over 2013. Business-type activities finished the year with a positive net position of \$197 million, an increase of \$10 million, or 6% over 2013. Net position, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net position, \$624 million or 85% is the City's net 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 \$12 million, restricted net position increased \$3 million and unrestricted net position increased \$15 million, accounting for the increase in total net position of \$30 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 majority of the increase in net position along with the construction of the new animal shelter and park additions.

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 position represent \$28 million or 4% of the total. Restricted net position 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 position are those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net position is \$82 million or 11% of the total net position, which is an increase of \$15 million or 22% from the previous year. Governmental activities account for \$21 million or 26% of the total unrestricted net position and increased \$6 million or 34% compared to last year. Business-type activities account for \$61 million or 74% of the total and increased \$9 million or 18% compared to last year.

Governmental activities. Governmental activities account for \$537 million or 73% of the total Government-wide net position. This is an increase of \$19 million or 4% over June 30, 2013. Donated and constructed assets increased by \$9 million while the amounts available for debt service, street and road construction and community development increased by \$4 million. Additionally, the amount accumulated during the year for normal activities, unrestricted net position, increased by \$6 million.

The following lists key components of this increase:

City of Clovis' Changes in Net Position

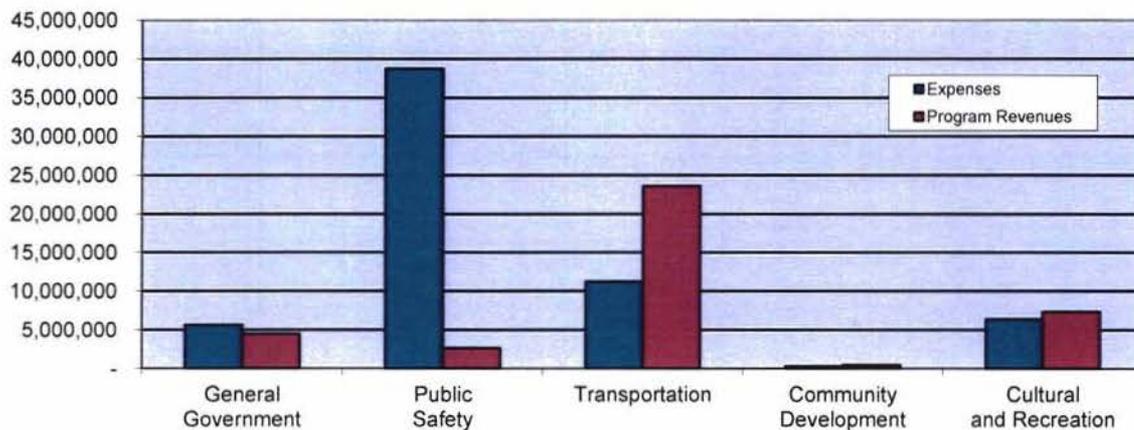
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 22,741,921	\$ 17,876,088	\$ 64,053,622	\$ 66,498,290	\$ 86,795,543	\$ 84,374,378
Operating grants and contributions	526,661	1,099,687	2,878,783	3,051,654	3,405,444	4,151,341
Capital grants and contributions	15,291,962	15,859,407	3,535,151	4,639,052	18,827,113	20,498,459
General revenues:						
Property taxes	19,159,555	17,961,307			19,159,555	17,961,307
Sales taxes	16,923,073	15,048,688			16,923,073	15,048,688
Business Lic/Franchise	4,664,123	4,385,760			4,664,123	4,385,760
Other taxes	2,096,922	1,934,715			2,096,922	1,934,715
Grants and contributions not restricted to specific programs	131,193	175,512			131,193	175,512
Unrestricted investment earnings	137,655	61,397	224,001	161,421	361,656	222,818
Total revenues	81,673,065	74,402,561	70,691,557	74,350,417	152,364,622	148,752,978
Expenses:						
General government	5,642,291	5,947,891			5,642,291	5,947,891
Public safety	38,736,046	37,105,782			38,736,046	37,105,782
Transportation	11,250,887	11,159,895			11,250,887	11,159,895
Community development	309,524	930,156			309,524	930,156
Cultural and recreation	6,370,190	5,790,311			6,370,190	5,790,311
Community Sanitation			14,856,628	14,057,173	14,856,628	14,057,173
Sewer			19,883,189	17,554,421	19,883,189	17,554,421
Water			13,625,951	14,587,329	13,625,951	14,587,329
Transit			4,946,217	4,749,288	4,946,217	4,749,288
Planning & Development Services			7,226,265	6,826,067	7,226,265	6,826,067
Total expenses	62,308,938	60,934,035	60,538,250	57,774,278	122,847,188	118,708,313
Increase in net position before transfers	19,364,127	13,468,526	10,153,307	16,576,139	29,517,434	30,044,665
Transfers	(437,085)	(720,000)	437,085	720,000	0	0
Increase in net position	18,927,042	12,748,526	10,590,392	17,296,139	29,517,434	30,044,665
Net position - beginning	517,609,321	504,860,795	186,501,152	169,205,013	704,110,473	674,065,808
Net position - ending	\$536,536,363	\$517,609,321	\$197,091,544	\$186,501,152	\$733,627,907	\$704,110,473

Total governmental revenues for the year were \$82 million, which is \$7 million or 10% more than in 2013. The majority of this increase, \$5 million, is attributable to charges for services and represents increases in funding for streets and roads. Taxes, including property, sales, business license/franchise, and other taxes, account for \$43 million or 52% of the City's governmental activities revenue and increased \$4 million or 9% from 2013. Property taxes increased by \$1 million due to higher property values and the shift of former redevelopment tax increment to the City. Sales taxes increased \$2 million mainly due to increased automobile sales and with the opening of a major shopping center there was a boost in general retail sales. Other taxes increased due to an increase in franchise fees collected.

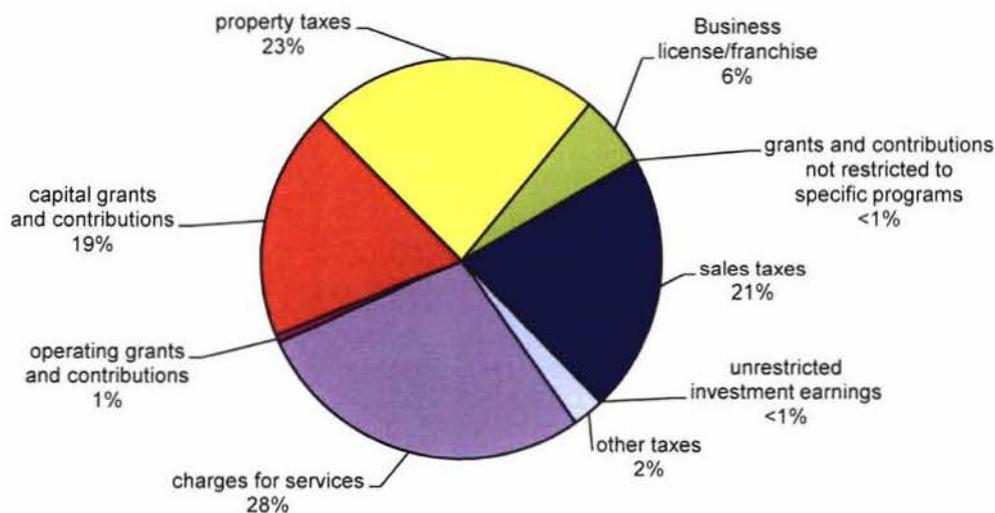
Total governmental expenses for the year were \$62 million, an increase of \$1 million or 2% from 2013. Public Safety, which includes police and fire, accounts for \$39 million or 62% of the total governmental activities expenses. Public Safety expenses increased

\$2 million or 4% primarily due to increases in salary and benefit costs and the increased costs of services, materials and supplies. Community development expenses were less than \$1 million or less than 1% and decreased \$1 million or 67% from 2013 as a result of reduced funding. General government expenses were \$6 million or 9% and decreased only slightly from 2013 mainly as a result of savings in contracts and attorney costs. Transportation expenses were \$11 million or 18% and stayed the same as 2013. Cultural and Recreation expenses were \$6 million or 10% and increased \$1 million over 2013 mostly due to increased cost and services to City parks and landscape.

Expenses and Program Revenues-Governmental Activities



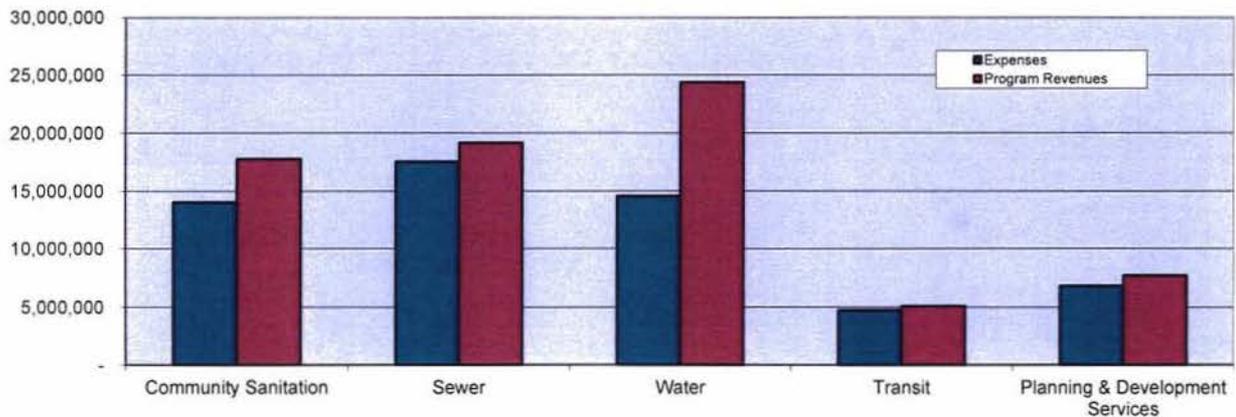
Revenues by Source-Governmental Activities



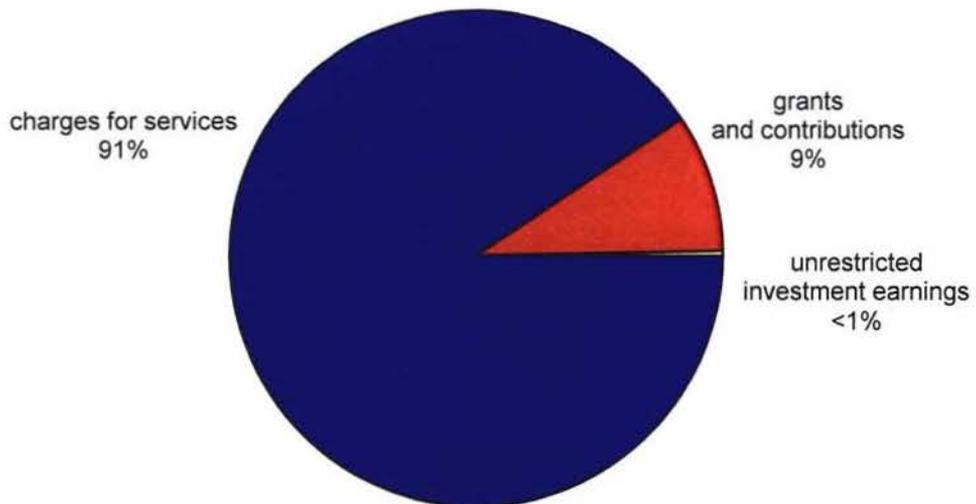
Program revenues that include charges for services and grants specific to certain programs account for \$39 million or 47% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of “general” revenues such as taxes, interest, and grants and contributions.

Business-type Activities. Business-type activities account for \$197 million or 27% of the total Government-wide net position. This is an increase of \$10 million or 16% from June 30, 2013. The component, "Net Investment in Capital Assets" accounts for \$133 million or 67% of the total net position and is an increase of \$3 million from 2013. The amount restricted represents \$3 million or 6% of the total net position and is \$2 million less than 2013. The amount of net position that is unrestricted, \$61 million or 31%, increased \$10 million from 2013. Charges for current services were \$64 million or 91% percent of the total business-type activity revenue and decreased \$2 million from 2013 as a result of conservation of water yielding less revenue, and a rate reduction in community sanitation. Grants and contributions of \$6 million represent \$3 million in contributions of sewer and water mains from developers and \$3 million in state transit assistance.

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. 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. Fund balance is 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 \$38 million, which is almost the same as the previous year. Of the total fund balance, \$2 million or 4% 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 is either in a form not able to be spent or has already been restricted, assigned or committed for the following: (in millions)

Assets held for resale	\$2.4
Long-term Receivables	5.3
Capital Projects	6.3
Community Development	1.4
Debt service	0.4
Landscape Maintenance	2.1
Parking and Business Improvement	<0.1
Law Enforcement	<0.1
Services materials and supplies	0.6
Capital Outlay	8.9
Emergencies	8.8

The general fund is the chief operating fund of the City. As of June 30, 2014, the *total* fund balance (including all categories) of the general fund was \$14.1 million, up \$1.8 million from June 30, 2013. The total fund balance of \$14.1 million includes nonspendable balances of \$0.9 million, restricted balances of \$2.2 million, assigned balances of \$9.4 million and an unassigned balance of \$1.6 million.

The general fund *restricted* balances of \$2.2 million decreased by \$0.2 million from 2013 due to a reduction in the amount for the landscape maintenance. The *assigned* balance for unforeseen expenditures increased by \$1.4 million; from \$7.4 million to \$8.8 million; or 15% of the 2014/15 budgeted expenditures in order to reach the 10%-15% minimum level established by Council policy. The *unassigned* fund balance increased \$0.5 million when compared to June 30, 2013. The \$1.6 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 and is the amount projected at the time the 2014/15 budget was prepared.

Revenues exceeded expenditures by \$3.2 million excluding landscape maintenance where expenditures exceeded revenues by \$0.2 million. Some general fund revenues came in higher than budgeted; they were "Property Taxes," \$1 million; "Business Licenses and Franchise Fees," \$0.3 million; "Other taxes," \$0.1 million and "From other Agencies," \$0.2 million. Other general fund revenues came in under budgeted amounts, they were "Sales Taxes," \$0.2 million; "Licenses and Permits," \$0.1 million and "Fines and Forfeitures," \$0.1 million. The increase in property tax was attributed to the shift of former redevelopment tax increment to the City and the settlement of a prior property tax administration fee case. The greater than expected business license revenue was mostly due to an increase in the number of businesses obtaining licenses. The increase in "Other taxes" is from improved transient occupancy tax as hotels improved their occupancy rates. The better than expected increase in "From Other Agencies" represents some grant funding for public safety operations. The shortfall in sales taxes represents the retail sales sector underperforming and the shortfall in licenses and permits is due to the one card room being slightly underestimated.

Several departments experienced expenditure savings including "Attorney, \$0.2 million" "Manager," \$0.2 million, "General Services," \$0.2 million, "Finance," \$0.5 million, "Police," \$0.4 million, "Fire," \$0.1 million, and "Public Utilities," \$0.1 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, are included in the "Assigned for Services, Materials and Supplies" or the "Assigned for Capital" amount and 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 several large projects awarded towards the end of the fiscal year and limited staff resources. The ending fund balance of \$10.6 million is \$2.8 million more than June 30, 2013.

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 position with the exception of the Employee Benefits Fund. The Employee Benefits Fund ended the year with a deficit unrestricted net position balance of \$6.1 million. This deficit balance is attributable to the liability of workers' compensation program claims. The current liability

for workers' compensation claims is \$10.8 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 Change 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:

\$ 3,000	Transfer to City Council from City Manager – resulting from increased health insurance costs
\$ 20,000	General Services to make available donation funds
\$ 673,000	Police Department-Variou s grant expenditures offset by additional grant revenues
\$ 19,000	Fire Department-additional costs for equipment offset by grants
\$ 31,000	Public Utilities for grant related expenditures

The budget variances were the result of additional grants awarded during the year to the Police Department and Fire Department and for health costs in the City Council.

Capital Assets and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$801 million (net of depreciation/amortization) an increase of \$8 million over 2013. 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	\$ 15 million
Buildings and improvements (corp yd, parks, & animal shelter)	3 million
Sewer system improvements	1 million
Water system improvements	3 million
Equipment purchases (safety vehicles)	3 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 pages 57-58.

CITY OF CLOVIS'
Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 210,062,989	\$ 207,413,339	\$ 36,124,392	\$ 36,124,392	\$ 246,187,381	\$ 243,537,731
Buildings and improvements	88,899,974	88,890,182	217,322,541	218,622,481	306,222,515	307,512,663
Machinery and equipment	11,350,178	11,072,407	2,073,523	2,675,999	13,423,701	13,748,406
Road network	206,044,633	198,523,939			206,044,633	198,523,939
Intangibles			29,022,981	29,217,153	29,022,981	29,217,153
Total	\$ 516,357,774	\$ 505,899,867	\$ 284,543,437	\$ 286,640,025	\$ 800,901,211	\$ 792,539,892

Long-term Debt. The City's long-term debt as of June 30, 2014, was \$175 million with governmental activities accounting for \$28 million or 16% and business-type activities accounting for \$147 million or 84%.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Capital leases	\$ 26,255,249	\$ 11,770,456			\$ 26,255,249	\$ 11,770,456
Loans payable	1,970,573	2,198,243			1,970,573	2,198,243
Revenue bonds		13,786,231	\$ 141,888,294	\$ 146,013,411	141,888,294	159,799,642
Contracts payable			9,783,356	10,503,597	9,783,356	10,503,597
Total	\$ 28,225,822	\$ 27,754,930	\$ 151,671,650	\$ 156,517,008	\$ 179,897,472	\$ 184,271,938

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 statues limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Clovis' debt limit is \$1.2 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 2014/15 fiscal year, the City was able to increase general fund expenditures by \$2.6 million compared to the estimated 2013/14 expenditures. This increase is due to vacancies being filled, 5 additional positions, a 3% salary increase, debt service on safety equipment as well as increased costs for services materials and supplies.

Economic forecasts for the Central Valley and Fresno County indicate continued economic recovery when compared to the rest of California and the nation. The good news is the local economy is improving. Taxable sales are projected to increase by nearly 7% compared to the previous year due to improved automobile sales and overall improvement in retail sales. The City of Clovis' population exceeds 100,000 and is expected to continue growing.

Residential building activity saw growth in 2014 and modest growth is projected throughout 2015. 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. The City has seen increased interest from new businesses wanting to locate in Clovis and several major economic development projects are underway. The Clovis Community Medical Center continues to grow and expand. The Clovis Community Medical Center is emerging as a top employer in the City of Clovis.

Total city-wide expenditures, excluding capital expenditures, were projected to increase approximately 5.9% due to filling vacancies, adding sixteen new positions, and the rising costs of services, materials and supplies.

The slow but steady economic recovery offers opportunities to adjust and prepare for the changes occurring in the business environment. The City completed 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, 2014 the General Fund has an assigned fund balance of \$8.8 million or 15.5% of budgeted expenditures set aside for unforeseen emergencies.

The Community Sanitation Fund has an approved rate increase of 4%; however, the Council determined that only the recycling and greenwaste programs needed this increase and therefore implemented the increase for these two programs and not the refuse collection and disposal program. The refuse collection and disposal program was able to decrease its rates by 5% again for the 2014-15 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.

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**City of Clovis
Statement of Net Position
June 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and investments	\$61,812,432	\$65,816,550	\$127,628,982
Receivables	7,212,083	8,115,292	15,327,375
Internal balances	(656,978)	656,978	0
Due from other governments	11,092,884	654,577	11,747,461
Inventories	613,000		613,000
Assets held for resale	2,354,160		2,354,160
Restricted assets:			
Cash and investments	1,404,807	3,364,601	4,769,408
Capital assets, not being depreciated			
Land	210,062,989	36,124,392	246,187,381
Capital assets (net of accumulated depreciation):			
Buildings and improvements	88,899,974	217,322,541	306,222,515
Machinery and equipment	11,350,178	2,073,523	13,423,701
Road network	206,044,633		206,044,633
Intangible assets (net of accumulated amortization)		29,022,981	29,022,981
Total assets	<u>600,190,162</u>	<u>363,151,435</u>	<u>963,341,597</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding, net	<u>0</u>	<u>289,079</u>	<u>289,079</u>
LIABILITIES			
Accounts payable	5,197,407	5,483,076	10,680,483
Unearned revenue	2,092,401	2,349,427	4,441,828
Noncurrent liabilities:			
Due within one year	6,330,115	7,718,414	14,048,529
Due in more than one year	50,033,876	150,284,411	200,318,287
Total liabilities	<u>63,653,799</u>	<u>165,835,328</u>	<u>229,489,127</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on bond refunding	<u>0</u>	<u>513,642</u>	<u>513,642</u>
NET POSITION			
Net investment in capital assets	490,722,382	132,871,889	623,594,271
Restricted for:			
Debt service	969,574	3,364,601	4,334,175
Streets and roads	15,205,176		15,205,176
Community development	8,091,555		8,091,555
Unrestricted	21,547,676	60,855,054	82,402,730
Total net position	<u>\$536,536,363</u>	<u>\$197,091,544</u>	<u>\$733,627,907</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, 2014**

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$5,642,291	\$4,378,064	\$0	\$109,299	(\$1,154,928)		(\$1,154,928)
Public safety	38,736,046	2,194,792	388,855	73,915	(36,078,484)		(36,078,484)
Transportation	11,250,887	9,915,790		13,663,301	12,328,204		12,328,204
Community development	309,524	352,164	123,518	15,659	181,817		181,817
Cultural and recreation	6,370,190	5,901,111	14,288	1,429,788	974,997		974,997
Total governmental activities	<u>62,308,938</u>	<u>22,741,921</u>	<u>526,661</u>	<u>15,291,962</u>	<u>(23,748,394)</u>	<u>0</u>	<u>(23,748,394)</u>
Business-type activities:							
Community sanitation	14,856,628	17,240,009				\$2,383,381	2,383,381
Sewer	19,883,189	18,130,377		720,055		(1,032,757)	(1,032,757)
Water	13,625,951	18,580,005		2,640,778		7,594,832	7,594,832
Transit	4,946,217	1,473,355	2,699,925	174,318		(598,619)	(598,619)
Planning & Development Services	7,226,265	8,629,876	178,858			1,582,469	1,582,469
Total business-type activities	<u>60,538,250</u>	<u>64,053,622</u>	<u>2,878,783</u>	<u>3,535,151</u>	<u>0</u>	<u>9,929,306</u>	<u>9,929,306</u>
Total primary government	<u>\$122,847,188</u>	<u>\$86,795,543</u>	<u>\$3,405,444</u>	<u>\$18,827,113</u>	<u>(23,748,394)</u>	<u>9,929,306</u>	<u>(13,819,088)</u>
General revenues:							
Property taxes					19,159,555		19,159,555
Sales taxes					16,923,073		16,923,073
Business License/Franchise Fees					4,664,123		4,664,123
Other taxes					2,096,922		2,096,922
Grants and contributions not restricted to specific programs					131,193		131,193
Unrestricted investment earnings					137,655	224,001	361,656
Transfers					(437,085)	437,085	0
Total general revenues and transfers					<u>42,675,436</u>	<u>661,086</u>	<u>43,336,522</u>
Changes in net position					<u>18,927,042</u>	<u>10,590,392</u>	<u>29,517,434</u>
Net position-beginning					<u>517,609,321</u>	<u>186,501,152</u>	<u>704,110,473</u>
Net position-ending					<u>\$536,536,363</u>	<u>\$197,091,544</u>	<u>\$733,627,907</u>

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

**City of Clovis
Balance Sheet
Governmental Funds
June 30, 2014**

	<u>Major Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Local Transportation</u>		
ASSETS				
Cash and investments	\$10,489,787	\$21,242,023	\$5,059,962	\$36,791,772
Cash with agents-restricted		77,586	762,662	840,248
Receivables	1,638,295	135,365	4,987,601	6,761,261
Due from other governments	4,090,549	5,904,953	1,082,709	11,078,211
Assets held for resale			2,354,160	2,354,160
Total assets	<u>\$16,218,631</u>	<u>\$27,359,927</u>	<u>\$14,247,094</u>	<u>\$57,825,652</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$858,742	\$2,235,968	\$711,155	\$3,805,865
Deposits and other liabilities	166,771	13,532,698	354,200	14,053,669
Unearned revenue	1,087,000	1,005,401		2,092,401
Total liabilities	<u>2,112,513</u>	<u>16,774,067</u>	<u>1,065,355</u>	<u>19,951,935</u>
Fund balances:				
Nonspendable:				
Assets held for resale			2,354,160	2,354,160
Long-term receivables	855,000		4,407,901	5,262,901
Restricted for:				
Capital projects		3,162,274	3,153,316	6,315,590
Community development			1,395,347	1,395,347
Debt service			405,015	405,015
Landscape maintenance	2,127,514			2,127,514
Parking and business improvement	60,344			60,344
Law enforcement	458			458
Assigned for:				
Services, materials and supplies	626,000			626,000
Capital		7,423,586	1,466,000	8,889,586
Emergencies	8,825,000			8,825,000
Unassigned, reported in:				
General fund	1,611,802			1,611,802
Total fund balances	<u>14,106,118</u>	<u>10,585,860</u>	<u>13,181,739</u>	<u>37,873,717</u>
Total liabilities and fund balances	<u>\$16,218,631</u>	<u>\$27,359,927</u>	<u>\$14,247,094</u>	

Reconciliation of the Governmental Fund Balances to the Governmental Activities Net Position

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. (Net of \$82,943,422 of internal service fund capital assets)	433,414,352
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 position. (Net of \$656,978 allocated to business-type activities)	67,429,294
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,181,000)
Net Position of Governmental Activities	<u>\$536,536,363</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, 2014

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Local Transportation</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
REVENUES				
Property taxes	\$19,159,555			\$19,159,555
Sales taxes	16,916,615			16,916,615
Business license/Franchise fee	4,664,123			4,664,123
Other taxes	2,096,922			2,096,922
Licenses and permits	593,886			593,886
Fines and forfeitures	148,495			148,495
Use of money and property	43,058	\$48,605	\$31,062	122,725
From other agencies	2,869,349	14,470,628	1,716,158	19,056,135
Charges for current services	4,032,930	207,692	2,705,095	6,945,717
Other revenues	5,153,525	22,835	192,416	5,368,776
Total revenue	<u>55,678,458</u>	<u>14,749,760</u>	<u>4,644,731</u>	<u>75,072,949</u>
EXPENDITURES				
Current:				
General government	5,546,340			5,546,340
Public safety	38,498,881			38,498,881
Transportation	3,430,068			3,430,068
Community development			302,091	302,091
Cultural and recreation	5,235,028			5,235,028
Capital outlays		11,972,067	2,538,226	14,510,293
Total expenditures	<u>52,710,317</u>	<u>11,972,067</u>	<u>2,840,317</u>	<u>67,522,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,968,141</u>	<u>2,777,693</u>	<u>1,804,414</u>	<u>7,550,248</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			18,995	18,995
Transfers out	(1,118,995)		(137,085)	(1,256,080)
Total other financing sources (uses)	<u>(1,118,995)</u>	<u>0</u>	<u>(118,090)</u>	<u>(1,237,085)</u>
Net changes in fund balances	<u>1,849,146</u>	<u>2,777,693</u>	<u>1,686,324</u>	<u>6,313,163</u>
Fund balances-beginning	12,256,972	7,808,167	11,495,415	31,560,554
Fund balances-ending	<u>\$14,106,118</u>	<u>\$10,585,860</u>	<u>\$13,181,739</u>	<u>\$37,873,717</u>

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, 2014**

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)	\$6,313,163
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.	5,287,954
The net effect of donations and miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net position.	6,227,469
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.	(37,000)
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 \$387,986 allocated to business-type activities.	1,135,456
<hr/>	<hr/>
Change in net position of governmental activities (page 31)	<u><u>\$18,927,042</u></u>

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

City of Clovis
Statement of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$18,164,000	\$18,164,000	\$19,159,555	\$995,555
Sales taxes	17,085,000	17,085,000	16,916,615	(168,385)
Business license/Franchise fee	4,375,000	4,375,000	4,664,123	289,123
Other taxes	2,021,000	2,021,000	2,096,922	75,922
Licenses and permits	697,000	697,000	593,886	(103,114)
Fines and forfeitures	192,000	192,000	148,495	(43,505)
Use of money and property	54,000	54,000	43,058	(10,942)
From other agencies	2,229,000	2,673,733	2,869,349	195,616
Charges for current services	3,940,000	3,966,000	4,032,930	66,930
Other revenues	4,927,000	5,184,000	5,153,525	(30,475)
Total revenues	53,684,000	54,411,733	55,678,458	1,266,725
EXPENDITURES				
Council	273,000	276,000	275,047	953
Clerk	219,200	219,200	207,258	11,942
Attorney	889,000	889,000	713,473	175,527
Manager	1,698,938	1,695,938	1,447,969	247,969
General services	1,500,300	1,520,300	1,353,460	166,840
Finance/Treasurer	2,900,108	2,900,108	2,403,114	496,994
Police	25,675,346	26,348,079	25,921,848	426,231
Fire	12,643,879	12,662,879	12,577,032	85,847
Public utilities	7,925,708	7,956,708	7,811,116	145,592
Total expenditures	53,725,479	54,468,212	52,710,317	1,757,895
Excess (deficiency) of revenues over expenditures	(41,479)	(56,479)	2,968,141	3,024,620
OTHER FINANCING SOURCES (USES)				
Transfers Out	(800,000)	(1,118,995)	(1,118,995)	
Total other financing sources (uses)	(800,000)	(1,118,995)	(1,118,995)	0
Net change in fund balance	(841,479)	(1,175,474)	1,849,146	3,024,620
Fund balance-beginning	12,256,972	12,256,972	12,256,972	
Fund balance-ending	\$11,415,493	\$11,081,498	\$14,106,118	\$3,024,620

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

City of Clovis
Statement of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
Local Transportation Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$13,000	\$13,000	\$48,605	\$35,605
From other agencies	11,763,000	11,763,000	14,470,628	2,707,628
Charges for services	475,000	475,000	207,692	(267,308)
Other revenues	0	0	22,835	22,835
Total revenues	12,251,000	12,251,000	14,749,760	2,498,760
EXPENDITURES				
Capital Outlay	15,544,562	22,159,562	11,972,067	10,187,495
Total expenditures	15,544,562	22,159,562	11,972,067	10,187,495
Excess (deficiency) of revenues over expenditures	(3,293,562)	(9,908,562)	2,777,693	12,686,255
Fund balance-beginning	7,808,167	7,808,167	7,808,167	
Fund balance-ending	\$4,514,605	(\$2,100,395)	\$10,585,860	\$12,686,255

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

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**City of Clovis
Statement of Net Position
Proprietary Funds
June 30, 2014**

	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit	Planning & Development Services		
ASSETS							
Current assets:							
Cash and investments	\$11,737,522	\$22,601,221	\$24,413,029	\$2,010,057	\$5,054,721	\$65,816,550	\$25,020,660
Receivables	2,936,269	2,277,666	2,869,366	7,444	24,547	8,115,292	450,822
Due from other governments			181,060	290,476	183,041	654,577	14,673
Inventories						0	613,000
Total current assets	<u>14,673,791</u>	<u>24,878,887</u>	<u>27,463,455</u>	<u>2,307,977</u>	<u>5,262,309</u>	<u>74,586,419</u>	<u>26,099,155</u>
Noncurrent assets:							
Restricted cash and investments:							
Cash with fiscal agent-bond accounts	897,511	2,467,077	13			3,364,601	564,559
Total restricted assets	<u>897,511</u>	<u>2,467,077</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>3,364,601</u>	<u>564,559</u>
Capital assets:							
Land	18,063,844	4,287,312	13,773,236			36,124,392	9,081,737
Buildings and improvements	6,193,688	155,851,151	111,014,420			273,059,259	85,164,780
Machinery and equipment	1,572,222	404,396	1,146,285	3,845,403	91,362	7,059,668	34,045,658
Less accumulated depreciation	(1,837,273)	(30,312,672)	(26,067,580)	(2,482,498)	(22,840)	(60,722,863)	(45,348,753)
Total capital assets (net of accumulated depreciation)	<u>23,992,481</u>	<u>130,230,187</u>	<u>99,866,361</u>	<u>1,362,905</u>	<u>68,522</u>	<u>255,520,456</u>	<u>82,943,422</u>
Intangible assets		36,557,017	7,618,786			44,175,803	
Less accumulated amortization		(13,969,773)	(1,183,049)			(15,152,822)	
Total intangible assets (net of accumulated amortization)	<u>0</u>	<u>22,587,244</u>	<u>6,435,737</u>	<u>0</u>	<u>0</u>	<u>29,022,981</u>	<u>0</u>
Total noncurrent assets	<u>24,889,992</u>	<u>155,284,508</u>	<u>106,302,111</u>	<u>1,362,905</u>	<u>68,522</u>	<u>287,908,038</u>	<u>83,507,981</u>
Total assets	<u>39,563,783</u>	<u>180,163,395</u>	<u>133,765,566</u>	<u>3,670,882</u>	<u>5,330,831</u>	<u>362,494,457</u>	<u>109,607,136</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred loss on bond refunding, net			289,079			289,079	

	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit	Planning & Development Services		
LIABILITIES							
Current liabilities:							
Accounts payable	883,518	2,836,071	1,489,373	38,427	235,687	5,483,076	1,391,542
Claims and judgments payable						0	2,548,000
Accrued compensated absences	57,800	23,500	43,600	33,400	95,600	253,900	894,300
Deposits and other liabilities			1,641,025		933,643	2,574,668	71,901
Unearned revenue		148,000		2,056,487	144,940	2,349,427	
Capital leases-current						0	2,599,427
Loans payable-current						0	236,161
Revenue bonds-current	625,000	1,870,000	1,630,000			4,125,000	
Contracts payable-current		764,846				764,846	
Total current liabilities	<u>1,566,318</u>	<u>5,642,417</u>	<u>4,803,998</u>	<u>2,128,314</u>	<u>1,409,870</u>	<u>15,550,917</u>	<u>7,741,331</u>
Noncurrent liabilities:							
Claims and judgments payable							8,262,000
Accrued compensated absences	149,280	60,815	112,476	86,070	246,726	655,367	127,299
Capital leases						0	23,655,822
Loans payable						0	1,734,412
Revenue bonds (net of discount/premium)	2,774,007	103,989,148	31,000,138			137,763,293	
Contracts payable		9,018,511				9,018,511	
Landfill closure	2,847,240					2,847,240	
Total noncurrent liabilities	<u>5,770,527</u>	<u>113,068,474</u>	<u>31,112,614</u>	<u>86,070</u>	<u>246,726</u>	<u>150,284,411</u>	<u>33,779,533</u>
Total liabilities	<u>7,336,845</u>	<u>118,710,891</u>	<u>35,916,612</u>	<u>2,214,384</u>	<u>1,656,596</u>	<u>165,835,328</u>	<u>41,520,864</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred gain on bond refunding, net		513,642				513,642	
NET POSITION							
Net investment in capital assets	20,593,474	37,175,028	73,671,960	1,362,905	68,522	132,871,889	59,250,446
Restricted for debt service	897,511	2,467,077	13			3,364,601	564,559
Unrestricted	10,735,953	21,296,757	24,466,060	93,593	3,605,713	60,198,076	8,271,267
Total net position	<u>\$32,226,938</u>	<u>\$60,938,862</u>	<u>\$98,138,033</u>	<u>\$1,456,498</u>	<u>\$3,674,235</u>	<u>196,434,566</u>	<u>\$68,086,272</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						656,978	
Net position of business-type activities						<u>\$197,091,544</u>	

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 Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit	Planning & Development Services		
Operating revenues:							
Charges for services	\$17,206,195	\$18,129,220	\$18,163,629	\$219,589	\$8,622,276	\$62,340,909	\$35,857,236
From other agencies			1,404,272	1,428,084	186,358	3,018,714	252,008
Other revenues	33,814	1,157	372,140		100	407,211	569,257
Total operating revenues	<u>17,240,009</u>	<u>18,130,377</u>	<u>19,940,041</u>	<u>1,647,673</u>	<u>8,808,734</u>	<u>65,766,834</u>	<u>36,678,501</u>
Operating expenses:							
Salaries and benefits	4,088,999	972,812	3,056,671	2,421,604	4,708,923	15,249,009	3,555,738
Services, materials and supplies	8,408,250	5,420,889	5,506,150	1,464,936	1,239,233	22,039,458	25,964,589
Administration	2,193,900	1,966,800	2,167,489	647,500	1,247,900	8,223,589	1,143,624
Depreciation/amortization	202,630	4,567,195	2,445,806	490,717	15,227	7,721,575	4,280,356
Total operating expenses	<u>14,893,779</u>	<u>12,927,696</u>	<u>13,176,116</u>	<u>5,024,757</u>	<u>7,211,283</u>	<u>53,233,631</u>	<u>34,944,307</u>
Operating income (loss)	<u>2,346,230</u>	<u>5,202,681</u>	<u>6,763,925</u>	<u>(3,377,084)</u>	<u>1,597,451</u>	<u>12,533,203</u>	<u>1,734,194</u>
Nonoperating revenues (expenses):							
Interest income	70,137	89,204	56,923		7,737	224,001	44,536
Interest expense	(268,789)	(6,960,840)	(452,394)			(7,682,023)	(1,595,457)
Sales tax override						0	6,458
State transit assistance				2,699,925		2,699,925	0
Gain (loss) on sale of capital assets	(1,062)		(9,518)			(10,580)	507,183
Total nonoperating revenue (expense)	<u>(199,714)</u>	<u>(6,871,636)</u>	<u>(404,989)</u>	<u>2,699,925</u>	<u>7,737</u>	<u>(4,768,677)</u>	<u>(1,037,280)</u>
Income before contributions and transfers	2,146,516	(1,668,955)	6,358,936	(677,159)	1,605,188	7,764,526	696,914
Capital contributions-development fees		720,055	1,280,740			2,000,795	26,528
Transfers in	137,085				300,000	437,085	800,000
Changes in net position	<u>2,283,601</u>	<u>(948,900)</u>	<u>7,639,676</u>	<u>(677,159)</u>	<u>1,905,188</u>	<u>10,202,406</u>	<u>1,523,442</u>
Total net position-beginning	29,943,337	61,887,762	90,498,357	2,133,657	1,769,047		66,562,830
Total net position-ending	<u>\$32,226,938</u>	<u>\$60,938,862</u>	<u>\$98,138,033</u>	<u>\$1,456,498</u>	<u>\$3,674,235</u>		<u>\$68,086,272</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						387,986	
Change in net position of business-type activities (page 31)						<u>\$10,590,392</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, 2014**

	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit	Planning & Development Services		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$17,867,582	\$18,323,166	\$21,499,509	\$232,638	\$9,095,999	\$67,018,894	\$35,949,506
Payments to suppliers	(10,240,163)	(7,109,406)	(7,888,779)	(2,087,059)	(2,284,564)	(29,609,971)	(27,288,838)
Payments to employees	(4,072,846)	(964,862)	(3,041,158)	(2,401,366)	(4,681,092)	(15,161,324)	(3,422,177)
Other operating revenues	33,814	1,157	372,140	1,428,084	55,718	1,890,913	805,903
Net cash provided/(used) by operating activities	<u>3,588,387</u>	<u>10,250,055</u>	<u>10,941,712</u>	<u>(2,827,703)</u>	<u>2,186,061</u>	<u>24,138,512</u>	<u>6,044,394</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Receipts from Sales Tax Override							6,458
Transfers-in from other funds	137,085				300,000	437,085	800,000
Transportation funding-State				2,610,194		2,610,194	
Net cash provided/(used) by noncapital financing activities	<u>137,085</u>	<u>0</u>	<u>0</u>	<u>2,610,194</u>	<u>300,000</u>	<u>3,047,279</u>	<u>806,458</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets		(832,247)	(2,750,560)	(60,079)		(3,642,886)	(3,668,638)
Principal paid on loans, bonds, and capital leases	(432,198)	(15,810,239)	(35,350,000)			(51,592,437)	(14,710,856)
Interest paid on loans, bonds and capital leases	(350,190)	(5,190,435)	(741,473)			(6,282,098)	(1,291,827)
Proceeds from capital leases		12,500,000	33,071,717			45,571,717	14,908,528
Proceeds from sale of capital assets			8,114			8,114	992,170
Proceeds from donation for capital project							
Net cash provided/(used) by capital and related financing activities	<u>(782,388)</u>	<u>(9,332,921)</u>	<u>(5,762,202)</u>	<u>(60,079)</u>	<u>0</u>	<u>(15,937,590)</u>	<u>(3,770,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends on investments	70,137	89,204	56,923		7,737	224,001	44,536
Net cash provided by investing activities	<u>70,137</u>	<u>89,204</u>	<u>56,923</u>	<u>0</u>	<u>7,737</u>	<u>224,001</u>	<u>44,536</u>
Net increase/(decrease) in cash and cash equivalents	3,013,221	1,006,338	5,236,433	(277,588)	2,493,798	11,472,202	3,124,765
Cash and cash equivalents-beginning of year	9,621,812	24,061,960	19,176,609	2,287,645	2,560,923	57,708,949	22,460,454
Cash and cash equivalents-end of year	<u>\$12,635,033</u>	<u>\$25,068,298</u>	<u>\$24,413,042</u>	<u>\$2,010,057</u>	<u>\$5,054,721</u>	<u>\$69,181,151</u>	<u>\$25,585,219</u>

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

Operating income/(loss)	<u>\$2,346,230</u>	<u>\$5,202,681</u>	<u>\$6,763,925</u>	<u>(\$3,377,084)</u>	<u>\$1,597,451</u>	<u>\$12,533,203</u>	<u>\$1,734,194</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation/amortization expense	202,630	4,567,195	2,445,806	490,717	15,227	7,721,575	4,280,356
Landfill closure expense	201,600					201,600	
(Increase)/decrease in accounts receivable	661,387	223,546	1,811,442	13,049	2,621	2,712,045	83,446
(Increase)/decrease in due from other governments							(6,538)
(Increase)/decrease in inventories							(62,000)
(Increase)/decrease in prepaid items							
Increase/(decrease) in accounts payable	160,387	278,283	(215,140)	25,377	202,569	451,476	(314,625)
Increase/(decrease) in accrued compensated absences	16,153	7,950	15,513	20,238	27,831	87,685	133,561
Increase/(decrease) in unearned revenue		(29,600)			55,618	26,018	
Increase/(decrease) in claims and judgments payable							196,000
Increase/(decrease) in deposits			120,166		284,744	404,910	
Total adjustments	<u>1,242,157</u>	<u>5,047,374</u>	<u>4,177,787</u>	<u>549,381</u>	<u>588,610</u>	<u>11,605,309</u>	<u>4,310,200</u>
Net cash provided/(used) by operating activities	<u>\$3,588,387</u>	<u>\$10,250,055</u>	<u>\$10,941,712</u>	<u>(\$2,827,703)</u>	<u>\$2,186,061</u>	<u>\$24,138,512</u>	<u>\$6,044,394</u>

Noncash investing, capital, and financing activities:

- During the year the Sewer Disposal Fund, an enterprise fund, received \$720,055 in donated assets.
During the year the Water Fund, an enterprise fund, received \$1,280,740 in donated assets.
During the year the Fleet Maintenance Fund, an internal service fund, received \$26,528 in donated assets.

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

**City of Clovis
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014**

	Redevelopment Successor Agency Private- purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$1,603,234	\$2,699,471
Cash with agent-restricted	7,654,529	486,408
Receivables	1,656,752	5,225
Prepaid items	232,025	
Assets held for resale	679,542	
Capital Assets (net of accumulated depreciation)	7,353,969	
Total assets	<u>\$19,180,051</u>	<u>\$3,191,104</u>
 LIABILITIES		
Accrued payroll		\$2,016,394
Accounts payable	\$302,871	
Agency funds payable		1,174,710
Notes Payable	825,000	
Tax Allocation Bonds Payable	16,053,555	
Total liabilities	<u>17,181,426</u>	<u>\$3,191,104</u>
 NET POSITION		
Held in trust for Redevelopment Successor Agency Fund	<u>\$1,998,625</u>	

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

City of Clovis
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

	Redevelopment Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property Taxes	\$1,508,794
From other agencies	58,006
Interest	21,200
Total additions	1,588,000
DEDUCTIONS	
Capital outlays	334,099
Bond payments:	
Interest and other fiscal charges	1,128,674
Total deductions	1,462,773
Change in net position	125,227
Net position-Beginning	1,873,398
Net position-Ending	\$1,998,625

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

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 component units, although legally separate entities, are, in substance, part of the government's operations.

1. Blended component units

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 position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component 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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the statement of net position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources – This amount represents outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources – This amount represents inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

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 and private-

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

purpose 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 requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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. 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 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.

The planning and development services fund accounts for the activities of the City's engineering 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-purpose trust funds are used to account for the assets of the former Clovis Community Development Agency during the wind down period.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

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 non-operating 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 non-operating 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 position 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.

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 U.S. 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 Revenue Bonds, 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, 2014

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, 2014, determined by prorating the July 2014 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 position.

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 position, 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 position.

4. Inventories

Inventories, consisting of fuel and vehicle parts, are valued at either the lower of cost or 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 City for the purpose of improving and reselling them to qualified moderate or low income individuals. 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 \$22,587,244 is reported in the City's Sewer Disposal Enterprise Fund. The City purchased water entitlement rights from the Fresno Irrigation District for surface water. The total amount of \$6,435,737 is reported in the City's Water Enterprise 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 \$6,331,765 of developer donated assets.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

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. As the life of the rights have a life of 40 years.

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 position 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 position. Bond premiums and discounts 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 expensed when incurred.

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. "Committed" fund balance is constrained by limits imposed by the government's highest level of decision-making and can only be removed or modified by a formal action by that authority. "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 general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City 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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

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.

10. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

11. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 New GASB Pronouncements

GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The requirements of this statement improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement became effective for periods beginning after December 15, 2012, and did not have a significant impact on the City's financial statements for the year ended June 30, 2014.

GASB has issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The requirements of this statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement became effective for periods beginning after December 15, 2012 and did not have a significant impact on the City's financial statements for year ended June 30, 2014.

GASB has issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. The requirements of this statement enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend non-exchange financial guarantees and by those governments that receive non-exchange financial guarantees. This statement also enhances the information disclosed about a government's obligations and risk exposure from extending non-exchange financial guarantees. This statement also augments the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. This statement became

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

effective for period beginning after June 15, 2013 and did not have a significant impact on the City's financial statements for the year ended June 30, 2014.

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 position

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$2,181,000) difference are as follows:

Accrued compensated absences (net of \$1,021,599 reported in Internal Service Funds)	<u>\$ (2,181,000)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (2,181,000)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains "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 \$5,287,954 difference are as follows:

Capital outlay	\$ 14,302,889
Depreciation expense (net of \$4,280,356 reported in Internal Service Funds)	<u>(9,014,935)</u>
Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net position-governmental activities</i>	<u>\$ 5,287,954</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 position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

The details of this \$14,302,889 difference are as follows:

General government capital asset additions	\$ 24,329,820
Internal service fund capital asset additions	(3,695,166)
Donated capital asset additions	<u>(6,331,765)</u>
Net capital outlay	<u>\$ 14,302,889</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

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 \$37,000 difference are as follows:

Compensated absences	\$ <u>37,000</u>
Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net position-governmental activities</i>	\$ <u>37,000</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.

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 position of (\$6,145,316) as of June 30, 2014. 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.

IV. Detailed notes on all funds

A. Cash and investments

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 127,628,983
Cash and investments held by bond trustee	4,769,408
Fiduciary funds:	
Cash and investments	4,302,705
Cash and investments held by bond trustee	<u>8,140,937</u>
Total cash and investments	<u>\$ 144,842,033</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 9,065
Demand deposits with financial institutions – Demand Deposits	20,615,113
Demand deposits with financial institutions – Certificates of Deposit	7,060,000
Investments	<u>117,157,855</u>
Total cash and investments	<u>\$ 144,842,033</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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio or Amount*	Maximum Investment or One Issuer or Amount
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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment or One Issuer
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

CITY OF CLOVIS
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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	\$ 9,685,816	N/A
Certificates of Deposit	7,060,000	1.78
U.S. Agency Securities	41,008,236	1.01
Local Agency Investment Fund (LAIF)	49,842,170	N/A
Held by Bond Trustee:		
Money Market Funds	<u>16,621,633</u>	N/A
Total	<u>\$ 124,217,855</u>	

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	\$ 9,685,816	N/A		\$ 9,685,816
Certificates of Deposit	7,060,000	N/A		7,060,000
U.S. Agency Securities	41,008,236	N/A	\$ 41,008,236	
LAIF	49,842,170	N/A		49,842,170
Held by Bond Trustee:				
Money Market Funds	<u>16,621,633</u>	N/A		<u>16,621,633</u>
Total	<u>\$ 124,217,855</u>		<u>\$ 41,013,110</u>	<u>\$ 83,209,619</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>	<u>Percent of Total Invested</u>
FNMA	Federal Agency Securities	\$2,995,740	7.30%
FFCB	Federal Agency Securities	6,000,330	14.63%
FHLMC	Federal Agency Securities	14,005,160	34.15%
FHLB	Federal Agency Securities	18,011,880	43.92%

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

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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, 2014, 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, 2014, no investments were held by the same broker dealer (counterparty) that was used by the City of Clovis to purchase the securities.

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2014 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, 2014, the City had \$49,842,170 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Backed Securities.

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

The Pooled Money Investment Board provides oversight to the State Treasurer's pooled investment program. The purpose of the board is to design and administer an effective cash management and investment program, using all monies flowing through the State Treasurer's Office bank accounts and keeping all available funds invested in a manner consistent with the goals of safety, liquidity, and yield. The Pooled Money Investment Board is comprised of the State Treasurer as chair, the State Controller, and the Director of Finance. The investment program is not registered with the Securities and Exchange Commission as an investment company.

The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program generally is based on quoted market prices. The value of the deposits in the State Treasurer's pooled investment program, including the Local Agency Investment Fund, is equal to the dollars deposited in the program.

Certain funds have elected to participate in the pooled investment program even though they have the authority to make their own investments. Others may be required by legislation to participate in the program; as a result, the deposits of these funds or accounts may be considered involuntary. However, these funds or accounts are part of the State's reporting entity. The remaining participation in the pool, the Local Agency Investment Fund, is voluntary.

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.

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C. Receivables

Receivables as of June 30, 2014 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	General	Local Transportation	Community Sanitation	Sewer Disposal	Water	Transit	Planning & Development Services	Nonmajor & Other Funds
Interest	\$ 6,371	\$ 14,658	\$ 23,953	\$ 15,580	\$ 16,778	\$ 1,379	\$ 3,359	\$ 3,434
Taxes	476,984							
Accounts	1,154,940	120,707	2,912,316	2,262,086	2,852,588	6,065	21,188	4,984,167
	<u>\$ 1,638,295</u>	<u>\$ 135,365</u>	<u>\$ 2,936,269</u>	<u>\$ 2,277,666</u>	<u>\$ 2,869,366</u>	<u>\$ 7,444</u>	<u>\$ 24,547</u>	<u>\$ 4,987,601</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, 2014, is as follows:

Interfund transfers:

Transfers in	Transfers out	Purpose	Amount
Enterprise Fund	Capital Project Fund	development capital cost	\$ 137,085
Enterprise Fund	General Fund	operating cost	300,000
Internal Service Fund	General Fund	capital cost	800,000
Special Revenue Fund	General Fund	operating cost	18,995
	Total transfers		<u>\$ 1,256,080</u>

E. Capital assets and intangible assets

Summary of change in capital assets for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 207,413,339	\$ 3,119,337	\$ (469,687)	\$ 210,062,989
Capital assets, being depreciated:				
Buildings and improvements	115,003,375	3,270,969		118,274,344
Machinery and equipment	35,158,370	2,544,384	(1,188,263)	36,514,491
Road network	273,786,290	15,395,130		289,181,420
Total capital assets being depreciated	<u>423,948,035</u>	<u>21,210,483</u>	<u>(1,188,263)</u>	<u>443,970,255</u>
Less accumulated depreciation for				
Buildings and improvements	(26,113,193)	(3,261,177)		(29,374,370)
Machinery and equipment	(24,085,963)	(2,159,678)	1,081,328	(25,164,313)
Road network	(75,262,351)	(7,874,436)		(83,136,787)
Total accumulated depreciation	<u>(125,461,507)</u>	<u>(13,295,291)</u>	<u>1,081,328</u>	<u>(137,675,470)</u>
Total capital assets, being depreciated, net	<u>298,486,528</u>	<u>7,915,192</u>	<u>(106,935)</u>	<u>306,294,785</u>
Governmental activities capital assets, net	<u>\$ 505,899,867</u>	<u>\$ 11,034,529</u>	<u>\$ (576,622)</u>	<u>\$ 516,357,774</u>

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	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 36,124,392			\$ 36,124,392
Capital assets, being depreciated:				
Buildings and improvements	268,493,834	\$ 4,611,114	\$ (45,689)	273,059,259
Machinery and equipment	7,017,767	84,599	(42,698)	7,059,668
Total capital assets being depreciated	<u>275,511,601</u>	<u>4,695,713</u>	<u>(88,387)</u>	<u>280,118,927</u>
Less accumulated depreciation for				
Buildings and improvements	(49,871,353)	(5,894,888)	29,523	(55,736,718)
Machinery and equipment	(4,341,768)	(684,547)	40,170	(4,986,145)
Total accumulated depreciation	<u>(54,213,121)</u>	<u>(6,579,435)</u>	<u>69,693</u>	<u>(60,722,863)</u>
Total capital assets, being depreciated, net	<u>221,298,480</u>	<u>(1,883,722)</u>	<u>(18,694)</u>	<u>219,396,064</u>
Intangible assets, being amortized	43,227,835	947,968		44,175,803
Less accumulated amortization	(14,010,682)	(1,142,140)		(15,152,822)
Business-type activities intangible assets, net	<u>29,217,153</u>	<u>(194,172)</u>	<u>0</u>	<u>29,022,981</u>
Business-type activities capital assets, net	<u>\$ 286,640,025</u>	<u>\$ (2,077,894)</u>	<u>\$ (18,694)</u>	<u>\$ 284,543,437</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:	
General government	\$ 87,916
Public safety	224,032
Transportation	7,954,232
Cultural and recreation	748,755
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	<u>4,280,356</u>
Total governmental activities depreciation expense	<u>\$ 13,295,291</u>
Business-type activities depreciation/amortization:	
Community Sanitation	\$ 202,630
Sewer	4,567,195
Water	2,445,806
Transit	490,717
Planning & Development Services	<u>15,227</u>
Total business-type activities depreciation/amortization expense	<u>\$ 7,721,575</u>

Donated assets to governmental activities consisted of \$6,331,765 of which the majority is donated to the City by developers for streets. Donated assets to business-type activities consisted of \$2,000,795 of which represents sewer and water infrastructure donated by developers.

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Fiduciary funds capital assets

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,483,890			\$ 5,483,890
Capital assets, being depreciated:				
Buildings and improvements	2,185,971	\$ 118,504		2,304,475
Total capital assets being depreciated	2,185,971	118,504	\$ 0	2,304,475
Less accumulated depreciation for				
Buildings and improvements	(371,623)	(62,773)		(434,396)
Total accumulated depreciation	(371,623)	(62,773)	0	(434,396)
Total capital assets, being depreciated, net	1,814,348	55,731	0	1,870,079
Fiduciary funds capital assets, net	\$ 7,298,238	\$ 55,731	\$ 0	\$ 7,353,969

Depreciation expense for the year ended June 30, 2014 was \$118,504.

F. Long-term debt

Summary of changes in long-term debt for the year ended June 30, 2014 was as follows:

	Balance			Balance June 30, 2014	Classification	
	July 1, 2013	Additions	Reductions		Due in One Year	Due in more than One Year
Governmental Activities:						
Revenue bonds	\$ 14,055,000		\$(14,055,000)	\$ 0		
Less deferred amounts:						
Discounts	(268,769)		268,769	0		
Total bonds payable	13,786,231	\$ 0	(13,786,231)	0	0	0
Capital leases	11,770,456	16,703,528	(2,218,735)	26,255,249	2,599,427	23,655,822
Discounts	(30,411)		30,411	0		
Total capital leases	11,740,045	16,703,528	(2,188,324)	26,255,249	2,599,427	23,655,822
Loans payable	2,202,693		(232,120)	1,970,573	236,161	1,734,412
Less deferred amounts:						
Discounts	(4,450)		4,450	0		
Total loans payable	2,198,243	0	(227,670)	1,970,573	236,161	1,734,412
Deposits & other liabilities:						
Developer deposits	11,659,858	5,669,427	(3,830,737)	13,498,548		13,498,548
Section 108 HUD	380,000		(35,000)	345,000	45,000	300,000
Other deposits & liabilities	338,595	691,415	(747,988)	282,022	7,227	274,795
Total deposits & other liabilities	12,378,453	6,360,842	(4,613,725)	14,125,570	52,227	14,073,343
Claims and judgments	10,614,000	3,039,452	(2,843,452)	10,810,000	2,548,000	8,262,000
Compensated absences	3,032,038	3,475,051	(3,304,490)	3,202,599	894,300	2,308,299
Total governmental activities	\$ 53,749,010	\$29,578,873	\$(26,963,892)	\$ 56,363,991	\$ 6,330,115	\$ 50,033,876

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	Balance			Classification		
	June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due in One Year	Due in more than One Year
Business-Type Activities:						
Revenue bonds	\$143,435,000	\$44,310,000	\$(51,035,000)	\$136,710,000	\$ 4,125,000	\$132,585,000
Less deferred amounts:						
(Discounts)/premiums	2,578,411	3,039,751	(439,868)	5,178,294		5,178,294
Total bonds payable	146,013,411	47,349,751	(51,474,868)	141,888,294	4,125,000	137,763,294
Contracts payable	10,503,597		(720,241)	9,783,356	764,846	9,018,510
Landfill closure	2,645,640	201,600		2,847,240		2,847,240
Compensated absences	821,582	1,017,215	(929,530)	909,267	253,900	655,367
Deposits and other liabilities	2,169,758	1,443,905	(1,038,995)	2,574,668	2,574,668	
Total business-type activities	\$162,153,988	\$50,012,471	\$(54,163,634)	\$158,002,825	\$ 7,718,414	\$150,284,411

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 \$1,021,599 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 \$1,635,477 and miscellaneous deposits and other liabilities of \$939,191. For the governmental activities, accrued compensated absences are generally liquidated by the general fund.

Governmental activities long-term debt

1. 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, 2014, for the Temperance Barstow District is \$332,653 including interest of \$47,653 and for the 2000-1 Shepherd Temperance District is \$704,900 including interest of \$144,900.

2. Revenue bonds

Revenue bonds at June 30, 2014, consisted of the following:

	Balance			Classification		
	June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due in One Year	Due in more than One Year
2001 corp yard revenue bonds	\$ 14,055,000		\$(14,055,000)	\$ 0		
Total revenue bonds	\$ 14,055,000	\$ 0	\$(14,055,000)	\$ 0		

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2014:

Land, structures and equipment	\$ 20,513,691
Less accumulated depreciation	<u>(6,066,416)</u>
Total	<u>\$ 14,447,275</u>

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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. In October 2013, The City entered into a lease agreement in the amount of \$14,377,528. The net proceeds of \$14,132,454 from the bonds were used to refund the \$14,055,000 aggregate principal amount outstanding on the City's 2001 corporation yard revenue bonds.

3. Capital leases

Capital leases at June 30, 2014, consisted of the following:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Classification	
					Due in One Year	Due in more than One Year
2000 fire station capital lease	\$ 253,857		\$ (142,014)	\$ 111,843	\$ 111,843	
2007 fire station #1 capital lease	3,874,787		(391,117)	3,483,670	406,919	\$ 3,076,751
2008 fire truck capital lease	345,871		(170,053)	175,818	175,818	
2010 police vehicle capital lease	181,147		(119,760)	61,387	61,387	
2011 equipment capital lease	489,949		(158,033)	331,916	163,258	168,658
2011 solar project capital lease	2,302,125		(81,746)	2,220,379	85,843	2,134,536
2011 fire truck capital lease	516,400		(57,287)	459,113	59,225	399,888
2012 police vehicle capital lease	473,816		(131,337)	342,479	134,530	207,949
2012 SCBA capital lease	382,171		(81,128)	301,043	83,252	217,791
2013 animal shelter capital lease	2,950,333		(102,334)	2,847,999	106,468	2,741,531
2014 safety vehicles capital lease		\$ 1,795,000		1,795,000	274,526	1,520,474
2014 corporation yard lease		14,377,528	(783,926)	13,593,602	866,996	12,726,606
2014 CAD dispatch capital lease		531,000		531,000	69,362	461,638
Total capital leases	\$ 11,770,456	\$ 16,703,528	\$ (2,218,735)	\$ 26,255,249	\$ 2,599,427	\$ 23,655,822

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 August 2017. 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, 2014:

Land, structures and equipment	\$ 14,707,256
Less accumulated depreciation	<u>(4,880,921)</u>
Total	<u>\$ 9,826,335</u>

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, 2014, was \$111,843.

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The annual debt service requirements for the 2000 Capital Lease for fire station outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 111,843	\$ 2,590	\$ 114,433
Total	<u>\$ 111,843</u>	<u>\$ 2,590</u>	<u>\$ 114,433</u>

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, 2014, was \$3,483,670.

The annual debt service requirements for the 2007 Capital Lease for fire station #1 outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 406,919	\$ 135,318	\$ 542,237
2016	423,358	118,878	542,236
2017	440,462	101,775	542,237
2018	458,256	83,980	542,236
2019	476,770	65,467	542,237
2020-2022	1,277,905	77,686	1,355,591
Total	<u>\$ 3,483,670</u>	<u>\$ 583,104</u>	<u>\$ 4,066,774</u>

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, 2014, was \$175,818.

The annual debt service requirements for the 2008 Capital Lease for fire truck outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 175,818	\$ 4,444	\$ 180,262
Total	<u>\$ 175,818</u>	<u>\$ 4,444</u>	<u>\$ 180,262</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, 2014, was \$61,387.

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The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 61,387	\$ 1,027	\$ 62,414
Total	<u>\$ 61,387</u>	<u>\$ 1,027</u>	<u>\$ 62,414</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, 2014, was \$331,916.

The annual debt service requirements for the 2011 Capital Lease for landfill equipment outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 163,258	\$ 9,559	\$ 172,817
2016	168,658	4,160	172,818
Total	<u>\$ 331,916</u>	<u>\$ 13,719</u>	<u>\$ 345,635</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, 2014, was \$2,220,379.

The annual debt service requirements for the 2011 Capital Lease for solar project outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 85,843	\$ 108,860	\$ 194,703
2016	90,144	104,558	194,702
2017	94,662	100,040	194,702
2018	99,405	95,297	194,702
2019	104,387	90,315	194,702
2020-2024	605,844	367,665	973,509
2025-2029	773,642	199,867	973,509
2030-2031	366,452	22,951	389,403
Total	<u>\$ 2,220,379</u>	<u>\$ 1,089,553</u>	<u>\$ 3,309,932</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, 2014, was \$459,113.

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The annual debt service requirements for the 2011 Capital Lease for fire truck outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 59,225	\$ 14,911	\$ 74,136
2016	61,229	12,908	74,137
2017	63,301	10,836	74,137
2018	65,442	8,694	74,136
2019	67,657	6,480	74,137
2020-2021	142,259	6,016	148,275
Total	<u>\$ 459,113</u>	<u>\$ 59,845</u>	<u>\$ 518,958</u>

2012 Capital lease for police vehicles

In August 2011, the City entered into a capital lease agreement with Banc of America, to lease eighteen police vehicles. The purchase price of the equipment was \$665,000 and is payable over a period of sixty months. Semi-annual payments on the contract are \$70,998. The effective interest rate on the contract is 2.42% per annum. The balance outstanding as of June 30, 2014, was \$342,479.

The annual debt service requirements for the 2012 Capital Lease for police vehicles outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 134,530	\$ 7,468	\$ 141,998
2016	137,799	4,197	141,996
2017	70,150	848	70,998
Total	<u>\$ 342,479</u>	<u>\$ 12,513</u>	<u>\$ 354,992</u>

2012 Capital lease for SCBA equipment

In August 2011, the City entered into a capital lease agreement with Banc of America, to lease SCBA equipment. The purchase price of the equipment was \$500,000 and is payable over a period of seventy-two months. Semi-annual payments on the contract are \$45,272. The effective interest rate on the contract is 2.60% per annum. The balance outstanding as of June 30, 2014, was \$301,044.

The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 83,252	\$ 7,292	\$ 90,544
2016	85,432	5,113	90,545
2017	87,668	2,876	90,544
2018	44,691	582	45,273
Total	<u>\$ 301,043</u>	<u>\$ 15,863</u>	<u>\$ 316,906</u>

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2013 Capital lease for animal shelter

In July 2012, the City entered into a capital lease agreement with Municipal Finance Corp to lease an animal shelter. The purchase price was \$3,000,000 and is payable over a period of 20 years. Semi-annual payments on the contract are \$109,667. The effective interest rate on the contract is 4.00% per annum. The balance outstanding as of June 30, 2014, was \$2,847,999.

In July 2012, the City entered into a capital lease agreement with Municipal Finance Corp to lease purchase an animal shelter. The purchase price was \$3,000,000 and is payable over a period of 20 years. Semi-annual payments on the contract are \$109,667. The effective interest rate on the contract is 4.00% per annum.

The annual debt service requirements for the 2013 Capital Lease for animal shelter outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 106,468	\$ 112,866	\$ 219,334
2016	110,770	108,564	219,334
2017	115,245	104,089	219,334
2018	119,901	99,433	219,334
2019	124,745	94,589	219,334
2020-2024	703,518	393,154	1,096,672
2025-2029	857,585	239,088	1,096,673
2030-2033	709,767	57,905	767,672
Total	\$ 2,847,999	\$ 1,209,688	\$ 4,057,687

2014 Capital lease for safety vehicles

In March 2014, the City entered into a capital lease agreement with JP Morgan Chase Bank, to lease one fire truck, four safety command vehicles, and fifteen police vehicles. The purchase price of the vehicles was \$695,000 for the fire truck, \$300,000 for the command vehicles, and \$800,000 for the police vehicles and is payable over a period of 10 years. Semi-annual payments on the contract are \$153,356. The balance outstanding as of June 30, 2014, was \$1,795,000.

The annual debt service requirements for the 2014 Capital lease for safety vehicles outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 274,526	\$ 32,185	\$ 306,711
2016	279,667	27,044	306,711
2017	284,905	21,807	306,712
2018	290,240	16,472	306,712
2019	295,675	11,037	306,712
2020-2024	369,987	19,230	389,217
Total	\$ 1,795,000	\$ 127,775	\$ 1,922,775

2014 Capital lease for corporation yard

In October 2013, The City entered into a lease agreement in the amount of \$14,377,528. The net proceeds of \$14,132,454 (after payment of \$245,074 in underwriting fees, insurance, and other issuance costs) from the bonds were used to refund the \$14,055,000 aggregate principal amount outstanding on the City's 2001 corporation yard revenue bonds. The aggregate debt service payments of the new debt are \$2,349,193 less 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 net present value of the old debt and new debt service payments) of approximately \$1,577,000.

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The annual debt service requirements for the 2014 Capital lease for corporation yard outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 866,996	\$ 414,412	\$ 1,281,408
2016	892,697	387,606	1,280,303
2017	916,304	359,750	1,276,054
2018	945,863	331,115	1,276,978
2019	973,909	301,576	1,275,485
2020-2024	5,360,897	1,031,064	6,391,961
2025-2029	3,636,936	199,732	3,836,668
Total	\$ 13,593,602	\$ 3,025,256	\$ 16,618,858

2014 Capital lease for CAD dispatch and record management system

In July 2013, the City entered into a capital lease agreement with Pinnacle Financial to lease a CAD dispatch and record management system. The purchase price of the equipment is \$531,000 and is payable over a period of seven years. Annual payments on the contract are \$85,132.54. The effective interest rate on the contract is 2.97% per annum. The balance outstanding as of June 30, 2014, was \$531,000.

The annual debt service requirements for the 2014 Capital lease for CAD dispatch system outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 69,362	\$ 15,771	\$ 85,133
2016	71,422	13,711	85,133
2017	73,543	11,589	85,132
2018	75,727	9,405	85,132
2019	77,977	7,156	85,133
2020-2024	162,969	7,296	170,265
Total	\$ 531,000	\$ 64,928	\$ 595,928

4. Loans payable

Loans payable at June 30, 2014, consisted of the following:

	<u>Balance</u>			<u>Balance</u> June 30, 2014	<u>Classification</u>	
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>		<u>Due in</u> <u>One Year</u>	<u>Due in more</u> <u>than One Year</u>
R&T park loan payable	\$ 368,416		\$ (41,343)	\$ 327,073	\$ 42,608	\$ 284,465
2010 energy loan payable	670,722		(100,380)	570,342	101,387	468,955
2012 energy loan payable	915,544		(58,550)	856,994	60,319	796,675
2012 energy loan payable	193,555		(22,771)	170,784	22,771	148,013
2013 energy loan payable	54,456		(9,076)	45,380	9,076	36,304
Total loans payable	\$ 2,202,693	\$ 0	\$ (232,120)	\$ 1,970,573	\$ 236,161	\$ 1,734,412

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The following is an analysis of the assets acquired with the proceeds as of June 30, 2014:

Buildings and improvements	\$	2,446,360
Less accumulated depreciation		<u>(387,561)</u>
Total		<u>\$ 2,058,799</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 loan. The balance outstanding as of June 30, 2014, was \$327,073.

The annual debt service requirements for the Research and Technology Park loan payable outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 42,608	\$ 9,357	\$ 51,965
2016	43,912	8,033	51,945
2017	45,255	6,669	51,924
2018	46,640	5,262	51,902
2019	48,067	3,814	51,881
2020-2021	<u>100,591</u>	<u>3,101</u>	<u>103,692</u>
Total	<u>\$ 327,073</u>	<u>\$ 36,236</u>	<u>\$ 363,309</u>

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 balance outstanding as of June 30, 2014, was \$570,342.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 101,387	\$ 5,451	\$ 106,838
2016	102,392	4,446	106,838
2017	103,430	3,408	106,838
2018	104,467	2,372	106,839
2019	105,513	1,324	106,837
2020	<u>53,153</u>	<u>266</u>	<u>53,419</u>
Total	<u>\$ 570,342</u>	<u>\$ 17,267</u>	<u>\$ 587,609</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 balance outstanding as of June 30, 2014, was \$856,994.

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The annual debt service requirements for the energy project loan payable outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 60,319	\$ 25,263	\$ 85,582
2016	62,079	23,502	85,581
2017	64,019	21,563	85,582
2018	65,954	19,628	85,582
2019	67,947	17,635	85,582
2020-2024	371,748	56,161	427,909
2025-2026	164,928	6,234	171,162
Total	<u>\$ 856,994</u>	<u>\$ 169,986</u>	<u>\$ 1,026,980</u>

2012 PG&E Energy loan payable

In April 2012, the City entered into an agreement with Pacific Gas & Electric for the retrofit of 436 street lights with LED fixtures. The agreement has an interest rate of 0% and the final payment is scheduled for December 2021. The balance outstanding as of June 30, 2014, was \$170,784.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Total</u>
2015	\$ 22,771	\$ 22,771
2016	22,771	22,771
2017	22,771	22,771
2018	22,771	22,771
2019	22,771	22,771
2020-2022	56,929	56,929
Total	<u>\$ 170,784</u>	<u>\$ 170,784</u>

2013 PG&E Energy loan payable

In August 2012, the City entered into an agreement with Pacific Gas & Electric for the purchase and installation of four pre-coolers on the Public Safety Facility's four HVAC Units. The agreement has an interest rate of 0% and the final payment is scheduled for June 2019. The balance outstanding as of June 30, 2014, was \$45,380.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Total</u>
2015	\$ 9,076	\$ 9,076
2016	9,076	9,076
2017	9,076	9,076
2018	9,076	9,076
2019	9,076	9,076
Total	<u>\$ 45,380</u>	<u>\$ 45,380</u>

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4. Deposits and other liabilities

Section 108 HUD loan payable

In October 1999 the City entered into an agreement with the County of Fresno for the County to apply for and subsequently receive from the U.S Department of Housing and Urban Development a section 108 loan in the amount of \$500,000 to provide partial funding for 100 apartment units targeted for low-income senior citizens. The City also has an agreement with Clovis Seniors Limited to reimburse the City for payments made by the City on this loan. The agreement has an interest rate of 7.75% and the final payment is scheduled for August 2019. The balance outstanding as of June 30, 2014, was \$345,000.

The annual debt service requirements for the Section 108 HUD loan payable outstanding at June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 45,000	\$ 25,430	\$ 70,430
2016	50,000	21,732	71,732
2017	60,000	17,423	77,423
2018	65,000	12,495	77,495
2019	75,000	6,952	81,952
2020	50,000	1,990	51,990
Total	<u>\$ 345,000</u>	<u>\$ 86,022</u>	<u>\$ 431,022</u>

Business-type activities long-term debt

1. Revenue bonds

Revenue bonds at June 30, 2014, consisted of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Classification</u>	
					<u>July 1, 2013</u>	<u>June 30, 2014</u>
					<u>One Year</u>	<u>than One Year</u>
1998 sewer bonds	\$ 13,745,000		\$ (13,745,000)	\$ 0		
1998 refuse bonds	4,050,000		(595,000)	3,455,000	\$ 625,000	\$ 2,830,000
2003 water bonds	33,895,000		(33,895,000)	0		0
2005 wastewater bonds	25,105,000		(70,000)	25,035,000	75,000	24,960,000
2007 wastewater bonds	66,640,000		(1,275,000)	65,365,000	1,340,000	64,025,000
2013 wastewater bonds		\$12,500,000		12,500,000	455,000	12,045,000
2014 water bonds		31,810,000	(1,455,000)	30,355,000	1,630,000	28,725,000
Total revenue bonds	<u>\$ 143,435,000</u>	<u>\$ 44,310,000</u>	<u>\$ (51,035,000)</u>	<u>\$ 136,710,000</u>	<u>\$ 4,125,000</u>	<u>\$ 132,585,000</u>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2014:

Land, structures and equipment	\$ 140,291,752
Less accumulated depreciation	<u>(25,297,776)</u>
Total	<u>\$ 114,993,976</u>

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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 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. In July 2013, The City issued wastewater revenue refunding bonds in the amount of \$12,500,000. The net proceeds of \$12,698,281 from the bonds were used to refund the \$13,745,000 aggregate principal amount outstanding on the City's 1998 wastewater bonds.

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:

Year ending June 30,	Principal	Interest	Total
2015	\$ 625,000	\$ 157,125	\$ 782,125
2016	655,000	125,125	780,125
2017	690,000	91,500	781,500
2018	725,000	56,125	781,125
2019	760,000	19,000	779,000
Total	<u>\$ 3,455,000</u>	<u>\$ 448,875</u>	<u>\$ 3,903,875</u>

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. In July 2013, The City issued water revenue refunding bonds in the amount of \$31,810,000. The net proceeds of \$33,780,909 from the bonds were used to refund the \$33,895,000 aggregate principal amount outstanding on the City's 1998 wastewater bonds.

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.

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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>
2015	\$ 75,000	\$ 1,257,169	\$ 1,332,169
2016	75,000	1,254,497	1,329,497
2017	75,000	1,251,731	1,326,731
2018	85,000	1,248,625	1,333,625
2019	90,000	1,245,125	1,335,125
2020-2024	510,000	6,165,431	6,675,431
2025-2029	3,300,000	5,632,125	8,932,125
2030-2034	14,110,000	3,527,456	17,637,456
2035-2036	6,715,000	339,875	7,054,875
Total	<u>\$ 25,035,000</u>	<u>\$ 21,922,034</u>	<u>\$ 46,957,034</u>

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.

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>
2015	\$ 1,340,000	\$ 3,011,600	\$ 4,351,600
2016	1,390,000	2,945,225	4,335,225
2017	1,480,000	2,875,350	4,355,350
2018	1,535,000	2,804,887	4,339,887
2019	1,620,000	2,730,925	4,350,925
2020-2024	9,400,000	12,354,613	21,754,613
2025-2029	15,415,000	9,407,963	24,822,963
2030-2034	9,705,000	6,413,963	16,118,963
2035-2039	23,480,000	3,215,700	26,695,700
Total	<u>\$ 65,365,000</u>	<u>\$ 45,760,226</u>	<u>\$ 111,125,226</u>

2013 wastewater revenue bonds

In July 2013, The City issued wastewater revenue refunding bonds in the amount of \$12,500,000. The net proceeds of \$12,698,281 (after the original issue premium of \$596,726 and payment of \$398,445 in underwriting fees, insurance, and other issuance costs) from the bonds were used to refund the \$13,745,000 aggregate principal amount outstanding on the City's 1998 wastewater bonds. The aggregate debt service payments of the new debt are \$2,519,935 less 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 net present value of the old debt and new debt service payments) of approximately \$644,000.

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The 2013 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>
2015	\$ 455,000	\$ 565,300	\$ 1,020,300
2016	465,000	556,100	1,021,100
2017	480,000	541,850	1,021,850
2018	495,000	522,350	1,017,350
2019	515,000	502,150	1,017,150
2020-2024	2,935,000	2,149,875	5,084,875
2025-2029	7,155,000	1,008,500	8,163,500
Total	\$ 12,500,000	\$ 5,846,125	\$ 18,346,125

2013 water refunding revenue bond

In July 2013, The City issued water revenue refunding bonds in the amount of \$31,810,000. The net proceeds of \$33,780,909 (after the original issue premium of \$2,427,739 and payment of \$456,830 in underwriting fees, insurance, and other issuance costs) from the bonds were used to refund the \$33,895,000 aggregate principal amount outstanding on the City's 1998 wastewater bonds. The aggregate debt service payments of the new debt are \$4,614,844 less 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 \$2,651,000.

The 2013 water refunding 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>
2015	\$ 1,630,000	\$ 1,388,688	\$ 3,018,688
2016	1,685,000	1,323,488	3,008,488
2017	1,755,000	1,256,088	3,011,088
2018	1,825,000	1,185,888	3,010,888
2019	1,890,000	1,112,888	3,002,888
2020-2024	10,820,000	4,235,788	15,055,788
2025-2029	10,750,000	1,289,000	12,039,000
Total	\$ 30,355,000	\$ 11,791,825	\$ 42,146,825

2. Contracts payable

Contracts payable at June 30, 2014, consisted of the following:

	<u>Balance</u>		<u>Balance</u>		<u>Classification</u>	
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Due in One Year</u>	<u>Due in more than One Year</u>
1993 waste water renovation	\$ 10,503,597		\$ (720,241)	\$ 9,783,356	\$ 764,846	\$ 9,018,510
Total contracts payable	\$ 10,503,597	\$ 0	\$ (720,241)	\$ 9,783,356	\$ 764,846	\$ 9,018,510

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

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scheduled for September 2023. The City's \$12,423,873 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>
2015	\$ 764,846	\$ 468,959	\$ 1,233,805
2016	812,736	423,723	1,236,459
2017	855,463	379,933	1,235,396
2018	900,536	333,838	1,234,374
2019	947,488	285,328	1,232,816
2020-2024	5,502,287	656,734	6,159,021
Total	\$ 9,783,356	\$ 2,548,515	\$ 12,331,871

Fiduciary funds long-term debt

1. Tax allocation bonds payable

Tax Allocation Bonds at June 30, 2014, consisted of the following:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>
2008 Tax allocation bonds	\$ 16,103,257	\$ 560,298	\$ (610,000)	\$ 16,053,555
Total tax allocation bonds	\$ 16,103,257	\$ 560,298	\$ (610,000)	\$ 16,053,555

2008 Tax allocation bonds

The former Clovis Community Development Agency issued tax allocation bonds in the amount of \$19,100,000 in April 2008. 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. Bonds outstanding at January 31, 2012 were \$17,445,000 and were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency. The balance outstanding at June 30, 2014 is \$16,240,000 and is held in the City's Redevelopment Successor Agency Private-purpose Trust Fund.

2. Notes payable

Section 108 HUD loan payable

In December 2000, the City entered into an agreement with the County of Fresno for the County to apply for and subsequently receive from the U.S Department of Housing and Urban Development a section 108 loan in the amount of \$1,800,000. This loan was used to provide funding to Mi-Rancho Tortilla, Inc. for the construction of a modernized manufacturing facility and the purchase of modernized machinery and equipment. The agreement has a variable interest rate and the final payment is scheduled for August 2020. The balance outstanding as of June 30, 2014, was \$825,000.

The annual debt service requirements for the Section 108 HUD loan payable outstanding at June 30, 2014, are as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>
2001 Mi Rancho Section 108	\$ 930,000		\$ (105,000)	\$ 825,000
Total note payable	\$ 930,000	\$ 0	\$ (105,000)	\$ 825,000

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

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. 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, 2014 that the capacity of the landfill used is approximately 30%, the estimated remaining life is approximately 33 years and the estimated remaining cost to be recognized is \$15,397,231. The estimated capacity remaining is 5,960,656 cubic yards and the estimated landfill closure liability is \$2,847,240. The current estimated cost of known and/or reasonably foreseeable corrective action is \$1,006,456 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.

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 \$5,044,360 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:

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

	Workers' Compensation	Dental	Total
Balance, 06/30/12	\$ 9,250,000	\$ 48,000	\$ 9,298,000
Claims provision	3,866,173	340,198	4,206,371
Claims paid	<u>(2,550,173)</u>	<u>(340,198)</u>	<u>(2,890,371)</u>
Balance, 06/30/13	10,566,000	48,000	10,614,000
Claims provision	2,666,437	373,015	3,039,452
Claims paid	<u>(2,470,437)</u>	<u>(373,015)</u>	<u>(2,843,452)</u>
Balance, 06/30/14	<u>\$ 10,762,000</u>	<u>\$ 48,000</u>	<u>\$ 10,810,000</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 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. 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, 2014, 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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

E. Subsequent events

GASB Statement No. 68, Accounting and Financial Reporting for Pension Plans

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pension Plans* (an amendment of GASB Statement No. 27). This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures of pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Management is evaluating the impact of the adoption of this Statement on the financial statements and believes that its impact, when adopted, may be substantial to the City. GASB Statement No. 68 will be implemented effective with the fiscal year 2014-2015 financial statements.

2014 Energy project loan payable

In October 2014, the City entered into a loan agreement with the California Energy Commission for the purchase and installation of LED street lights. The loan amount is \$70,700 payable over 10 years. Semi-annual payments on the loan, beginning in December 2015, are approximately \$4,144. The effective interest rate on the loan is 1.0% per annum.

F. 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, 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 currently required to contribute 8% of their annual covered salary for miscellaneous members and 9% for public safety members. In addition, The City has implemented a cost sharing agreement where employees contribute an additional 4% towards the employer contribution. 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 2013/14 was 18.051% for miscellaneous members and 30.052% 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 2013/14, the City's annual pension cost of \$6,868,919 was equal to the City's required actual contributions. The required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.50% investment rate of return (net of administrative expenses), compounded annually, and; (b) projected salary increase that vary by duration of service ranging from 3.30% to 14.20% for miscellaneous members and 3.30% to 14.20% for safety members. Both (a) and (b) include an overall payroll growth component of 3.00% and an inflation component of 2.75%. The actuarial value of PERS assets is determined using the current market value of investments. 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, 2013 was 17 years for miscellaneous members and 28 years for safety members.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2014

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of (APC) Contributed	Net Pension Obligation
Miscellaneous Plan:			
6/30/2012	\$ 3,222	100	0
6/30/2013	3,271	100	0
6/30/2014	3,119	100	0
Safety Plan:			
6/30/2012	\$ 3,783	100	0
6/30/2013	3,789	100	0
6/30/2014	3,750	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
Miscellaneous Plan:						
6/30/2013	\$ 98,361	\$ 134,643	\$ (36,282)	73.1%	\$ 20,606	176.1%
Safety Plan:						
6/30/2013	\$ 101,875	\$ 149,534	\$ (47,659)	68.1%	\$ 13,269	359.2%

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>						
6/30/11	\$96,541	\$119,216	\$(22,675)	81.0%	\$19,939	113.7%
6/30/12	102,985	126,310	(23,325)	81.5	19,495	119.6
6/30/13	98,361	134,643	(36,282)	73.1	20,606	176.1
<u>Safety Plan</u>						
6/30/11	\$104,820	\$133,484	\$(28,664)	78.5%	\$13,210	217.0%
6/30/12	109,987	140,992	(31,005)	78.0	13,065	237.3
6/30/13	101,875	149,534	(47,659)	68.1	13,269	359.2

Nonmajor Governmental Funds

Special Revenue Funds

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

Off Highway Use 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.

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, 2014

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
ASSETS				
Cash and investments	\$65,806		\$541,310	\$607,116
Cash with agents-restricted			762,662	762,662
Receivables	47		4,984,365	4,984,412
Due from other governments			19,489	19,489
Assets held for resale			2,354,160	2,354,160
Total assets	<u>\$65,853</u>	<u>\$0</u>	<u>\$8,661,986</u>	<u>\$8,727,839</u>
LIABILITIES				
Accounts payable			\$225,431	\$225,431
Deposits and other liabilities			345,000	345,000
Total Liabilities	<u>0</u>	<u>0</u>	<u>570,431</u>	<u>570,431</u>
FUND BALANCES				
Nonspendable:				
Assets held for resale			2,354,160	2,354,160
Long-term receivables			4,407,901	4,407,901
Restricted for:				
Capital projects				
Community Development	\$65,853		1,329,494	1,395,347
Debt service				
Assigned for:				
Capital				
Unassigned:				
Total fund balances (deficit)	<u>65,853</u>	<u>\$0</u>	<u>8,091,555</u>	<u>8,157,408</u>
Total liabilities and fund balances	<u>\$65,853</u>	<u>\$0</u>	<u>\$8,661,986</u>	<u>\$8,727,839</u>

**City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
1976 Fire and Sewer	Park and Recreation	Refuse Equipment	Total	
\$404,741	\$2,607,311	\$1,440,794	\$4,048,105	\$5,059,962
				762,662
274	1,850	1,065	2,915	4,987,601
	1,063,220		1,063,220	1,082,709
				2,354,160
<u>\$405,015</u>	<u>\$3,672,381</u>	<u>\$1,441,859</u>	<u>\$5,114,240</u>	<u>\$14,247,094</u>
	\$485,724		\$485,724	\$711,155
	9,200		9,200	354,200
<u>0</u>	<u>494,924</u>	<u>0</u>	<u>494,924</u>	<u>1,065,355</u>
				2,354,160
				4,407,901
	1,711,457	\$1,441,859	3,153,316	3,153,316
				1,395,347
\$405,015				405,015
	1,466,000		1,466,000	1,466,000
				0
<u>405,015</u>	<u>3,177,457</u>	<u>1,441,859</u>	<u>4,619,316</u>	<u>13,181,739</u>
<u>\$405,015</u>	<u>\$3,672,381</u>	<u>\$1,441,859</u>	<u>\$5,114,240</u>	<u>\$14,247,094</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
REVENUES				
Use of money and property	\$150		\$21,414	\$21,564
From other agencies		\$5,886	80,010	85,896
Charges for current services				
Other revenues			91,350	91,350
Total revenue	<u>150</u>	<u>5,886</u>	<u>192,774</u>	<u>198,810</u>
EXPENDITURES				
Current:				
Community development		16,796	285,295	302,091
Capital outlays				
Total expenditures	<u>0</u>	<u>16,796</u>	<u>285,295</u>	<u>302,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150</u>	<u>(10,910)</u>	<u>(92,521)</u>	<u>(103,281)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		18,995		18,995
Transfers Out				
Total other financing sources	<u>0</u>	<u>18,995</u>	<u>0</u>	<u>18,995</u>
Net changes in fund balances	150	8,085	(92,521)	(84,286)
Fund balances-beginning	<u>65,703</u>	<u>(8,085)</u>	<u>8,184,076</u>	<u>8,241,694</u>
Fund balances-ending	<u>\$65,853</u>	<u>\$0</u>	<u>\$8,091,555</u>	<u>\$8,157,408</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Debt Service	Capital Projects			Total Nonmajor Governmental Funds
1976 Fire and Sewer	Park and Recreation	Refuse Equipment	Total	
\$878	\$5,427	\$3,193	\$8,620	\$31,062
	1,630,262		1,630,262	1,716,158
	2,334,827	370,268	2,705,095	2,705,095
	101,066		101,066	192,416
<u>878</u>	<u>4,071,582</u>	<u>373,461</u>	<u>4,445,043</u>	<u>4,644,731</u>
				302,091
	2,538,226		2,538,226	2,538,226
<u>0</u>	<u>2,538,226</u>	<u>0</u>	<u>2,538,226</u>	<u>2,840,317</u>
				18,995
878	1,533,356	373,461	1,906,817	1,804,414
		(137,085)	(137,085)	(137,085)
<u>0</u>	<u>0</u>	<u>(137,085)</u>	<u>(137,085)</u>	<u>(118,090)</u>
878	1,533,356	236,376	1,769,732	1,686,324
404,137	1,644,101	1,205,483	2,849,584	11,495,415
<u>\$405,015</u>	<u>\$3,177,457</u>	<u>\$1,441,859</u>	<u>\$4,619,316</u>	<u>\$13,181,739</u>

City of Clovis
Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
Off Highway Use Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$0	\$0	\$150	\$150
Total revenues	0	0	150	150
EXPENDITURES				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	150	150
Fund balance-beginning	65,703	65,703	65,703	
Fund balance-ending	\$65,703	\$65,703	\$65,853	\$150

City of Clovis
Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
Workforce Investment Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
From other agencies	\$36,000	\$36,000	\$5,886	(\$30,114)
Total revenues	36,000	36,000	5,886	(30,114)
EXPENDITURES				
Community development	35,300	35,300	16,796	18,504
Total expenditures	35,300	35,300	16,796	18,504
Excess (deficiency) of revenues over expenditures	700	700	(10,910)	(11,610)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	18,995	18,995
Total other financing sources (uses)	0	0	18,995	18,995
Net change in fund balance	700	700	8,085	7,385
Fund balance (deficit)-beginning	(8,085)	(8,085)	(8,085)	
Fund balance (deficit)-ending	(\$7,385)	(\$7,385)	\$0	\$7,385

City of Clovis
Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
Housing and Community Development Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$0	\$0	\$21,414	\$21,414
From other agencies	1,340,000	1,340,000	80,010	(1,259,990)
Other revenues	0	0	91,350	91,350
Total revenues	1,340,000	1,340,000	192,774	(1,147,226)
EXPENDITURES				
Community development	2,461,600	2,461,600	285,295	2,176,305
Total expenditures	2,461,600	2,461,600	285,295	2,176,305
Excess (deficiency) of revenues over expenditures	(1,121,600)	(1,121,600)	(92,521)	1,029,079
Fund balance-beginning	8,184,076	8,184,076	8,184,076	
Fund balance-ending	\$7,062,476	\$7,062,476	\$8,091,555	\$1,029,079

City of Clovis
Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
1976 Fire and Sewer Debt Service Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Use of money and property	\$0	\$0	\$878	\$878
Total revenues	<u>0</u>	<u>0</u>	<u>878</u>	<u>878</u>
EXPENDITURES				
Debt service:	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	878	878
Fund balance-beginning	404,137	404,137	404,137	
Fund balance-ending	<u><u>\$404,137</u></u>	<u><u>\$404,137</u></u>	<u><u>\$405,015</u></u>	<u><u>\$878</u></u>

City of Clovis
Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
Park and Recreation Capital Project Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$3,000	\$3,000	\$5,427	\$2,427
From other agencies	2,277,000	2,277,000	1,630,262	(646,738)
Charges for current services	960,000	960,000	2,334,827	1,374,827
Other revenues	125,000	125,000	101,066	(23,934)
Total revenues	3,365,000	3,365,000	4,071,582	706,582
EXPENDITURES				
Capital outlays	3,296,026	3,816,026	2,538,226	1,277,800
Total expenditures	3,296,026	3,816,026	2,538,226	1,277,800
Excess (deficiency) of revenues over expenditures	68,974	(451,026)	1,533,356	1,984,382
Fund balance-beginning	1,644,101	1,644,101	1,644,101	
Fund balance-ending	\$1,713,075	\$1,193,075	\$3,177,457	\$1,984,382

City of Clovis
Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
Refuse Equipment Capital Project Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$0	\$0	\$3,193	\$3,193
Charges for current services	0	0	370,268	370,268
Total revenues	0	0	373,461	373,461
EXPENDITURES				
Capital outlays	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	373,461	373,461
OTHER FINANCING SOURCES (USES)				
Transfers Out	(88,000)	(88,000)	(137,085)	49,085
Total other financing sources (uses)	(88,000)	(88,000)	(137,085)	49,085
Net change in fund balance	(88,000)	(88,000)	236,376	422,546
Fund balance-beginning	1,105,297	1,105,297	1,205,483	
Fund balance-ending	\$1,017,297	\$1,017,297	\$1,441,859	\$422,546

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Internal Service Funds

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 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 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 Position
Internal Service Funds
June 30, 2014

	Self Insurance	Fleet	Employee Benefits	General Services	Total
ASSETS					
Current assets:					
Cash and investments	\$502,935	\$8,929,446	\$6,109,307	\$9,478,972	\$25,020,660
Receivables	342,024	4,951	72,434	31,413	450,822
Due from other governments				14,673	14,673
Inventories		613,000			613,000
Total current assets	<u>844,959</u>	<u>9,547,397</u>	<u>6,181,741</u>	<u>9,525,058</u>	<u>26,099,155</u>
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts				564,559	564,559
Total restricted assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>564,559</u>	<u>564,559</u>
Capital assets:					
Land				9,081,737	9,081,737
Buildings and improvements		940,271		84,224,509	85,164,780
Machinery and equipment		26,803,304		7,242,354	34,045,658
Less accumulated depreciation		(16,838,377)		(28,510,376)	(45,348,753)
Total capital assets (net of accumulated depreciation)	<u>0</u>	<u>10,905,198</u>	<u>0</u>	<u>72,038,224</u>	<u>82,943,422</u>
Total noncurrent assets	<u>0</u>	<u>10,905,198</u>	<u>0</u>	<u>72,602,783</u>	<u>83,507,981</u>
Total assets	<u>844,959</u>	<u>20,452,595</u>	<u>6,181,741</u>	<u>82,127,841</u>	<u>109,607,136</u>
LIABILITIES					
Current liabilities:					
Accounts payable	4,670	282,248	672,057	432,567	1,391,542
Claims and judgements payable			2,548,000		2,548,000
Accrued compensated absences		16,700	845,000	32,600	894,300
Deposits and other liabilities				71,901	71,901
Capital leases-current		868,744		1,730,683	2,599,427
Loans payable-current				236,161	236,161
Total current liabilities	<u>4,670</u>	<u>1,167,692</u>	<u>4,065,057</u>	<u>2,503,912</u>	<u>7,741,331</u>
Noncurrent liabilities:					
Claims and judgements payable			8,262,000		8,262,000
Accrued compensated absences		43,078		84,221	127,299
Capital leases		2,296,969		21,358,853	23,655,822
Loans payable				1,734,412	1,734,412
Total noncurrent liabilities	<u>0</u>	<u>2,340,047</u>	<u>8,262,000</u>	<u>23,177,486</u>	<u>33,779,533</u>
Total liabilities	<u>4,670</u>	<u>3,507,739</u>	<u>12,327,057</u>	<u>25,681,398</u>	<u>41,520,864</u>
NET POSITION					
Net investment in capital assets		7,739,485		51,510,961	59,250,446
Restricted for debt service				564,559	564,559
Unrestricted	840,289	9,205,371	(6,145,316)	4,370,923	8,271,267
Total net position	<u>\$840,289</u>	<u>\$16,944,856</u>	<u>(\$6,145,316)</u>	<u>\$56,446,443</u>	<u>\$68,086,272</u>

City of Clovis
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	Self Insurance	Fleet	Employee Benefits	General Services	Total
Operating revenues:					
Charges for services	\$1,489,900	\$7,663,507	\$17,184,474	\$9,519,355	\$35,857,236
From other agencies		96,670		155,338	252,008
Other revenues	263,896			305,361	569,257
Total operating revenues	<u>1,753,796</u>	<u>7,760,177</u>	<u>17,184,474</u>	<u>9,980,054</u>	<u>36,678,501</u>
Operating expenses:					
Salaries and benefits	152,044	1,304,231	271,701	1,827,762	3,555,738
Services, materials and supplies	1,415,650	3,146,059	17,039,770	4,363,110	25,964,589
Administration	28,600	830,900	50,400	233,724	1,143,624
Depreciation		1,692,106		2,588,250	4,280,356
Total operating expenses	<u>1,596,294</u>	<u>6,973,296</u>	<u>17,361,871</u>	<u>9,012,846</u>	<u>34,944,307</u>
Operating income (loss)	<u>157,502</u>	<u>786,881</u>	<u>(177,397)</u>	<u>967,208</u>	<u>1,734,194</u>
Nonoperating revenues (expenses):					
Interest income	770	15,748	12,561	15,457	44,536
Interest expense		(65,392)		(1,530,065)	(1,595,457)
Sales tax override				6,458	6,458
Gain (loss) on sale of capital assets		11,482		495,701	507,183
Total nonoperating revenue (expense)	<u>770</u>	<u>(38,162)</u>	<u>12,561</u>	<u>(1,012,449)</u>	<u>(1,037,280)</u>
Income before contributions and transfers	158,272	748,719	(164,836)	(45,241)	696,914
Capital contributions		26,528			26,528
Transfers in				800,000	800,000
Changes in net position	158,272	775,247	(164,836)	754,759	1,523,442
Total net position-beginning	<u>682,017</u>	<u>16,169,609</u>	<u>(5,980,480)</u>	<u>55,691,684</u>	<u>66,562,830</u>
Total net position-ending	<u>\$840,289</u>	<u>\$16,944,856</u>	<u>(\$6,145,316)</u>	<u>\$56,446,443</u>	<u>\$68,086,272</u>

City of Clovis
Combining Statement of Cash Flows
Internal Service Funds

	Self Insurance	Fleet	Employee Benefits	General Services	Total
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$1,494,404	\$7,662,523	\$17,197,636	\$9,594,943	\$35,949,506
Payments to suppliers	(1,455,913)	(4,044,006)	(16,907,680)	(4,881,239)	(27,288,838)
Payments to employees	(152,044)	(1,290,929)	(158,701)	(1,820,503)	(3,422,177)
Other operating revenues	255,072	96,670		454,161	805,903
Net cash provided/(used) by operating activities	<u>141,519</u>	<u>2,424,258</u>	<u>131,255</u>	<u>3,347,362</u>	<u>6,044,394</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from Sales Tax Override				6,458	6,458
Transfers-in from other funds				800,000	800,000
Net cash provided/(used) by noncapital financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>806,458</u>	<u>806,458</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(2,324,912)		(1,343,726)	(3,668,638)
Principal paid on loans, bonds and capital leases		1,158,531		(15,869,387)	(14,710,856)
Interest paid on loans, bonds and capital leases		(65,392)		(1,226,435)	(1,291,827)
Proceeds from capital leases and loans				14,908,528	14,908,528
Proceeds from sale of property and equipment		113,621		878,549	992,170
Net cash provided/(used) by capital and related financing activities	<u>0</u>	<u>(1,118,152)</u>	<u>0</u>	<u>(2,652,471)</u>	<u>(3,770,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	770	15,748	12,561	15,457	44,536
Net cash provided by investing activities	<u>770</u>	<u>15,748</u>	<u>12,561</u>	<u>15,457</u>	<u>44,536</u>
Net increase/(decrease) in cash and cash equivalents	142,289	1,321,854	143,816	1,516,806	3,124,765
Cash and cash equivalents-beginning of year	360,646	7,607,592	5,965,491	8,526,725	22,460,454
Cash and cash equivalents-end of year	<u>\$502,935</u>	<u>\$8,929,446</u>	<u>\$6,109,307</u>	<u>\$10,043,531</u>	<u>\$25,585,219</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:					
Operating income/(loss)	\$157,502	\$786,881	(\$177,397)	\$967,208	\$1,734,194
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:					
Depreciation/amortization expense		1,692,106		2,588,250	4,280,356
(Increase)/decrease in accounts receivable	(4,320)	(984)	13,162	75,588	83,446
(Increase)/decrease in due from other governments				(6,538)	(6,538)
(Increase)/decrease in inventories		(62,000)			(62,000)
(Increase)/decrease in prepaid items					
Increase/(decrease) in accounts payable	(11,663)	(5,047)	(13,510)	(284,405)	(314,625)
Increase/(decrease) in accrued compensated absences		13,302	113,000	7,259	133,561
Increase/(decrease) in claims and judgments payable			196,000		196,000
Increase/(decrease) in deposits					
Total adjustments	<u>(15,983)</u>	<u>1,637,377</u>	<u>308,652</u>	<u>2,380,154</u>	<u>4,310,200</u>
Net cash provided/(used) by operating activities	<u>\$141,519</u>	<u>\$2,424,258</u>	<u>\$131,255</u>	<u>\$3,347,362</u>	<u>\$6,044,394</u>

Noncash investing, capital, and financing activities:

During the year the Fleet Maintenance Fund, an internal service fund, received \$26,528 in donated assets

Fiduciary Funds

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 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 Position
Fiduciary Funds
June 30, 2014

	Agency Funds						Total
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	
ASSETS							
Cash and investments	\$47,538	\$100,490	\$2,015,853	\$195,812	\$236,811	\$102,967	\$2,699,471
Cash with agent-restricted				178,496	307,912		486,408
Receivables	34	2,332	541	1,350	751	217	5,225
Total assets	<u>\$47,572</u>	<u>\$102,822</u>	<u>\$2,016,394</u>	<u>\$375,658</u>	<u>\$545,474</u>	<u>\$103,184</u>	<u>\$3,191,104</u>
LIABILITIES							
Accrued payroll			\$2,016,394				\$2,016,394
Agency funds payable	\$47,572	\$102,822		\$375,658	\$545,474	\$103,184	1,174,710
Total liabilities	<u>\$47,572</u>	<u>\$102,822</u>	<u>\$2,016,394</u>	<u>\$375,658</u>	<u>\$545,474</u>	<u>\$103,184</u>	<u>\$3,191,104</u>

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City of Clovis
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Senior Citizen Memorial				
Assets				
Cash and investments	\$46,875	\$801	\$138	\$47,538
Receivables	29	138	133	34
Total assets	<u>\$46,904</u>	<u>\$939</u>	<u>\$271</u>	<u>\$47,572</u>
Liabilities				
Agency funds payable	\$46,904	\$939	\$271	\$47,572
Total liabilities	<u>\$46,904</u>	<u>\$939</u>	<u>\$271</u>	<u>\$47,572</u>
Blackhorse Assessment				
Assets				
Cash and investments	\$85,313	\$63,992	\$48,815	\$100,490
Receivables	2,220	2,498	2,386	2,332
Total assets	<u>\$87,533</u>	<u>\$66,490</u>	<u>\$51,201</u>	<u>\$102,822</u>
Liabilities				
Agency funds payable	\$87,533	\$66,490	\$51,201	\$102,822
Total liabilities	<u>\$87,533</u>	<u>\$66,490</u>	<u>\$51,201</u>	<u>\$102,822</u>
Payroll Tax and Withholding				
Assets				
Cash and investments	\$1,518,261	\$2,015,853	\$1,518,261	\$2,015,853
Receivables	7,203	0	6,662	541
Total assets	<u>\$1,525,464</u>	<u>\$2,015,853</u>	<u>\$1,524,923</u>	<u>\$2,016,394</u>
Liabilities				
Accrued Payroll	\$1,525,464	\$2,015,853	\$1,524,923	\$2,016,394
Total liabilities	<u>\$1,525,464</u>	<u>\$2,015,853</u>	<u>\$1,524,923</u>	<u>\$2,016,394</u>

Temperance/Barstow Assessment

Assets

Cash and investments	\$183,105	\$90,382	\$77,675	\$195,812
Cash with agent-restricted	178,478	18	0	178,496
Receivables	988	1,552	1,190	1,350
Total assets	<u>\$362,571</u>	<u>\$91,952</u>	<u>\$78,865</u>	<u>\$375,658</u>

Liabilities

Agency funds payable	\$362,571	\$91,952	\$78,865	\$375,658
Total liabilities	<u>\$362,571</u>	<u>\$91,952</u>	<u>\$78,865</u>	<u>\$375,658</u>

Shepherd/Temperance Assessment

Assets

Cash and investments	\$224,860	\$125,905	\$113,954	\$236,811
Cash with agent-restricted	307,881	31	0	307,912
Receivables	978	894	1,121	751
Total assets	<u>\$533,719</u>	<u>\$126,830</u>	<u>\$115,075</u>	<u>\$545,474</u>

Liabilities

Agency funds payable	\$533,719	\$126,830	\$115,075	\$545,474
Total liabilities	<u>\$533,719</u>	<u>\$126,830</u>	<u>\$115,075</u>	<u>\$545,474</u>

Asset Forfeiture

Assets

Cash and investments	\$292,214	\$14,528	\$203,775	\$102,967
Receivables	208	872	863	217
Total assets	<u>\$292,422</u>	<u>\$15,400</u>	<u>\$204,638</u>	<u>\$103,184</u>

Liabilities

Agency funds payable	\$292,422	\$15,400	\$204,638	\$103,184
Total liabilities	<u>\$292,422</u>	<u>\$15,400</u>	<u>\$204,638</u>	<u>\$103,184</u>

Grand Total All Agency Funds

Assets

Cash and investments	\$2,350,628	\$2,311,461	\$1,962,618	\$2,699,471
Cash with agent-restricted	486,359	49	0	486,408
Receivables	11,626	5,954	12,355	5,225
Total assets	<u>\$2,848,613</u>	<u>\$2,317,464</u>	<u>\$1,974,973</u>	<u>\$3,191,104</u>

Liabilities

Accrued payroll	\$1,525,464	\$2,015,853	\$1,524,923	\$2,016,394
Agency funds payable	1,323,149	301,611	450,050	1,174,710
Total liabilities	<u>\$2,848,613</u>	<u>\$2,317,464</u>	<u>\$1,974,973</u>	<u>\$3,191,104</u>

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Statistical Section

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

Contents	Page
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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)
(in thousands)

		Fiscal Year Ended June 30,									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:											
Net investment in capital assets	\$	204,308	240,241	294,905	375,445	394,479	414,755	436,785	469,871	481,729	490,722
Restricted		22,187	26,196	29,022	39,670	38,672	35,940	33,283	21,302	19,810	24,266
Unrestricted		25,016	25,143	17,918	8,968	11,485	13,991	16,121	13,688	16,070	21,548
Total net position	\$	<u>251,511</u>	<u>291,580</u>	<u>341,845</u>	<u>424,083</u>	<u>444,636</u>	<u>464,686</u>	<u>486,189</u>	<u>504,861</u>	<u>517,609</u>	<u>536,536</u>
Business-type activities:											
Net investment in capital assets	\$	75,486	82,793	94,552	105,729	107,645	107,065	112,383	125,253	130,123	132,826
Restricted		4,905	5,307	4,940	7,174	8,370	7,706	5,269	5,292	4,794	3,365
Unrestricted		43,880	48,198	52,680	53,724	50,645	43,031	44,194	38,660	51,584	60,901
Total net position	\$	<u>124,271</u>	<u>136,298</u>	<u>152,172</u>	<u>166,627</u>	<u>166,660</u>	<u>157,802</u>	<u>161,846</u>	<u>169,205</u>	<u>186,501</u>	<u>197,092</u>
Total Primary government:											
Net investment in capital assets	\$	279,794	323,034	389,457	481,174	502,124	521,820	549,168	595,124	611,852	623,548
Restricted		27,092	31,503	33,961	46,844	47,042	43,646	38,552	26,594	24,604	27,631
Unrestricted		68,896	73,341	70,598	62,692	62,130	57,022	60,315	52,348	67,654	82,449
Total net position	\$	<u>375,782</u>	<u>427,878</u>	<u>494,016</u>	<u>590,710</u>	<u>611,296</u>	<u>622,488</u>	<u>648,035</u>	<u>674,066</u>	<u>704,110</u>	<u>733,628</u>

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

For the Fiscal Year Ended June 30,

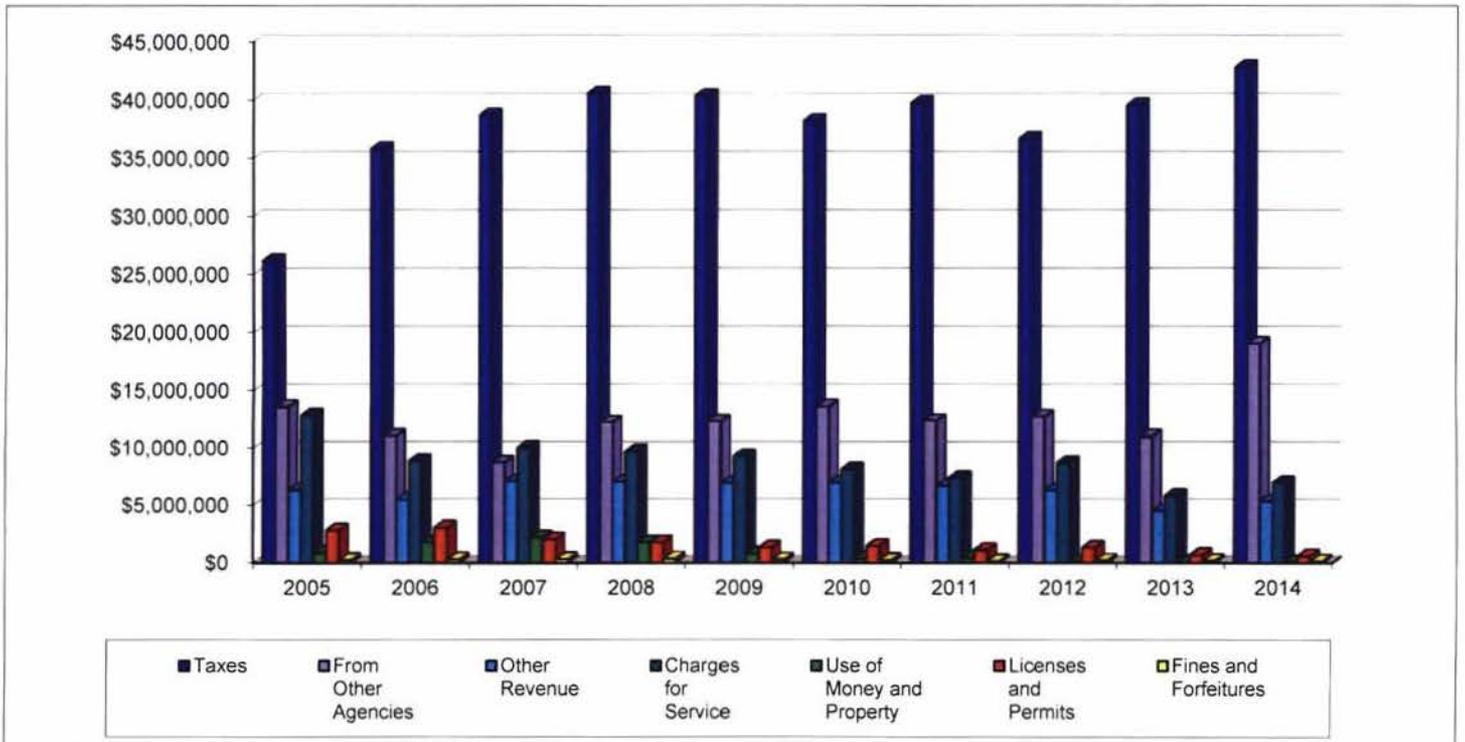
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses:										
Governmental activities:										
General government	\$ 3,697	\$ 4,668	\$ 5,319	\$ 5,495	\$ 5,265	\$ 4,282	\$ 4,684	\$ 4,952	\$ 5,948	\$ 5,642
Public safety	25,793	31,499	34,586	36,476	35,238	31,345	33,331	35,185	37,106	38,736
Transportation	9,715	6,658	7,932	7,982	8,886	10,123	9,869	10,803	11,160	11,251
Community development	9,370	10,377	11,531	11,437	11,065	11,289	10,931	8,925	930	310
Cultural and recreation	3,448	5,673	4,520	4,955	5,786	4,659	5,585	5,435	5,790	6,370
Special assessment	109	81	48	-	-	-	-	-	-	-
Total governmental activities expenses	<u>52,132</u>	<u>58,956</u>	<u>63,936</u>	<u>66,345</u>	<u>66,240</u>	<u>61,698</u>	<u>64,400</u>	<u>65,300</u>	<u>60,934</u>	<u>62,309</u>
Business-type activities:										
Refuse	10,646	10,849	10,997	12,207	12,400	13,793	13,097	13,617	14,057	14,857
Sewer	11,986	10,684	11,210	15,054	15,159	19,631	17,139	18,207	17,555	19,883
Water	11,707	13,175	13,087	13,672	13,775	14,098	13,352	14,114	14,587	13,626
Transit	2,300	2,618	2,678	3,397	3,897	3,980	4,226	4,419	4,749	4,946
Planning & Development Services	-	-	-	-	-	-	-	-	6,826	7,226
Street Cleaning	674	862	871	963	877	944	-	-	-	-
Total business-type activities expenses	<u>37,313</u>	<u>38,188</u>	<u>38,843</u>	<u>45,293</u>	<u>46,108</u>	<u>52,446</u>	<u>47,814</u>	<u>50,357</u>	<u>57,774</u>	<u>60,538</u>
Total primary government expenses	<u>89,445</u>	<u>97,144</u>	<u>102,779</u>	<u>111,638</u>	<u>112,348</u>	<u>114,144</u>	<u>112,214</u>	<u>115,657</u>	<u>118,708</u>	<u>122,847</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General Government	2,040	2,537	3,064	3,374	3,338	3,005	3,765	3,224	4,271	4,378
Public Safety	1,277	1,648	2,231	2,563	2,658	1,906	2,094	2,071	1,700	2,195
Transportation	31,398	4,893	5,383	7,398	8,872	6,558	7,637	8,586	6,818	9,916
Community development	8,348	9,065	9,178	8,370	7,348	6,735	6,153	7,961	578	352
Cultural and recreation	6,199	5,627	5,496	5,204	4,217	4,349	4,171	4,025	4,509	5,901
Special assessment	219	223	132	-	-	-	-	-	-	-
Operating grants and contributions	807	836	626	581	737	1,115	1,524	1,963	1,100	527
Capital grants and contributions	2,666	32,044	41,644	73,664	16,330	19,652	21,427	22,262	15,859	15,292
Total governmental activities program revenues	<u>52,954</u>	<u>56,873</u>	<u>67,754</u>	<u>101,154</u>	<u>43,500</u>	<u>43,320</u>	<u>46,771</u>	<u>50,092</u>	<u>34,835</u>	<u>38,561</u>

Business-type activities:										
Charges for services:										
Community Sanitation	11,388	12,996	13,981	15,060	15,901	16,405	16,592	16,576	17,784	17,240
Sewer	16,903	16,478	16,594	16,881	9,607	9,265	14,027	16,295	18,340	18,130
Water	16,517	14,572	16,242	18,784	10,358	10,870	13,874	16,550	21,243	18,580
Transit	2,402	2,658	3,626	3,658	4,254	3,535	3,841	3,950	4,361	1,473
Planning & Development Services	-	-	-	-	-	-	-	-	7,720	8,630
Operating grants and contributions	-	-	-	-	-	-	-	48	102	2,879
Capital grants and contributions	<u>21</u>	<u>45</u>	<u>70</u>	<u>25</u>	<u>3,534</u>	<u>2,800</u>	<u>3,177</u>	<u>4,829</u>	<u>4,639</u>	<u>3,535</u>
Total business-type activities program revenues	<u>47,231</u>	<u>46,749</u>	<u>50,513</u>	<u>54,408</u>	<u>43,654</u>	<u>42,875</u>	<u>51,511</u>	<u>58,248</u>	<u>74,189</u>	<u>70,467</u>
Total primary government program revenues	<u>100,185</u>	<u>103,622</u>	<u>118,267</u>	<u>155,562</u>	<u>87,154</u>	<u>86,195</u>	<u>98,282</u>	<u>108,340</u>	<u>109,024</u>	<u>109,028</u>
Net revenues (expenses):										
Governmental activities	822	(2,083)	3,818	34,809	(22,740)	(18,378)	(17,629)	(15,208)	(26,099)	(23,748)
Business-type activities	<u>9,918</u>	<u>8,561</u>	<u>11,670</u>	<u>9,115</u>	<u>(2,454)</u>	<u>(9,571)</u>	<u>3,697</u>	<u>7,891</u>	<u>16,415</u>	<u>9,929</u>
Total net revenues (expenses)	<u>10,740</u>	<u>6,478</u>	<u>15,488</u>	<u>43,924</u>	<u>(25,194)</u>	<u>(27,949)</u>	<u>(13,932)</u>	<u>(7,317)</u>	<u>(9,684)</u>	<u>(13,819)</u>
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
Property taxes	8,649	16,178	18,719	21,175	22,093	19,944	20,159	15,294	17,961	19,159
Sales tax	17,223	19,233	19,067	18,174	14,837	12,406	13,121	13,853	15,049	16,923
Business Lic/Franchise	3,049	3,307	3,570	4,054	3,992	4,045	4,081	4,184	4,386	4,664
Other taxes	3,931	957	1,134	790	620	1,163	1,602	1,740	1,935	2,097
Grants and contributions not restricted	6,136	684	741	512	536	446	628	190	175	131
Unrestricted investment earnings	1,382	2,575	3,358	2,845	1,291	473	475	148	61	138
Transfers	<u>(342)</u>	<u>(782)</u>	<u>(145)</u>	<u>(120)</u>	<u>(77)</u>	<u>(49)</u>	<u>(49)</u>	<u>727</u>	<u>(720)</u>	<u>(437)</u>
Total governmental activities	<u>40,028</u>	<u>42,152</u>	<u>46,444</u>	<u>47,430</u>	<u>43,292</u>	<u>38,428</u>	<u>40,017</u>	<u>36,136</u>	<u>38,847</u>	<u>42,675</u>
Business-type activities:										
Unrestricted investment earnings	1,466	2,685	4,058	5,220	2,410	664	298	195	161	224
Transfers	<u>342</u>	<u>782</u>	<u>145</u>	<u>120</u>	<u>77</u>	<u>49</u>	<u>49</u>	<u>(727)</u>	<u>720</u>	<u>437</u>
Total business-type activities	<u>1,808</u>	<u>3,467</u>	<u>4,203</u>	<u>5,340</u>	<u>2,487</u>	<u>713</u>	<u>347</u>	<u>(532)</u>	<u>881</u>	<u>661</u>
Total primary government	<u>41,836</u>	<u>45,619</u>	<u>50,647</u>	<u>52,770</u>	<u>45,779</u>	<u>39,141</u>	<u>40,364</u>	<u>35,604</u>	<u>39,728</u>	<u>43,336</u>
Extraordinary Item-Dissolution of CCDA								(2,257)		
Changes in net assets:										
Governmental activities	40,850	40,069	50,262	82,239	20,552	20,050	22,388	18,671	12,748	18,927
Business-type activities	<u>11,726</u>	<u>12,028</u>	<u>15,873</u>	<u>14,455</u>	<u>33</u>	<u>(8,858)</u>	<u>4,044</u>	<u>7,359</u>	<u>17,296</u>	<u>10,590</u>
Total primary government	<u>\$52,576</u>	<u>\$52,097</u>	<u>\$66,135</u>	<u>\$96,694</u>	<u>\$20,585</u>	<u>\$11,192</u>	<u>\$26,432</u>	<u>\$26,030</u>	<u>\$30,044</u>	<u>\$29,517</u>

**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>
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
2012	36,715,550	1,305,849	208,227	125,071	12,799,825	8,676,798	6,318,419	66,149,739
2013	39,611,753	688,001	192,636	83,549	10,963,343	5,819,507	4,554,963	61,913,752
2014	42,837,215	593,886	148,495	122,725	19,056,135	6,945,717	5,368,776	75,072,949

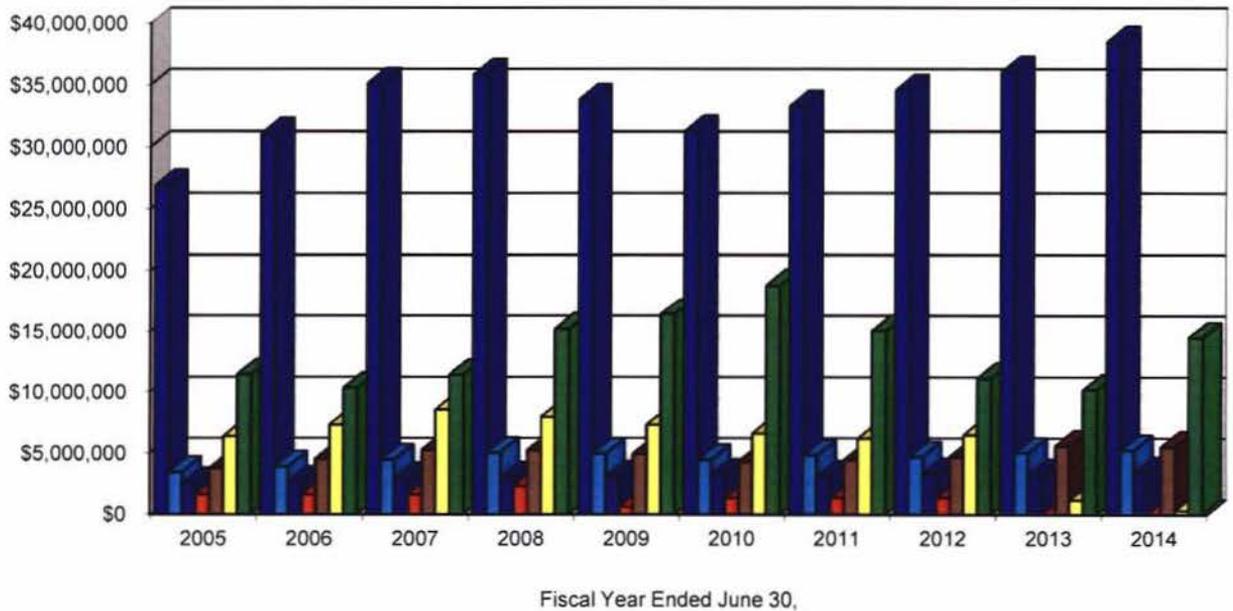
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



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

<u>Fiscal Year Ended June 30,</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Transportation</u>	<u>Community Development</u>	<u>Culture and Recreation</u>	<u>Debt Service</u>	<u>Capital Outlays</u>	<u>Total</u>
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
2012	4,726,595	34,576,576	3,333,681	6,514,706	4,719,477	1,364,378	11,167,421	66,402,834
2013	5,620,526	36,043,170	3,256,789	1,150,395	5,024,870	0	10,205,465	61,301,215
2014	5,546,340	38,498,881	3,430,068	302,091	5,235,028	0	14,510,295	67,522,703

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



■ Public Safety ■ Culture and Recreation ■ Public Transportation ■ Debt Service ■ General Government ■ Community Development ■ Capital Outlays

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,				
	2005	2006	2007	2008	2009
Revenues:					
Property taxes	\$ 8,867,480	\$ 16,444,472	\$ 19,083,256	\$ 21,482,384	\$ 22,509,936
Sales taxes	10,190,462	11,707,495	11,350,453	14,266,968	12,993,878
Business license/Franchise	3,048,661	3,307,514	3,570,363	4,054,455	3,992,374
Other taxes	4,122,261	4,364,358	4,703,650	789,719	884,899
Licenses and permits	2,848,845	3,054,428	2,050,759	1,763,279	1,302,368
Fines and forfeitures	246,111	298,091	306,592	352,647	275,406
Use of money and property	890,843	1,762,543	2,245,415	1,776,955	778,310
From other agencies	13,623,863	10,988,153	8,698,857	12,284,310	12,364,635
Charges for current services	12,915,218	8,855,189	10,045,798	9,740,854	9,305,542
Other revenues	6,313,457	5,499,742	7,120,738	7,073,402	6,925,095
Total revenues	<u>63,067,201</u>	<u>66,281,985</u>	<u>69,175,881</u>	<u>73,584,973</u>	<u>71,332,443</u>
Expenditures					
Current:					
General government	3,798,831	4,562,085	5,293,459	5,275,513	4,979,945
Public safety	26,884,832	31,075,548	35,131,624	35,837,948	33,824,405
Transportation	2,535,611	2,695,872	3,011,329	3,030,319	3,110,287
Community development	6,403,121	7,343,255	8,601,267	7,991,154	7,348,048
Cultural and recreation	3,471,047	3,914,096	4,482,704	5,059,317	4,970,931
Debt service:					
Principal	1,012,195	1,065,042	1,111,939	1,164,786	
Interest and fiscal charges	662,110	609,302	555,706	516,771	642,966
Bond issue costs				663,028	
Capital outlays	4,974,680	6,203,149	8,325,576	13,469,244	13,841,599
Total expenditures	<u>49,742,427</u>	<u>57,468,349</u>	<u>66,513,604</u>	<u>73,008,080</u>	<u>68,718,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,324,774</u>	<u>8,813,636</u>	<u>2,662,277</u>	<u>576,893</u>	<u>2,614,262</u>
Other financing sources (uses):					
Transfers in	1,338,300	1,615,000	1,624,000	899,000	862,175
Transfers out	(1,780,140)	(1,747,000)	(1,194,000)	(1,269,000)	(852,175)
Issuance of bonds				19,100,000	
Bond discount				(233,214)	
Payment to bond escrow agent				(7,162,780)	
Total other financing sources (uses)	<u>(441,840)</u>	<u>(132,000)</u>	<u>430,000</u>	<u>11,334,006</u>	<u>10,000</u>
Extraordinary item-Dissolution of CCDA					
Net change in Fund balances	<u>\$ 12,882,934</u>	<u>\$ 8,681,636</u>	<u>\$ 3,092,277</u>	<u>\$ 11,910,899</u>	<u>\$ 2,624,262</u>
Debt service as a percentage of noncapital expenditures	3.9%	3.4%	3.0%	4.1%	1.2%

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

(modified accrual basis of accounting)

For the Fiscal Year Ended June 30,

2010	2011	2012	2013	2014
\$ 20,425,109	\$ 20,764,779	\$ 16,653,534	\$ 17,961,308	\$ 19,159,555
12,404,059	13,329,533	14,076,648	15,284,968	16,916,615
4,054,563	4,080,924	4,183,484	4,331,760	4,664,123
1,349,128	1,601,673	1,801,884	2,033,716	2,096,922
1,454,196	1,113,238	1,305,849	688,001	593,886
240,622	166,010	208,227	192,636	148,495
371,328	433,979	125,071	83,549	122,725
13,649,374	12,418,299	12,799,825	10,963,343	19,056,135
8,129,216	7,432,331	8,676,798	5,819,507	6,945,717
6,969,861	6,671,487	6,318,419	4,554,963	5,368,776
69,047,456	68,012,253	66,149,739	61,913,751	75,072,949
4,317,898	4,468,062	4,726,595	5,620,526	5,546,340
31,289,958	33,303,647	34,576,576	36,043,170	38,498,881
3,288,404	3,134,317	3,333,681	3,256,789	3,430,068
6,622,952	6,223,288	6,514,706	1,150,395	302,091
4,496,927	4,843,250	4,719,477	5,024,870	5,235,028
530,000	550,000	575,000		
831,979	814,129	789,378		
14,095,728	11,574,183	9,465,085	9,966,973	14,510,295
65,473,846	64,910,876	64,700,498	61,062,723	67,522,703
3,573,610	3,101,377	1,449,241	851,028	7,550,246
1,350,000	1,388,000	1,531,696	30,000	18,995
(1,399,000)	(2,487,000)	(1,599,696)	(1,265,000)	(1,256,080)
(49,000)	(1,099,000)	(68,000)	(1,235,000)	(1,237,085)
		(11,551,717)		
\$ 3,524,610	\$ 2,002,377	\$ (10,170,476)	\$ (383,972)	\$ 6,313,161
2.7%	2.6%	2.5%	0.0%	0.0%

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

(modified accrual basis of accounting)

General Fund					
Fiscal Year Ended June 30,	Nonspendable	Restricted	Assigned	Unassigned	Total
2005	\$0	\$903,576	\$5,787,142	\$4,180,052	\$10,870,770
2006	0	1,676,595	6,550,258	3,178,619	11,405,472
2007	0	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
2012	855,000	2,767,463	7,208,000	556,206	11,386,669
2013	855,000	2,383,432	7,883,000	1,135,539	12,256,971
2014	855,000	2,188,316	9,451,000	1,611,802	14,106,118

All Other Governmental Funds					
Fiscal Year Ended June 30,	Nonspendable	Restricted	Assigned	Unassigned	Total
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
2012	6,850,436	10,683,943	3,261,970		20,796,349
2013	7,155,675	8,795,952	3,360,040	(8,085)	19,303,582
2014	6,762,061	8,115,950	8,889,586		23,767,597

**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 Direct
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Homeowners	Assessed	Estimated Actual	Tax Rate
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%
2012	7,133,083,317	7,133,083,317	205,900,352	205,900,352	104,273,160	7,234,710,509	7,338,983,669	0%
2013	7,024,285,314	7,024,285,314	201,775,479	201,775,479	101,603,300	7,124,457,493	7,226,060,793	0%
2014	7,507,886,552	7,507,886,552	198,810,435	198,810,435	103,378,700	7,603,318,287	7,706,696,987	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**

Fiscal Year Ended June 30,	City of Clovis	Clovis Unified School District Bond	State Center General Obligation Bond	County Wide	Total
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
2012	0.000000	0.155352	0.007070	1.000000	1.162422
2013	0.000000	0.155350	0.009358	1.000000	1.164708
2014	0.000000	0.155350	0.009602	1.000000	1.164952

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 NINE YEARS AGO
(in thousands)

Taxpayer	2014			2006		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Fresno Community Hospital & Med CTR	\$110,369	1	1.45%	-	-	0.00%
Pelco	66,605	2	0.88%	\$41,931	2	0.77%
Prindiville Dennis Trustee	44,073	3	0.58%	55,564	1	1.02%
BRE Throne Clovis Commons LLC	36,972	4	0.49%	-	-	0.00%
Clovis-Herndon Center II LLC	24,600	5	0.32%	-	-	0.00%
Wal-Mart Real Estate Business Trust	24,076	6	0.32%	-	-	0.00%
GSF Sunnyside Clovis Investors L P	22,228	7	0.29%	-	-	0.00%
Copper Beech Townhome Communities	21,378	8	0.28%	-	-	0.00%
Burgess Smith & Wathen Partnership VII	19,762	9	0.26%	-	-	0.00%
Clovis Apartment Group LLC	19,561	10	0.26%	-	-	0.00%
Save Mart Supermarkets	-	-		26,075	3	0.48%
Anlin Industries	-	-		21,234	4	0.39%
Vons Companies Inc	-	-		20,162	5	0.37%
Clovis I LLC	-	-		18,018	6	0.33%
Kaiser Foundation Health Plan Inc	-	-		17,088	7	0.31%
Clovis Coventry Place LP	-	-		15,396	8	0.28%
Winco Foods LLC	-	-		13,525	9	0.25%
Fletcher K LLC	-	-		12,693	10	0.23%
	\$389,624		5.12%	241,686		4.43%

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**

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Current Delinquent Taxes</u>	<u>Ratio of Current Delinquent Taxes to Total Tax Levy</u>
2005	\$5,281,724	\$5,025,680	95.2	\$218,630	\$5,244,310	99.3	\$108,909	2.062
2006	7,666,490	7,317,096	95.4	294,230	7,611,326	99.3	183,536	2.394
2007	9,146,452	8,732,938	95.5	170,287	8,903,225	97.3	320,583	3.505 *
2008	10,136,188	9,745,493	96.1	342,395	10,087,888	99.5	463,224	4.570 *
2009	9,853,029	9,353,774	94.9	385,460	9,739,234	98.8	382,987	3.887 *
2010	9,510,716	8,756,447	92.1	274,402	9,030,849	95.0	307,101	3.229 *
2011	9,158,780	8,702,520	95.0	448,065	9,150,585	99.9	243,624	2.660 *
2012	9,176,983	8,787,604	95.8	298,162	9,085,766	99.0	185,100	2.017 *
2013	9,209,497	8,867,999	96.3	270,584	9,138,583	99.2	150,299	1.632 *
2014	9,957,414	9,627,588	96.7	216,607	9,844,195	98.9	148,664	1.493 *

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

Fiscal Year Ended June 30,	Tax Allocation Bonds (1)	Special Assessment Bonds (1)	Lease Revenue Bonds (1)	Revenue Bonds (1)	Capital Leases (1)	Loans/Contracts Payable (1)	Total	Debt Per AV	Debt Per Capita
Governmental Activities									
2005	\$8,470,000	\$1,870,000	\$550,926	\$30,614,977	\$3,650,073	\$649,006	\$45,804,982	\$0.010	\$533
2006	8,055,000	1,275,000	374,649	29,221,690	3,362,423	2,617,076	44,905,838	0.008	499
2007	7,625,000	650,000	192,060	22,773,404	8,565,039	1,917,486	41,722,989	0.006	452
2008	18,203,757	0	0	26,260,117	8,686,869	1,209,646	54,360,389	0.007	577
2009	18,233,657	0	0	16,283,638	7,585,655	515,201	42,618,151	0.006	448
2010	17,733,557	0	0	15,683,638	7,140,369	1,346,309	41,903,873	0.006	433
2011	17,213,457	0	0	15,082,836	10,123,390	1,309,095	43,728,778	0.006	450
2012	0	0	0	14,447,032	10,099,702	2,343,196	26,889,930	0.004	273
2013	0	0	0	13,786,231	11,740,045	2,198,243	27,724,519	0.004	277
2014	0	0	0	0	26,255,248	2,120,278	28,375,526	0.004	278
Business-type Activities									
2005	\$0	\$0	\$156,101	\$89,773,964	\$48,539	\$19,772,172	\$109,750,776	\$0.024	\$1,276
2006	0	0	106,154	91,959,592	38,333	18,552,518	110,656,597	0.020	1,231
2007	0	0	56,347	157,971,292	27,804	17,268,807	175,324,250	0.027	1,900
2008	0	0	0	156,157,035	16,942	17,194,949	173,368,926	0.023	1,839
2009	0	0	0	157,308,932	5,735	15,815,472	173,130,139	0.023	1,820
2010	0	0	0	155,265,239	0	14,359,233	169,624,472	0.023	1,751
2011	0	0	0	153,136,546	0	12,818,719	165,955,265	0.023	1,707
2012	0	0	0	149,682,848	0	11,181,113	160,863,961	0.022	1,631
2013	0	0	0	146,013,411	0	10,503,598	156,517,009	0.022	1,565
2014	0	0	0	141,888,294	0	9,783,356	151,671,650	0.020	1,484
Total Primary Government									
2005	\$8,470,000	\$1,870,000	\$707,027	\$120,388,941	\$3,698,612	\$20,421,178	\$155,555,758	\$0.034	\$1,808
2006	8,055,000	1,275,000	480,803	121,181,282	3,400,756	21,169,594	155,562,435	0.029	1,730
2007	7,625,000	650,000	248,407	180,744,696	8,592,843	19,186,293	217,047,239	0.033	2,352
2008	18,203,757	0	0	182,417,152	8,703,811	18,404,595	227,729,315	0.030	2,416
2009	18,233,657	0	0	173,592,570	7,591,390	16,330,673	215,748,290	0.028	2,268
2010	17,733,557	0	0	170,948,877	7,140,369	15,705,542	211,528,345	0.029	2,184
2011	17,213,457	0	0	168,219,382	10,123,390	14,127,814	209,684,043	0.029	2,157
2012	0	0	0	164,129,880	10,099,702	13,524,309	187,753,891	0.026	1,904
2013	0	0	0	159,799,642	11,740,045	12,701,841	184,241,528	0.026	1,843
2014	0	0	0	141,888,294	26,255,248	11,903,634	180,047,176	0.024	1,762

(1) Presented net of original issuance discounts and premiums
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

Fiscal Year	Estimated	Assessed	Gross Bonded	Less Debt	Net	Ratio of Net	Net
Ended	Population	Valuation	Debt (1)	Service Fund	Bonded Debt	Bonded Debt to	Bonded Debt
June 30.						Assessed Value	Per Capita
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
2012	98,611	7,234,710,509	0	0	0	0.00%	0
2013	99,983	7,124,457,493	0	0	0	0.00%	0
2014	102,188	7,603,318,287	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

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
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
2012	0	0	0	66,402,834	0.0
2013	0	0	0	61,301,215	0.0
2014	0	0	0	67,522,703	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 GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014

2013-2014 Assessed Valuation: \$7,706,696,987

<u>Direct and Overlapping Debt:</u>	<u>% Applicable*</u>	<u>Debt</u>
Direct Debt:		
City of Clovis Capital Leases	100.00%	\$ 26,255,248
City of Clovis Loans Payable	100.00%	2,120,278
Total Net Direct Debt		<u>28,375,526</u>
Direct Bonded Debt:		
City of Clovis 1915 Act Bonds	100.00%	\$ 845,000
City of Clovis Revenue Bonds	100.00%	-
Total Net Direct Bonded Debt		<u>845,000</u>
Total Net Direct and Direct Bonded Debt		<u>\$ 29,220,526</u>
Overlapping Bonded Debt:		
Fresno County General Fund Obligations	12.531%	\$ 8,268,580
Fresno County Pension Obligations	12.531%	52,206,997
State Center Community College District	11.606%	11,866,555
Clovis Unified School District	39.182%	110,791,216
Clovis Unified School District Certificates of Participation	39.182%	7,424,989
Fresno Unified School District	2.192%	8,998,788
Fresno Unified School District General Fund Obligations	2.192%	411,548
Total Gross Overlapping Bonded Debt		<u>199,968,673</u>
Overlapping Tax Increment Debt:	100.00%	\$ 16,240,000
Total Net Direct and Overlapping Bonded Debt		<u>245,429,199 (1)</u>
Total Net Direct and Overlapping Bonded Debt		<u>\$245,429,199</u>

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

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.72%
Total Direct and Direct Bonded Debt	0.38%
Combined Total Debt	3.18%

Ratios to Redevelopment Incremental Valuation \$575,948,918

Total Overlapping Tax Increment Debt	2.82%
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Share of Authorized and Unsold Bonds:

City of Clovis	\$ 2,000,000
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Source: California Municipal Statistics & City of Clovis

*The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total assessed value.

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

Fiscal Year Ended June 30,	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit As a Percentage of Debt Limit
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
2012	1,100,847,550	0	1,100,847,550	0
2013	1,083,909,119	0	1,083,909,119	0
2014	1,156,004,548	0	1,156,004,548	0

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2014

Assessed Valuations:

Assessed Value	\$7,603,318,287
Add back exempt property	<u>103,378,700</u>

Total Assessed Value \$7,706,696,987

Legal Debt Margin:

Debt Limitation-15 percent of total assessed value \$1,156,004,548

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 0

Legal Debt Margin: \$1,156,004,548

**CITY OF CLOVIS
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

REFUSE DISPOSAL FUND

Fiscal Year Ended	Gross Revenues (1)	Operating Expenses (2)	Net Revenue	Debt Service Requirements (3)			Coverage
			Available for Debt Service	Principal	Interest	Total	
June 30,							
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
2012	16,515,045	11,747,301	4,767,744	540,000	235,299	775,299	6.15
2013	16,584,300	12,478,604	4,105,696	565,000	207,260	772,260	5.32
2014	16,106,761	13,524,511	2,582,250	595,000	177,763	772,763	3.34

SEWER SERVICE FUND

Fiscal Year Ended	Gross Revenues (4)	Operating Expenses (2)	Net Revenue	Debt Service Requirements (3)			Coverage
			Available for Debt Service	Principal	Interest	Total	
June 30,							
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
2012	16,378,861	7,806,516	8,572,345	1,385,000	5,162,329	6,547,329	1.31
2013	18,420,785	7,329,635	11,091,150	1,440,000	5,081,716	6,521,716	1.70
2014	18,219,581	8,360,501	9,859,080	1,345,000	4,902,681	6,247,681	1.58

WATER SERVICE FUND

Fiscal Year Ended	Gross Revenues (4)	Operating Expenses (2)	Net Revenue	Debt Service Requirements (3)			Coverage
			Available for Debt Service	Principal	Interest	Total	
June 30,							
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
2012	16,645,199	9,953,181	6,692,018	1,495,000	1,733,364	3,228,364	2.07
2013	22,908,215	10,460,126	12,448,089	1,555,000	1,676,634	3,231,634	3.85
2014	19,996,964	10,730,310	9,266,654	1,455,000	1,454,062	2,909,062	3.19

- (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.

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

Fiscal Year Ended <u>June 30,</u>	City <u>Population</u>	<u>% Change</u>	Fresno County <u>Population</u>	City Population as % of <u>County Population</u>	Fresno County Unemployment <u>Rate</u>
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
2012	98,611	1.43	945,711	10.43	15.20
2013	99,983	1.39	952,166	10.50	12.30
2014	102,188	2.21	964,040	10.60	10.40

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**

Employer	2014			2005		
	Number of Employees	Rank	Percent of Total Employment*	Number of Employees	Rank	Percent of Total Employment
Clovis Unified School District	5,760	1	12.69%	5,208	1	12.64%
Clovis Community Hospital	1,513	2	3.33	796	3	1.93
Pelco	992	3	2.19	1,977	2	4.80
Wawona Frozen Foods	943	4	2.08	-	-	-
Wal-Mart	697	5	1.54	401	5	0.97
City of Clovis	656	6	1.44	621	4	1.51
Target	387	7	0.85	216	9	0.52
Savemart	261	8	0.57	338	6	0.82
Costco	255	9	0.56	215	10	0.52
Anlin Industries	249	10	0.55	320	7	0.78
Pacific Bell	-	-	-	280	8	0.68

* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2014.

Source: Employment Development Department

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Governmental Activities</u>										
General Government	26.050	29.050	30.750	29.750	35.700	24.100	36.550	38.050	39.050	43.150
Public Safety										
Police	146.000	158.000	170.000	174.000	151.000	146.000	146.000	148.000	152.000	156.000
Fire	65.000	71.000	76.000	76.000	65.000	60.500	66.500	64.500	66.000	66.000
Transportation	13.600	13.700	13.800	13.500	13.550	13.500	13.800	13.800	14.800	14.800
Community Development	60.250	65.250	67.250	62.250	46.250	52.250	41.500	40.000	0.500	0.400
Culture & Recreation	26.475	32.475	37.225	43.525	31.025	30.500	30.500	28.100	23.100	24.700
Internal Service	31.150	33.050	34.950	38.450	26.000	26.525	26.525	26.525	26.525	27.525
Total Governmental Activities	<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>	<u>358.975</u>	<u>321.975</u>	<u>332.575</u>
<u>Business-Type Activities</u>										
Refuse	35.200	37.400	37.610	39.610	39.460	39.610	41.860	41.860	41.860	42.560
Sewer	9.300	9.650	10.750	11.000	10.850	10.750	11.250	11.250	11.250	11.250
Water	30.100	30.550	32.750	34.750	34.550	34.350	34.600	34.600	34.600	34.300
Street Cleaning	4.750	5.750	5.790	5.840	5.790	4.790	4.790	4.790	4.790	4.790
Transit	17.125	17.125	19.125	22.325	22.825	22.125	22.125	22.525	22.525	22.525
Planning & Dev Svcs*									37.000	43.000
Total Business-Type Activities	<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>	<u>115.025</u>	<u>152.025</u>	<u>158.425</u>
Total Full-Time Employees	<u><u>465.000</u></u>	<u><u>503.000</u></u>	<u><u>536.000</u></u>	<u><u>550.000</u></u>	<u><u>482.000</u></u>	<u><u>465.000</u></u>	<u><u>476.000</u></u>	<u><u>474.000</u></u>	<u><u>474.000</u></u>	<u><u>491.000</u></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.

*The Planning and Development Services Fund was created beginning July 1, 2012. Employees in this business-type activity were formerly in the governmental activities.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	4	4	4	5	5	5	5	5	5	5
Public utilities:										
Streets (miles)	353	361	369	313	315	315	359	362	369	380
Streetlights	7,311	7,744	8,391	8,929	8,930	8,938	9,567	9,576	9,587	10,308
Cultural and recreation:										
Parks	45	46	46	50	51	53	54	55	58	59
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	403	421	440	459	469	475	479	484	490	499
Sewer										
Sanitary sewers (miles)	300	310	330	342	349	352	356	358	361	367

Source: City of Clovis

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Arrests	4,162	5,521	5,168	4,761	4,674	4,396	4,503	4,612	4,936	5,135
Parking citations issued	2,054	2,810	2,501	1,596	1,414	878	797	513	972	1,343
Fire:										
Number of emergency calls	6,722	6,994	6,184	6,492	9,139	8,135	6,970	8,945	9,958	8,290
Parks and recreation:										
Number of recreation classes	154	189	305	270	97	63	86	93	94	95
Number of facility rentals	5	5	5	5	18	18	18	13	13	13
Water:										
New connections	1,018	1,185	1,005	573	353	325	543	282	793	779
Average daily consumption (thousands of gallons)	20,945	23,253	25,416	25,521	24,930	22,889	21,918	22,453	23,917	23,840
Sewer:										
New connections	1,018	1,185	1,005	573	353	350	352	425	667	721
Average daily sewage treatment (thousands of gallons)	7,017	7,088	7,210	7,365	7,397	7,279	7,269	6,996	6,914	6,949

Source: City of Clovis

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Valuation (in Thousands)										
Residential	\$325,085	\$299,916	\$189,387	\$126,584	\$115,217	\$118,545	\$99,320	\$110,041	\$136,224	\$226,295
Non-residential	88,842	81,513	85,670	81,666	75,262	74,849	31,386	45,056	60,451	89,672
Total	<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>	<u>\$155,097</u>	<u>\$196,675</u>	<u>\$315,967</u>
New Dwelling Units										
Single Family	1,144	954	688	408	431	474	370	378	501	703
Multiple Family	105	302	30	116	16	0	60	100	60	32
Total	<u>1249</u>	<u>1256</u>	<u>718</u>	<u>524</u>	<u>447</u>	<u>474</u>	<u>430</u>	<u>478</u>	<u>561</u>	<u>735</u>

Source: City of Clovis Building Department

**CITY OF CLOVIS
MISCELLANEOUS STATISTICS
JUNE 30, 2014**

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees (full-time and part-time)	656
Area (square miles)	24.02
Miles of Streets	380
Number of Street Lights	10,308
Fire Protection:	
Number of Stations	5
Number of Firefighters and Officers	61
Police Protection:	
Number of Police Officers and Other Sworn Personnel	98
Water Department:	
Number of Water Services	32,709
Miles of Water Mains	499
Sewers:	
Miles of Sanitary Sewers	367

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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, in accordance with the 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, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive, slightly slanted style.

San Diego, California
November 21, 2014



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**INDEPENDENT AUDITOR'S 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**

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

Report on Compliance for Each Major Program

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, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance 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, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Paul J. McGeedy CPA". The signature is written in a cursive style with a large initial "P" and "M".

San Diego, California
November 21, 2014

City of Clovis
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Program:</i>			
Community Development Block Grant - Entitlement	14.218	N/A	\$ 408,530
Total U.S. Department of Housing and Urban Development			<u>408,530</u>
U.S. Department of Justice			
<i>Direct Programs:</i>			
Bulletproof Vest Partnership Program	16.607	N/A	3,667
JAG Program Cluster:			
Justice Assistance Grant Program	16.738	N/A	13,119
JAG Program Cluster			<u>13,119</u>
Total U.S. Department of Justice			<u>16,786</u>
U.S. Department of Labor			
<i>Pass-Through Workforce Investment Corporation:</i>			
Workforce Investment Board - WIA Youth Activities	17.259	340	16,843
Total U.S. Department of Labor			<u>16,843</u>
U.S. Department of Transportation			
<i>Pass-Through California State Department of Transportation:</i>			
Highway Planning and Construction	20.205	06-5208	5,146,588
<i>Pass-Through California Office of Traffic Safety:</i>			
State and Community Highway Safety	20.600	N/A	186,938
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SC14081	34,749
Total U.S. Department of Transportation			<u>5,368,275</u>
U.S. Department of Health and Human Services			
<i>Pass-Through Fresno-Madera Area Agency on Aging:</i>			
Special Programs for the Aging, Title III, Part C	93.045	960051	14,288
Total U.S. Department of Health and Human Services			<u>14,288</u>
U.S. Department of Homeland Security			
<i>Pass-Through County of Fresno:</i>			
Homeland Security Program (SHSP)	97.067	01900000	52,786
Total U.S. Department of Homeland Security			<u>52,786</u>
Total Expenditures of Federal Awards			<u>\$ 5,877,508</u>

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, 2014

Note 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 (dissolved on February 1, 2012 and established a Successor Agency, which is reported as a private-purpose trust fund in the City’s financial statements), 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.

Note 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, County of Fresno, and/or City 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, 2014

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Types of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with section 510(a) of OMB Circular A-133	Yes

Identification of major programs:

	Federal CFDA Number	Federal Expenditures
Major Programs:		
Highway Planning and Construction	20.205	\$ 5,146,588
Total Major Program Expenditures		\$ 5,146,588
Total Expenditures of Federal Awards		\$ 5,877,508
Percentage of Total Expenditures of Federal Awards		87.56%

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?	No

City of Clovis
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Current Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2014.

B. Prior Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2013.

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 major federal award programs for the year ended June 30, 2014.

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

No findings or questioned costs were noted on major federal award programs for the year ended June 30, 2013.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS IN RELATION TO THE LOCAL TRANSPORTATION PURPOSE FUNDS 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clovis, California (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TDA Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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, including the requirements of the California Public Utilities Code Section 142257 regulations as it applies to Local Transportation Purpose Funds noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with such 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 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*.

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

Restriction on Use

This report is intended for the information of the management, City Council, and officials of applicable federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Run by Mc Geady LLP

San Diego, California
November 21, 2014



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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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, 2014. These procedures, 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*), were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City management 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 are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the year ended June 30, 2014, 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 the 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 appropriations limit presented in the accompanying Appropriations Limit Schedule to the appropriations limit adopted by the City Council.
Finding: No exceptions were noted as a result of our procedures.

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 Appropriation 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 appropriation 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.

San Diego, California
December 9, 2014

City of Clovis
Appropriations Limit Schedule
For the Year Ended June 30, 2014

	Amount	Source
A. Appropriations Limit FY 2012-2013	\$ 168,941,918	Prior year
B. Calculation Factors:		
1) Population increase %	1.0163	State Department of Finance
2) Inflation increase %	1.0512	State Department of Finance
3) Total adjustment %	1.0683	(B1*B2)
C. Annual Adjustment Increase	11,544,572	[A*(B3-1)]
D. Other Adjustments:		
1) Loss responsibility (-)	-	N/A
2) Transfer to private (-)	-	N/A
3) Transfer to fees (-)	-	N/A
4) Assumed responsibility (+)	-	N/A
E. Total Adjustments	11,544,572	(C+D)
F. Appropriations Limit FY 2013 -2014	\$ 180,486,490	(A+E)

City of Clovis
Notes to Appropriations Limit Schedule
For the Year Ended June 30, 2014

Note 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.

Note 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.

Note 3 – Population Factors

A California governmental agency may use as its population factor 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 2013-2014 represents the annual percentage change in population for the City.

Note 4 – Inflation Factors

A California governmental agency may use as its inflation factor either the annual percentage change in the 4th 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 2013-2014 represents the annual percentage change for per capita personal income.

Note 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 2013-2014.

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