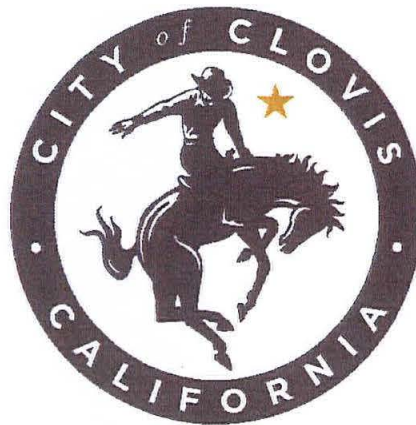


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

**CITY OF CLOVIS
CALIFORNIA**



ROBERT WHALEN, MAYOR

**DREW BESSINGER, MAYOR PRO-TEM
LYNNE ASHBECK, COUNCILMEMBER
JOSE FLORES, COUNCILMEMBER
VONG MOUANOUTOUA, COUNCILMEMBER**

LUKE SERPA, CITY MANAGER

Prepared by City of Clovis Finance Department

Jay Schengel, Finance Director

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CITY *of* CLOVIS

1033 FIFTH STREET • CLOVIS, CA 93612

November 14, 2017

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). 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, 2017.

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 The Pun Group LLP. 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, 2017, 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, 2017, 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 24 square miles and serves a population of 110,762.

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 and local transportation capital projects funds, the budget-to-actual comparisons are presented starting on page 35 as part of the basic financial statements. For all other governmental funds with appropriated annual budgets, other than those two, this comparison is presented in the governmental fund subsection of this report, which starts on page 92.

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 economic growth. 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 5% during the next year due to the improving economy. Building activity has returned to greater than the 10-year average and is expected to remain robust over the next few years. The City's unemployment rate still ranks one of the lowest in the area at 5.8%, lower than the Fresno County rate of 7.5%, though still higher than the national average of 4.1% and the State of California average of 4.7%.

The City experienced a 2.52% growth in population in 2017 compared to the 10-year average growth rate of 2.00%. The City has three major retail centers and Clovis Community Hospital completed an additional medical office building and is nearing completion on a cancer research facility. The hospital is beginning the process to add another bed tower. This expansion continues to be one of the biggest job creation projects in Fresno County in recent years.

Major employers include Wawona Frozen Foods, a fruit processing plant with over 1,200 employees, Clovis Community Hospital with over 1,600 employees and the largest employer, Clovis Unified School District with over 5,100 employees. Of the 32,097 total jobs in Clovis, 11,200 jobs are generated by the top ten employers.

The City's RDA Successor Agency sold properties in the Centennial Plaza where two buildings are nearing completion that will be home to professional firms and restaurants. The expansion to the Dry Creek Industrial Park has been completed. This park expansion will added 44 lots on 30 acres bringing the total park to approximately 64 lots on 60 acres. Demand has been high for the space in the park and is expected to add to employment growth in the City as buildings are now underway. The California Health Sciences University has announced its permanent campus will be located on 80 acres in the City's Central Valley Research and Technology Park with plans for 2,000 students and several hundred employees. The School will offer additional areas of discipline as it expands.

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 Fresno County is 995,975 as of January 1, 2017. There are approximately 417,300 jobs in Fresno County. The county-wide unemployment rate is 7.5%, which is a decrease from 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 5.8% with 49,900 employed out of a workforce of 52,900.

Long-term financial planning. As part of the City of Clovis land use planning process, the City 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 through 2023 when construction of phase two of the facility is anticipated. The wastewater treatment plant creates approximately 2.4 million gallons of disinfected recycled 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 one outstanding bond issue to take advantage of lower interest rates. The City also obtained long-term financing for the purchase of a fire engine, police vehicles, a public safety communication tower, network equipment and a solar project. 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 Water and Sewer Funds have approved annual increases of 3% into the future if necessary. The Community Sanitation Fund has approved annual increases of 4% into the future if needed. For fiscal year 2017/2018 the City implemented a 3% increase in Water, a 4% increase in recycling and green-waste and a 2% increase in refuse and disposal.

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 from 5.5% of expenditures in 2007/08 to 17.7% of the 2017/18 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, 2016. This was the twenty-eighth 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, 2017. In order to qualify for the Distinguished Budget Presentation Award, the governments' budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report has been accomplished with the efficient and dedicated service of the City's Finance Department. I would like to express my appreciation to everyone who assisted in its preparation, especially Gina Daniels, Haley Lynch, Jeff Blanks, Susan Evans, Elena Mendrin and Calvin Campbell.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jay Schengel". The signature is fluid and cursive, with a large initial "J" and a stylized "S".

Jay Schengel, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

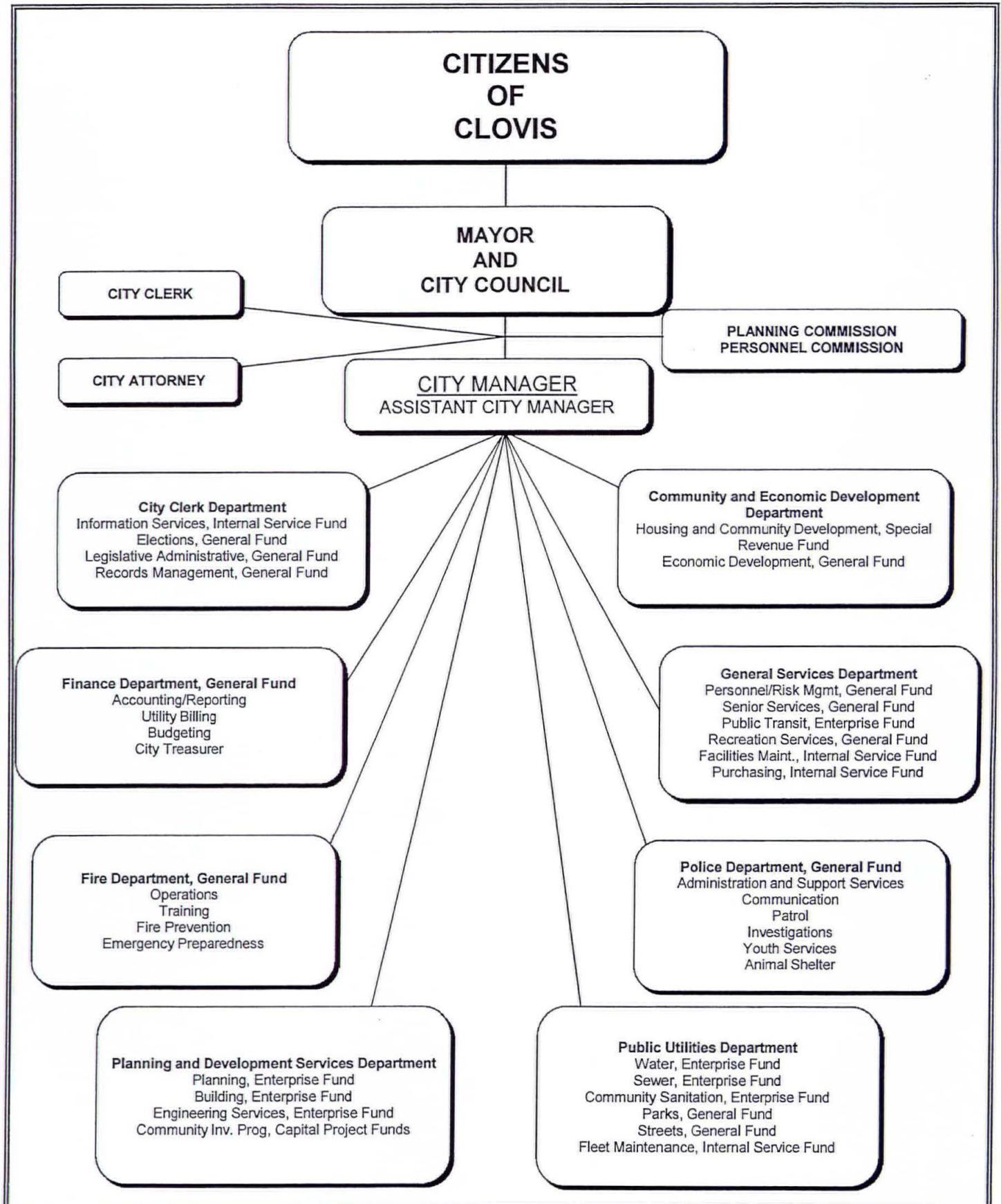
**City of Clovis
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CITY OF CLOVIS ORGANIZATION CHART



CITY OF CLOVIS
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2017

<u>Title</u>	<u>Name</u>
<i>City Manager</i>	<i>Luke Serpa</i>
<i>Assistant City Manager/City Clerk</i>	<i>John Holt</i>
<i>Community & Economic Development Director</i>	<i>Andrew Haussler</i>
<i>Finance Director/City Treasurer</i>	<i>Jay Schengel</i>
<i>Fire Chief</i>	<i>John Binaski</i>
<i>General Services Director</i>	<i>Shonna Halterman</i>
<i>Planning & Development Services Director</i>	<i>Dwight Kroll</i>
<i>Police Chief</i>	<i>Matt Basgall</i>
<i>Public Utilities Director</i>	<i>Scott Redelfs</i>

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INDEPENDENT AUDITORS' 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, 2017, 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, 2017, 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.

4365 Executive Drive, Suite 710, San Diego, California 92121

Tel: 858-242-5100 • Fax: 858-242-5150

www.pungroup.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, and Schedules of Changes in Net Pension Liability and Related Ratios 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic 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 14, 2017 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.

The PwC Group, LLP

San Diego, California
November 14, 2017

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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, 2017. 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$742 million, which is 5% more than 2016. Of this amount, \$49 million, 220% more than 2016, 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 \$16 million, which represents a net decrease of \$1.4 million from the previous year. The unassigned balance of \$0.7 million is available for carryover to fund future general fund expenditures.

During the year, previously approved rate increases were implemented for recycling and green waste programs. Council also voted to rebate the sewer bond charge at a rate of one and one-half times the rate previously charged for a total rebate of \$10.65 per month.

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 seven 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 five 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, transit and planning and development services. 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 46-85 of this report.

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2017, with comparative data for the fiscal year ended June 30, 2016.

City of Clovis' Net Position						
	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 95,361,738	\$ 92,838,362	\$ 119,897,998	\$ 95,736,536	\$ 215,259,736	\$ 188,574,898
Capital and intangible assets	550,260,605	545,203,801	281,037,363	282,234,634	831,297,968	827,438,435
Total assets	645,622,343	638,042,163	400,935,361	377,971,170	1,046,557,704	1,016,013,333
Deferred Outflows of Resources	30,885,322	18,235,606	227,862	248,268	31,113,184	18,483,874
Long-term liabilities outstanding	54,089,320	57,007,236	140,742,376	145,573,819	194,831,696	202,581,055
Other liabilities	9,508,561	9,073,977	7,661,289	5,731,985	17,169,850	14,805,962
Aggregate Net Pension Liability	111,434,073	91,060,651			111,434,073	91,060,651
Total liabilities	175,031,954	157,141,864	148,403,665	151,305,804	323,435,619	308,447,668
Deferred Inflows of Resources	11,096,896	16,492,926	1,009,906	1,078,568	12,106,802	17,571,494
Net Position:						
Net investment in capital assets	524,625,061	523,881,276	147,265,055	142,658,469	671,890,116	666,539,745
Restricted	20,680,782	25,842,905	953,465	905,550	21,634,247	26,748,455
Unrestricted	(54,927,028)	(67,081,202)	103,531,132	82,271,047	48,604,104	15,189,845
Total net position (restated)	\$ 490,378,815	\$ 482,642,979	\$ 251,749,652	\$ 225,835,066	\$ 742,128,467	\$ 708,478,045

As of June 30, 2017, the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$742 million. Governmental activities finished the year with a positive net position balance of \$490 million, an increase of \$7.7 million, or 2% over 2016. Business-type activities finished the year with a positive balance of \$252 million, an increase of \$26 million, or 11% over 2016. Net position, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net position, \$672 million or 91% 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 \$5.4 million, restricted net position decreased by \$5.1 million and unrestricted net position increased \$33.4 million, accounting for the increase in total net position of \$33.7 million. This is primarily due to the City's investment in the road network, buildings and related improvements, and machinery and equipment.

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 represents \$22 million or 3% of the total net position. Restricted net position represents 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 represents those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net position is \$49 million or 6% of the total net position, which is an increase of \$33.4 million or 220% from the previous year. Governmental activities have a negative \$(54.9) million unrestricted net position, which is an increase of \$12 million compared to last year. Business-type activities have \$103.5 million in unrestricted net position, an increase of \$21 million or 26% compared to last year.

Governmental activities. Governmental activities account for \$490 million or 66% of the total Government-wide net position. This is an increase of \$8 million or 2% over June 30, 2016. Donated and constructed assets increased by \$3 million while the amounts available for debt service, street and road construction and community development decreased by \$5 million. Additionally, the amount accumulated during the year for normal activities, unrestricted net position, increased by \$12 million.

The following lists key components of this increase:

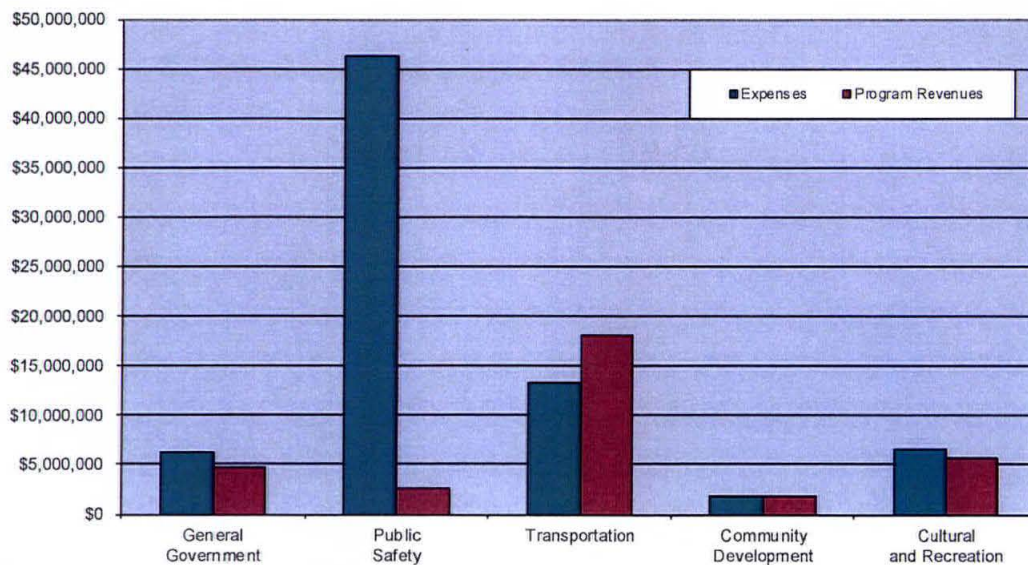
City of Clovis' Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 20,647,886	\$ 19,297,376	\$ 82,415,134	\$ 65,872,752	\$ 103,063,020	\$ 85,170,128
Operating grants and contributions	629,918	737,487	4,463,522	4,055,990	5,093,440	4,793,477
Capital grants and contributions	11,537,204	16,637,752	1,935,248	2,720,850	13,472,452	19,358,602
General revenues:						
Property taxes	22,391,753	20,649,898			22,391,753	20,649,898
Sales taxes	19,675,483	19,119,633			19,675,483	19,119,633
Business Lic/Franchise	5,300,062	5,271,321			5,300,062	5,271,321
Other taxes	2,705,284	2,550,809			2,705,284	2,550,809
Grants and contributions not restricted to specific programs	178,213	182,911			178,213	182,911
Unrestricted investment earnings	272,382	234,160	678,623	505,598	951,005	739,758
Total revenues	83,338,185	84,681,347	89,492,527	73,155,190	172,830,712	157,836,537
Expenses:						
General government	\$6,217,890	5,576,856			6,217,890	5,576,856
Public safety	46,258,117	42,027,043			46,258,117	42,027,043
Transportation	13,307,423	12,232,271			13,307,423	12,232,271
Community development	1,742,515	636,522			1,742,515	636,522
Cultural and recreation	6,702,581	6,195,877			6,702,581	6,195,877
Interest and other charges	885,823	924,529			885,823	924,529
Community Sanitation			16,574,133	16,206,637	16,574,133	16,206,637
Sewer			18,234,305	18,553,446	18,234,305	18,553,446
Water			15,604,025	14,487,459	15,604,025	14,487,459
Transit			5,098,278	5,016,330	5,098,278	5,016,330
Planning & Development Services			8,555,200	7,779,905	8,555,200	7,779,905
Total expenses	75,114,349	67,593,098	64,065,941	62,043,777	139,180,290	129,636,875
Increase in net position before transfers	8,223,836	17,088,249	25,426,586	11,111,413	33,650,422	28,199,662
Transfers	(488,000)	(850,000)	488,000	850,000	0	0
Increase in net position	7,735,836	16,238,249	25,914,586	11,961,413	33,650,422	28,199,662
Net position-beginning as restated	482,642,979	466,404,730	225,835,066	213,873,653	708,478,045	680,278,383
Net position - ending	\$ 490,378,815	\$ 482,642,979	\$ 251,749,652	\$ 225,835,066	\$ 742,128,467	\$ 708,478,045

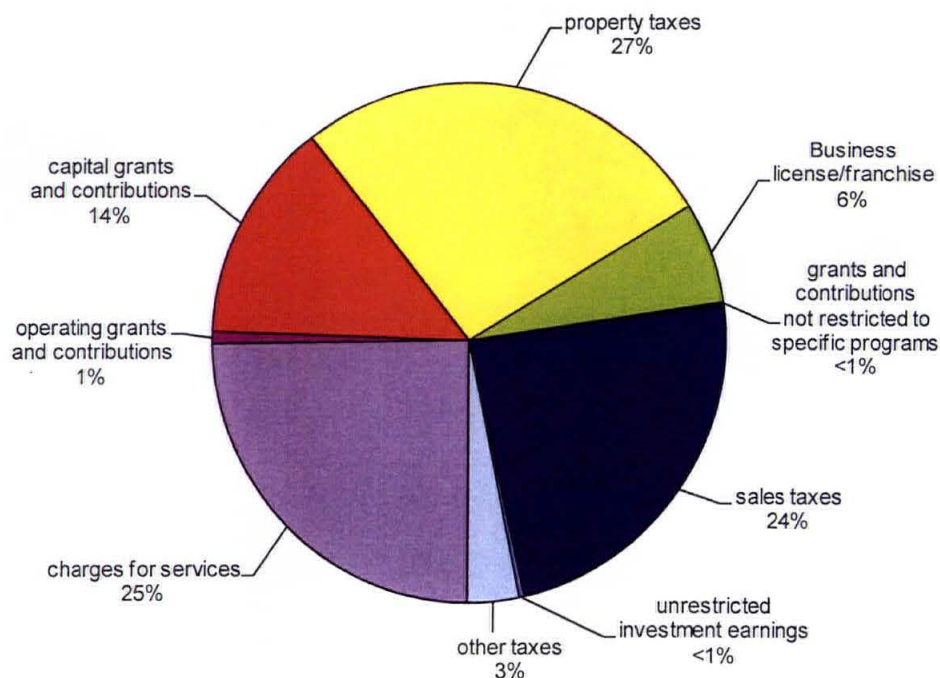
Total governmental revenues for the year were \$83 million, which is \$1 million or 2% less than in 2016. The majority of this decrease is attributable to capital grants and contributions and represents decreases in funding for streets and roads. Taxes, including property, sales, business license/franchise, and other taxes, account for \$50 million or 60% of the City's governmental activities revenue and increased \$2 million or 5% from 2016. Property taxes increased by less than \$2 million due to higher property values and the shift of former redevelopment tax increment to the City. Sales taxes only increased \$.6 million mainly due to slight increases in automobile sales and general retail sales. Business taxes stayed the same and Other taxes had a nominal increase.

Total governmental expenses for the year were \$75 million, an increase of \$8 million or 11% from 2016. Public Safety, which includes police and fire, accounts for \$46 million or 62% of the total governmental activities expenses. Public Safety expenses increased \$4 million or 10% from 2016 primarily due to increases in salary and benefit costs and the increased costs of services, materials and supplies. Community development expenses increased by \$1 million or 174% from 2016 as a result of increases in loans for home repairs, the down-payment loan program and grants for home improvements. General government expenses were \$6 million or increased 11% from 2016 mainly as a result of the increase in retirement costs. Transportation expenses were \$13 million or greater by 9% when compared to 2016. Cultural and Recreation expenses were \$7 million or greater by 8% when compared to 2016.

Expenses and Program Revenues-Governmental Activities



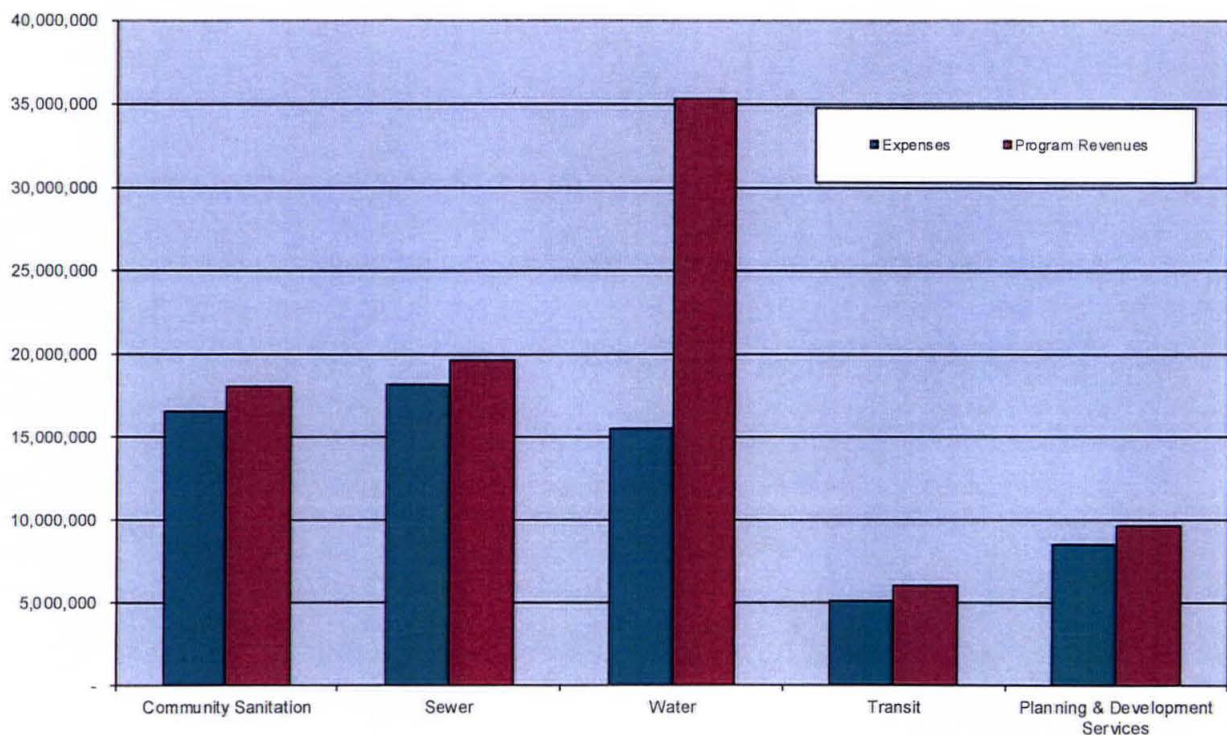
Revenues by Source-Governmental Activities



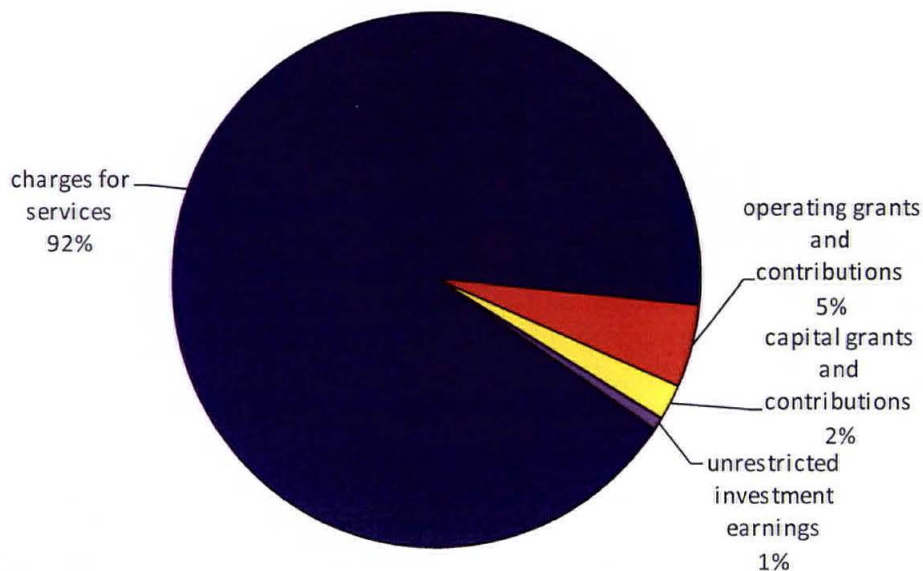
Program revenues that include charges for services and grants specific to certain programs account for \$32.8 million or 39% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of “general” revenues such as taxes, interest, and grants and contributions.

Business-type Activities. Business-type activities account for \$252 million or 34% of the total Government-wide net position. This is an increase of \$26 million or 11% from June 30, 2016. The component, “Net Investment in Capital Assets” accounts for \$147 million or 58% of the total net position and is an increase of \$5 million from 2016. The amount of restricted net position represents \$1 million or less than 1% of the total net position and remained about the same from 2016. The amount of net position that is unrestricted, \$104 million or 41%, increased \$21 million from 2016. Charges for current services were \$82 million or 92% of the total business-type activity revenue and increased \$16.5 million from 2016. Grants and contributions of \$6 million represent \$2 million in contributions of sewer and water mains from developers and \$4 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 \$43 million, which is about the same as the previous year. Of the total fund balance, \$.7 million or 2% 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)

Capital Projects	\$12.0
Community Development	6.5
Debt service	0.4
Landscape Maintenance	3.1
Parking and Business Improvement	<0.1
Law Enforcement	<0.1
Services materials and supplies	0.5
Capital Outlay	0.3
Emergencies	11.6

The general fund is the chief operating fund of the City. As of June 30, 2017, the *total* fund balance (including all categories) of the general fund was \$16 million, a decrease of \$1.4 million from June 30, 2016. The total fund balance of \$16 million includes restricted balances of \$3.2 million, assigned balances of \$12.1 million and an unassigned balance of \$0.7 million.

The general fund *restricted* balances of \$3.2 million increased by \$0.5 million over 2016 due to an increase in the amount restricted for the landscape maintenance. The *assigned* balance for unforeseen expenditures increased by \$0.5 million; from \$11.1 million to \$11.6 million; or 18.5% of the 2016/17 actual expenditures in order to reach the 20%-25% level established by Council policy. The *unassigned* fund balance decreased \$2.2 million when compared to June 30, 2016. The \$0.7 million unassigned portion is the amount carried over to offset the impact of revenue shortfall that may occur in the next year due to economic uncertainty and is \$0.3 million less than the amount projected at the time the 2017/18 budget was prepared.

Revenues exceeded expenditures by \$1.6 million excluding landscape maintenance where revenues exceeded expenditures by a little over \$0.4 million. "Other taxes" revenues came in over budgeted amounts by \$0.3 million and revenue "From other agencies" came in over budgeted amounts by \$0.3 million. In addition, some general fund revenues came in lower than budgeted; the most significant were "Sales taxes," \$(0.4) million; "Licenses and permits," \$(0.3) million; "Charges for current services," \$(0.2) million and "Property taxes," \$(0.1) million. The greater than expected "Other taxes" revenue was mostly due to improved transient occupancy tax as hotels improved their occupancy rates. The increase in "From other agencies" represents some grant funding for public safety operations. The shortfall in "Sales taxes" represents the decrease in sales within the City of Clovis as a result of an increase in online shopping. The shortfall in "Licenses and permits" represents the decrease in card room fees. The shortfall in "Charges for current services" represents the decrease in landscape maintenance charges. The shortfall in "Property taxes" represents the County misallocation of property taxes to other taxing agencies.

Several departments experienced expenditure savings including "Manager," \$0.5 million, "General Services", \$0.2 million, "Finance," \$0.7 million, "Fire," \$0.1 million and "Public Utilities," \$0.5 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 \$11.9 million is \$0.5 million more than June 30, 2016.

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 position.

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 of \$93.7 million. This deficit balance is attributable to the liability of CalPERS pension funds and workers' compensation program claims. The net pension liability is \$111 million. This liability is long-term in nature, not requiring current resources, and is not being funded separately from PERS at this time. The current liability for workers' compensation claims is \$8.2 million. The City funds the current year workers' compensation expenditures with charges to City programs. The City has also funded approximately \$2.5 million of the accrued liability through charges to City programs in prior years. The balance of the liability is of a long-term nature, not requiring current resources, and therefore has not been funded.

General Fund Budgetary Highlights

Throughout the fiscal year it was necessary to adjust the original General Fund budget. The Statement of Revenues, Expenditures, and 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:

\$ 13,000	City Clerk-additional costs incurred for recruitment of a new City Manager.
\$ 836,000	Police Department-Variou s grant expenditures partially offset by additional grant revenues and excess overtime related to vacancies
\$ 67,500	Fire Department-additional costs for equipment offset by grants

Capital Assets and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$831 million (net of depreciation/amortization) an increase of \$4 million over 2016. 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	\$ 8 million
Machinery and equipment	\$ 4 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 61-62.

CITY OF CLOVIS'
Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 228,357,109	\$ 225,061,925	\$ 36,124,392	\$ 36,124,392	\$ 264,481,501	\$ 261,186,317
Buildings and improvements	88,588,564	89,929,803	214,343,782	214,789,895	302,932,346	304,719,698
Machinery and equipment	13,579,109	12,911,995	2,110,192	2,431,620	15,689,301	15,343,615
Road network	219,735,823	217,300,078			219,735,823	217,300,078
Intangibles			28,458,997	28,888,727	28,458,997	28,888,727
Total	\$ 550,260,605	\$ 545,203,801	\$ 281,037,363	\$ 282,234,634	\$ 831,297,968	\$ 827,438,435

Long-term Debt. The City's long-term debt as of June 30, 2017, was \$159 million with governmental activities accounting for \$26 million or 16% and business-type activities accounting for \$133 million or 84%.

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Capital leases	\$ 24,154,921	\$ 26,850,329			\$ 24,154,921	\$ 26,850,329
Loans payable	1,480,623	1,724,379			1,480,623	1,724,379
Revenue bonds			\$ 125,639,953	\$ 130,540,195	125,639,953	130,540,195
Contracts payable			7,350,311	8,205,774	7,350,311	8,205,774
Total	\$ 25,635,544	\$ 28,574,708	\$ 132,990,264	\$ 138,745,969	\$ 158,625,808	\$ 167,320,677

General obligation debt are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Clovis' debt limit is \$1.4 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 2017/18 fiscal year, the City was able to increase general fund expenditures by \$2.6 million compared to the estimated 2016/17 expenditures. This increase is due to vacancies being filled, 7 additional positions, increasing costs of benefits, a 3% cost-of-living salary increase, debt service on safety equipment and communications 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 5% compared to the previous year due to the improving economy. The City of Clovis experienced a 2.52% growth in population in 2017 compared to the 10-year average growth rate of 2.00%. The

City's unemployment rate still ranks one of the lowest in the area at 5.8%, lower than the Fresno County rate of 7.5%, though still higher than the national average of 4.1% and the State of California average of 4.7%.

Residential building activity has returned to greater than the 10-year average and is expected to remain robust over the next few years. 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 Center recently completed an additional medical office building and is nearing completion on a cancer research facility. The hospital is beginning the process to add another bed tower. The Center's expansion continues to be one of the biggest job creation projects in Fresno County in recent years.

Total city-wide expenditures, excluding capital expenditures, were projected to increase approximately 4.3% due to filling vacancies, adding seven new positions, increasing salary and benefit costs, and the rising costs of services, materials and supplies.

The 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, 2017 the General Fund has an assigned fund balance of \$11.6 million or 18.5% of budgeted expenditures set aside for unforeseen emergencies.

The Council determined that it was necessary for the Community Sanitation Fund to implement a rate increase of 4% for the green waste and recycling programs and to implement a rate increase of 3% for the Water Fund. Furthermore, the Council determined that a 2% increase was necessary for the refuse collection and disposal program for the 2017-18 year. The Sewer Fund has an approved rate increase of 3% which Council determined was not necessary to implement for the 2017-18 year. Additionally, Council voted to rebate the sewer bond charge at a rate of one-half times the rate previously charged for a rebate of \$7.30 per month.

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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 80,505,910	\$ 106,817,931	\$ 187,323,841
Receivables	6,886,145	7,466,076	14,352,221
Internal balances	(4,078,800)	4,078,800	0
Due from other governments	6,329,977	581,726	6,911,703
Inventories	724,000		724,000
Assets held for resale	3,184,106		3,184,106
Restricted assets:			
Cash and investments	1,810,400	953,465	2,763,865
Capital assets, not being depreciated	228,357,109	36,124,392	264,481,501
Capital assets (net of accumulated depreciation)	321,903,496	216,453,974	538,357,470
Intangible assets (net of accumulated amortization)		28,458,997	28,458,997
Total assets	<u>645,622,343</u>	<u>400,935,361</u>	<u>1,046,557,704</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	30,885,322		30,885,322
Deferred loss on bond refunding		227,862	227,862
	<u>30,885,322</u>	<u>227,862</u>	<u>31,113,184</u>
LIABILITIES			
Accounts payable	5,400,491	7,115,374	12,515,865
Unearned revenue	4,108,070	545,915	4,653,985
Noncurrent liabilities:			
Due within one year	6,436,313	9,025,261	15,461,574
Due in more than one year	47,653,007	131,717,115	179,370,122
Aggregate Net Pension Liability	111,434,073		111,434,073
Total liabilities	<u>175,031,954</u>	<u>148,403,665</u>	<u>323,435,619</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	11,096,896		11,096,896
Deferred gain on bond refunding		1,009,906	1,009,906
	<u>11,096,896</u>	<u>1,009,906</u>	<u>12,106,802</u>
NET POSITION			
Net investment in capital assets	524,625,061	147,265,055	671,890,116
Restricted for:			
Debt service	2,204,571	953,465	3,158,036
Streets and roads	11,976,415		11,976,415
Community development	6,499,796		6,499,796
Unrestricted (deficit)	(54,927,028)	103,531,132	48,604,104
Total net position	<u>\$ 490,378,815</u>	<u>\$ 251,749,652</u>	<u>\$ 742,128,467</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, 2017

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	\$ 6,217,890	\$ 4,640,145		\$ 8,439	\$ (1,569,306)		\$ (1,569,306)
Public safety	46,258,117	2,078,470	\$ 274,851	173,339	(43,731,457)		(43,731,457)
Transportation	13,307,423	7,411,285		10,771,913	4,875,775		4,875,775
Community development	1,742,515	864,785	330,772	544,249	(2,709)		(2,709)
Cultural and recreation	6,702,581	5,653,201	24,295	39,264	(985,821)		(985,821)
Interest and other charges	885,823				(885,823)		(885,823)
Total governmental activities	75,114,349	20,647,886	629,918	11,537,204	(42,299,341)	0	(42,299,341)
Business-type activities:							
Community sanitation	16,574,133	18,082,509				\$1,508,376	1,508,376
Sewer disposal	18,234,305	18,942,401		751,929		1,460,025	1,460,025
Water	15,604,025	34,174,453		1,116,191		19,686,619	19,686,619
Transit	5,098,278	1,596,664	4,393,611	67,128		959,125	959,125
Planning & Development Services	8,555,200	9,619,107	69,911			1,133,818	1,133,818
Total business-type activities	64,065,941	82,415,134	4,463,522	1,935,248	0	24,747,963	24,747,963
Total primary government	\$ 139,180,290	\$ 103,063,020	\$ 5,093,440	\$13,472,452	(42,299,341)	24,747,963	(17,551,378)
General revenues:							
Property taxes					22,391,753		22,391,753
Sales taxes					19,675,483		19,675,483
Business License/Franchise Fees					5,300,062		5,300,062
Other taxes					2,705,284		2,705,284
Grants and contributions not restricted to specific programs					178,213		178,213
Unrestricted investment earnings					272,382	678,623	951,005
Transfers					(488,000)	488,000	0
Total general revenues and transfers					50,035,177	1,166,623	51,201,800
Changes in net position					7,735,836	25,914,586	33,650,422
Net position-beginning					482,642,979	225,835,066	708,478,045
Net position-ending					\$490,378,815	\$251,749,652	\$742,128,467

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

**City of Clovis
Balance Sheet
Governmental Funds
June 30, 2017**

	Major Funds		Other	Total
	General	Local Transportation	Governmental Funds	Governmental Funds
ASSETS				
Cash and investments	\$ 12,530,636	\$ 28,509,053	\$ 7,011,641	\$ 48,051,330
Cash with agents-restricted		15,900		15,900
Receivables	1,492,417	691,129	4,353,170	6,536,716
Due from other governments	4,194,633	1,567,912	554,795	6,317,340
Assets held for resale			3,184,106	3,184,106
Total assets	<u>\$ 18,217,686</u>	<u>\$ 30,783,994</u>	<u>\$ 15,103,712</u>	<u>\$ 64,105,392</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 751,510	\$ 1,919,841	\$ 329,786	\$ 3,001,137
Due to other governments	69,908			69,908
Deposits and other liabilities	88,210	15,949,058	10,865	16,048,133
Unearned revenue	1,258,535	1,005,401		2,263,936
Total liabilities	<u>2,168,163</u>	<u>18,874,300</u>	<u>340,651</u>	<u>21,383,114</u>
Fund balances:				
Nonspendable:				
Assets held for resale			3,184,106	3,184,106
Long-term receivables			4,344,367	4,344,367
Restricted for:				
Capital projects		11,909,694	66,721	11,976,415
Community development			6,499,796	6,499,796
Debt service			410,071	410,071
Landscape maintenance	3,082,627			3,082,627
Parking and business improvement	97,618			97,618
Law enforcement	9,259			9,259
Assigned for:				
Services, materials and supplies	542,000			542,000
Capital			258,000	258,000
Emergencies	11,610,000			11,610,000
Unassigned, reported in:				
General fund	708,019			708,019
Total fund balances	<u>16,049,523</u>	<u>11,909,694</u>	<u>14,763,061</u>	<u>42,722,278</u>
Total liabilities and fund balances	<u>\$ 18,217,686</u>	<u>\$ 30,783,994</u>	<u>\$ 15,103,712</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 \$86,310,875 of internal service fund capital assets)	463,949,730
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 \$4,078,800 allocated to business-type activities)	(13,453,193)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,840,000)
Net Position of Governmental Activities	<u>\$ 490,378,815</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, 2017

	Major Funds		Other	Total
	General	Local Transportation	Governmental Funds	Governmental Funds
REVENUES				
Property taxes	\$ 22,391,753			\$ 22,391,753
Sales taxes	19,675,483			19,675,483
Business license/Franchise fee	5,300,062			5,300,062
Other taxes	2,705,284			2,705,284
Licenses and permits	330,336			330,336
Fines and forfeitures	140,193			140,193
Use of money and property	105,206	\$ 13,400	\$ 54,918	173,524
From other agencies	3,067,514	6,563,631	1,841,870	11,473,015
Charges for current services	4,978,066	1,537,436	1,544,571	8,060,073
Other revenues	5,622,946	11,517	234	5,634,697
Total revenue	64,316,843	8,125,984	3,441,593	75,884,420
EXPENDITURES				
Current:				
General government	6,287,114			6,287,114
Public safety	46,476,211			46,476,211
Transportation	4,032,061			4,032,061
Community development			1,757,867	1,757,867
Cultural and recreation	5,914,052			5,914,052
Capital outlays		7,645,065	871,613	8,516,678
Total expenditures	62,709,438	7,645,065	2,629,480	72,983,983
Excess (deficiency) of revenues over (under) expenditures	1,607,405	480,919	812,113	2,900,437
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,000,000)		(188,000)	(3,188,000)
Total other financing sources (uses)	(3,000,000)	0	(188,000)	(3,188,000)
Net change in fund balances	(1,392,595)	480,919	624,113	(287,563)
Fund balances-beginning	17,442,118	11,428,775	14,138,948	43,009,841
Fund balances-ending	\$ 16,049,523	\$ 11,909,694	\$ 14,763,061	\$ 42,722,278

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, 2017

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)	\$ (287,563)
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 depreciation exceeded capital outlays in the current period.	(1,880,954)
The net effect of donations and miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net position.	7,363,827
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.	(155,000)
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 \$1,183,636 allocated to business-type activities.	2,695,526
Change in net position of governmental activities (page 31)	<u>\$ 7,735,836</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 22,498,000	\$ 22,498,000	\$ 22,391,753	\$ (106,247)
Sales taxes	20,051,000	20,051,000	19,675,483	(375,517)
Business license/Franchise fee	5,380,000	5,380,000	5,300,062	(79,938)
Other taxes	2,430,000	2,430,000	2,705,284	275,284
Licenses and permits	620,000	620,000	330,336	(289,664)
Fines and forfeitures	224,000	224,000	140,193	(83,807)
Use of money and property	166,000	166,000	105,206	(60,794)
From other agencies	2,580,000	2,814,980	3,067,514	252,534
Charges for current services	5,187,000	5,187,000	4,978,066	(208,934)
Other revenues	5,576,000	5,586,000	5,622,946	36,946
Total revenues	64,712,000	64,956,980	64,316,843	(640,137)
EXPENDITURES				
Council	314,200	314,200	297,921	16,279
Clerk	379,700	392,700	392,516	184
Attorney	676,700	676,700	666,073	10,627
Manager	1,990,179	2,090,179	1,588,575	501,604
General services	2,013,015	2,019,095	1,825,843	193,252
Finance/Treasurer	3,349,865	3,349,865	2,692,600	657,265
Police	31,651,015	32,487,415	32,487,165	250
Fire	13,999,451	14,066,951	13,989,046	77,905
Public utilities	9,301,266	9,301,266	8,769,699	531,567
Total expenditures	63,675,391	64,698,371	62,709,438	1,988,933
Excess (deficiency) of revenues over expenditures	1,036,609	258,609	1,607,405	1,348,796
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,000,000)	(3,000,000)	(3,000,000)	0
Total other financing sources (uses)	(3,000,000)	(3,000,000)	(3,000,000)	0
Net change in fund balance	(1,963,391)	(2,741,391)	(1,392,595)	1,348,796
Fund balance-beginning	17,442,118	17,442,118	17,442,118	
Fund balance-ending	\$ 15,478,727	\$ 14,700,727	\$ 16,049,523	\$ 1,348,796

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 Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$ 12,000	\$ 12,000	\$ 13,400	\$ 1,400
From other agencies	15,695,000	25,654,000	6,563,631	(19,090,369)
Charges for services	5,492,000	6,524,000	1,537,436	(4,986,564)
Other revenues	0	0	11,517	11,517
Total revenues	<u>21,199,000</u>	<u>32,190,000</u>	<u>8,125,984</u>	<u>(24,064,016)</u>
EXPENDITURES				
Capital Outlay	25,037,143	36,742,143	7,645,065	29,097,078
Total expenditures	<u>25,037,143</u>	<u>36,742,143</u>	<u>7,645,065</u>	<u>29,097,078</u>
Excess (deficiency) of revenues over expenditures	(3,838,143)	(4,552,143)	480,919	5,033,062
Fund balance-beginning	11,428,775	11,428,775	11,428,775	
Fund balance-ending	<u>\$ 7,590,632</u>	<u>\$ 6,876,632</u>	<u>\$ 11,909,694</u>	<u>\$ 5,033,062</u>

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**City of Clovis
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Business-Type Activities-Enterprise Funds						Governmental Activities Internal Service Funds
	Major Enterprise Funds				Nonmajor		
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Totals	
ASSETS							
Current assets:							
Cash and investments	\$ 14,516,465	\$ 32,257,792	\$ 48,528,093	\$ 8,857,158	\$ 2,658,423	\$ 106,817,931	\$ 32,454,580
Receivables	2,913,300	2,038,569	2,471,197	33,244	9,766	7,466,076	349,429
Due from other governments			4,361	10,724	566,641	581,726	12,637
Inventories						0	724,000
Total current assets	17,429,765	34,296,361	51,003,651	8,901,126	3,234,830	114,865,733	33,540,646
Noncurrent assets:							
Restricted cash and investments:							
Cash with fiscal agent-bond accounts	945,418	7,988	59			953,465	1,794,500
Total restricted assets	945,418	7,988	59	0	0	953,465	1,794,500
Capital assets:							
Land	18,063,844	4,287,312	13,773,236			36,124,392	12,183,896
Buildings and improvements	6,397,713	162,818,265	119,130,453			288,346,431	90,415,095
Machinery and equipment	1,858,519	371,295	1,287,972	91,362	4,868,511	8,477,659	42,048,831
Less accumulated depreciation	(2,236,376)	(41,249,980)	(33,139,487)	(68,521)	(3,675,752)	(80,370,116)	(58,336,947)
Total capital assets (net of accumulated depreciation)	24,083,700	126,226,892	101,052,174	22,841	1,192,759	252,578,366	86,310,875
Intangible assets		38,156,999	9,118,786			47,275,785	
Less accumulated amortization		(17,006,080)	(1,810,708)			(18,816,788)	
Total intangible assets (net of accumulated amortization)	0	21,150,919	7,308,078	0	0	28,458,997	
Total noncurrent assets	25,029,118	147,385,799	108,360,311	22,841	1,192,759	281,990,828	88,105,375
Total assets	42,458,883	181,682,160	159,363,962	8,923,967	4,427,589	396,856,561	121,646,021
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows						0	30,885,322
Deferred loss on bond refunding			227,862			227,862	
Total Deferred Outflows of Resources	0	0	227,862	0	0	227,862	30,885,322

	Business-Type Activities-Enterprise Funds						Governmental Activities Internal Service Funds
	Major Enterprise Funds				Nonmajor		
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Totals	
LIABILITIES							
Current liabilities:							
Accounts payable	561,805	4,404,060	1,984,231	153,813	9,413	7,113,322	2,329,445
Claims and judgments payable						0	2,548,000
Due to other governments					2,052	2,052	
Accrued compensated absences	56,500	24,900	43,300	79,600	31,500	235,800	847,900
Deposits and other liabilities			2,274,925	879,000		3,153,925	253,165
Unearned revenue		59,200		277,102	209,613	545,915	1,844,134
Capital leases-current						0	2,661,565
Loans payable-current						0	285,113
Revenue bonds-current	725,000	2,185,000	1,825,000			4,735,000	
Contracts payable-current		900,536				900,536	
Total current liabilities	1,343,305	7,573,696	6,127,456	1,389,515	252,578	16,686,550	10,769,322
Noncurrent liabilities:							
Claims and judgments payable						0	5,750,000
Accrued compensated absences	200,214	88,417	153,549	282,158	111,709	836,047	166,579
Capital leases						0	21,493,356
Loans payable						0	1,195,510
Revenue bonds (net of discount/premium)	737,603	94,931,632	25,235,718			120,904,953	
Contracts payable		6,449,775				6,449,775	
Landfill closure	3,526,340					3,526,340	
Net pension liability						0	111,434,073
Total noncurrent liabilities	4,464,157	101,469,824	25,389,267	282,158	111,709	131,717,115	140,039,518
Total liabilities	5,807,462	109,043,520	31,516,723	1,671,673	364,287	148,403,665	150,808,840
DEFERRED INFLOWS OF RESOURCES							
Pension related deferred inflows						0	11,096,896
Deferred gain on bond refunding, net		1,009,906				1,009,906	
Total Deferred Inflows of Resources	0	1,009,906	0	0	0	1,009,906	11,096,896
NET POSITION							
Net investment in capital assets	22,621,097	41,900,962	81,527,396	22,841	1,192,759	147,265,055	60,675,331
Restricted for debt service	945,418	7,988	59			953,465	1,794,500
Unrestricted (deficit)	13,084,906	29,719,784	46,547,646	7,229,453	2,870,543	99,452,332	(71,844,224)
Total net position	\$36,651,421	\$ 71,628,734	\$ 128,075,101	\$ 7,252,294	\$ 4,063,302	247,670,852	\$ (9,374,393)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						4,078,800	
Net position of business-type activities						\$ 251,749,652	

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

City of Clovis
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities-Enterprise Funds						Governmental Activities Internal Service Funds
	Major Enterprise Funds				Nonmajor		
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Totals	
Operating revenues:							
Charges for services	\$ 18,049,840	\$ 18,358,654	\$ 18,409,020	\$ 9,619,107	\$ 228,667	\$ 64,665,288	\$ 41,857,425
From other agencies				69,911	1,367,997	1,437,908	154,244
Other revenues	32,669	583,747	68,610			685,026	916,642
Total operating revenues	18,082,509	18,942,401	18,477,630	9,689,018	1,596,664	66,788,222	42,928,311
Operating expenses:							
Salaries and benefits	4,887,167	1,020,524	3,373,453	5,586,254	2,807,607	17,675,005	4,572,373
Services, materials and supplies	9,435,544	5,925,091	6,145,209	1,125,803	1,302,608	23,934,255	29,935,764
Administration	2,588,300	2,123,700	2,458,711	1,939,500	842,900	9,953,111	1,304,315
Depreciation/amortization	220,118	4,747,482	2,636,907	15,227	328,553	7,948,287	5,473,864
Total operating expenses	17,131,129	13,816,797	14,614,280	8,666,784	5,281,668	59,510,658	41,286,316
Operating income (loss)	951,380	5,125,604	3,863,350	1,022,234	(3,685,004)	7,277,564	1,641,995
Nonoperating revenues (expenses):							
Interest income	125,480	263,181	239,417	45,167	5,378	678,623	143,504
Interest expense	(103,503)	(4,498,242)	(1,118,263)			(5,720,008)	(885,823)
State transit funding					4,393,611	4,393,611	
Legal settlement			15,696,823			15,696,823	
Gain (loss) on sale of capital assets	(11,774)	(5,000)	(849)		(1,287)	(18,910)	150,192
Total nonoperating revenue (expense)	10,203	(4,240,061)	14,817,128	45,167	4,397,702	15,030,139	(592,127)
Income before contributions and transfers	961,583	885,543	18,680,478	1,067,401	712,698	22,307,703	1,049,868
Capital contributions		751,929	1,116,191		67,128	1,935,248	129,294
Transfers in	188,000			300,000		488,000	2,700,000
Changes in net position	1,149,583	1,637,472	19,796,669	1,367,401	779,826	24,730,951	3,879,162
Total net position-beginning	35,501,838	69,991,262	108,278,432	5,884,893	3,283,476		(13,253,555)
Total net position-ending	\$ 36,651,421	\$ 71,628,734	\$128,075,101	\$ 7,252,294	\$ 4,063,302		\$ (9,374,393)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						1,183,635	
Change in net position of business-type activities (page 31)						\$ 25,914,586	

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, 2017

	Business-Type Activities-Enterprise Funds						Governmental Activities- Internal Service Funds
	Major Enterprise Funds				Nonmajor		
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Totals	
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$17,966,411	\$18,647,895	\$18,262,750	\$10,003,322	\$ 222,277	\$ 65,102,655	
Receipts for interfund services							\$41,712,940
Payments to suppliers	(11,708,274)	(6,449,937)	(8,053,667)	(2,998,459)	(2,247,338)	(31,457,675)	(32,801,676)
Payments to employees	(4,854,668)	(1,010,056)	(3,363,760)	(5,567,638)	(2,825,003)	(17,621,125)	(2,355,923)
Other revenues	32,669	583,747	15,765,433	19,585	1,367,997	17,769,431	1,037,129
Net cash provided/(used) by operating activities	1,436,138	11,771,649	22,610,756	1,456,810	(3,482,067)	33,793,286	7,592,470
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers-in from other funds	188,000			300,000		488,000	2,700,000
Transportation funding-State					4,413,940	4,413,940	
Net cash provided by noncapital financing activities	188,000	0	0	300,000	4,413,940	4,901,940	2,700,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from revenue bonds		0				0	
Acquisition and construction of capital assets	(183,733)	(2,840,134)	(1,814,018)		(63,921)	(4,901,806)	(4,999,811)
Principal paid on loans, bonds, and capital leases	(667,602)	(2,960,463)	(1,755,000)			(5,383,065)	(2,969,165)
Interest paid on loans, bonds and capital leases	(125,559)	(4,940,353)	(1,331,673)			(6,397,585)	(866,794)
Proceeds from capital grants					67,128	67,128	
Proceeds from capital leases						0	30,000
Proceeds from sale of capital assets						0	341,502
Net cash provided/(used) by capital and related financing activities	(976,894)	(10,740,950)	(4,900,691)	0	3,207	(16,615,328)	(8,464,268)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends on investments	136,855	252,558	228,049	42,316	4,407	664,185	134,820
Net cash provided by investing activities	136,855	252,558	228,049	42,316	4,407	664,185	134,820
Net change in cash and cash equivalents	784,099	1,283,257	17,938,114	1,799,126	939,487	22,744,083	1,963,022
Cash and cash equivalents-beginning of year	14,677,784	30,982,523	30,590,038	7,058,032	1,718,936	85,027,313	32,286,058
Cash and cash equivalents-end of year	\$15,461,883	\$32,265,780	\$48,528,152	\$ 8,857,158	\$ 2,658,423	\$107,771,396	\$34,249,080

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

Operating income/(loss)	\$ 951,380	\$ 5,125,604	\$ 3,863,350	\$ 1,022,234	\$(3,685,004)	\$ 7,277,564	\$ 1,641,995
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation/amortization expense	220,118	4,747,482	2,636,907	15,227	328,553	7,948,287	5,473,864
Landfill closure expense	246,700					246,700	
Legal settlement			15,696,823			15,696,823	
(Increase)/decrease in accounts receivable	(83,429)	318,841	(449,044)	(6,604)	(4,025)	(224,261)	(192,898)
(Increase)/decrease in due from other governments						0	6,694
(Increase)/decrease in inventories						0	(121,000)
(Increase)/decrease in deferred outflows - pension						0	(9,597,239)
Increase/(decrease) in accounts payable	68,870	1,598,854	550,253	66,844	(101,830)	2,182,991	194,403
Increase/(decrease) in due to other governments					(2,365)	(2,365)	
Increase/(decrease) in accrued compensated absences	32,499	10,468	9,693	18,616	(17,396)	53,880	(111,226)
Increase/(decrease) in unearned revenue		(29,600)		19,585		(10,015)	
Increase/(decrease) in claims and judgments payable						0	(1,635,000)
Increase/(decrease) in deposits			302,774	320,908		623,682	7,962
Increase/(decrease) in net pension liability						0	20,373,422
Increase/(decrease) in deferred outflows - pension						0	(8,448,507)
Total adjustments	484,758	6,646,045	18,747,406	434,576	202,937	26,515,722	5,950,475
Net cash provided/(used) by operating activities	\$ 1,436,138	\$11,771,649	\$22,610,756	\$ 1,456,810	\$(3,482,067)	\$ 33,793,286	\$ 7,592,470

Noncash investing, capital, and financing activities:

During the year the Sewer Disposal Fund, an enterprise fund, received \$751,929 in donated assets.

During the year the Water Fund, an enterprise fund, received \$1,116,191 in donated assets.

During the year the Fleet Maintenance Fund, an internal service fund, received \$129,294 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, 2017

	Redevelopment Successor Agency Private- purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 77,155	\$ 2,297,186
Cash with agent-restricted	2,024,119	
Receivables		1,779
Prepaid items	202,411	
Capital Assets (net of accumulated depreciation)	11,128,363	
Total assets	<u>13,432,048</u>	<u>\$ 2,298,965</u>
LIABILITIES		
Accrued payroll		\$ 2,037,194
Accounts payable	485,431	
Agency funds payable		184,964
Due to bondholders		76,807
Tax Allocation Bonds Payable	14,116,862	
Total liabilities	<u>14,602,293</u>	<u>\$ 2,298,965</u>
NET POSITION (DEFICIT)		
Held in trust for Redevelopment Successor Agency Fund	<u>\$ (1,170,245)</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, 2017

	Redevelopment Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property Taxes	\$ 1,717,069
Total additions	<u>1,717,069</u>
DEDUCTIONS	
Services, materials and supplies	132,046
Administration	119,500
Depreciation/amortization	76,585
Interest and other fiscal charges	676,588
Total deductions	<u>1,004,719</u>
Change in net position	712,350
Net position-Beginning	(1,882,595)
Net position-Ending	<u><u>\$ (1,170,245)</u></u>

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

I. Summary of significant accounting policies

A. Reporting entity

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

1. Blended component units

Although the following are legally separate from the City, they have been "blended" as though they are part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly.

The Clovis Municipal Development Corporation (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 (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 activities) report information on all of the non-fiduciary activities of the primary government and its components units. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of a segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The statement of net position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

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 and proprietary fund financial statements are reported using the *"economic resources"* measurement focus and the accrual basis of accounting. Fiduciary fund financial statements are reported using the accrual basis of accounting but do not have a measurement focus since agency funds and private-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 requirement 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 that are restricted to expenditures 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 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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

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.

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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

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.

U.S. GAAP defines fair values, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded fair value in the Statement of Net Position/Balance Sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

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, 2017, determined by prorating the July 2017 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 sheet or statement 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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

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 acquisition 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 \$38,156,999 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 \$9,118,786 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 \$7,363,827 of developer donated assets.

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Plan investments are reported at fair value.

The following timeframes are used for pension plan reporting:

CalPERS

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

10. 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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

minimum unassigned fund balance for any operational fund is 10% of the budgeted expenditures with the goal for unassigned fund balance of up to 15% of budgeted expenditures unless capital borrowing or extraordinary fiscal conditions require higher levels of unassigned fund balance be maintained.

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

11. 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, net of deferred refunding, 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.

12. 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.

13. Implementation of New GASB Pronouncements

GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*: this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by GASB Statements 67 and 68). This pronouncement did not have a material effect on the financial statements of the City.

GASB has issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: this Statement addresses reporting by postemployment benefits other than pensions (OPEB) plans that administer benefits on behalf of governments. This statement basically parallels GASB Statement 67 and replaces GASB Statement 43. This pronouncement did not have a material effect on the financial statements of the City.

GASB has issued Statement No. 77, *Tax Abatement Disclosures*: this Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. This pronouncement did not have a material effect on the financial statements of the City.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

GASB has issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*: this Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This pronouncement did not have a material effect on the financial statements of the City.

GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*: this Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This pronouncement did not have a material effect on the financial statements of the City.

Upcoming Governmental Accounting Standards Implementation

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement applies to government employers who provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement basically parallels GASB Statement 68 and replaces GASB Statement 45. Application of this statement is effective for the City's fiscal year ending June 30, 2018.

GASB has issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Application of this statement is effective for the City's fiscal year ending June 30, 2018.

GASB has issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). Application of this statement is effective for the City's fiscal year ending June 30, 2018.

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement is effective for the City's fiscal year ending June 30, 2019.

GASB has issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

GASB has issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement also addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Application of this statement is effective for the City's fiscal year ending June 30, 2018.

GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Application of this statement is effective for the City's fiscal year ending June 30, 2018.

GASB has issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

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 (\$2,840,000) difference are as follows:

Accrued compensated absences (net of \$1,014,479 reported in Internal Service Funds)	\$ 2,840,000
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ 2,840,000</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*

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

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 \$(1,880,954) difference are as follows:

Capital Outlay	\$ 8,271,736
Depreciation expense (net of \$5,473,864 reported in Internal Service Funds)	<u>(10,152,690)</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>\$ (1,880,954)</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 \$8,271,736 difference are as follows:

General government capital asset additions	\$ 20,764,668
Internal service fund capital asset additions	(4,999,811)
Donated capital asset additions	<u>(7,493,121)</u>
Net capital outlay	<u>\$ 8,271,736</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$155,000 difference are as follows:

Compensated absences (Net of \$111,226 reported in Internal Service Fund)	<u>\$ 155,000</u>
Net adjustment to decrease <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net position-governmental activities</i>	<u>\$ 155,000</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.

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B. Deficit fund equity

At June 30, 2017, deficit unrestricted net position was reported for governmental activities in the amount of \$(54,927,028). The deficit is the result of reporting net pension liabilities in the government-wide financial statement. City management believes the present cash aggregate position of the General Fund is adequate to meet current needs.

The Employee Benefits internal service fund has deficit net position of \$(93,712,735) as of June 30, 2017. The deficit is the result of reporting net pension liabilities in the government-wide financial statement. City management believes the present cash aggregate position of the General Fund is adequate to meet current needs.

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, 2017 are classified in the accompanying financial statements as follows:

Primary Government:	
Cash and investments	\$ 187,323,841
Cash and investments - restricted	2,763,865
Restricted Fiduciary funds:	
Cash and investments	2,374,341
Cash and investments with agent - restricted	2,024,119
Total cash and investments	<u>\$ 194,486,166</u>

Fair value of cash and investments based on quoted market prices. The table below presents the fair value measurements of investments recognized in the accompany statements of net position/balance sheet measured at fair value on recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2017:

	Fair Value	Measurement Input
Cash on hand	\$ 7,985	N/A
Deposit with financial institution	54,355,744	
Investments:		
Money Market Funds	9,691,963	N/A
Certificates of Deposit	13,554,000	N/A
U.S. Agency Securities	45,763,452	Level 2
Local Agency Investment Fund (LAIF)	64,409,669	N/A
Held by Bond Trustee:		
Money Market Funds	<u>6,703,353</u>	N/A
Total	<u>\$ 194,486,166</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

CITY OF CLOVIS
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June 30, 2017

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 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.

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Investment Type	Amount	Weighted Average Maturity (in years)
Money Market Funds	\$ 9,691,963	N/A
Certificates of Deposit	13,554,000	1.35
U.S. Agency Securities	45,763,452	2.08
Local Agency Investment Fund (LAIF)	64,409,669	N/A
Held by Bond Trustee:		
Money Market Funds	6,703,353	N/A
Total	<u>\$ 140,122,437</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.

Investment Type Rating	Amount	Minimum Rating Required	Ratings as of Year End	
			AAA	Not Rated
Money Market	\$ 9,691,963	N/A		\$ 9,691,963
Certificates of Deposit	13,554,000	N/A		13,554,000
U.S. Agency Securities	45,763,452	N/A	\$ 45,763,452	
LAIF	64,409,669	N/A		64,409,669
Held by Bond Trustee:				
Money Market Funds	6,703,353	N/A		6,703,353
Total	<u>\$ 140,122,437</u>		<u>\$ 45,763,452</u>	<u>\$ 94,358,985</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:

Issuer	Investment Type	Reported Amount	Percent of Total Invested
FFCB	Federal Agency Securities	\$ 6,502,060	14.27%
FHLMC	Federal Agency Securities	8,506,694	18.67%
FHLB	Federal Agency Securities	9,524,467	20.90%
FNMA	Federal Agency Securities	21,039,489	46.17%

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,

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in the event of the failure of the broker or dealer to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and the City of Clovis' investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2017, 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, 2017, no investments were held by the same broker dealer (counterparty) that was used by the City of Clovis to purchase the securities.

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. As of year-end, the average life-month end maturity of the investments contained in the LAIF investment pool is approximately 194.

Investment in State Investment Pool. The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2017 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, 2017, the City had \$64,409,669 invested in LAIF, which had invested 2.25% of the pool investment funds in Structured Notes and Asset-Backed Securities and 0.64% of pool investment funds in Short-term Asset-Backed Commercial Paper.

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.

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B. Property taxes

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

C. Receivables

Receivables as of June 30, 2017 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	General	Local Transportation	Nonmajor & Other Funds	Total Governmental Funds	Internal Service Funds	Fiduciary Funds
Interest	\$ 17,403	\$ 36,851	\$ 8,803	\$ 63,057	\$ 38,825	\$ 1,779
Taxes	340,731			340,731		
Loans		1,150	4,344,367	4,345,517	48,843	
Accounts	1,134,283	653,128		1,787,411	261,761	
	<u>\$ 1,492,417</u>	<u>\$ 691,129</u>	<u>\$ 4,353,170</u>	<u>\$ 6,536,716</u>	<u>\$ 349,429</u>	<u>\$ 1,779</u>
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Total Proprietary Funds
Interest	\$ 19,140	\$ 40,702	\$ 58,435	\$ 11,500	\$ 2,719	\$ 132,496
Loans		75,285				75,285
Accounts	2,894,160	1,922,582	2,412,762	21,744	7,047	7,258,295
	<u>\$ 2,913,300</u>	<u>\$ 2,038,569</u>	<u>\$ 2,471,197</u>	<u>\$ 33,244</u>	<u>\$ 9,766</u>	<u>\$ 7,466,076</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, 2017, is as follows:

Interfund transfers:

Transfers In	Transfers Out	Purpose	Amount
Enterprise Fund	Capital Project Fund	development capital cost	\$ 188,000
Enterprise Fund	General Fund	operating cost	300,000
Internal Service Fund	General Fund	fleet replacement costs	700,000
Internal Service Fund	General Fund	capital projects	2,000,000
	Total transfers		<u>\$ 3,188,000</u>

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Notes to Financial Statements
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E. Capital assets and intangible assets

Summary of change in capital assets for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 225,061,925	\$ 3,295,184		\$ 228,357,109
Capital assets, being depreciated:				
Buildings and improvements	126,010,615	2,503,423		128,514,038
Machinery and equipment	42,060,236	3,529,538	\$ (948,087)	44,641,687
Road network	317,468,350	11,436,523		328,904,873
Total capital assets being depreciated	485,539,201	17,469,484	(948,087)	502,060,598
Less accumulated depreciation for				
Buildings and improvements	(36,080,812)	(3,844,662)		(39,925,474)
Machinery and equipment	(29,148,241)	(2,781,114)	866,777	(31,062,578)
Road network	(100,168,272)	(9,000,778)		(109,169,050)
Total accumulated depreciation	(165,397,325)	(15,626,554)	866,777	(180,157,102)
Total capital assets, being depreciated, net	320,141,876	1,842,930	(81,310)	321,903,496
Governmental activities capital assets, net	\$ 545,203,801	\$ 5,138,114	\$ (81,310)	\$ 550,260,605
	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	282,605,279	\$ 5,741,152		288,346,431
Machinery and equipment	8,586,682	212,547	\$ (321,570)	8,477,659
Total capital assets being depreciated	291,191,961	5,953,699	(321,570)	296,824,090
Less accumulated depreciation for				
Buildings and improvements	(67,815,384)	(6,187,265)		(74,002,649)
Machinery and equipment	(6,155,062)	(515,065)	302,660	(6,367,467)
Total accumulated depreciation	(73,970,446)	(6,702,330)	302,660	(80,370,116)
Total capital assets, being depreciated, net	217,221,515	(748,631)	(18,910)	216,453,974
Intangible assets, being amortized	46,459,558	816,227		47,275,785
Less accumulated amortization	(17,570,831)	(1,245,957)		(18,816,788)
Business-type activities intangible assets, net	28,888,727	(429,730)		28,458,997
Business-type activities capital assets, net	\$ 282,234,634	\$ (1,178,361)	\$ (18,910)	\$ 281,037,363

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Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:	
General government	\$ 64,923
Public safety	96,286
Transportation	9,082,009
Community Development	58,506
Cultural and recreation	850,966
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	<u>5,473,864</u>
Total governmental activities depreciation expense	<u><u>\$ 15,626,554</u></u>
Business-type activities depreciation/amortization:	
Community Sanitation	\$ 220,118
Sewer Disposal	4,747,482
Water	2,636,907
Planning & Development Services	15,227
Transit	<u>328,553</u>
Total business-type activities depreciation/amortization expense	<u><u>\$ 7,948,287</u></u>

Donated assets to governmental activities consisted of \$7,363,827 of which the majority is donated to the City by developers for streets. Donated assets to business-type activities consisted of \$1,868,120 of which represents sewer and water infrastructure donated by developers.

Fiduciary funds capital assets

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	<u>\$ 5,996,163</u>	<u>\$ 3,091,173</u>		<u>\$ 9,087,336</u>
Capital assets, being depreciated:				
Buildings and improvements	<u>2,642,942</u>	<u>44,579</u>		<u>2,687,521</u>
Total capital assets being depreciated	<u>2,642,942</u>	<u>44,579</u>		<u>2,687,521</u>
Less accumulated depreciation for				
Buildings and improvements	<u>(569,909)</u>	<u>(76,585)</u>		<u>(646,494)</u>
Total accumulated depreciation	<u>(569,909)</u>	<u>(76,585)</u>		<u>(646,494)</u>
Total capital assets, being depreciated, net	<u>2,073,033</u>	<u>(32,006)</u>		<u>2,041,027</u>
Fiduciary funds capital assets, net	<u><u>\$ 8,069,196</u></u>	<u><u>\$ 3,059,167</u></u>		<u><u>\$ 11,128,363</u></u>

Depreciation expense for the year ended June 30, 2017 was \$76,585.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2017

F. Long-term debt

Summary of changes in long-term debt for the year ended June 30, 2017 was as follows:

	Classification					
	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due in One Year	Due in more than One Year
Governmental Activities:						
Capital leases	\$ 26,850,329		\$ (2,695,408)	\$ 24,154,921	\$ 2,661,565	\$ 21,493,356
Total capital leases	26,850,329		(2,695,408)	24,154,921	2,661,565	21,493,356
Loans payable	1,724,379	\$ 30,000	(273,756)	1,480,623	285,113	1,195,510
Total loans payable	1,724,379	30,000	(273,756)	1,480,623	285,113	1,195,510
Deposits & other liabilities:						
Developer deposits	14,011,732	5,590,641	(3,687,464)	15,914,909		15,914,909
Section 108 HUD	250,000		(250,000)			
Other deposits & liabilities	427,091	703,059	(743,762)	386,388	93,650	292,738
Total deposits & other liabilities	14,688,823	6,293,700	(4,681,226)	16,301,297	93,650	16,207,647
Claims and judgments	9,933,000	1,419,563	(3,054,563)	8,298,000	2,548,000	5,750,000
Compensated absences	3,810,705	4,500,565	(4,456,791)	3,854,479	847,985	3,006,494
Total governmental activities	\$ 57,007,236	\$ 12,243,828	\$ (15,161,744)	\$ 54,089,320	\$ 6,436,313	\$ 47,653,007
	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Classification	
					Due in One Year	Due in more than One Year
Business-Type Activities:						
Revenue bonds	\$ 125,030,000		\$ (4,550,000)	\$ 120,480,000	\$ 4,735,000	\$ 115,745,000
Less deferred amounts:						
(Discounts)/premiums	5,510,195		(350,242)	5,159,953		5,159,953
Total bonds payable	130,540,195		(4,900,242)	125,639,953	4,735,000	120,904,953
Contracts payable	8,205,774		(855,463)	7,350,311	900,536	6,449,775
Landfill closure	3,279,640	\$ 246,700		3,526,340		3,526,340
Compensated absences	1,017,967	940,899	(887,019)	1,071,847	235,800	836,047
Deposits & other liabilities	2,530,243	1,843,920	(1,220,238)	3,153,925	3,153,925	
Total business-type activities	\$ 145,573,819	\$ 3,031,519	\$ (7,862,962)	\$ 140,742,376	\$ 9,025,261	\$ 131,717,115

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 \$1,014,479 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 \$2,020,786 and miscellaneous deposits and other liabilities of \$1,133,139. For the governmental activities, accrued compensated absences are generally liquidated by the general fund.

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June 30, 2017

Governmental activities long-term debt

1. Special assessment district bonds

The 2000-1 Shepherd Temperance District is 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. This debt was called on September 2, 2016.

2. Capital leases

Capital leases at June 30, 2017, consisted of the following:

	Balance			Balance	Classification	
	July 1, 2016	Additions	Reductions	June 30, 2017	Due in One Year	Due in more than One Year
2007 fire station #1	\$ 2,653,393		\$ (440,462)	\$ 2,212,931	\$ 458,256	\$ 1,754,675
2011 solar project	2,044,392		(94,661)	1,949,731	99,405	1,850,326
2011 fire truck	338,659		(63,302)	275,357	65,442	209,915
2012 police vehicle	70,150		(70,150)	0	0	0
2012 SCBA	132,359		(87,668)	44,691	44,691	0
2013 animal shelter	2,630,761		(115,246)	2,515,515	119,901	2,395,614
2014 safety vehicle	1,240,807		(284,905)	955,902	290,240	665,662
2014 corportion yard	11,833,909		(916,304)	10,917,605	945,863	9,971,742
2014 CAD dispatch	390,216		(73,543)	316,673	75,727	240,946
2015 network & AV	361,526		(77,945)	283,581	79,294	204,287
2015 PD/fire comm tower	1,729,176		(164,505)	1,564,671	168,388	1,396,283
2015 solar project	1,964,981		(71,877)	1,893,104	74,400	1,818,704
2016 safety vehicle	1,460,000		(234,840)	1,225,160	239,958	985,202
Total capital leases	<u>\$ 26,850,329</u>	<u>\$ 0</u>	<u>\$ (2,695,408)</u>	<u>\$ 24,154,921</u>	<u>\$ 2,661,565</u>	<u>\$ 21,493,356</u>

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 1.86% to 4.95% and the final payment on these leases is scheduled for May 2036.

Land, structures and equipment	\$ 17,260,879
Less accumulated depreciation	<u>(6,938,882)</u>
Total	<u>\$ 10,321,997</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, 2017, was \$2,212,931.

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June 30, 2017

The annual debt service requirements for the 2007 Capital Lease for fire station #1 outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 458,256	\$ 83,980	\$ 542,236
2019	476,770	65,467	542,237
2020	496,031	46,205	542,236
2021	516,071	26,165	542,236
2022	265,803	5,316	271,119
Total	<u>\$ 2,212,931</u>	<u>\$ 227,133</u>	<u>\$ 2,440,064</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, 2017, was \$1,949,731.

The annual debt service requirements for the 2011 Capital Lease for solar project outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 99,405	\$ 95,297	\$ 194,702
2019	104,387	90,315	194,702
2020	109,618	85,084	194,702
2021	115,111	79,591	194,702
2022	120,880	73,822	194,702
2023-2027	701,566	271,944	973,510
2028-2031	698,764	80,043	778,807
Total	<u>\$ 1,949,731</u>	<u>\$ 776,096</u>	<u>\$ 2,725,827</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, 2017, was \$275,357.

The annual debt service requirements for the 2011 Capital Lease for fire truck outstanding at June 30, 2017, are as follows:

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<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 65,442	\$ 8,694	\$ 74,136
2019	67,657	6,480	74,137
2020	69,946	4,191	74,137
2021	72,312	1,825	74,137
Total	<u>\$ 275,357</u>	<u>\$ 21,190</u>	<u>\$ 296,547</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, 2017, was \$0.

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, 2017, was \$44,691.

The annual debt service requirements for the 2012 Capital Lease for SCBA equipment outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 44,691	\$ 582	\$ 45,273
Total	<u>\$ 44,691</u>	<u>\$ 582</u>	<u>\$ 45,273</u>

2013 Capital lease for animal shelter

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 balance outstanding as of June 30, 2017, was \$2,515,515.

The annual debt service requirements for the 2013 Capital Lease for animal shelter outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 119,901	\$ 99,433	\$ 219,334
2019	124,745	94,589	219,334
2020	129,785	89,550	219,335
2021	135,028	84,306	219,334
2022	140,483	78,851	219,334
2023-2027	792,276	304,397	1,096,673
2028-2032	965,780	130,893	1,096,673
2033	107,517	2,150	109,667
Total	<u>\$ 2,515,515</u>	<u>\$ 884,169</u>	<u>\$ 3,399,684</u>

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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, 2017, was \$955,902.

The annual debt service requirements for the 2014 Capital Lease for safety vehicles outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 290,240	\$ 16,472	\$ 306,712
2019	295,675	11,036	306,711
2020	71,277	6,566	77,843
2021	72,612	5,231	77,843
2022	73,972	3,871	77,843
2023-2024	152,126	3,561	155,687
Total	<u>\$ 955,902</u>	<u>\$ 46,737</u>	<u>\$ 1,002,639</u>

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. The balance outstanding as of June 30, 2017, was \$10,917,605.

The annual debt service requirements for the 2014 Capital Lease for corporation yard outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 945,863	\$ 331,115	\$ 1,276,978
2019	973,909	301,576	1,275,485
2020	1,005,432	271,141	1,276,573
2021	1,040,270	239,702	1,279,972
2022	1,072,014	207,208	1,279,222
2023-2027	5,880,117	512,745	6,392,862
Total	<u>\$ 10,917,605</u>	<u>\$ 1,863,487</u>	<u>\$ 12,781,092</u>

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, 2017, was \$316,673.

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The annual debt service requirements for the 2014 Capital Lease for CAD dispatch system outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 75,727	\$ 9,405	\$ 85,132
2019	77,976	7,156	85,132
2020	80,292	4,840	85,132
2021	82,678	2,456	85,134
Total	<u>\$ 316,673</u>	<u>\$ 23,857</u>	<u>\$ 340,530</u>

2015 Capital lease for network, AV and mobile computers

In August 2015, the City entered into a capital lease/purchase agreement with U.S. Bankcorp Government Leasing and Finance, Inc. for network, AV and mobile computers. The agreement includes all replacements, parts, repairs, additions, accessions and accessories for the computers. The purchase price of the computers is \$400,000 and is payable over a period of six years. Annual payments on the contract are \$41,919. The effective interest rate on the agreement is 1.722% per annum. The balance outstanding as of June 30, 2017 was \$283,581.

The annual debt service requirements for the 2015 Capital Lease for network, AV and mobile computers outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 79,294	\$ 4,544	\$ 83,838
2019	80,665	3,173	83,838
2020	82,061	1,777	83,838
2021	41,561	358	41,919
Total	<u>\$ 283,581</u>	<u>\$ 9,852</u>	<u>\$ 293,433</u>

2015 Capital lease for police and fire communication tower

In August 2015, the City entered into a capital lease agreement with U.S. Bankcorp Government Leasing and Finance, Inc. for a police and fire communication tower. The purchase price of the tower is \$1,810,000 and is payable over a period of eleven years. Annual payments on the contract are \$102,060. The effective interest rate is 2.346% per annum. The balance outstanding as of June 30, 2017, was \$1,564,671.

The annual debt service requirements for the 2015 Capital Lease for the police and fire communication tower outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 168,388	\$ 35,733	\$ 204,121
2019	172,362	31,759	204,121
2020	176,430	27,690	204,120
2021	180,594	23,526	204,120
2022	184,857	19,264	204,121
2023-2026	682,040	32,382	714,422
Total	<u>\$ 1,564,671</u>	<u>\$ 170,354</u>	<u>\$ 1,735,025</u>

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2015 Capital lease for solar project

In November 2015, 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 the Maintenance and Operations Service Center, Miss Winkles Pet Adoption Center and at fire stations #2, #3 and #4. The purchase price of the equipment is \$2,000,000 and is payable over a period of twenty years. Semi-annual payments on the contract are \$69,819. The effective interest rate on the contract is 3.48% per annum. The balance outstanding as of June 30, 2017, was \$1,893,104.

The annual debt service requirements for the 2015 Capital Lease for solar project outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 74,400	\$ 65,238	\$ 139,638
2019	77,012	62,627	139,639
2020	79,715	59,923	139,638
2021	82,513	57,125	139,638
2022	85,409	54,229	139,638
2023-2027	474,180	224,011	698,191
2028-2032	563,457	134,734	698,191
2033-2036	456,418	32,315	488,733
Total	\$ 1,893,104	\$ 690,202	\$ 2,583,306

2016 Capital lease for PD and fire vehicles

In January 2016, the City entered into a capital lease agreement with Commerce Bank, to lease twenty-five police vehicles, two fire command vehicles and one fire engine. The purchase price of the vehicles was \$1,022,000 for the police and fire command vehicles, and \$438,000 for the fire engine and is payable over a period of ten years. Semi-annual payments on the contract are \$132,611. The effective interest rate on the contract is 2.346% per annum. The balance outstanding as of June 30, 2017, was \$1,225,160.

The annual debt service requirements for the 2016 Capital Lease for PD and fire vehicles outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 239,958	\$ 25,263	\$ 265,221
2019	245,188	20,034	265,222
2020	250,531	14,690	265,221
2021	255,991	9,230	265,221
2022	44,707	4,820	49,527
2023-2026	188,785	9,323	198,108
Total	\$ 1,225,160	\$ 83,360	\$ 1,308,520

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3. Loans payable

Loans payable at June 30, 2017, consisted of the following:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Classification	
					Due in One Year	Due in more than One Year
R&T park loan payable	\$ 240,554		\$ (45,255)	\$ 195,299	\$ 46,640	\$ 148,659
2010 energy loan payable	366,563		(103,430)	263,133	104,467	158,666
2012 energy loan payable	734,596		(64,019)	670,577	65,954	604,623
2012 energy loan payable	125,241		(22,771)	102,470	22,771	79,699
2013 energy loan payable	27,228		(9,076)	18,152	9,076	9,076
2014 energy loan payable	63,560		(7,671)	55,889	7,747	48,142
2016 energy loan payable	166,637		(19,227)	147,410	19,227	128,183
2017 energy loan payable		\$ 30,000	(2,307)	27,693	9,231	18,462
Total loans payable	\$ 1,724,379	\$ 30,000	\$ (273,756)	\$ 1,480,623	\$ 285,113	\$ 1,195,510

The following is an analysis of the assets acquired with the proceeds as of June 30, 2017:

Buildings and improvements	\$ 2,446,360
Less accumulated depreciation	<u>(578,734)</u>
Total	<u>\$ 1,867,626</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, 2017, was \$195,299.

The annual debt service requirements for the Research and Technology Park loan payable outstanding at June 30, 2017, are as follows:

Year ending June 30,	Principal	Interest	Total
2018	\$ 46,640	\$ 5,263	\$ 51,903
2019	48,067	3,814	51,881
2020	49,538	2,320	51,858
2021	51,054	781	51,835
Total	\$ 195,299	\$ 12,178	\$ 207,477

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, 2017, was \$263,133.

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The annual debt service requirements for the energy project loan payable outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 104,467	\$ 2,372	\$ 106,839
2019	105,514	1,324	106,838
2020	53,152	266	53,418
Total	<u>\$ 263,133</u>	<u>\$ 3,962</u>	<u>\$ 267,095</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, 2017, was \$670,577.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 65,954	\$ 19,628	\$ 85,582
2019	67,947	17,635	85,582
2020	69,960	15,622	85,582
2021	72,115	13,466	85,581
2022	74,295	11,287	85,582
2023-2026	320,306	22,020	342,326
Total	<u>\$ 670,577</u>	<u>\$ 99,658</u>	<u>\$ 770,235</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, 2017, was \$102,470.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 22,771	\$ 22,771
2019	22,771	22,771
2020	22,771	22,771
2021	22,771	22,771
2022	11,386	11,386
Total	<u>\$ 102,470</u>	<u>\$ 102,470</u>

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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, 2017, was \$18,152.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 9,076	\$ 9,076
2019	9,076	9,076
Total	<u>\$ 18,152</u>	<u>\$ 18,152</u>

2014 PG&E Energy loan payable

In October 2014, the City entered into an agreement with Pacific Gas & Electric for the retrofit of LED street lights. The agreement has an interest rate of 1% and the final payment is scheduled for June 2024. The balance outstanding as of June 30, 2017, was \$55,889.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 7,747	\$ 540	\$ 8,287
2019	7,825	462	8,287
2020	7,903	385	8,288
2021	7,983	304	8,287
2022	8,063	224	8,287
2023-2024	16,368	205	16,573
Total	<u>\$ 55,889</u>	<u>\$ 2,120</u>	<u>\$ 58,009</u>

2016 PG&E Energy loan payable

In May 2016, the City entered into an agreement with Pacific Gas & Electric as "On Bill Financing" for the retrofit of LED lighting at the Corp Yard. The agreement has an interest rate of 0% and the final payment is scheduled for February 2025. The balance outstanding as of June 30, 2017, was \$147,410.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 19,227	\$ 19,227
2019	19,227	19,227
2020	19,227	19,227
2021	19,227	19,227
2022	19,227	19,227
2023-2025	51,275	51,275
Total	<u>\$ 147,410</u>	<u>\$ 147,410</u>

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2017 PG&E Energy loan payable

In September 2016, the City entered into an agreement with Pacific Gas and Electric to provide and install LED lighting at Clovis Rotary Skate Park at Letterman Park. The agreement has an interest rate of 0% and the final payment is scheduled for June 2020. The balance outstanding as of June 30, 2017, was \$27,693.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2017, are as follows:

Year ending June 30,	Principal	Total
2018	\$ 9,231	\$ 9,231
2019	9,231	9,231
2020	9,231	9,231
Total	\$ 27,693	\$ 27,693

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. A defeasance request was made in October 2016, and the remaining balance of the loan was paid in February 2017.

Business-type activities long-term debt

1. Revenue bonds

Revenue bonds at June 30, 2017, consisted of the following:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Classification	
					Due in One Year	Due in more than One Year
1998 refuse bonds	\$ 2,175,000		\$ (690,000)	\$ 1,485,000	\$ 725,000	\$ 760,000
2007 wastewater bonds	62,635,000		(1,480,000)	61,155,000	1,535,000	59,620,000
2013 wastewater bonds	11,580,000		(480,000)	11,100,000	495,000	10,605,000
2015 wastewater bonds	21,600,000		(145,000)	21,455,000	155,000	21,300,000
2014 water bonds	27,040,000		(1,755,000)	25,285,000	1,825,000	23,460,000
Total revenue bonds	\$ 125,030,000	\$ 0	\$ (4,550,000)	\$ 120,480,000	\$ 4,735,000	\$ 115,745,000

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2017:

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Land, structures and equipment	\$ 140,291,752
Less accumulated depreciation	<u>(35,178,134)</u>
Total	<u>\$ 105,113,618</u>

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 all future Refuse net revenues through the fiscal year 2019 to repay this bond. The purpose of the 1998 Refuse revenue bonds is to finance certain capital improvements to the Refuse Enterprise, to refund the 1988 Lease Payments, and to refund the related 1987 Certificates. The amount of the pledged revenues is equal to the original Installment Purchase Contract of \$16 million. In the current fiscal year net refuse revenues were \$9.9 million, which includes operating expenses and excludes depreciation. The current year principal and interest installment payments that were paid were \$690,000, and \$91,500, respectively.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 725,000	\$ 56,125	\$ 781,125
2019	760,000	19,000	779,000
Total	<u>\$ 1,485,000</u>	<u>\$ 75,125</u>	<u>\$ 1,560,125</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 all future Wastewater System net revenues through the fiscal year 2039 to repay this bond. The purpose of the 2007 Wastewater Revenue Bonds is to finance the acquisition and construction of certain capital improvements to the Wastewater System. The amount of the pledged revenues is equal to the original Installment Purchase Contract of \$136 million. In the current fiscal year net wastewater revenues were \$6.5 million, which includes operating expenses and excludes depreciation. The current year principal and interest installment payments that were paid were \$1,480,000, and \$2,875,350, respectively.

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

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<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,535,000	\$ 2,804,888	\$ 4,339,888
2019	1,620,000	2,730,925	4,350,925
2020	1,700,000	2,647,925	4,347,925
2021	1,785,000	2,565,263	4,350,263
2022	1,875,000	2,478,225	4,353,225
2023-2027	12,510,000	10,768,500	23,278,500
2028-2032	12,505,000	7,414,763	19,919,763
2033-2037	14,715,000	4,930,088	19,645,088
2038-2039	12,910,000	587,475	13,497,475
Total	<u>\$ 61,155,000</u>	<u>\$ 36,928,052</u>	<u>\$ 98,083,052</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.

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>
2018	\$ 495,000	\$ 522,350	\$ 1,017,350
2019	515,000	502,150	1,017,150
2020	535,000	481,150	1,016,150
2021	555,000	459,350	1,014,350
2022	585,000	433,625	1,018,625
2023-2027	5,010,000	1,611,875	6,621,875
2028-2029	3,405,000	172,375	3,577,375
Total	<u>\$ 11,100,000</u>	<u>\$ 4,182,875</u>	<u>\$ 15,282,875</u>

2015 wastewater revenue bonds

In August 2015, The City refinanced the 2005 wastewater revenue bonds and issued 2015 wastewater revenue bonds in the amount of \$21,600,000. The net proceeds of \$22,881,723 (after the original issue premium of \$1,652,032 and payment of \$370,309 in underwriting fees, insurance, and other issuance costs) from the bonds were used to refund the \$24,885,000 aggregate principal amount outstanding on the City's 2005 wastewater bonds. The aggregate debt service payments of the new debt are \$10,852,200 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 \$4,410,265.

The 2015 wastewater revenue bond debt service requirements to maturity are as follows:

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<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 155,000	\$ 893,831	\$ 1,048,831
2019	160,000	889,506	1,049,506
2020	165,000	885,444	1,050,444
2021	170,000	879,981	1,049,981
2022	175,000	873,081	1,048,081
2023-2027	2,445,000	4,101,556	6,546,556
2028-2032	7,830,000	3,039,806	10,869,806
2033-2036	10,355,000	711,853	11,066,853
Total	<u>\$ 21,455,000</u>	<u>\$ 12,275,058</u>	<u>\$ 33,730,058</u>

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 2003 water revenue 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>
2018	\$ 1,825,000	\$ 1,185,888	\$ 3,010,888
2019	1,890,000	1,112,888	3,002,888
2020	1,965,000	1,037,288	3,002,288
2021	2,050,000	958,688	3,008,688
2022	2,155,000	856,188	3,011,188
2023-2027	12,525,000	2,550,438	15,075,438
2028	2,875,000	122,188	2,997,188
Total	<u>\$ 25,285,000</u>	<u>\$ 7,823,566</u>	<u>\$ 33,108,566</u>

2. Contracts payable

Contracts payable at June 30, 2017, consisted of the following:

	<u>Balance</u>			<u>Balance</u>	<u>Classification</u>	
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due in</u>	<u>Due in more</u>
					<u>One Year</u>	<u>than One Year</u>
1993 wastewater renovation	\$ 8,205,774	\$ 0	\$ (855,463)	\$ 7,350,311	\$ 900,536	\$ 6,449,775
Total contracts payable	<u>\$ 8,205,774</u>	<u>\$ 0</u>	<u>\$ (855,463)</u>	<u>\$ 7,350,311</u>	<u>\$ 900,536</u>	<u>\$ 6,449,775</u>

1993 wastewater 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

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expansion of the Fresno Clovis Regional Wastewater Treatment Plant. The 1993 contract is for the City's share of the 1993 renovation of the Fresno Clovis Regional Wastewater Treatment Plant. The underlying City of Fresno 1993 Revenue Bonds on which the City of Clovis' contract payable amount is based have interest rates varying from 3.50%-6.25% and the final payments are scheduled for September 2023. The City's \$12,423,873 share of the renovation is capitalized as an intangible asset in the Sewer Disposal 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>
2018	\$ 900,536	\$ 333,838	\$ 1,234,374
2019	947,488	285,328	1,232,816
2020	997,257	234,278	1,231,535
2021	1,049,843	183,166	1,233,009
2022	1,099,612	132,117	1,231,729
2023-2024	2,355,575	107,173	2,462,748
Total	<u>\$ 7,350,311</u>	<u>\$ 1,275,900</u>	<u>\$ 8,626,211</u>

Fiduciary funds long-term debt

1. Tax allocation bonds payable

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, 2017 is \$14,280,000 and is held in the City's Redevelopment Successor Agency Private-purpose Trust Fund.

Tax Allocation Bonds at June 30, 2017, consisted of the following:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2016</u>	<u>Adjustments</u>	<u>Reductions</u>	<u>June 30, 2017</u>
2008 Tax allocation bonds	\$ 14,784,093	\$ 7,769	\$ (675,000)	\$ 14,116,862
Total tax allocation bonds	<u>\$ 14,784,093</u>	<u>\$ 7,769</u>	<u>\$ (675,000)</u>	<u>\$ 14,116,862</u>

G. Landfill closure

The City has recorded liabilities for landfill closure, post-closure maintenance and for landfill corrective action in the Community Sanitation Fund, an enterprise fund. The State of California performs an annual analysis to determine estimated total cost of the landfill closure, post-closure 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.

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The City is currently estimating at June 30, 2017 that the capacity of the landfill used is approximately 32%, the estimated remaining life is approximately 30 years and the estimated remaining cost to be recognized is \$15,420,124. The estimated capacity remaining is 5,709,452 cubic yards and the estimated landfill closure liability is \$3,526,340. The current estimated cost of known and/or reasonably foreseeable corrective action is \$1,045,182 and the City currently has \$1,000,000 set aside for this purpose. These estimates are based on a closure and post-closure maintenance plan and corrective action plan. The estimates have been adjusted for inflation and other factors such as technology and laws and regulations.

H. Pension Plans

General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS 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. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2015 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic miscellaneous member becomes eligible for Service Retirement upon attainment of age 55 with at least 5 years of credited service. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. A classic safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service. PEPRAs safety members become eligible for service retirement upon attainment of age 57 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2.7% of the average final 12 months compensation. Retirement benefits for PEPRAs miscellaneous employees are calculated as 2% of the highest average annual compensation over a three-year period. Retirement benefits for classic safety employees are calculated as 3% of the average highest 12 months compensation. Retirement benefits for PEPRAs safety employees are calculated as 2.7% of the average highest 36 months compensation.

Participants are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefits to safety employees. The industrial disability retirement benefit is a monthly allowance equal to 50 percent of highest compensation.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

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Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted by 2 percent applied to the original retirement allowance.

Employees Covered by Benefit Terms

At June 30, 2016, the measurement date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	Safety
Active employees	437	159
Transferred and terminated employees	578	62
Retired Employees and Beneficiaries	256	159
Total	1,271	380

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions for the measurement period were as follows:

	Miscellaneous	Safety	Aggregate Total
Contributions - employer	\$ 2,918,817	\$ 4,263,677	\$ 7,182,494

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

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The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

At the December 21, 2016, meeting, the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent over the next three years. This will increase public agency employer contribution costs beginning in Fiscal Year 2018-19.

Long-term Expected Rate of Return by Asset Class

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

¹ An expected inflation of 2.5% used for this period.

² An expected inflation of 3.0% used for this period.

Pension Expense

The Net Pension Expense for the year ended June 30, 2017 is itemized as follows:

	Net Pension Expense
Miscellaneous Plan	\$ 614,967
Safety Plan	1,712,709
	<u>\$ 2,327,676</u>

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Notes to Financial Statements
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Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 158,706,913	\$ 119,686,949	\$ 39,019,964
Changes Recognized for the Measurement Period:			
Service Cost	4,019,807		4,019,807
Interest on the total pension liability	12,118,925		12,118,925
Difference between expected & actual experience	898,210		898,210
Changes of assumptions			0
Contributions from the employer		2,918,817	(2,918,817)
Contributions from employees		4,002,625	(4,002,625)
Net investment income, net of administrative expense		705,624	(705,624)
Benefit payments, including refunds of employee contributions	(6,395,433)	(6,395,433)	0
Administrative Expense		(72,943)	72,943
Net Changes during July 1, 2015 to June 30, 2016	\$ 10,641,509	\$ 1,158,690	\$ 9,482,819
Balance at June 30, 2016 (Measurement Date)	\$ 169,348,422	\$ 120,845,639	\$ 48,502,783

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 171,424,240	\$ 119,383,553	\$ 52,040,687
Changes Recognized for the Measurement Period:			
Service Cost	4,128,912		4,128,912
Interest on the total pension liability	13,060,555		13,060,555
Changes of Benefit Terms			0
Difference between expected & actual experience	1,309,944		1,309,944
Changes of assumptions			0
Contributions from the employer		4,263,677	(4,263,677)
Contributions from employees		2,806,615	(2,806,615)
Net investment income, net of administrative expense		611,274	(611,274)
Benefit payments, including refunds of employee contributions	(8,144,855)	(8,144,855)	0
Administrative Expense		(72,758)	72,758
Net Changes during July 1, 2015 to June 30, 2016	\$ 10,354,556	\$ (536,047)	\$ 10,890,603
Balance at June 30, 2016 (Measurement Date)	\$ 181,778,796	\$ 118,847,506	\$ 62,931,290

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plan	\$ 71,498,423	\$ 48,502,783	\$ 29,461,891
Safety Plan	\$ 87,637,541	\$ 62,931,290	\$ 42,562,421
Aggretate Total	\$ 159,135,964	\$ 111,434,073	\$ 72,024,312

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

Deferred Outflows of Resources

	Deferred employer pension contributions made after measurement date	Investment earnings less than expected earnings	Differences between actual versus expected experience	Total pension-related deferred outflows
Miscellaneous Plan	\$ 2,934,206	\$ 10,534,206	\$ 747,791	\$ 14,216,203
Safety Plan	4,457,994	10,586,960	1,624,165	16,669,119
Total	\$ 7,392,200	\$ 21,121,166	\$ 2,371,956	\$ 30,885,322

Deferred Inflows of Resources

	Investment earnings greater than expected earnings	Changes in assumptions	Total pension-related deferred inflows
Miscellaneous Plan	\$ 3,939,976	\$ 1,210,917	\$ 5,150,893
Safety Plan	4,056,727	1,889,276	5,946,003
Total	\$ 7,996,703	\$ 3,100,193	\$ 11,096,896

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Notes to Financial Statements
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Amortization of deferred outflows/(inflows) of resources

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous Plan	Safety Plan
2017	\$ 509,877	\$ 788,195
2018	875,600	788,196
2019	3,052,801	2,816,561
2020	1,692,826	1,872,170
2021	0	0
	<u>\$ 6,131,104</u>	<u>\$ 6,265,122</u>

Payable to Pension Plan

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

I. Tax Abatements

The City has not entered into any tax abatement agreements as of June 30, 2017. However, the County of Fresno (County) has provided certain tax abatements that affect the property tax revenues of the City.

The County provides property tax abatements through the California Land Conservation (Williamson) Act of 1965. The program enrolls land in Williamson Act or Farmland Security Zone contracts within established agricultural preserves, whereby the land is restricted to agricultural or qualified recreational uses in exchange for reduced property tax assessments. The Williamson Act Program is administered according to the statute and the County's Interim Program Guidelines adopted by the County's Board of Supervisors. The County's Assessor administers the property tax reduction that parcels enrolled in the program receive. Parcels enrolled in the Williamson Act Program are assessed for property tax purposes at a rate consistent with their actual use, rather than the market value of the property. The minimum contract term for the Williamson Act is ten years and for the Farmland Security Zone is twenty years. Both, the Williamson Act and the Farmland Security Zone contracts automatically renew until a notice of non-renewal or a certificate of cancellation is recorded. Under the non-renewal process, the annual tax assessment gradually increases over a defined period of time until the assessment reflects the market value of the property. Under the cancellation process, a onetime cancellation fee is assessed based upon a certain percentage of the unrestricted, current fair market value of the property.

For the fiscal year ended June 30, 2017, the County's Williamson Act Program tax abatements were \$31,280,000. The City's affected portion of property tax revenues (approximately 1.9%) is, therefore, \$594,320.

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 LAW CX Memorandum of Coverage, LAW CX provides coverage for the City above its self-insured retention of \$250,000 up to \$5,000,000. LAW CX purchases excess insurance which covers the pool for losses from \$5,000,000 to statutory limits.

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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 \$3,630,000 based on previous claims experience and actuarial studies.

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

	Workers' Compensation	Dental	Total
Balance, 06/30/15	\$ 9,827,000	\$ 48,000	\$ 9,875,000
Claims provision	2,034,135	444,635	2,478,770
Claims paid	(1,976,135)	(444,635)	(2,420,770)
Balance, 06/30/16	\$ 9,885,000	\$ 48,000	\$ 9,933,000
Claims provision	1,014,005	405,557	1,419,562
Claims paid	(2,649,005)	(405,557)	(3,054,562)
Balance, 06/30/17	\$ 8,250,000	\$ 48,000	\$ 8,298,000

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."

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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, 2017, these costs cannot be reasonably estimated. During the fiscal year, an additional settlement was reached with DOW Chemical and Shell Oil. The City received a legal settlement for potential future trichloropropane (TCP) treatment in the amount of \$15,696,823. The City will be required to treat the water for any TCP present and a reserve for TCP treatment in the amount of the settlement has been established for the treatment costs.

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.

E. Subsequent events

In August 2017, the City entered into a loan agreement for \$50,710,000. The loan is to refinance the 2007 Wastewater Revenue Bonds. The 20 year loan has a variable interest rates ranging from 2-0% to 5.0%. The City will make monthly payments to repay the loan and the maturity date is November 2038.

The City is in the process of entering into a lease agreement for \$573,000. The lease is to acquire the police and fire vehicles.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan
Last Ten Fiscal Years

Measurement period	2015-16	2014-15	2013-14
Total pension liability			
Service cost	\$ 4,019,807	\$ 3,839,364	\$ 3,770,553
Interest	12,118,925	11,339,870	10,627,308
Differences between Expected and Actual Experience	898,210	265,438	-
Changes of Assumptions	-	(2,825,475)	-
Benefit pmts, including refunds of empl contributions	(6,395,433)	(5,572,456)	(5,099,721)
Net change in total pension liability	10,641,509	7,046,741	9,298,140
Total pension liability - beginning	158,706,913	151,660,172	142,362,032
Total pension liability - ending (a)	<u>\$ 169,348,422</u>	<u>\$ 158,706,913</u>	<u>\$ 151,660,172</u>
Pension fiduciary net position			
Contributions - employer	\$ 2,918,817	\$ 3,275,626	\$ 3,096,889
Contributions - employee	4,002,625	3,097,353	2,553,852
Net investment income	705,624	2,655,292	17,261,431
Benefit pmts, including refunds of empl contributions	(6,395,433)	(5,572,456)	(5,099,721)
Administrative Expense	(72,943)	(134,636)	-
Net change in plan fiduciary net position	1,158,690	3,321,179	17,812,451
Plan fiduciary net position - beginning	119,686,949	116,365,770	98,553,319
Plan fiduciary net position - ending (b)	<u>\$ 120,845,639</u>	<u>\$ 119,686,949</u>	<u>\$ 116,365,770</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 48,502,783</u>	<u>\$ 39,019,964</u>	<u>\$ 35,294,402</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71.36%</u>	<u>75.41%</u>	<u>76.73%</u>
Covered-employee payroll	<u>\$ 24,657,121</u>	<u>\$ 23,694,523</u>	<u>\$ 22,150,806</u>
Net pension liability as a % of covered-emp payroll	<u>196.71%</u>	<u>164.68%</u>	<u>159.34%</u>

Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required total payroll-related ratios.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016 there were no changes.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

California Public Employees' Retirement System (CalPERS) - Safety Plan
Last Ten Fiscal Years

Measurement period	2015-16	2014-15	2013-14
Total pension liability			
Service cost	\$ 4,128,912	\$ 3,953,791	\$ 3,803,175
Interest	13,060,555	12,319,585	11,633,302
Changes of Assumptions		(3,070,074)	
Difference between Expected and Actual Experience	1,309,944	936,342	
Benefit pmts, including refunds of empl contributions	(8,144,855)	(7,825,158)	(7,071,659)
Net change in total pension liability	10,354,556	6,314,486	8,364,818
Total pension liability - beginning	171,424,240	165,109,754	156,744,936
Total pension liability - ending (a)	<u>\$ 181,778,796</u>	<u>\$ 171,424,240</u>	<u>\$ 165,109,754</u>
Pension fiduciary net position			
Contributions - employer	\$ 4,263,677	\$ 4,110,362	\$ 3,752,858
Contributions - employee	2,806,615	2,157,404	1,915,171
Net investment income	611,274	2,616,436	17,731,050
Benefit pmts, including refunds of empl contributions	(8,144,855)	(7,825,158)	(7,071,659)
Administrative Expense	(72,758)	(134,357)	
Net change in plan fiduciary net position	(536,047)	924,687	16,327,420
Plan fiduciary net position - beginning	119,383,553	118,458,866	102,131,446
Plan fiduciary net position - ending (b)	<u>\$ 118,847,506</u>	<u>\$ 119,383,553</u>	<u>\$ 118,458,866</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 62,931,290</u>	<u>\$ 52,040,687</u>	<u>\$ 46,650,888</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>65.38%</u>	<u>69.64%</u>	<u>71.75%</u>
Covered-employee payroll	<u>\$ 16,420,185</u>	<u>\$ 14,914,249</u>	<u>\$ 14,305,506</u>
Net pension liability as a % of covered-emp payroll	<u>383.26%</u>	<u>348.93%</u>	<u>326.10%</u>

Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required total payroll-related ratios.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016 there were no changes.

GASB 68 was implemented in fiscal year 2015, therefore only three years of data are available.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan Last Ten Fiscal Years

	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 2,934,206	\$ 2,918,817	\$ 3,285,836	\$ 3,096,889
Contributions to actuarially determined contrib ²	(2,934,206)	(2,918,817)	(3,285,836)	(3,096,889)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll ^{3, 4}	\$ 25,396,835	\$ 24,657,121	\$ 23,694,523	\$ 22,150,806
Contributions as a % of covered-empl payroll ³	11.55%	11.84%	13.87%	13.98%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year \$24,657,121 was assumed to increase by the 3.00 percent payroll growth assumption.

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method/Period	For details, see June 30, 2013 Funding Valuation Report
Asset valuation method	Mkt Value of Assets. Details-see June 30, 2013 Fndg Val Rpt.
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment & admin exps; includes inflation.
Retirement age	The probabilities of retirement are based on the 2011 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions, Continued

California Public Employees' Retirement System (CalPERS) - Safety Plan
Last Ten Fiscal Years

	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 4,457,994	\$ 4,263,677	\$ 4,110,362	\$ 3,752,858
Contributions to actuarially determined contrib ²	(4,457,994)	(4,263,677)	(4,114,076)	(3,752,858)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,714)</u>	<u>\$ 0</u>
Covered-employee payroll ^{3, 4}	\$ 16,912,791	\$ 16,420,185	\$ 14,914,249	\$ 14,305,506
Contributions as a % of covered-empl payroll ³	26.36%	25.97%	27.58%	26.23%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year \$16,420,185 was assumed to increase by the 3.00 percent payroll growth assumption.

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method/Period	Details, see June 30, 2013 Funding Valuation Report
Asset valuation method	Mkt Value of Assets. Details-see June 30, 2013 Fndg Val Rpt.
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment & admin exps; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement & Post-retirement mortality rates include 5 yrs projected mortality improvement using Scale AA published by the Society of Actuaries.

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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.

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, 2017

	Special Revenue		
	Off Highway Use	Housing & Comm Development	Total
ASSETS			
Cash and investments	\$ 66,634	\$ 371,961	\$ 438,595
Receivables	87	4,344,572	4,344,659
Due from other governments		494,433	494,433
Assets held for resale		3,184,106	3,184,106
Total assets	<u>\$ 66,721</u>	<u>\$ 8,395,072</u>	<u>\$ 8,461,793</u>
LIABILITIES			
Accounts payable		\$ 320,543	\$ 320,543
Deposits and other liabilities		1,665	1,665
Total Liabilities	<u>0</u>	<u>322,208</u>	<u>322,208</u>
FUND BALANCES			
Nonspendable:			
Assets held for resale		3,184,106	3,184,106
Long-term receivables		4,344,367	4,344,367
Restricted for:			
Capital projects	\$ 66,721		66,721
Community Development		544,391	544,391
Debt service			
Assigned for:			
Capital			
Total fund balances	<u>66,721</u>	<u>8,072,864</u>	<u>8,139,585</u>
Total liabilities and fund balances	<u>\$ 66,721</u>	<u>\$ 8,395,072</u>	<u>\$ 8,461,793</u>

City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Page 2 of 2

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
1976 Fire and Sewer	Park and Recreation	Refuse Equipment	Total	
\$ 409,562	\$ 4,824,530	\$ 1,338,954	\$ 6,163,484	\$ 7,011,641
509	6,241	1,761	8,002	4,353,170
	60,362		60,362	554,795
				3,184,106
<u>\$ 410,071</u>	<u>\$ 4,891,133</u>	<u>\$ 1,340,715</u>	<u>\$ 6,231,848</u>	<u>\$ 15,103,712</u>
	\$ 9,243		\$ 9,243	\$ 329,786
	9,200		9,200	10,865
<u>0</u>	<u>18,443</u>	<u>0</u>	<u>18,443</u>	<u>340,651</u>
				3,184,106
				4,344,367
				66,721
	4,614,690	\$ 1,340,715	5,955,405	6,499,796
\$ 410,071				410,071
	258,000		258,000	258,000
<u>410,071</u>	<u>4,872,690</u>	<u>1,340,715</u>	<u>6,213,405</u>	<u>14,763,061</u>
<u>\$ 410,071</u>	<u>\$ 4,891,133</u>	<u>\$ 1,340,715</u>	<u>\$ 6,231,848</u>	<u>\$ 15,103,712</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue		
	Off Highway Use	Housing & Comm Development	Total
REVENUES			
Use of money and property	\$ 356	\$ 19,433	\$ 19,789
From other agencies		1,563,990	1,563,990
Charges for current services			
Other revenues		26	26
Total revenue	<u>356</u>	<u>1,583,449</u>	<u>1,583,805</u>
EXPENDITURES			
Current:			
Community development		1,757,867	1,757,867
Capital outlays			
Total expenditures	<u>0</u>	<u>1,757,867</u>	<u>1,757,867</u>
Excess (deficiency) of revenues over (under) expenditures	<u>356</u>	<u>(174,418)</u>	<u>(174,062)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	356	(174,418)	(174,062)
Fund balances-beginning	<u>66,365</u>	<u>8,247,282</u>	<u>8,313,647</u>
Fund balances-ending	<u>\$ 66,721</u>	<u>\$ 8,072,864</u>	<u>\$ 8,139,585</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
1976 Fire and Sewer	Park and Recreation	Refuse Equipment	Total	
\$ 2,089	\$ 26,441	\$ 6,599	\$ 33,040	\$ 54,918
	277,880		277,880	1,841,870
	1,237,630	306,941	1,544,571	1,544,571
	208		208	234
2,089	1,542,159	313,540	1,855,699	3,441,593
				1,757,867
	871,613		871,613	871,613
0	871,613	0	871,613	2,629,480
2,089	670,546	313,540	984,086	812,113
		(188,000)	(188,000)	(188,000)
0	0	(188,000)	(188,000)	(188,000)
2,089	670,546	125,540	796,086	624,113
407,982	4,202,144	1,215,175	5,417,319	14,138,948
\$ 410,071	\$ 4,872,690	\$ 1,340,715	\$ 6,213,405	\$ 14,763,061

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 356	\$ 356
Total revenues	0	0	356	356
EXPENDITURES				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	356	356
Fund balance-beginning	66,365	66,365	66,365	
Fund balance-ending	\$ 66,365	\$ 66,365	\$ 66,721	\$ 356

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 End June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget-Positive</u>
				<u>(Negative)</u>
REVENUE				
Use of money and property	\$ 1,000	\$ 1,000	\$ 19,433	\$ 18,433
From other agencies	2,286,000	2,286,000	1,563,990	(722,010)
Other revenues	0	0	26	26
Total revenues	<u>2,287,000</u>	<u>2,287,000</u>	<u>1,583,449</u>	<u>(703,551)</u>
EXPENDITURES				
Community development	<u>2,285,500</u>	<u>2,285,000</u>	<u>1,757,867</u>	<u>527,133</u>
Total expenditures	<u>2,285,500</u>	<u>2,285,000</u>	<u>1,757,867</u>	<u>527,133</u>
Excess (deficiency) of revenues over expenditures	1,500	2,000	(174,418)	(176,418)
Fund balance-beginning	8,247,282	8,247,282	8,247,282	
Fund balance-ending	<u>\$ 8,248,782</u>	<u>\$ 8,249,282</u>	<u>\$ 8,072,864</u>	<u>\$ (176,418)</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 2,089	\$ 2,089
Total revenues	0	0	2,089	2,089
EXPENDITURES				
Debt service:	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	2,089	2,089
Fund balance-beginning	407,982	407,982	407,982	
Fund balance-ending	<u>\$ 407,982</u>	<u>\$ 407,982</u>	<u>\$ 410,071</u>	<u>\$ 2,089</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUE				
Use of money and property	\$ 5,000	\$ 5,000	\$ 26,441	\$ 21,441
From other agencies	241,000	241,000	277,880	36,880
Charges for current services	2,086,000	2,086,000	1,237,630	(848,370)
Other revenues	0	0	208	208
Total revenues	<u>2,332,000</u>	<u>2,332,000</u>	<u>1,542,159</u>	<u>(789,841)</u>
EXPENDITURES				
Capital outlays	<u>3,183,155</u>	<u>3,226,155</u>	<u>871,613</u>	<u>2,354,542</u>
Total expenditures	<u>3,183,155</u>	<u>3,226,155</u>	<u>871,613</u>	<u>2,354,542</u>
Excess (deficiency) of revenues over expenditures	(851,155)	(894,155)	670,546	1,564,701
Fund balance-beginning	4,202,144	4,202,144	4,202,144	
Fund balance-ending	<u>\$ 3,350,989</u>	<u>\$ 3,307,989</u>	<u>\$ 4,872,690</u>	<u>\$ 1,564,701</u>

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 6,599	\$ 6,599
Charges for current services	0	0	306,941	306,941
Total revenues	0	0	313,540	313,540
EXPENDITURES				
Capital outlays	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	313,540	313,540
OTHER FINANCING SOURCES (USES)				
Transfers Out	(156,000)	(156,000)	(188,000)	32,000
Total other financing sources (uses)	(156,000)	(156,000)	(188,000)	32,000
Net change in fund balance	(156,000)	(156,000)	125,540	345,540
Fund balance-beginning	1,215,175	1,215,175	1,215,175	
Fund balance-ending	<u>\$ 1,059,175</u>	<u>\$ 1,059,175</u>	<u>\$ 1,340,715</u>	<u>\$ 345,540</u>

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, 2017

	Self Insurance	Fleet	Employee Benefits	General Services	Total
ASSETS					
Current assets:					
Cash and investments	\$ 1,180,919	\$11,248,017	\$ 7,326,404	\$12,699,240	\$ 32,454,580
Receivables	60,398	13,015	153,245	122,771	349,429
Due from other governments				12,637	12,637
Inventories		724,000			724,000
Total current assets	1,241,317	11,985,032	7,479,649	12,834,648	33,540,646
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts				1,794,500	1,794,500
Total restricted assets	0	0	0	1,794,500	1,794,500
Capital assets:					
Land				12,183,896	12,183,896
Buildings and improvements		940,271		89,474,824	90,415,095
Machinery and equipment		33,624,029		8,424,802	42,048,831
Less accumulated depreciation		(21,782,028)		(36,554,919)	(58,336,947)
Total capital assets (net of accumulated depreciation)	0	12,782,272	0	73,528,603	86,310,875
Total noncurrent assets	0	12,782,272	0	75,323,103	88,105,375
Total assets	1,241,317	24,767,304	7,479,649	88,157,751	121,646,021
DEFERRED OUTFLOW OF RESOURCES					
Pension related deferred outflows			30,885,322		30,885,322
LIABILITIES					
Current liabilities:					
Accounts payable	12,330	1,236,073	447,737	633,305	2,329,445
Claims and judgements payable			2,548,000		2,548,000
Accrued compensated absences		12,700	801,000	34,200	847,900
Deposits and other liabilities				253,165	253,165
Unearned revenue				1,844,134	1,844,134
Capital leases-current		595,641		2,065,924	2,661,565
Loans payable-current				285,113	285,113
Total current liabilities	12,330	1,844,414	3,796,737	5,115,841	10,769,322
Noncurrent liabilities:					
Claims and judgements payable			5,750,000		5,750,000
Accrued compensated absences		45,162		121,417	166,579
Capital leases		1,860,778		19,632,578	21,493,356
Loans payable				1,195,510	1,195,510
Aggregate Net pension liability			111,434,073		111,434,073
Total noncurrent liabilities	0	1,905,940	117,184,073	20,949,505	140,039,518
Total liabilities	12,330	3,750,354	120,980,810	26,065,346	150,808,840
DEFERRED INFLOW OF RESOURCES					
Pension deferred inflows			11,096,896		11,096,896
NET POSITION					
Net investment in capital assets		10,325,853		50,349,478	60,675,331
Restricted for debt service				1,794,500	1,794,500
Unrestricted (deficit)	1,228,987	10,691,097	(93,712,735)	9,948,427	(71,844,224)
Total net position	\$ 1,228,987	\$21,016,950	\$(93,712,735)	\$62,092,405	\$ (9,374,393)

City of Clovis
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Self Insurance	Fleet	Employee Benefits	General Services	Total
Operating revenues:					
Charges for services	\$ 1,929,000	\$ 8,947,075	\$ 20,028,342	\$10,953,008	\$ 41,857,425
From other agencies				154,244	154,244
Other revenues	404,058			512,584	916,642
Total operating revenues	<u>2,333,058</u>	<u>8,947,075</u>	<u>20,028,342</u>	<u>11,619,836</u>	<u>42,928,311</u>
Operating expenses:					
Salaries and benefits	167,629	1,567,428	364,882	2,472,434	4,572,373
Services, materials and supplies	1,923,376	3,042,997	19,959,643	5,009,748	29,935,764
Administration	44,000	892,200	65,800	302,315	1,304,315
Depreciation		2,433,117		3,040,747	5,473,864
Total operating expenses	<u>2,135,005</u>	<u>7,935,742</u>	<u>20,390,325</u>	<u>10,825,244</u>	<u>41,286,316</u>
Operating income (loss)	<u>198,053</u>	<u>1,011,333</u>	<u>(361,983)</u>	<u>794,592</u>	<u>1,641,995</u>
Nonoperating revenues (expenses):					
Interest income	5,126	50,934	40,868	46,576	143,504
Interest expense		(63,999)		(821,824)	(885,823)
Gain (loss) on sale of capital assets		152,342		(2,150)	150,192
Total nonoperating revenue (expense)	<u>5,126</u>	<u>139,277</u>	<u>40,868</u>	<u>(777,398)</u>	<u>(592,127)</u>
Income before contributions and transfers	203,179	1,150,610	(321,115)	17,194	1,049,868
Capital contributions		129,294			129,294
Transfers in		700,000		2,000,000	2,700,000
Changes in net position	203,179	1,979,904	(321,115)	2,017,194	3,879,162
Total net position-beginning	<u>1,025,808</u>	<u>19,037,046</u>	<u>(93,391,620)</u>	<u>60,075,211</u>	<u>(13,253,555)</u>
Total net position-ending	<u>\$ 1,228,987</u>	<u>\$21,016,950</u>	<u>\$(93,712,735)</u>	<u>\$62,092,405</u>	<u>\$ (9,374,393)</u>

City of Clovis
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Self Insurance	Fleet	Employee Benefits	General Services	Total
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts for interfund services	\$ 1,929,000	\$ 8,942,965	\$ 19,952,744	\$ 10,888,231	\$ 41,712,940
Payments to suppliers	(2,068,945)	(3,744,465)	(21,932,125)	(5,056,141)	(32,801,676)
Payments to employees	(167,629)	(1,558,001)	1,839,794	(2,470,087)	(2,355,923)
Other operating revenues	363,607			673,522	1,037,129
Net cash provided by (used in) operating activities	56,033	3,640,499	(139,587)	4,035,525	7,592,470
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers-in from other funds		700,000		2,000,000	2,700,000
Net cash provided by noncapital financing activities	0	700,000	0	2,000,000	2,700,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(3,125,615)		(1,874,196)	(4,999,811)
Principal paid on loans, bonds and capital leases		(653,196)		(2,315,969)	(2,969,165)
Interest paid on loans, bonds and capital leases		(55,536)		(811,258)	(866,794)
Proceeds from capital leases and loans		0		30,000	30,000
Proceeds from sale of property and equipment		231,502		110,000	341,502
Net cash (used in) capital and related financing activities	0	(3,602,845)	0	(4,861,423)	(8,464,268)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	4,459	48,910	37,759	43,692	134,820
Net cash provided by investing activities	4,459	48,910	37,759	43,692	134,820
Net change in cash and cash equivalents	60,492	786,564	(101,828)	1,217,794	1,963,022
Cash and cash equivalents-beginning of year	1,120,427	10,461,453	7,428,232	13,275,946	32,286,058
Cash and cash equivalents-end of year	\$ 1,180,919	\$ 11,248,017	\$ 7,326,404	\$ 14,493,740	\$ 34,249,080
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:					
Operating income/(loss)	\$ 198,053	\$ 1,011,333	\$ (361,983)	\$ 794,592	\$ 1,641,995
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:					
Depreciation/amortization expense		2,433,117		3,040,747	5,473,864
(Increase)/decrease in accounts receivable	(40,451)	(4,110)	(75,598)	(72,739)	(192,898)
(Increase)/decrease in due from other governments				6,694	6,694
(Increase)/decrease in inventories		(121,000)			(121,000)
(Increase)/decrease in deferred outflows - pension			(9,597,239)		(9,597,239)
Increase/(decrease) in accounts payable	(101,569)	311,732	(271,682)	255,922	194,403
Increase/(decrease) in accrued compensated absences		9,427	(123,000)	2,347	(111,226)
Increase/(decrease) in claims and judgments payable			(1,635,000)		(1,635,000)
Increase/(decrease) in unearned revenue				7,962	7,962
Increase/(decrease) in net pension liability			20,373,422		20,373,422
Increase/(decrease) in deferred outflows - pension			(8,448,507)		(8,448,507)
Total adjustments	(142,020)	2,629,166	222,396	3,240,933	5,950,475
Net cash provided by/(used in) operating activities	\$ 56,033	\$ 3,640,499	\$ (139,587)	\$ 4,035,525	\$ 7,592,470

Noncash investing, capital, and financing activities:

.During the year the Fleet Maintenance Fund, an internal service fund, received \$129,294 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, 2017

	Agency Funds						Total
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	
ASSETS							
Cash and investments	\$ 49,198	\$ 124,306	\$ 2,036,302	\$ 71,205	\$ 5,498	\$ 10,677	\$ 2,297,186
Receivables	63	708	892	93	11	12	1,779
Total assets	<u>\$ 49,261</u>	<u>\$ 125,014</u>	<u>\$ 2,037,194</u>	<u>\$ 71,298</u>	<u>\$ 5,509</u>	<u>\$ 10,689</u>	<u>\$ 2,298,965</u>
LIABILITIES							
Accrued payroll			\$ 2,037,194				\$ 2,037,194
Agency funds payable	\$ 49,261	\$ 125,014				\$ 10,689	184,964
Due to bondholders				\$ 71,298	\$ 5,509		76,807
Total liabilities	<u>\$ 49,261</u>	<u>\$ 125,014</u>	<u>\$ 2,037,194</u>	<u>\$ 71,298</u>	<u>\$ 5,509</u>	<u>\$ 10,689</u>	<u>\$ 2,298,965</u>

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City of Clovis
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Senior Citizen Memorial				
Assets				
Cash and investments	\$ 48,434	\$ 1,077	\$ 313	\$ 49,198
Receivables	43	248	228	63
Total assets	<u>\$ 48,477</u>	<u>\$ 1,325</u>	<u>\$ 541</u>	<u>\$ 49,261</u>
Liabilities				
Agency funds payable	\$ 48,477	\$ 1,325	\$ 541	\$ 49,261
Total liabilities	<u>\$ 48,477</u>	<u>\$ 1,325</u>	<u>\$ 541</u>	<u>\$ 49,261</u>
Blackhorse Assessment				
Assets				
Cash and investments	\$ 117,442	\$ 64,293	\$ 57,429	\$ 124,306
Receivables	89	1,092	473	708
Total assets	<u>\$ 117,531</u>	<u>\$ 65,385</u>	<u>\$ 57,902</u>	<u>\$ 125,014</u>
Liabilities				
Agency funds payable	\$ 117,531	\$ 65,385	\$ 57,902	\$ 125,014
Total liabilities	<u>\$ 117,531</u>	<u>\$ 65,385</u>	<u>\$ 57,902</u>	<u>\$ 125,014</u>
Payroll Tax and Withholding				
Assets				
Cash and investments	\$ 2,378,253	\$ 2,036,302	\$ 2,378,253	\$ 2,036,302
Receivables		892		892
Total assets	<u>\$ 2,378,253</u>	<u>\$ 2,037,194</u>	<u>\$ 2,378,253</u>	<u>\$ 2,037,194</u>
Liabilities				
Accrued Payroll	\$ 2,378,253	\$ 2,037,194	\$ 2,378,253	\$ 2,037,194
Total liabilities	<u>\$ 2,378,253</u>	<u>\$ 2,037,194</u>	<u>\$ 2,378,253</u>	<u>\$ 2,037,194</u>

Temperance/Barstow Assessment

Assets

Cash and investments	\$ 70,792	\$ 811	\$ 398	\$ 71,205
Receivables	60	365	332	93
Total assets	<u>\$ 70,852</u>	<u>\$ 1,176</u>	<u>\$ 730</u>	<u>\$ 71,298</u>

Liabilities

Due to bondholders	\$ 70,852	\$ 1,176	\$ 730	\$ 71,298
Total liabilities	<u>\$ 70,852</u>	<u>\$ 1,176</u>	<u>\$ 730</u>	<u>\$ 71,298</u>

Shepherd/Temperance Assessment

Assets

Cash and investments	\$ 139,139	\$ 1,534	\$ 135,175	\$ 5,498
Receivables	123	131	243	11
Total assets	<u>\$ 139,262</u>	<u>\$ 1,665</u>	<u>\$ 135,418</u>	<u>\$ 5,509</u>

Liabilities

Due to bondholders	\$ 139,262	\$ 1,665	\$ 135,418	\$ 5,509
Total liabilities	<u>\$ 139,262</u>	<u>\$ 1,665</u>	<u>\$ 135,418</u>	<u>\$ 5,509</u>

Asset Forfeiture

Assets

Cash and investments	\$ 8,384	\$ 2,345	\$ 52	\$ 10,677
Receivables	6	44	38	12
Total assets	<u>\$ 8,390</u>	<u>\$ 2,389</u>	<u>\$ 90</u>	<u>\$ 10,689</u>

Liabilities

Agency funds payable	\$ 8,390	\$ 2,389	\$ 90	\$ 10,689
Total liabilities	<u>\$ 8,390</u>	<u>\$ 2,389</u>	<u>\$ 90</u>	<u>\$ 10,689</u>

Grand Total All Agency Funds

Assets

Cash and investments	\$ 2,762,444	\$ 2,106,362	\$ 2,571,620	\$ 2,297,186
Receivables	321	2,772	1,314	1,779
Total assets	<u>\$ 2,762,765</u>	<u>\$ 2,109,134</u>	<u>\$ 2,572,934</u>	<u>\$ 2,298,965</u>

Liabilities

Accrued payroll	\$ 2,378,253	\$ 2,037,194	\$ 2,378,253	\$ 2,037,194
Agency funds payable	174,398	69,099	58,533	184,964
Due to bondholders	210,114	2,841	136,148	76,807
Total liabilities	<u>\$ 2,762,765</u>	<u>\$ 2,109,134</u>	<u>\$ 2,572,934</u>	<u>\$ 2,298,965</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.

STATISTICAL SECTION

Statistical Section

Contents	Page
Financial Trends	113
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	121
These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax.	
Debt Capacity	125
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	131
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	134
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,									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:	Net investment in capital assets	\$ 375,445	\$ 394,479	\$ 414,755	\$ 436,785	\$ 469,871	\$ 481,729	\$ 490,722	\$ 509,567	\$ 523,881	\$ 524,625
	Restricted	39,670	38,672	35,940	33,283	21,302	19,810	24,266	23,997	25,843	20,681
	Unrestricted	<u>8,968</u>	<u>11,485</u>	<u>13,991</u>	<u>16,121</u>	<u>13,688</u>	<u>16,070</u>	<u>21,548</u>	<u>(67,159)</u>	<u>(67,081)</u>	<u>(54,927)</u>
	Total net position	<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>	<u>\$ 466,405</u>	<u>\$ 482,643</u>	<u>\$ 490,379</u>
Business-type activities:	Net investment in capital assets	\$ 105,729	\$ 107,645	\$ 107,065	\$ 111,939	\$ 125,253	\$ 130,123	\$ 132,872	\$ 137,520	\$ 142,658	\$ 147,265
	Restricted	7,174	8,370	7,706	5,269	5,292	4,794	3,365	3,377	906	953
	Unrestricted	<u>53,724</u>	<u>50,645</u>	<u>43,031</u>	<u>44,638</u>	<u>38,660</u>	<u>51,584</u>	<u>60,855</u>	<u>72,977</u>	<u>82,271</u>	<u>103,531</u>
	Total net position	<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>	<u>\$ 213,874</u>	<u>\$ 225,835</u>	<u>\$ 251,749</u>
Total Primary government:	Net investment in capital assets	\$ 481,174	\$ 502,124	\$ 521,820	\$ 548,724	\$ 595,124	\$ 611,852	\$ 623,594	\$ 647,087	\$ 666,540	\$ 671,890
	Restricted	46,844	47,042	43,646	38,552	26,594	24,604	27,631	27,374	26,748	21,634
	Unrestricted	<u>62,692</u>	<u>62,130</u>	<u>57,022</u>	<u>60,759</u>	<u>52,348</u>	<u>67,654</u>	<u>82,403</u>	<u>5,818</u>	<u>15,190</u>	<u>48,604</u>
	Total net position	<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>	<u>\$ 680,279</u>	<u>\$ 708,478</u>	<u>\$ 742,128</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
General government	\$ 5,495	\$ 5,265	\$ 4,282	\$ 4,684	\$ 4,952	\$ 5,948	\$ 5,642	\$ 5,587	\$ 5,577	\$ 6,218
Public safety	36,476	35,238	31,345	33,331	35,185	37,106	38,736	39,460	42,027	46,258
Transportation	7,982	8,886	10,123	9,869	10,803	11,160	11,251	12,686	12,232	13,307
Community development	11,437	11,065	11,289	10,931	8,925	930	310	909	637	1,742
Cultural and recreation	4,955	5,786	4,659	5,585	5,435	5,790	6,370	6,272	6,196	6,703
Interest and other charges									925	886
Special assessment										
Total governmental activities expenses	<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>	<u>64,914</u>	<u>67,593</u>	<u>75,114</u>
Business-type activities:										
Refuse	12,207	12,400	13,793	13,097	13,617	14,057	14,857	15,654	16,207	16,574
Sewer	15,054	15,159	19,631	17,139	18,207	17,555	19,883	18,011	18,553	18,235
Water	13,672	13,775	14,098	13,352	14,114	14,587	13,626	14,486	14,487	15,604
Transit	3,397	3,897	3,980	4,226	4,419	4,749	4,946	4,884	5,016	5,098
Planning & Development Services						6,826	7,226	7,558	7,780	8,555
Street Cleaning	963	877	944							
Total business-type activities expenses	<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>	<u>60,592</u>	<u>62,044</u>	<u>64,066</u>
Total primary government expenses	<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>	<u>125,506</u>	<u>129,637</u>	<u>139,180</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General Government	3,374	3,338	3,005	3,765	3,224	4,271	4,378	4,995	4,875	4,640
Public Safety	2,563	2,658	1,906	2,094	2,071	1,700	2,195	2,209	2,521	2,079
Transportation	7,398	8,872	6,558	7,637	8,586	6,818	9,916	6,788	6,061	7,411
Community development	8,370	7,348	6,735	6,153	7,961	578	352	1,231	301	865
Cultural and recreation	5,204	4,217	4,349	4,171	4,025	4,509	5,901	4,909	5,540	5,653
Special assessment										
Operating grants and contributions	581	737	1,115	1,524	1,963	1,100	527	639	737	630
Capital grants and contributions	<u>73,664</u>	<u>16,330</u>	<u>19,652</u>	<u>21,427</u>	<u>22,262</u>	<u>15,859</u>	<u>15,292</u>	<u>20,516</u>	<u>16,638</u>	<u>11,537</u>
Total governmental activities program revenues	<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>	<u>41,287</u>	<u>36,673</u>	<u>32,815</u>

Business-type activities:

Charges for services:

Community Sanitation	15,060	15,901	16,405	16,592	16,576	17,784	17,240	17,608	17,692	18,083
Sewer	16,881	9,607	9,265	14,027	16,295	18,340	18,130	21,974	21,167	18,942
Water	18,784	10,358	10,870	13,874	16,550	21,243	18,580	19,050	16,599	34,174
Transit	3,658	4,254	3,535	3,841	3,950	4,361	1,473	1,541	1,608	1,597
Planning & Development Services						7,720	8,630	8,159	8,807	9,619
Operating grants and contributions					48	102	2,879	4,247	4,056	4,464
Capital grants and contributions	<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>	<u>4,059</u>	<u>2,721</u>	<u>1,935</u>
Total business-type activities program revenues	<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>	<u>76,638</u>	<u>72,650</u>	<u>88,814</u>
Total primary government program revenues	<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>	<u>117,925</u>	<u>109,323</u>	<u>121,629</u>

Net revenues (expenses):

Governmental activities	34,809	(22,740)	(18,378)	(17,629)	(15,208)	(26,099)	(23,748)	(23,627)	(30,920)	(42,299)
Business-type activities	<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>	<u>16,047</u>	<u>10,606</u>	<u>24,748</u>
Total net revenues (expenses)	<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>	<u>(7,580)</u>	<u>(20,314)</u>	<u>(17,551)</u>

General revenues and other changes in net assets:

Governmental activities:

Taxes:

Property taxes	21,175	22,093	19,944	20,159	15,294	17,961	19,159	19,842	20,649	22,392
Sales tax	18,174	14,837	12,406	13,121	13,853	15,049	16,923	18,039	19,120	19,676
Business Lic/Franchise	4,054	3,992	4,045	4,081	4,184	4,386	4,664	4,984	5,271	5,300
Other taxes	790	620	1,163	1,602	1,740	1,935	2,097	2,327	2,551	2,705
Grants and contributions not restricted	512	536	446	628	190	175	131	172	183	178
Unrestricted investment earnings	2,845	1,291	473	475	148	61	138	163	234	272
Transfers	<u>(120)</u>	<u>(77)</u>	<u>(49)</u>	<u>(49)</u>	<u>727</u>	<u>(720)</u>	<u>(437)</u>	<u>(461)</u>	<u>(850)</u>	<u>(488)</u>
Total governmental activities	<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>	<u>45,067</u>	<u>47,159</u>	<u>50,035</u>

Business-type activities:

Unrestricted investment earnings	5,220	2,410	664	298	195	161	224	274	506	679
Transfers	<u>120</u>	<u>77</u>	<u>49</u>	<u>49</u>	<u>(727)</u>	<u>720</u>	<u>437</u>	<u>461</u>	<u>850</u>	<u>488</u>
Total business-type activities	<u>5,340</u>	<u>2,487</u>	<u>713</u>	<u>347</u>	<u>(532)</u>	<u>881</u>	<u>661</u>	<u>735</u>	<u>1,356</u>	<u>1,167</u>
Total primary government	<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>	<u>45,802</u>	<u>48,515</u>	<u>51,202</u>

Extraordinary Item-Dissolution of CCDA

(2,257)

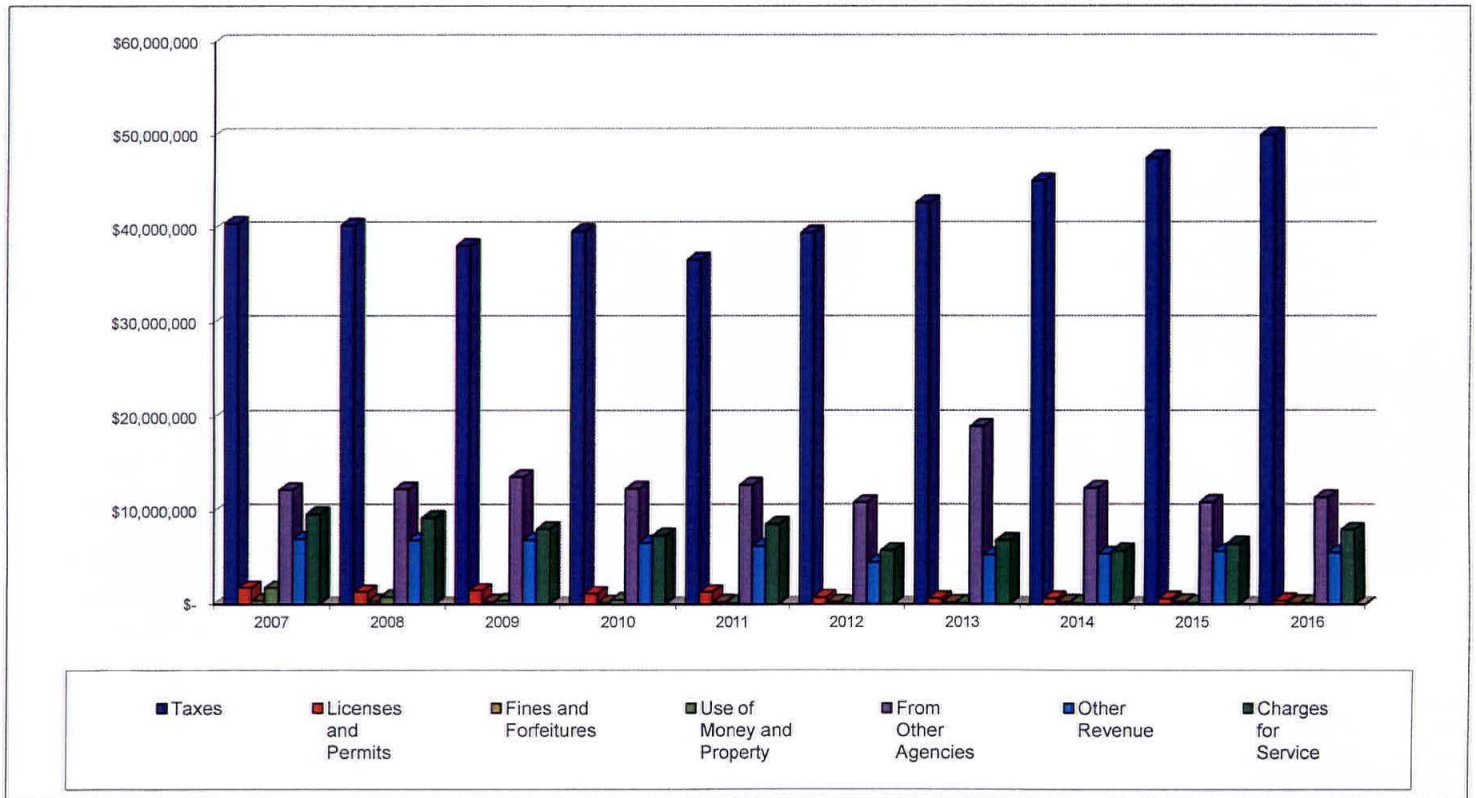
Changes in net assets:

Governmental activities	82,239	20,552	20,050	22,388	18,671	12,748	18,927	21,441	16,240	7,736
Business-type activities	<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>	<u>16,782</u>	<u>11,961</u>	<u>25,915</u>
Total primary government	<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>	<u>\$ 38,223</u>	<u>\$ 28,201</u>	<u>\$ 33,651</u>

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

Fiscal Year Ended June 30,	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	From Other Agencies	Charges for Service	Other Revenue	Total
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
2015	45,191,980	583,060	207,358	144,328	12,484,156	5,794,337	5,469,201	69,874,420
2016	47,591,661	584,412	253,841	170,213	10,990,248	6,544,320	5,730,691	71,865,386
2017	50,072,582	330,336	140,193	173,524	11,473,015	8,060,073	5,634,697	75,884,420

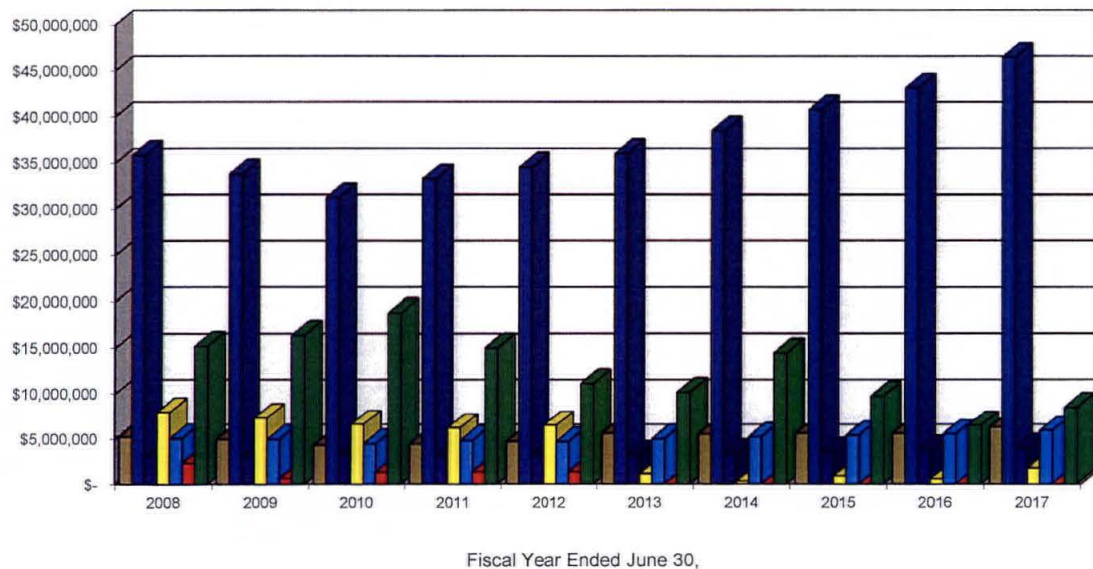
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



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

Fiscal Year Ended June 30,	General Government	Public Safety	Transportation	Community Development	Culture and Recreation	Debt Service	Capital Outlays	Total
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
2015	5,622,192	40,767,185	3,595,841	917,702	5,409,366	0	9,800,799	66,113,085
2016	5,620,922	43,136,838	3,828,619	577,483	5,541,908	0	6,523,827	65,229,597
2017	6,287,114	46,476,211	4,032,061	1,757,867	5,914,052	0	8,516,678	72,983,983

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



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

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

(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30, 2017				
	2008	2009	2010	2011	2012
Revenues:					
Property taxes	\$ 21,482,384	\$ 22,509,936	\$ 20,425,109	\$ 20,764,779	\$ 16,653,534
Sales taxes	14,266,968	12,993,878	12,404,059	13,329,533	14,076,648
Business license/Franchise	4,054,455	3,992,374	4,054,563	4,080,924	4,183,484
Other taxes	789,719	884,899	1,349,128	1,601,673	1,801,884
Licenses and permits	1,763,279	1,302,368	1,454,196	1,113,238	1,305,849
Fines and forfeitures	352,647	275,406	240,622	166,010	208,227
Use of money and property	1,776,955	778,310	371,328	433,979	125,071
From other agencies	12,284,310	12,364,635	13,649,374	12,418,299	12,799,825
Charges for current services	9,740,854	9,305,542	8,129,216	7,432,331	8,676,798
Other revenues	7,073,402	6,925,095	6,969,861	6,671,487	6,318,419
Total revenues	73,584,973	71,332,443	69,047,456	68,012,253	66,149,739
Expenditures					
Current:					
General government	5,275,513	4,979,945	4,317,898	4,468,062	4,726,595
Public safety	35,837,948	33,824,405	31,289,958	33,303,647	34,576,576
Transportation	3,030,319	3,110,287	3,288,404	3,134,317	3,333,681
Community development	7,991,154	7,348,048	6,622,952	6,223,288	6,514,706
Cultural and recreation	5,059,317	4,970,931	4,496,927	4,843,250	4,719,477
Debt service:					
Principal	1,164,786		530,000	550,000	575,000
Interest and fiscal charges	516,771	642,966	831,979	814,129	789,378
Bond issue costs	663,028				
Capital outlays	13,469,244	13,841,599	14,095,728	11,574,183	9,465,085
Total expenditures	73,008,080	68,718,181	65,473,846	64,910,876	64,700,498
Excess (deficiency) of revenues over (under) expenditures	576,893	2,614,262	3,573,610	3,101,377	1,449,241
Other financing sources (uses):					
Transfers in	899,000	862,175	1,350,000	1,388,000	1,531,696
Transfers out	(1,269,000)	(852,175)	(1,399,000)	(2,487,000)	(1,599,696)
Issuance of bonds	19,100,000				
Bond discount	(233,214)				
Payment to bond escrow agent	(7,162,780)				
Total other financing sources (uses)	11,334,006	10,000	(49,000)	(1,099,000)	(68,000)
Extraordinary item-Dissolution of CCDA					(11,551,717)
Net change in Fund balances	\$ 11,910,899	\$ 2,624,262	\$ 3,524,610	\$ 2,002,377	\$ (10,170,476)
Debt service as a percentage of noncapital expenditures	4.1%	1.2%	2.7%	2.6%	2.5%

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

For the Fiscal Year Ended June 30, 2017				
2013	2014	2015	2016	2017
\$ 17,961,308	\$ 19,159,555	\$ 19,842,732	\$ 20,649,898	\$ 22,391,753
15,284,968	16,916,615	18,037,581	19,119,633	19,675,483
4,331,760	4,664,123	4,929,246	5,271,321	5,300,062
2,033,716	2,096,922	2,382,421	2,550,809	2,705,284
688,001	593,886	583,060	584,412	330,336
192,636	148,495	207,358	253,841	140,193
83,549	122,725	144,328	170,213	173,524
10,963,343	19,056,135	12,484,156	10,990,248	11,473,015
5,819,507	6,945,717	5,794,337	6,544,320	8,060,073
4,554,963	5,368,776	5,469,201	5,730,691	5,634,697
61,913,751	75,072,949	69,874,420	71,865,386	75,884,420
5,620,526	5,546,340	5,622,192	5,620,922	6,287,114
36,043,170	38,498,881	40,767,185	43,136,838	46,476,211
3,256,789	3,430,068	3,595,841	3,828,619	4,032,061
1,150,395	302,091	917,702	577,483	1,757,867
5,024,870	5,235,028	5,409,366	5,541,908	5,914,052
9,966,973	14,510,295	9,800,799	6,523,827	8,516,678
61,062,723	67,522,703	66,113,085	65,229,597	72,983,983
851,028	7,550,246	3,761,335	6,635,789	2,900,437
30,000	18,995	0	0	0
(1,265,000)	(1,256,080)	(1,211,000)	(4,050,000)	(3,188,000)
(1,235,000)	(1,237,085)	(1,211,000)	(4,050,000)	(3,188,000)
\$ (383,972)	\$ 6,313,161	\$ 2,550,335	\$ 2,585,789	\$ (287,563)
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF CLOVIS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

General Fund					
Fiscal Year Ended June 30,	Nonspendable	Restricted	Assigned	Unassigned	Total
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
2015	855,000	2,368,439	10,000,000	3,702,156	16,925,595
2016	0	2,738,023	11,779,000	2,925,095	17,442,118
2017	0	3,189,504	12,152,000	708,019	16,049,523

All Other Governmental Funds					
Fiscal Year Ended June 30,	Nonspendable	Restricted	Assigned	Unassigned	Total
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	3,351,955		19,303,582
2014	6,762,061	8,115,950	8,889,586		23,767,597
2015	6,865,628	6,349,429	10,283,400		23,498,457
2016	0	16,002,504	4,423,900		20,426,404
2017	7,528,473	18,886,282	258,000		26,672,755

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 Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Homeowners	Assessed	Estimated Actual	
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%
2015	8,158,612,400	8,158,612,400	204,592,938	204,592,938	101,969,400	8,261,235,938	8,363,205,338	0%
2016	8,696,361,855	8,696,361,855	213,125,102	213,125,102	100,450,200	8,809,036,757	8,909,486,957	0%
2017	9,179,714,485	9,179,714,485	214,596,488	214,596,488	99,120,700	9,295,190,273	9,394,310,973	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
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
2015	0.000000	0.155346	0.009308	1.000000	1.164654
2016	0.000000	0.155350	0.008064	1.000000	1.163414
2017	0.000000	0.155350	0.008480	1.000000	1.163830

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 TEN YEARS AGO

Taxpayer	2017			2008		
	Taxable Assessed Value (1)	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percent of Total City Taxable Assessed Value
Fresno Community Hospital & Med CTR	\$ 136,424	1	1.37%	\$ 90,353	2	1.19%
Prindiville Dennis Trustee	48,159	2	0.48%	67,270	3	0.89%
Bre Throne Clovis Commons LLC	38,972	3	0.39%			
Winterfell Yosemite Gardens L P	26,023	4	0.26%			
Clovis-Herndon Center II LLC	25,984	5	0.26%			
Wal-Mart Real Estate Business Trust	25,419	6	0.25%			
GSF Sunnyside Clovis Investors L P	23,478	7	0.24%			
Copper Beech Townhome Communities	21,350	8	0.21%	25,221	6	0.33
Clovis Apartment Group LLC	20,517	9	0.21%			
Butler Investment Group LLC	19,540	10	0.20%			
Regency Cahan-Clovis LLC				37,884	5	0.50%
Anlin Industries				22,348	7	0.29%
Vons Companies Inc				19,891	9	0.24%
Brown Garold C Family LTD Partnership				18,534	10	0.26%
Kaiser Foundation Health Plan Inc				17,755	11	0.24%
Save Mart Supermarkets				17,287	13	0.23%
	<u>\$ 385,866</u>		<u>3.86%</u>	<u>\$ 316,543</u>		<u>36.84%</u>

(1) Amounts in thousands

Source: City of Clovis-GIS
Fresno County Assessor

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 Collections₁</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 Levy₂</u>
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
2015	10,824,263	10,592,809	97.9	202,176	10,794,985	99.7	155,869	1.440
2016	11,475,064	11,371,562	99.1	111,527	11,483,089	100.1	159,503	1.390
2017	12,116,560	11,966,405	98.8	160,797	12,127,202	100.1	169,390	1.398

Notes: Amounts include only General Fund tax collections.

₁ Includes prior year delinquent tax collections.

₂ 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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tax</u> <u>Allocation</u> <u>Bonds (1)</u>	<u>Special</u> <u>Assessment</u> <u>Bonds (1)</u>	<u>Lease</u> <u>Revenue</u> <u>Bonds (1)</u>	<u>Revenue</u> <u>Bonds (1)</u>	<u>Capital</u> <u>Leases (1)</u>	<u>Loans/</u> <u>Contracts</u> <u>Payable (1)</u>	<u>Total</u>	<u>Debt</u> <u>Per</u> <u>AV</u>	<u>Debt</u> <u>Per</u> <u>Capita</u>
Governmental Activities									
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
2015	0	0	0	0	23,655,822	1,805,112	25,460,934	0.003	244
2016	0	0	0	0	26,850,329	1,724,379	28,574,708	0.003	274
2017	0	0	0	0	24,154,921	1,480,623	25,635,544	0.003	231
Business-type Activities									
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
2015	0	0	0	137,462,213	0	9,018,510	146,480,723	0.018	1,404
2016	0	0	0	130,540,195	0	8,205,774	138,745,969	0.017	1,330
2017	0	0	0	125,639,953	0	7,350,311	132,990,264	0.014	1,201
Total Primary Government									
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
2015	0	0	0	137,462,213	23,655,822	10,823,622	171,941,657	0.021	1,648
2016	0	0	0	130,540,195	26,850,329	9,930,153	167,320,677	0.020	1,604
2017	0	0	0	125,639,953	24,154,921	8,830,934	158,625,808	0.017	1,432

(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								
Ended	Estimated	Assessed	Gross Bonded	Less Debt	Net	Ratio of Net	Net	
June 30,	Population	Valuation	Debt (1)	Service Fund	Bonded Debt	Bonded Debt to	Bonded Debt	
						Assessed Value	Per Capita	
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	
2015	104,339	8,261,235,938	0	0	0	0.00%	0	
2016	108,039	8,809,036,757	0	0	0	0.00%	0	
2017	110,762	9,295,190,273	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>
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
2015	0	0	0	66,113,085	0.0
2016	0	0	0	65,229,597	0.0
2017	0	0	0	72,983,983	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, 2017

2016-2017 Assessed Valuation: \$9,394,310,973

<u>Direct and Overlapping Debt:</u>	<u>% Applicable*</u>	<u>Debt</u>
<u>Direct Debt:</u>		
City of Clovis Capital Leases	100.00%	\$ 24,154,921
City of Clovis Loans Payable	100.00%	1,480,623
Total Net Direct Debt		25,635,544
Total Net Direct and Direct Bonded Debt		\$ 25,635,544
<u>Overlapping Bonded Debt:</u>		
Fresno County General Fund Obligations	13.258%	\$ 6,151,712
Fresno County Pension Obligations	13.258%	43,767,674
State Center Community College District	12.143%	10,830,949
Clovis Unified School District	40.279%	160,225,800
Clovis Unified School District Certificates of Participation	40.279%	3,047,106
Clovis Memorial District General Fund Obligations	43.164%	1,497,791
Fresno Unified School District	2.143%	10,501,592
Fresno Unified School District General Fund Obligations	2.143%	348,130
Sanger Unified School District	0.025%	29,659
Sanger Unified School District Certificates of Participation	0.025%	7,235
Total Gross Overlapping Bonded Debt		236,407,648
<u>Overlapping Tax Increment Debt:</u>		
Total Gross Overlapping Tax Increment Debt	100.00%	14,280,000
Total Gross Overlapping Debt		\$ 250,687,648
Total Net Direct and Overlapping Bonded Debt		\$276,323,192 (1)

(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	2.67%
Total Direct and Direct Bonded Debt	0.27%
Combined Total Debt	2.94%

Ratios to Redevelopment Incremental Valuation \$731,134,046

Total Overlapping Tax Increment Debt	1.95%
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Share of Authorized and Unsold Bonds:

City of Clovis	\$ 2,000,000
	Hasn't changed since 1995.

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**

<u>Fiscal Year Ended June 30,</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</u>
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
2015	1,254,480,801	0	1,254,480,801	0
2016	1,336,423,044	0	1,336,423,044	0
2017	1,409,146,646	0	1,409,146,646	0

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2016

Assessed Valuations:

Assessed Value	\$ 9,295,190,273
Add back exempt property	<u>99,120,700</u>

Total Assessed Value	<u><u>\$ 9,394,310,973</u></u>
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Legal Debt Margin:

Debt Limitation-15 percent of total assessed value	\$ 1,409,146,646
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Debt applicable to Limitation:

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

Total debt applicable to Limitation	<u>0</u>
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Legal Debt Margin:	<u><u>\$ 1,409,146,646</u></u>
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CITY OF CLOVIS
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

REFUSE DISPOSAL FUND

Fiscal Year			Net Revenue	Debt Service Requirements (3)			
Ended	Gross	Operating	Available for	Principal	Interest	Total	Coverage
June 30,	Revenues (1)	Expenses (2)	Debt Service				
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
2015	16,612,320	14,612,658	1,999,662	625,000	146,765	771,765	2.59
2016	16,684,608	15,578,895	1,105,713	655,000	114,268	769,268	1.44
2017	16,883,872	15,600,372	1,283,500	690,000	80,063	770,063	1.67

SEWER SERVICE FUND

Fiscal Year			Net Revenue	Debt Service Requirements (3)			
Ended	Gross	Operating	Available for	Principal	Interest	Total	Coverage
June 30,	Revenues (4)	Expenses (2)	Debt Service				
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
2015	22,072,796	8,248,142	13,824,654	1,870,000	4,801,933	6,671,933	2.07
2016	21,366,761	8,813,564	12,553,197	1,930,000	4,575,379	6,505,379	1.93
2017	19,205,582	9,069,315	10,136,267	1,480,000	2,837,163	4,317,163	2.35

WATER SERVICE FUND

Fiscal Year			Net Revenue	Debt Service Requirements (3)			
Ended	Gross	Operating	Available for	Principal	Interest	Total	Coverage
June 30,	Revenues (4)	Expenses (2)	Debt Service				
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
2015	19,133,751	10,860,381	8,273,370	1,630,000	1,367,074	2,997,074	2.76
2016	16,769,010	10,955,394	5,813,616	1,685,000	1,301,145	2,986,145	1.95
2017	34,413,870	11,977,373	22,436,497	1,755,000	1,232,816	2,987,816	7.51

(1) Total revenues, including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only. It does not include the other debt reported in the refuse and sewer funds.

(4) Total revenues, including interest and capital contributed by developers. The amount contributed by developers is available for payment of annual debt service and is therefore included in gross revenue for the purposes of this schedule.

Note: This schedule does not represent legal bond covenants.

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

Fiscal Year			City		City Population	Fresno County
Ended	City		Unemployment	Fresno County	as % of	Unemployment
June 30.	Population	% Change	Rate	Population	County Population	Rate
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	12.50	953,761	10.16	16.00
2011	97,218	0.36	12.90	940,220	10.34	16.80
2012	98,611	1.43	11.70	945,711	10.43	15.20
2013	99,983	1.39	10.00	952,166	10.50	12.30
2014	102,188	2.21	8.50	964,040	10.60	10.40
2015	104,339	2.10	7.50	972,297	10.73	9.30
2016	108,039	3.55	7.20	984,541	10.97	9.30
2017	110,762	2.52	5.80	995,975	11.12	7.50

Sources: County of Fresno
Labor market Info EDD

* Data unavailable.

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

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

Employer	2017			2008		
	Number of Employees	Rank	Percent of Total Employment*	Number of Employees		Percent of Total Employment*
Clovis Unified School District	5146	1	9.80%	5,100	1	11.51%
Clovis Community Hospital	1775	2	3.38	900	3	2.03
Wawona Frozen Foods	1250	3	2.38			
Wal-Mart	683	4	1.30	323	7	0.73
City of Clovis	662	5	1.26	799	4	1.80
Alorica	514	6	0.98	2,044	2	4.61
Target	344	7	0.66	350	6	0.79
Anlin Industries	311	8	0.59	460	5	1.04
Costco	302	9	0.58			
Lowe's	213	10	0.41	230	10	0.52
AT&T				300	8	0.68
Save Mart				288	9	0.65

* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2017.

Source: Employment Development Department

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

<u>Function</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Governmental Activities</u>										
General Government	29.750	35.700	24.100	36.550	38.050	39.050	43.150	41.850	43.850	44.850
Public Safety										
Police	174.000	151.000	146.000	146.000	148.000	152.000	156.000	163.000	168.000	175.000
Fire	76.000	65.000	60.500	66.500	64.500	66.000	66.000	66.000	66.000	67.000
Transportation	13.500	13.550	13.500	13.800	13.800	14.800	14.800	14.950	13.950	14.000
Community Development	62.250	46.250	52.250	41.500	40.000	0.500	0.400		1.000	1.000
Culture & Recreation	43.525	31.025	30.500	30.500	28.100	23.100	24.700	24.200	26.000	25.750
Internal Service	38.450	26.000	26.525	26.525	26.525	26.525	27.525	29.225	30.225	31.225
Total Governmental Activities	<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>339.225</u>	<u>349.025</u>	<u>358.825</u>
<u>Business-Type Activities</u>										
Refuse	39.610	39.460	39.610	41.860	41.860	41.860	42.560	44.310	44.310	43.960
Sewer	11.000	10.850	10.750	11.250	11.250	11.250	11.250	11.250	11.250	11.250
Water	34.750	34.550	34.350	34.600	34.600	34.600	34.300	34.300	35.300	36.850
Street Cleaning	5.840	5.790	4.790	4.790	4.790	4.790	4.790	6.790	6.790	6.790
Transit	22.325	22.825	22.125	22.125	22.525	22.525	22.525	24.125	25.325	25.325
Planning & Dev Services*						37.000	43.000	45.000	45.000	45.000
Total Business-Type Activities	<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>	<u>165.775</u>	<u>167.975</u>	<u>169.175</u>
Total Full-Time Employees	<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>	<u><u>505.000</u></u>	<u><u>517.000</u></u>	<u><u>528.000</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Public utilities:										
Streets (miles)	313	315	315	359	362	369	380	384	391	410
Streetlights	8,929	8,930	8,938	9,567	9,576	9,587	10,308	10,461	10,479	11,022
Cultural and recreation:										
Parks	50	51	53	54	55	58	59	62	63	64
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	459	469	475	479	484	490	499	508	514	521
Sewer										
Sanitary sewers (miles)	342	349	352	356	358	361	367	373	379	385

Source: City of Clovis

CITY OF CLOVIS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Arrests	4,761	4,674	4,396	4,503	4,612	4,936	5,135	4,046	4,326	4,145
Parking citations issued	1,596	1,414	878	797	513	972	1,343	954	982	1,369
Fire:										
Number of emergency calls	6,492	9,139	8,135	6,970	8,945	9,958	8,290	10,098	10,069	9,661
Parks and recreation:										
Number of recreation classes	270	97	63	86	93	94	95	119	130	138
Number of facility rentals	5	18	18	18	13	13	13	32	32	32
Water:										
New connections	573	353	325	543	282	793	779	636	837	936
Average daily consumption (thousands of gallons)	25,521	24,930	22,889	21,918	22,453	23,917	23,840	20,684	16,883	19,083
Sewer:										
New connections	573	353	350	352	425	667	721	639	509	801
Average daily sewage treatment (thousands of gallons)	7,365	7,397	7,279	7,269	6,996	6,914	6,949	6,862	6,543	6,776

Source: City of Clovis

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Valuation (in Thousands)										
Residential	\$ 126,584	\$ 115,217	\$ 118,545	\$ 99,320	\$ 110,041	\$ 136,224	\$ 226,295	\$ 237,913	\$ 206,930	\$ 288,634
Non-residential	81,666	75,262	74,849	31,386	45,056	60,451	89,672	85,728	104,839	84,187
Total	<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>	<u>\$323,641</u>	<u>\$311,769</u>	<u>\$372,821</u>
New Dwelling Units										
Single Family	408	431	474	370	378	501	703	815	709	943
Multiple Family	116	16	0	60	100	60	32	209	0	0
Total	<u>524</u>	<u>447</u>	<u>474</u>	<u>430</u>	<u>478</u>	<u>561</u>	<u>735</u>	<u>1,024</u>	<u>709</u>	<u>943</u>

Source: City of Clovis Building Department

CITY OF CLOVIS
MISCELLANEOUS STATISTICS
JUNE 30, 2017

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees (full-time and part-time)	662
Area (square miles)	24.4
Miles of Streets	410
Number of Street Lights	11,022
Fire Protection:	
Number of Stations	5
Number of Firefighters and Officers	67
Police Protection:	
Number of Police Officers and Other Sworn Personnel	175
Water Department:	
Number of Water Services	34,655
Miles of Water Mains	521
Sewers:	
Miles of Sanitary Sewers	385

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**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**

Independent Auditors' Report

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, 2017, 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 14, 2017.

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.

The Pw Group, LLP

San Diego, California
November 14, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2017. The City's major federal programs are identified in the summary of the 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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 the Uniform Guidance, 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.

4365 Executive Drive, Suite 710, San Diego, California 92121

Tel: 858-242-5100 • Fax: 858-242-5150

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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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The PwC Group, LLP

San Diego, California
November 14, 2017

City of Clovis
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Housing and Urban Development				
<i>Direct Program:</i>				
<i>CDBG Entitlement Grants Cluster:</i>				
Community Development Block Grant - Entitlement	14.218	B-16-MC-06-0062	\$ 741,655	\$ -
		CDBG Entitlement Grants Cluster	741,655	-
Total U.S. Department of Housing and Urban Development			741,655	-
U.S. Department of Justice				
<i>Direct Programs:</i>				
Justice Assistance Grant Program	16,738	2016-DJ-BX-0903	16,434	-
		Total U.S. Department of Justice	16,434	-
U.S. Department of Transportation				
<i>Passed-Through California State Department of Transportation:</i>				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	06-5208	2,737,322	-
		Highway Planning and Construction Cluster	2,737,322	-
<i>Passed-Through California Office of Traffic Safety:</i>				
<i>Highway Safety Cluster:</i>				
National Priority Safety Programs	20.616	PT1725	14,364	-
		Highway Safety Cluster	14,364	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SC14081	82,396	43,567
		Total U.S. Department of Transportation	2,834,082	43,567
U.S. Department of Health and Human Services				
<i>Passed-Through Fresno-Madera Area Agency on Aging:</i>				
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part C	93.045	17-0051	22,080	-
		Aging Cluster	22,080	-
Total U.S. Department of Health and Human Services			22,080	-
U.S. Department of Homeland Security				
<i>Passed-Through County of Fresno:</i>				
Homeland Security Program (SHSP)	97.067	01900000	29,476	-
		Total U.S. Department of Homeland Security	29,476	-
		Total Expenditures of Federal Awards	\$ 3,643,727	\$ 43,567

City of Clovis
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

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.

Note 3 – Indirect Cost Rate

The City did not elect to use the 10-percent de minimis indirect rate as allowed under the Uniform Guidance.

City of Clovis
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	No None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	No None Reported
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 2 CFR 200.516(a)?	No
Identification of major programs:	

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Major Programs:		
Highway Planning and Construction Cluster	20.205	\$ 2,737,322
Total Major Program Expenditures		<u>\$ 2,737,322</u>
Total Expenditures of Federal Awards		<u>\$ 3,643,727</u>
Percentage of Total Expenditures of Federal Awards		<u>75.12%</u>

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520?	Yes

City of Clovis
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Current Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2017.

B. Prior Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2016.

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, 2017.

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, 2016.



**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 the City of Clovis, California (the "City"), as of and for the year ended June 30, 2017, 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 14, 2017.

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 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 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.

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

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 that are required to be reported herein under the California Public Utilities Code Section 142257 regulations as applies to Local Transportation Purpose Funds and *Government Auditing Standards*.

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.

The PwC Group, LLP

San Diego, California
November 14, 2017



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, 2017. 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, 2017, 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.

The Pun Group, LLP

San Diego, California
August 11, 2017

4365 Executive Drive, Suite 710, San Diego, California 92121
Tel: 858-242-5100 • Fax: 858-242-5150
www.pungroup.com

City of Clovis
Appropriations Limit Schedule
For the Year Ended June 30, 2017

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2015-2016	\$ 209,393,511	Prior year
B. Calculation Factors:		
1) Population increase %	1.0263	State Department of Finance
2) Inflation increase %	1.0565	City Building Department
3) Total adjustment %	<u>1.0843</u>	(B1*B2)
C. Annual Adjustment Increase	17,648,931	[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	<u>17,648,931</u>	(C+D)
F. Appropriations Limit FY 2016-2017	<u><u>\$ 227,042,442</u></u>	(A+E)

City of Clovis
Notes to Appropriations Limit Schedule
For the Year Ended June 30, 2017

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 2016-2017 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 2016-2017 represents the annual percentage change in the local assessment roll from the preceding year due to the change in local nonresidential construction.

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 2016-2017.