

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**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 19, 2018

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, 2018.

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, 2018, 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, 2018, 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 113,883.

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

The City of Clovis provides a full range of services, including police and fire protection; the construction, maintenance, and cleaning of streets and other infrastructure; planning and development services; water service; refuse collection, disposal, and recycling services; sewer service; storm drainage; transit services; recreation activities and cultural events; and general administration.

The annual budget serves as the foundation for the City’s financial planning and control. All departments of the City are required to submit requests for appropriations to the City manager during the second week of March each year. The City manager uses these requests along with input from the council to develop a proposed budget. By the third Monday in May the proposed budget is presented to the City council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Clovis’ fiscal year. The appropriated budget is prepared by fund and department. The City manager may make transfers of appropriations between departments within a specific fund of up to \$5,000 and up to \$2,500 from reserves. Transfers in excess of those amounts require council action. Budget-to-actual comparisons

are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, the budget-to-actual comparison is presented on page 35 as part of the basic financial statements. For all other governmental funds with appropriated annual budgets, other than the general fund, this comparison is presented in the governmental fund subsection of this report, which starts on page 84.

## **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 is continuing to beat the 10-year average and is expected to remain the next year. The City's unemployment rate still ranks one of the lowest in the area at 4.4%, lower than the Fresno County rate of 7.6%, though still higher than the national average of 4.0% and the State of California average of 4.3%.

The City experienced a 2.82% growth in population in 2018 compared to the 10-year average growth rate of 1.91%. The City has three major retail centers and Clovis Community Hospital completed a cancer research facility and is currently in 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. Also, California Health Sciences University began construction of its first building that will house a medical doctoral program near the hospital. Major projects coming include a new Costco Warehouse, 5 hotels either under construction or beginning in the next year, and professional offices throughout the community.

Major employers include Walmart with over 700 employees, Clovis Community Hospital with over 1,900 employees, and the largest employer, Clovis Unified School District with over 7,400 employees. Of the 33,344 total jobs in Clovis, 13,012 jobs are generated by the top ten employers.

The City's RDA Successor Agency sold properties in the Centennial Plaza where two buildings are completed and filled with restaurants and professional firms. The expansion to the Dry Creek Industrial Park 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 with several completed. 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 first building is now under construction. The City has entered into a contract to sell 14 acres to an industrial developer.

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 1,007,229 as of January 1, 2018. There are approximately 455,400 jobs in Fresno County. The county-wide unemployment

rate is 7.6%, 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 4.4% with 51,200 employed out of a workforce of 53,500.

**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 2018/2019, the City implemented a 3% increase in water and sewer rates, a 4% increase in recycling and green-waste rates and a 2% increase in refuse and disposal rates.

**Structurally Balanced Budget Policy.** Prior to the economic recession, in fiscal year 2006/2007, the City Council utilized the emergency reserve when budgetary demand for services exceeded available resources. However, in the fall of 2007 when the decline in building activity began, the Council acted quickly to cut costs and services in an attempt to balance the budget. Although it was necessary in 2007/08 to utilize additional funds from the emergency reserve, the efforts of the Council to develop a "structurally balanced budget" has paid off and the reserve has been rebuilt from 5.5% of expenditures in 2007/08 to 16.5% of the 2018/19 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, 2017. This was the twenty-ninth 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, 2018. 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, Haley Lynch, Gina Daniels, Susan Evans, Jeff Blanks, Calvin Campbell, and Elena Mendrin.

Respectfully submitted,

A handwritten signature in blue ink, reading "Jay Schengel".

Jay Schengel, CPA  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Clovis  
California**

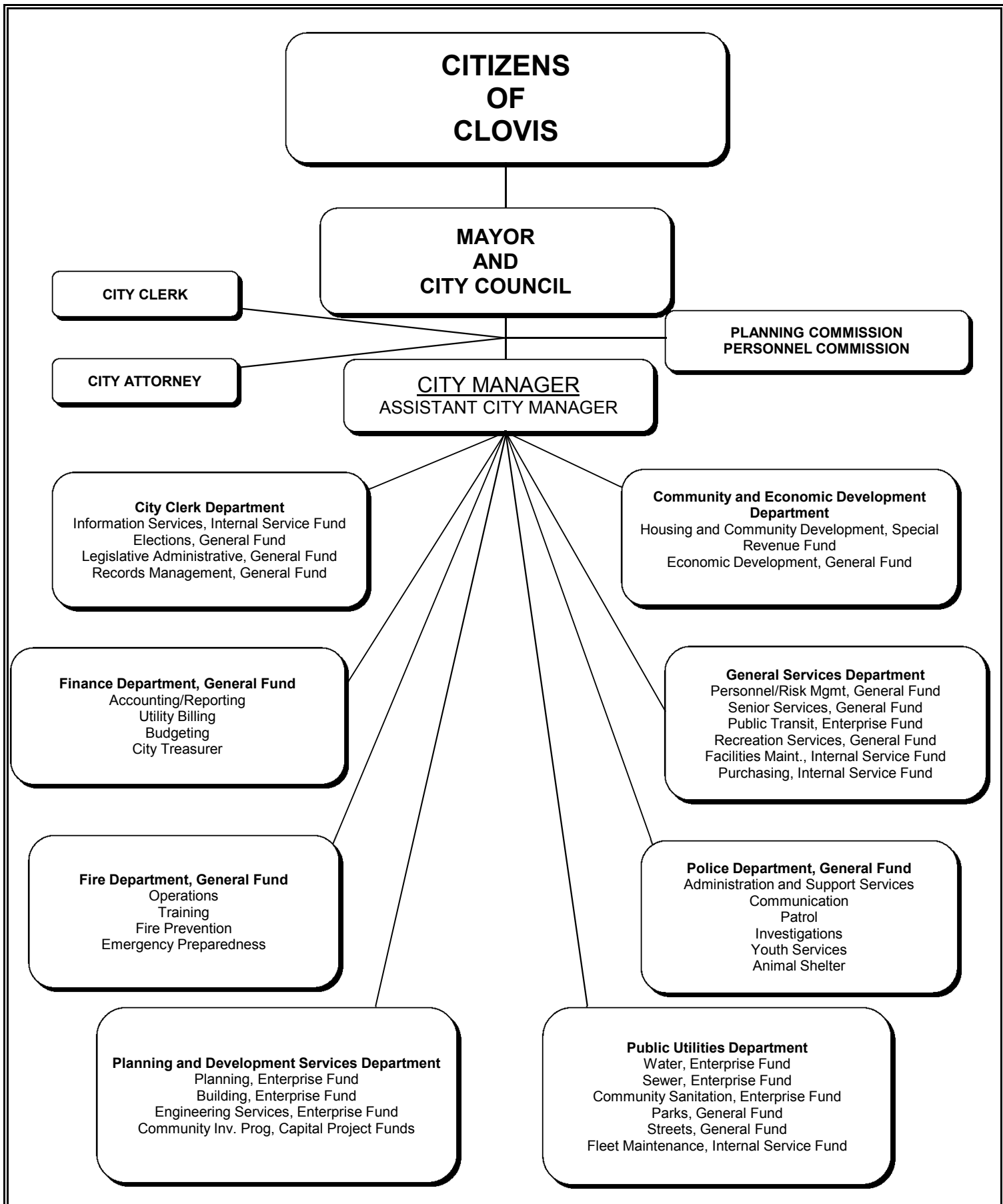
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF CLOVIS ORGANIZATION CHART



**CITY OF CLOVIS**  
**LIST OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2018**

---

**Title**

**Name**

*City Manager*

*Luke Serpa*

*Assistant City Manager/City Clerk*

*John Holt*

*Community & Economic  
Development Director*

*Andrew Haussler*

*Finance Director/City Treasurer*

*Jay Schengel*

*Fire Chief*

*John Binaski*

*General Services Director*

*Shonna Halterman*

*Planning & Development Services Director*

*Dwight Kroll*

*Police Chief*

*Matt Basgall*

*Public Utilities Director*

*Scott Redelfs*

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clovis, California (the "City"), as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **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 19, 2018 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 19, 2018

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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, 2018. 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 \$760 million, which is 2% more than 2017. Of this amount, \$45 million, 8% less than 2017, 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 \$20 million, which represents a net increase of \$4 million from the previous year. The unassigned balance of \$3.6 million is available for carryover to fund future general fund expenditures.

During the year, previously approved rate increases of 4% were implemented for recycling and green waste programs along with a 2% increase in the refuse collection and disposal program. A 3% increase in the Water Fund was also implemented during the 2017-18 fiscal year. In addition, Council voted to rebate the sewer bond charge at a rate of one-half times the rate previously charged for a total rebate of \$7.30 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 32-35 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 36-41 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 42-43 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 44-76 of this report.

## Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2018, with comparative data for the fiscal year ended June 30, 2017.

### City of Clovis' Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 102,665,702	\$ 95,361,738	\$ 124,581,759	\$ 119,897,998	\$ 227,247,461	\$ 215,259,736
Capital and intangible assets	557,071,882	550,260,605	280,450,679	281,037,363	837,522,561	831,297,968
Total assets	659,737,584	645,622,343	405,032,438	400,935,361	1,064,770,022	1,046,557,704
Deferred Outflows of Resources	32,505,405	30,885,322	204,056	227,862	32,709,461	31,113,184
Long-term liabilities outstanding	186,223,344	165,523,393	134,154,812	140,742,376	320,378,156	306,265,769
Other liabilities	6,116,393	9,508,561	7,383,538	7,661,289	13,499,931	17,169,850
Total liabilities	192,339,737	175,031,954	141,538,350	148,403,665	333,878,087	323,435,619
Deferred Inflows of Resources	1,702,515	11,096,896	2,361,247	1,009,906	4,063,762	12,106,802
Net Position:						
Net investment in capital assets	533,810,016	524,625,061	153,012,661	147,265,055	686,822,677	671,890,116
Restricted	27,825,701	20,680,782	24,821	953,465	27,850,522	21,634,247
Unrestricted	(63,434,980)	(54,927,028)	108,299,415	103,531,132	44,864,435	48,604,104
Total net position (restated)	\$ 498,200,737	\$ 490,378,815	\$ 261,336,897	\$ 251,749,652	\$ 759,537,634	\$ 742,128,467

As of June 30, 2018, the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$760 million. Governmental activities finished the year with a positive net position balance of \$498 million, an increase of \$8 million, or 2%, over 2017. Business-type activities finished the year with a positive balance of \$261 million, an increase of \$10 million, or 4%, over 2017. Net position, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net position, \$687 million, or 90%, 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 \$14.9 million, restricted net position increased by \$6.2 million and unrestricted net position decreased \$3.7 million, accounting for the increase in total net position of \$17.4 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 is \$28 million, which represents 4% 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 \$45 million, or 6% of the total net position, which is a decrease of \$3.7 million, or 8%, from the previous year. Governmental activities have a negative \$(63.4) million unrestricted net position, which is a decrease of \$8 million compared to last year. Business-type activities have \$108.2 million in unrestricted net position, an increase of \$5 million, or 5%, compared to last year.

**Governmental activities.** Governmental activities account for \$498 million, or 66%, of the total Government-wide net position. This is an increase of \$8 million, or 2%, over June 30, 2017. Donated and constructed assets increased by \$9 million while the amounts available for debt service, street and road construction and community development increased by \$7 million. Additionally, the amount accumulated during the year for normal activities, unrestricted net position, decreased by \$8 million.

The following lists key components of this increase:

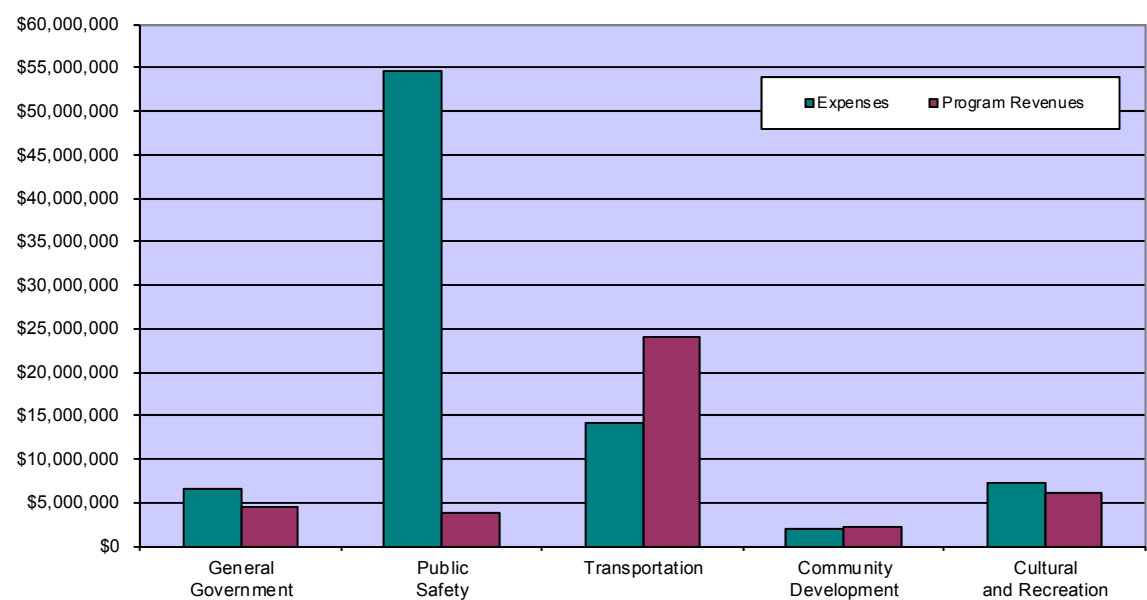
### City of Clovis' Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 22,128,997	\$ 20,647,886	\$ 72,891,553	\$ 82,415,134	\$ 95,020,550	\$ 103,063,020
Operating grants and contributions	381,034	629,918	4,589,657	4,463,522	4,970,691	5,093,440
Capital grants and contributions	18,215,852	11,537,204	2,853,971	1,935,248	21,069,823	13,472,452
General revenues:						
Property taxes	24,832,576	22,391,753			24,832,576	22,391,753
Sales taxes	20,431,902	19,675,483			20,431,902	19,675,483
Business Lic/Franchise	6,891,105	5,300,062			6,891,105	5,300,062
Other taxes	2,870,536	2,705,284			2,870,536	2,705,284
Grants and contributions not restricted to specific programs	186,048	178,213			186,048	178,213
Unrestricted investment earnings	566,255	272,382	1,442,114	678,623	2,008,369	951,005
Total revenues	96,504,305	83,338,185	81,777,295	89,492,527	178,281,600	172,830,712
Expenses:						
General government	\$6,480,960	6,217,890			6,480,960	6,217,890
Public safety	54,528,587	46,258,117			54,528,587	46,258,117
Transportation	14,056,945	13,307,423			14,056,945	13,307,423
Community development	1,983,664	1,742,515			1,983,664	1,742,515
Cultural and recreation	7,211,933	6,702,581			7,211,933	6,702,581
Interest and other charges	804,933	885,823			804,933	885,823
Community Sanitation			18,501,509	16,574,133	18,501,509	16,574,133
Sewer			18,861,666	18,234,305	18,861,666	18,234,305
Water			16,806,758	15,604,025	16,806,758	15,604,025
Transit			6,280,255	5,098,278	6,280,255	5,098,278
Planning & Development Services			9,410,463	8,555,200	9,410,463	8,555,200
Total expenses	85,067,022	75,114,349	69,860,651	64,065,941	154,927,673	139,180,290
Increase in net position before transfers	11,437,283	8,223,836	11,916,644	25,426,586	23,353,927	33,650,422
Transfers	(506,700)	(488,000)	506,700	488,000	0	0
Increase in net position	10,930,583	7,735,836	12,423,344	25,914,586	23,353,927	33,650,422
Net position-beginning as restated	487,270,154	482,642,979	248,913,553	225,835,066	736,183,707	708,478,045
Net position - ending	\$ 498,200,737	\$ 490,378,815	\$ 261,336,897	\$ 251,749,652	\$ 759,537,634	\$ 742,128,467

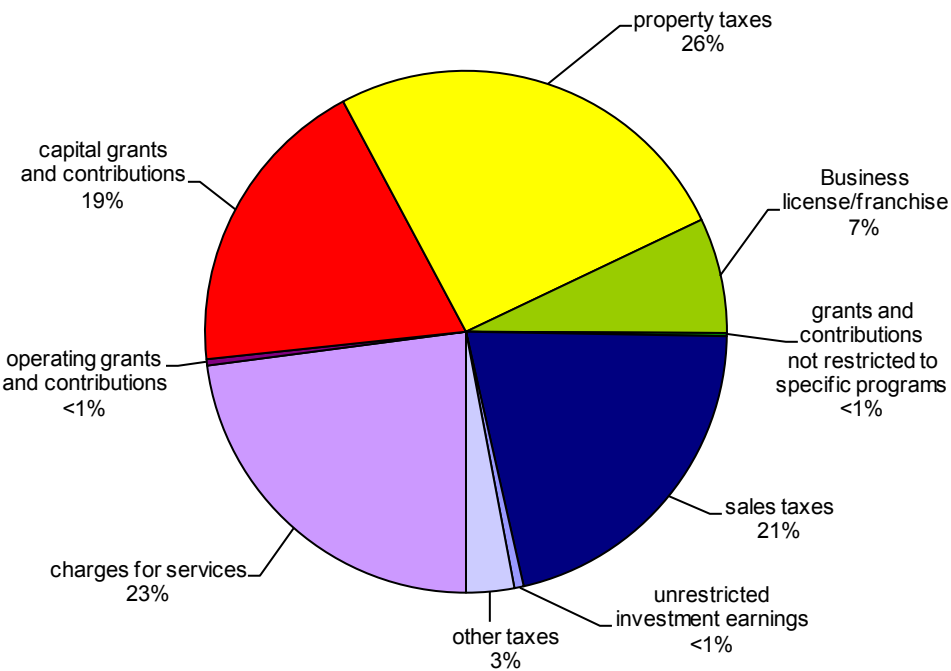
Total governmental revenues for the year were \$97 million, which is \$13 million, or 16%, more than in 2017. The majority of this increase is attributable to capital grants and contributions and represents increases in funding for streets and roads. Taxes, including property, sales, business license/franchise, and other taxes, account for \$55 million, or 57%, of the City's governmental activities revenue and increased \$5 million, or 10%, from 2017. Property taxes increased by \$2 million due to higher property values and the shift of former redevelopment tax increment to the City. Sales taxes only increased \$0.8 million mainly due to slight increases in automobile sales and general retail sales. Business taxes increased by \$1.6 million and Other taxes had a nominal increase.

Total governmental expenses for the year were \$85 million, an increase of \$10 million, or 13%, from 2017. Public Safety, which includes police and fire, accounts for \$55 million, or 64%, of the total governmental activities expenses. Public Safety expenses increased \$8 million, or 18%, from 2017 primarily due to increases in salary and benefit costs and the increased costs of services, materials and supplies. Community development expenses increased by \$0.2 million, or 14%, from 2017 as a result of increases in loans for home repairs, the down-payment loan program and grants for home improvements. General government expenses were \$6.4 million, an increase of 4% from 2017 resulting from the increase in retirement costs. Transportation expenses were \$14 million, or greater by 6% when compared to 2017. Cultural and Recreation expenses were \$7 million, or greater by 8% when compared to 2017.

**Expenses and Program Revenues-Governmental Activities**



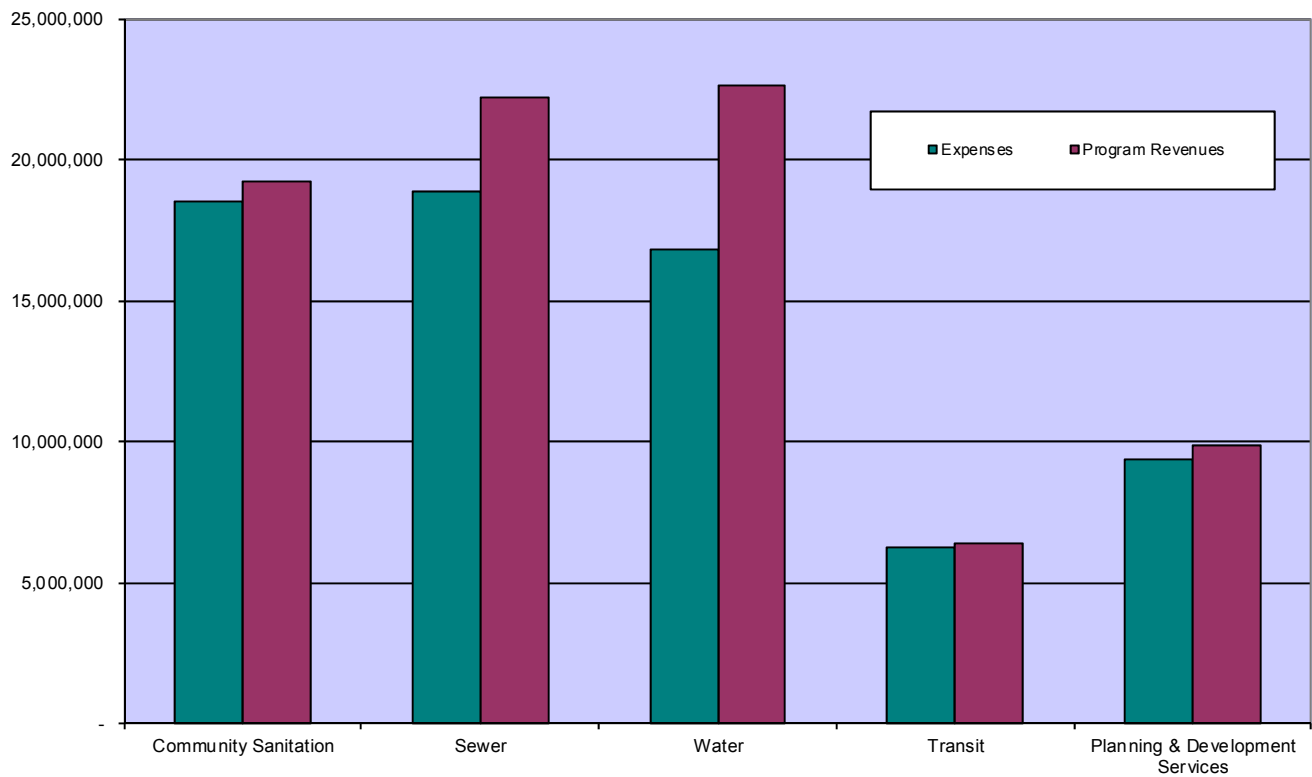
**Revenues by Source-Governmental Activities**



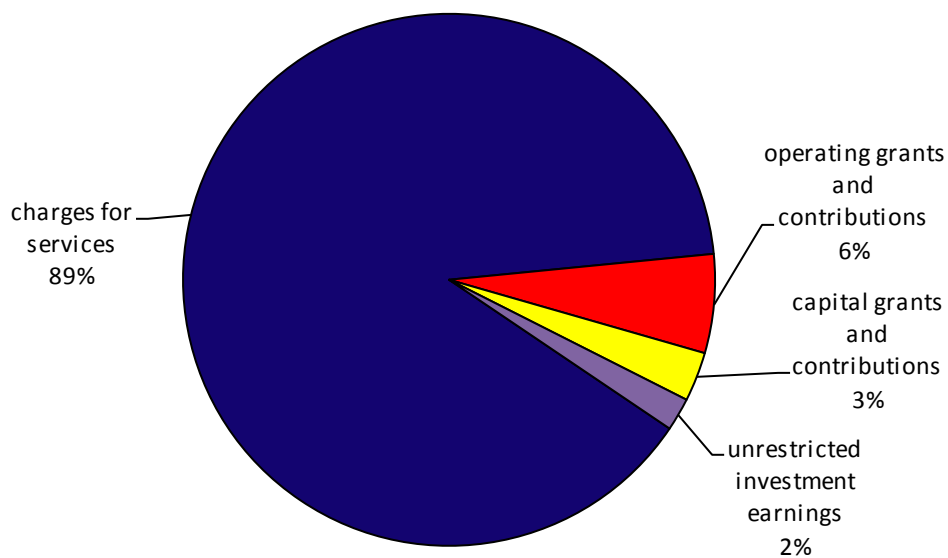
Program revenues that include charges for services and grants specific to certain programs were \$40.7 million, or 42% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of “general” revenues such as taxes, interest, and grants and contributions.

**Business-type Activities.** Business-type activities account for \$261 million, or 34% of the total Government-wide net position. This is an increase of \$10 million, or 4%, from June 30, 2017. The component, “Net Investment in Capital Assets” accounts for \$153 million, or 59% of the total net position, and is an increase of \$6 million from 2017. The amount of restricted net position represents \$0.025 million, or less than 1% of the total net position, and decreased by approximately \$0.9 million from 2017. The amount of net position that is unrestricted, \$108 million, or 41%, increased \$5 million from 2017. Charges for current services were \$73 million, or 89% of the total business-type activity revenue, and decreased \$10 million from 2017. Grants and contributions of \$7 million represent \$2 million in contributions of sewer and water mains from developers and \$5 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 \$47 million, which is a \$4 million increase from the previous year. Of the total fund balance, \$3.6 million, or 8%, 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 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	\$13.4
Community Development	12.7
Debt service	0.4
Landscape Maintenance	4.1
Parking and Business Improvement	0.1
Law Enforcement	<0.1
Services materials and supplies	0.8
Capital Outlay	0.3
Emergencies	11.7

The general fund is the chief operating fund of the City. As of June 30, 2018, the *total* fund balance (including all categories) of the general fund was \$20.3 million, an increase of \$4 million from June 30, 2017. The total fund balance of \$20.3 million includes restricted balances of \$4.3 million, assigned balances of \$12.4 million, and an unassigned balance of \$3.6 million.

The general fund *restricted* balances of \$4.3 million increased by \$1.1 million over 2017 due to an increase in the amount restricted for the landscape maintenance. The *assigned* balance for unforeseen expenditures stayed relatively static, which represents 17.6% of the 2017/18 actual expenditures in order to reach the 20%-25% level established by Council policy. The *unassigned* fund balance increased \$2.9 million when compared to June 30, 2017. The \$3.6 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 \$2.2 million more than the amount projected at the time the 2018/19 budget was prepared.

Revenues exceeded expenditures by \$4.6 million excluding landscape maintenance where revenues exceeded expenditures by a little over \$0.4 million. "Other taxes" revenues came in over budgeted amounts by \$0.1 million, revenue "From other agencies" came in over budgeted amounts by \$1.5 million, "Property taxes" came in over budgeted amounts by \$1.3 million, and "Business license/Franchise fee" came in \$1.2 million over budgeted amounts. In addition, some general fund revenues came in lower than budgeted; the most significant were "Sales taxes," \$(0.4) million; "Licenses and permits," \$(0.2) million; and "Other revenues," \$(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 transportation projects. The increase in "Property taxes" represents an increase in properties and property values within the City. The increase in "Business license/Franchise fee" stems from various timing differences. 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.

Several departments experienced expenditure savings including "Manager," \$0.4 million, "General Services", \$0.1 million, "Finance," \$0.5 million, and "Public Utilities," \$0.8 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 \$13.3 million is \$1.4 million more than June 30, 2017.

**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 \$102.6 million. This deficit balance is attributable to the liability of CalPERS pension funds and workers' compensation program claims. The net pension liability is \$131 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 \$8.7 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:

\$ 64,000	City Attorney-unanticipated legal expenses
\$ 524,000	Police Department-Unanticipated cost increases for equipment and weapon purchases and increases in various negotiated benefits.
\$ 871,000	Fire Department-additional labor costs offset by reimbursement from the state

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

**Capital Assets.** The City's capital assets for its governmental and business-type activities as of June 30, 2018, amount to \$838 million (net of depreciation/amortization), an increase of \$6 million over 2017. Capital assets include 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	\$ 13 million
Buildings and improvements	\$ 6 million
Machinery and equipment	\$ 3 million

During the year the City made improvements to various streets and received developer donated infrastructure. The sewer system improvements include the City's share of capital projects for the Fresno-Clovis regional waste water treatment plant. Additional information on the City's capital assets can be found in note IV.E on pages 59-60.

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

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 234,071,518	\$ 228,357,109	\$ 36,624,392	\$ 36,124,392	\$ 270,695,910	\$ 264,481,501
Buildings and improvements	86,600,441	88,588,564	212,790,283	214,343,782	299,390,724	302,932,346
Machinery and equipment	12,996,724	13,579,109	2,246,093	2,110,192	15,242,817	15,689,301
Road network	223,403,199	219,735,823			223,403,199	219,735,823
Intangibles			28,789,911	28,458,997	28,789,911	28,458,997
Total	\$ 557,071,882	\$ 550,260,605	\$ 280,450,679	\$ 281,037,363	\$ 837,522,561	\$ 831,297,968

**Long-term Debt.** The City's long-term debt as of June 30, 2018, was \$148 million, with governmental activities accounting for \$23 million, or 16%, and business-type activities accounting for \$125 million, or 84%.

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

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Capital leases	\$ 22,066,356	\$ 24,154,921			\$ 22,066,356	\$ 24,154,921
Loans payable	1,195,510	1,480,623			1,195,510	1,480,623
Revenue bonds			\$ 12,756,052	\$ 125,639,953	12,756,052	125,639,953
Contracts payable			118,831,052	7,350,311	118,831,052	7,350,311
Total	\$ 23,261,866	\$ 25,635,544	\$ 131,587,104	\$ 132,990,264	\$ 154,848,970	\$ 158,625,808

General obligation debt are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statues limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Clovis' debt limit is \$1.5 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 2018/19 fiscal year, the City was able to increase general fund expenditures by \$5.0 million compared to the estimated 2017/18 expenditures. This increase is due to vacancies being filled, 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 4% compared to

the previous year due to the improving economy. The City of Clovis experienced a 2.82% growth in population in 2018 compared to the 10-year average growth rate of 1.91%. The City's unemployment rate still ranks as one of the lowest in the area at 4.4%, lower than the Fresno County rate of 7.6%, though still higher than the national average of 4.0% and the State of California average of 4.3%.

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 9.1% due to filling vacancies, 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, 2018, the General Fund has an assigned fund balance of \$11.7 million, or 17.6% 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 2% for the refuse collection and disposal program for the 2017-18 fiscal year. Furthermore, the Council determined that a 3% increase was necessary for the Water Fund. The Sewer Fund will have a 3% rate increase, and \$3.65, half of the \$7.30 bond surcharge, will be reinstated.

## **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, 2018**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 89,876,529	\$ 114,307,480	\$ 204,184,009
Receivables	5,726,590	7,922,788	13,649,378
Internal balances	(2,209,186)	2,209,186	0
Due from other governments	7,120,079	117,484	7,237,563
Inventories	774,000		774,000
Restricted assets:			
Cash and investments	1,377,689	24,821	1,402,510
Capital assets, not being depreciated	234,071,518	36,624,392	270,695,910
Capital assets (net of accumulated depreciation)	323,000,364	215,036,376	538,036,740
Intangible assets (net of accumulated amortization)		28,789,911	28,789,911
Total assets	<u>659,737,583</u>	<u>405,032,438</u>	<u>1,064,770,021</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	32,505,405		32,505,405
Deferred loss on bond refunding		204,056	204,056
	<u>32,505,405</u>	<u>204,056</u>	<u>32,709,461</u>
<b>LIABILITIES</b>			
Accounts payable	3,279,901	4,424,546	7,704,447
Unearned revenue	2,836,491	2,958,992	5,795,483
Noncurrent liabilities:			
Due within one year	7,140,551	9,180,117	16,320,668
Due in more than one year	179,082,793	124,974,695	304,057,488
Total liabilities	<u>192,339,736</u>	<u>141,538,350</u>	<u>333,878,086</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	1,702,515		1,702,515
Deferred gain on bond refunding		2,361,247	2,361,247
	<u>1,702,515</u>	<u>2,361,247</u>	<u>4,063,762</u>
<b>NET POSITION</b>			
Net investment in capital assets	533,810,016	153,012,661	686,822,677
Restricted for:			
Debt service	1,684,497	24,821	1,709,318
Streets and roads	13,410,833		13,410,833
Community development	12,730,371		12,730,371
Unrestricted (deficit)	(63,434,980)	108,299,415	44,864,435
Total net position	<u>\$ 498,200,737</u>	<u>\$ 261,336,897</u>	<u>\$ 759,537,634</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, 2018**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Governmental Activities	Primary Government Business-type Activities	Total
		Charges for Services	Grants and Contributions			
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 6,480,960	\$ 4,497,442	\$ 87,554	\$ (1,895,964)	\$ (1,895,964)	
Public safety	54,528,587	3,414,278	72,546	(50,842,313)	(50,842,313)	
Transportation	14,056,945	7,901,102	16,148,649	9,992,806	9,992,806	
Community development	1,983,664	306,760	1,826,984	291,550	291,550	
Cultural and recreation	7,211,933	6,009,415	80,119	(1,082,285)	(1,082,285)	
Interest and other charges	804,933			(804,933)	(804,933)	
Total governmental activities	<u>85,067,022</u>	<u>22,128,997</u>	<u>18,215,852</u>	<u>(44,341,139)</u>	<u>0</u>	<u>(44,341,139)</u>
Business-type activities:						
Community sanitation	18,501,509	19,234,599		\$733,090	733,090	
Sewer disposal	18,861,666	21,214,027	977,538	3,329,899	3,329,899	
Water	16,806,758	20,923,013	1,715,209	5,831,464	5,831,464	
Transit	6,280,255	1,691,653	161,224	148,155	148,155	
Planning & Development Services	9,410,463	9,828,261		431,922	431,922	
Total business-type activities	<u>69,860,651</u>	<u>72,891,553</u>	<u>2,853,971</u>	<u>10,474,530</u>	<u>10,474,530</u>	<u>10,474,530</u>
Total primary government	<u>\$ 154,927,673</u>	<u>\$ 95,020,550</u>	<u>\$ 4,970,691</u>	<u>(44,341,139)</u>	<u>10,474,530</u>	<u>(33,866,609)</u>
General revenues:						
Property taxes				24,832,576		24,832,576
Sales taxes				20,431,902		20,431,902
Business License/Franchise Fees				6,891,105		6,891,105
Other taxes				2,870,536		2,870,536
Grants and contributions not restricted to specific programs				186,048		186,048
Unrestricted investment earnings				566,255	1,442,114	2,008,369
Transfers				(506,700)	506,700	0
Total general revenues and transfers				<u>55,271,722</u>	<u>1,948,814</u>	<u>57,220,536</u>
Changes in net position				10,930,583	12,423,344	23,353,927
Net position-beginning				490,378,815	251,749,652	742,128,467
Prior period adjustments (Note V. E)				(3,108,661)	(2,836,099)	(5,944,760)
Net position-ending				<u>\$498,200,737</u>	<u>\$261,336,897</u>	<u>\$759,537,634</u>

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

**City of Clovis  
Balance Sheet  
Governmental Funds  
June 30, 2018**

	<b>Major Funds</b>		<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>Local Transportation</b>		
<b>ASSETS</b>				
Cash and investments	\$ 15,546,367	\$ 30,937,658	\$ 9,358,462	\$ 55,842,487
Cash with agents-restricted		107,500		107,500
Receivables	1,783,349	356,681	3,434,424	5,574,454
Due from other governments	4,179,737	2,005,955	922,958	7,108,650
Total assets	<u>\$ 21,509,453</u>	<u>\$ 33,407,794</u>	<u>\$ 13,715,844</u>	<u>\$ 68,633,091</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 994,548	\$ 810,198	\$ 236,516	\$ 2,041,262
Due to other governments	34,913			34,913
Deposits and other liabilities	62,048	18,266,409	9,200	18,337,657
Unearned revenue	66,594	987,803		1,054,397
Total liabilities	<u>1,158,103</u>	<u>20,064,410</u>	<u>245,716</u>	<u>21,468,229</u>
Fund balances:				
Restricted for:				
Capital projects		13,343,384	67,449	13,410,833
Community development			12,730,371	12,730,371
Debt service			414,308	414,308
Landscape maintenance	4,142,090			4,142,090
Parking and business improvement	114,026			114,026
Law enforcement	52,996			52,996
Assigned for:				
Services, materials and supplies	764,000			764,000
Capital			258,000	258,000
Emergencies	11,660,000			11,660,000
Unassigned, reported in:				
General fund	3,618,238			3,618,238
Total fund balances	<u>20,351,350</u>	<u>13,343,384</u>	<u>13,470,128</u>	<u>47,164,862</u>
Total liabilities and fund balances	<u>\$ 21,509,453</u>	<u>\$ 33,407,794</u>	<u>\$ 13,715,844</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 \$83,405,730 of internal service fund capital assets)	473,666,152
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 \$2,209,186 allocated to business-type activities)	(19,769,277)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,861,000)
Net Position of Governmental Activities	<u>\$ 498,200,737</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, 2018**

	<b>Major Funds</b>		<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Local Transportation</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 24,832,576			\$ 24,832,576
Sales taxes	20,425,341			20,425,341
Business license/Franchise fee	6,891,105			6,891,105
Other taxes	2,870,536			2,870,536
Licenses and permits	412,460			412,460
Fines and forfeitures	227,831			227,831
Use of money and property	136,759	\$ 169,356	\$ 279,592	585,707
From other agencies	4,038,299	7,646,081	2,278,475	13,962,855
Charges for current services	5,574,049	186,279	1,681,836	7,442,164
Other revenues	5,323,621	34,076	1,289	5,358,986
Total revenue	<u>70,732,577</u>	<u>8,035,792</u>	<u>4,241,192</u>	<u>83,009,561</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,163,620			6,163,620
Public safety	49,688,800			49,688,800
Transportation	4,169,509			4,169,509
Community development	52		1,913,857	1,913,909
Cultural and recreation	6,108,769			6,108,769
Capital outlays		6,602,102	304,907	6,907,009
Total expenditures	<u>66,130,750</u>	<u>6,602,102</u>	<u>2,218,764</u>	<u>74,951,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,601,827</u>	<u>1,433,690</u>	<u>2,022,428</u>	<u>8,057,945</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(300,000)		(206,700)	(506,700)
Total other financing sources (uses)	<u>(300,000)</u>	<u>0</u>	<u>(206,700)</u>	<u>(506,700)</u>
Net change in fund balances	<u>4,301,827</u>	<u>1,433,690</u>	<u>1,815,728</u>	<u>7,551,245</u>
Fund balances-beginning	16,049,523	11,909,694	14,763,061	42,722,278
Prior period adjustments (Note V.E)			(3,108,661)	(3,108,661)
Fund balances-ending	<u>\$ 20,351,350</u>	<u>\$ 13,343,384</u>	<u>\$ 13,470,128</u>	<u>\$ 47,164,862</u>

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

**City of Clovis**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2018**

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)	\$ 7,551,245
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.	(3,667,379)
The net effect of donations and miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net position.	13,383,801
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.	(21,000)
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 \$1,869,614 allocated to business-type activities.	(6,316,084)
	<hr/>
Change in net position of governmental activities (page 31)	<u><u>\$ 10,930,583</u></u>

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

**City of Clovis**  
**Statement of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUE</b>				
Property taxes	\$ 23,563,000	\$ 23,563,000	\$ 24,832,576	\$ 1,269,576
Sales taxes	20,850,000	20,850,000	20,425,341	(424,659)
Business license/Franchise fee	5,669,000	5,669,000	6,891,105	1,222,105
Other taxes	2,768,000	2,768,000	2,870,536	102,536
Licenses and permits	640,000	640,000	412,460	(227,540)
Fines and forfeitures	222,000	222,000	227,831	5,831
Use of money and property	106,000	106,000	136,759	30,759
From other agencies	2,424,000	2,518,000	4,038,299	1,520,299
Charges for current services	5,500,300	5,581,300	5,574,049	(7,251)
Other revenues	5,412,184	5,412,184	5,323,621	(88,563)
Total revenues	67,154,484	67,329,484	70,732,577	3,403,093
<b>EXPENDITURES</b>				
Council	365,300	365,300	312,620	52,680
Clerk	221,800	221,800	200,211	21,589
Attorney	738,300	802,300	801,609	691
Manager	1,821,145	1,821,145	1,444,790	376,355
General services	2,071,700	2,071,700	1,946,686	125,014
Finance/Treasurer	3,267,298	3,267,298	2,742,044	525,254
Police	33,599,659	34,213,659	34,213,602	57
Fire	14,521,255	15,476,055	15,475,198	857
Public utilities	9,767,963	9,767,963	8,993,990	773,973
Total expenditures	66,374,420	68,007,220	66,130,750	1,876,470
Excess (deficiency) of revenues over expenditures	780,064	(677,736)	4,601,827	5,279,563
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1,000,000)	(1,000,000)	(300,000)	700,000
Total other financing sources (uses)	(1,000,000)	(1,000,000)	(300,000)	700,000
Net change in fund balance	(219,936)	(1,677,736)	4,301,827	5,979,563
Fund balance-beginning	16,049,523	16,049,523	16,049,523	
Fund balance-ending	\$ 15,829,587	\$ 14,371,787	\$ 20,351,350	\$ 5,979,563

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

**City of Clovis**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	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	\$ 15,400,275	\$ 32,352,170	\$ 52,925,195	\$ 10,722,155	\$ 2,907,685	\$ 114,307,480	\$ 34,034,043
Receivables	3,096,663	2,114,285	2,649,851	30,689	31,300	7,922,788	152,136
Due from other governments			120	3,525	113,839	117,484	11,429
Inventories						0	774,000
Total current assets	18,496,938	34,466,455	55,575,166	10,756,369	3,052,824	122,347,752	34,971,608
Noncurrent assets:							
Restricted cash and investments:							
Cash with fiscal agent-bond accounts		112	40			24,821	1,270,189
Total restricted assets	24,669	112	40	0	0	24,821	1,270,189
Capital assets:							
Land	18,563,844	4,287,312	13,773,236			36,624,392	11,202,400
Buildings and improvements	6,447,312	165,188,057	121,446,133			293,081,502	91,770,406
Machinery and equipment	1,858,519	371,295	1,326,431	55,405	5,325,169	8,936,819	43,316,933
Less accumulated depreciation	(2,458,670)	(45,026,621)	(35,575,730)	(16,068)	(3,904,856)	(86,981,945)	(62,884,009)
Total capital assets (net of accumulated depreciation)	24,411,005	124,820,043	100,970,070	39,337	1,420,313	251,660,768	83,405,730
Intangible assets		39,275,056	9,618,786			48,893,842	
Less accumulated amortization		(18,059,003)	(2,044,928)			(20,103,931)	
Total intangible assets (net of accumulated amortization)	0	21,216,053	7,573,858	0	0	28,789,911	
Total noncurrent assets	24,435,674	146,036,208	108,543,968	39,337	1,420,313	280,475,500	84,675,919
Total assets	42,932,612	180,502,663	164,119,134	10,795,706	4,473,137	402,823,252	119,647,527
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows			204,056			0	32,505,405
Deferred loss on bond refunding						204,056	
Total deferred outflows of resources	0	0	204,056	0	0	204,056	32,505,405

	Business-Type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Major Enterprise Funds			Nonmajor		
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	494,200	2,292,319	1,510,665	90,359	30,335	4,417,878
Claims and judgments payable					0	0
Due to other governments					6,668	6,668
Accrued compensated absences	76,800	19,200	61,900	97,700	35,400	291,000
Deposits and other liabilities			2,550,484	1,426,145		3,976,629
Unearned revenue		29,600		267,322	2,662,070	2,958,992
Capital leases-current					0	0
Loans payable-current		2,075,000	1,890,000			3,965,000
Revenue bonds-current		947,488				947,488
Contracts payable-current		5,363,607	6,013,049	1,881,526	2,734,473	16,563,655
Total current liabilities	571,000					10,041,368
Noncurrent liabilities:						
Claims and judgments payable					0	0
Accrued compensated absences	219,237	54,909	176,895	278,960	101,015	831,016
Capital leases					0	0
Loans payable						0
Revenue bonds (net of discount/premium)		91,686,808	23,179,244			114,866,052
Contracts payable		5,502,287				5,502,287
Landfill closure	3,775,340					3,775,340
Net pension liability					0	0
Total noncurrent liabilities	3,994,577	97,244,004	23,356,139	278,960	101,015	124,974,695
Total liabilities	4,565,577	102,607,611	29,369,188	2,160,486	2,835,488	141,538,350
						131,386,546
						157,969,140
						168,010,508
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows					0	1,702,515
Deferred gain on bond refunding, net		2,361,247			2,361,247	
Total deferred inflows of resources	0	2,361,247	0	0	0	1,702,515
<b>NET POSITION</b>						
Net investment in capital assets	24,411,005	43,463,266	83,678,740	39,337	1,420,313	153,012,661
Restricted for debt service	24,669	112	40			24,821
Unrestricted (deficit)	13,931,361	32,070,427	51,275,222	8,595,883	217,336	106,090,229
Total net position	\$38,367,035	\$ 75,533,805	\$ 134,954,002	\$ 8,635,220	\$ 1,637,649	259,127,711
						\$ (17,560,091)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						2,209,186
Net position of business-type activities						\$ 261,336,897

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, 2018**

	Business-Type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Major Enterprise Funds			Nonmajor		
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	
Operating revenues:						
Charges for services	\$ 19,202,340	\$ 21,204,326	\$ 20,642,635	\$ 9,818,257	\$ 228,648	\$ 71,096,206
From other agencies				24,124	1,463,005	1,487,129
Other revenues	32,260	9,702	280,378			322,340
Total operating revenues	<u>19,234,600</u>	<u>21,214,028</u>	<u>20,923,013</u>	<u>9,842,381</u>	<u>1,691,653</u>	<u>72,905,675</u>
Operating expenses:						
Salaries and benefits	5,367,672	1,144,160	3,877,541	6,027,781	3,038,344	19,455,498
Services, materials and supplies	9,659,453	6,072,588	6,275,653	1,031,983	1,761,915	24,801,592
Administration	2,619,400	2,233,600	2,465,328	1,785,900	847,400	9,951,628
Depreciation/amortization	222,294	4,829,564	2,689,063	6,400	383,248	8,130,569
Total operating expenses	<u>17,868,819</u>	<u>14,279,912</u>	<u>15,307,585</u>	<u>8,852,064</u>	<u>6,030,907</u>	<u>62,339,287</u>
Operating income (loss)	<u>1,365,781</u>	<u>6,934,116</u>	<u>5,615,428</u>	<u>990,317</u>	<u>(4,339,254)</u>	<u>10,566,388</u>
Nonoperating revenues (expenses):						
Interest income	186,841	507,262	614,729	112,227	21,055	1,442,114
Interest expense	(43,708)	(4,513,845)	(1,065,213)			(5,622,766)
State transit funding					4,575,533	4,575,533
Gain (loss) on sale of capital assets			(1,252)	(19,618)	(8,112)	(28,982)
Total nonoperating revenue (expense)	<u>143,133</u>	<u>(4,006,583)</u>	<u>(451,736)</u>	<u>92,609</u>	<u>4,588,476</u>	<u>365,899</u>
Income before contributions and transfers	<u>1,508,914</u>	<u>2,927,533</u>	<u>5,163,692</u>	<u>1,082,926</u>	<u>249,222</u>	<u>10,932,287</u>
Capital contributions		977,538	1,715,209		161,224	2,853,971
Transfers in	206,700			300,000		506,700
Changes in net position	<u>1,715,614</u>	<u>3,905,071</u>	<u>6,878,901</u>	<u>1,382,926</u>	<u>410,446</u>	<u>14,292,958</u>
Total net position-beginning	36,651,421	71,628,734	128,075,101	7,252,294	4,063,302	(9,374,393)
Prior period adjustments (Note V.E)					(2,836,099)	
Total net position-ending	<u>\$ 38,367,035</u>	<u>\$ 75,533,805</u>	<u>\$ 134,954,002</u>	<u>\$ 8,635,220</u>	<u>\$ 1,637,649</u>	<u>\$ (17,560,091)</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						(1,869,614)
Change in net position of business-type activities (page 31)						<u>\$ 12,423,344</u>

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

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**City of Clovis**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-Type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Major Enterprise Funds			Nonmajor			
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Totals	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$19,048,806	\$21,158,359	\$20,860,517	\$10,412,045	\$ 218,472	\$ 71,698,199	\$44,480,083
Receipts for interfund services							
Payments to suppliers	(12,061,407)	(10,167,652)	(9,167,075)	(2,881,338)	(2,588,393)	(36,865,865)	(42,986,911)
Payments to employees	(5,328,349)	(1,183,368)	(3,835,595)	(6,012,879)	(3,045,138)	(19,405,329)	4,263,183
Other revenues	32,260	9,702	280,378	0	1,463,005	1,785,345	1,230,418
Net cash provided/(used) by operating activities	1,691,310	9,817,041	8,138,225	1,517,828	(3,952,054)	17,212,350	6,986,773
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers-in from other funds	206,700			300,000		506,700	
Transportation funding-State					4,644,693	4,644,693	
Net cash provided by noncapital financing activities	206,700	0	0	300,000	4,644,693	5,151,393	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from revenue bonds		50,710,000				50,710,000	
Acquisition and construction of capital assets	(549,599)	(2,510,311)	(1,158,782)	(42,514)	(618,914)	(4,880,120)	(3,412,112)
Principal paid on loans, bonds, and capital leases	(1,440,206)	(62,705,536)	(1,825,000)			(65,970,742)	(2,946,677)
Interest paid on loans, bonds and capital leases	(102,156)	4,327,395	(1,255,353)			2,969,886	(843,364)
Proceeds from capital grants					161,224	161,224	
Proceeds from capital leases						0	573,000
Proceeds from sale of capital assets						0	455,793
Net cash provided/(used) by capital and related financing activities							
	(2,091,961)	(10,178,452)	(4,239,135)	(42,514)	(457,690)	(17,009,752)	(6,173,360)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest and dividends on investments	157,012	447,913	497,993	89,683	14,313	1,206,914	241,739
Net cash provided by investing activities	157,012	447,913	497,993	89,683	14,313	1,206,914	241,739
Net change in cash and cash equivalents	(36,939)	86,502	4,397,083	1,864,997	249,262	6,560,905	1,055,152
Cash and cash equivalents-beginning of year	15,461,883	32,265,780	48,528,152	8,857,158	2,658,423	107,771,396	34,249,080
Cash and cash equivalents-end of year	\$15,424,944	\$32,352,282	\$52,925,235	\$10,722,155	\$ 2,907,685	\$ 114,332,301	\$35,304,232

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

Operating income/(loss)	\$ 1,365,781	\$ 6,934,116	\$ 5,615,428	\$ 990,317	\$ (4,339,254)	\$ 10,566,388	\$ (7,076,344)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation/amortization expense	222,294	4,829,564	2,689,063	6,400	383,248	8,130,569	5,343,611
Landfill closure expense	249,000					249,000	
(Increase)/decrease in accounts receivable	(153,534)	(16,367)	(57,677)	32,299	(14,792)	(210,071)	262,491
(Increase)/decrease in due from other governments						0	1,208
(Increase)/decrease in inventories						0	(50,000)
(Increase)/decrease in deferred outflows - pension						0	6,313
Increase/(decrease) in accounts payable	(31,554)	(1,861,464)	(426,094)	(63,455)	20,922	(2,361,645)	(1,087,293)
Increase/(decrease) in due to other governments					4,616		
Increase/(decrease) in accrued compensated absences	39,323	(39,208)	41,946	14,902	(6,794)	50,169	238,131
Increase/(decrease) in unearned revenue		(29,600)		(9,780)		(39,380)	
Increase/(decrease) in claims and judgments payable						0	479,000
Increase/(decrease) in deposits			275,559	547,145		822,704	(62,040)
Increase/(decrease) in net pension liability						0	19,952,473
Increase/(decrease) in deferred outflows - pension						0	(11,020,777)
Total adjustments	325,529	2,882,925	2,522,797	527,511	387,200	6,645,962	14,063,117
Net cash provided/(used) by operating activities	\$ 1,691,310	\$ 9,817,041	\$ 8,138,225	\$ 1,517,828	\$ (3,952,054)	\$ 17,212,350	\$ 6,986,773

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

During the year the Sewer Disposal Fund, an enterprise fund, received \$977,538 in donated assets.

During the year the Water Fund, an enterprise fund, received \$1,715,209 in donated assets.

During the year the Fleet Maintenance Fund, an internal service fund, received \$55,000 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, 2018**

	<b>Redevelopment Successor Agency Private- purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 521,230	\$ 982,072
Cash with agent-restricted	1,069,406	
Receivables		4,897
Prepaid items	189,171	
Capital Assets (net of accumulated depreciation)	11,051,260	
Total assets	<u>12,831,067</u>	<u>\$ 986,969</u>
<b>LIABILITIES</b>		
Accrued payroll		\$ 706,036
Accounts payable	253,062	
Agency funds payable		202,806
Due to bondholders		78,127
Tax Allocation Bonds Payable	13,417,947	
Total liabilities	<u>13,671,009</u>	<u>\$ 986,969</u>
<b>NET POSITION (DEFICIT)</b>		
Held in trust for Redevelopment Successor Agency Fund	<u>\$ (839,942)</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, 2018**

	<b>Redevelopment Successor Agency Private-purpose Trust Fund</b>
<b>ADDITIONS</b>	
Property Taxes	\$ 1,316,424
Total additions	<u>1,316,424</u>
<b>DEDUCTIONS</b>	
Services, materials and supplies	132,000
Administration	118,400
Depreciation/amortization	77,103
Interest and other fiscal charges	<u>658,618</u>
Total deductions	<u>986,121</u>
Change in net position	330,303
Net position-Beginning	(1,170,245)
Net position-Ending	<u><u>\$ (839,942)</u></u>

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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

**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.

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.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

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 maintenance and enhancement, telecommunication and information technology, and other general services provided to other departments or agencies of the City on cost reimbursement bases.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

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.

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.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

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, 2018, determined by prorating the July 2018 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.

## **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.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

**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 \$39,275,056 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 \$9,618,786 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 \$13,383,801 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 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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

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, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

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 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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

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. 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. This pronouncement did not have a material effect on the financial statements of the City.

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. This pronouncement did not have a material effect on the financial statements of the City.

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). This pronouncement did not have a material effect on the financial statements of the City.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

GASB has issued Statement No. 85, *Omnibus 2018*. 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]). This pronouncement did not have a material effect on the financial statements of the City.

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. 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. 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 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. 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.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Application of this statement is effective for the City's fiscal year ending June 30, 2019.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

GASB has issued Statement No. 90, *Majority Equity Interests*. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. 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 (\$2,861,000) difference are as follows:

Accrued compensated absences (net of \$1,252,610 reported in Internal Service Funds)	<u>\$ 2,861,000</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u><u>\$ 2,861,000</u></u>

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

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

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The details of this \$(3,667,379) difference are as follows:

Capital Outlay	\$ 6,755,558
Depreciation expense (net of \$5,343,611 reported in Internal Service Funds)	<u>(10,422,937)</u>
Net adjustment to increase <i>net changes in fund balance-total governmental</i> funds to arrive at <i>changes in net position-governmental activities</i>	<u>\$ (3,667,379)</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 \$6,755,558 difference are as follows:

General government capital asset additions	\$ 23,606,471
Internal service fund capital asset additions	(3,467,112)
Donated capital asset additions	<u>(13,383,801)</u>
Net capital outlay	<u>\$ 6,755,558</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 \$21,000 difference are as follows:

Compensated absences (Net of \$238,131 reported in Internal Service Fund)	<u>\$ 21,000</u>
Net adjustment to decrease <i>net changes in fund balance-total governmental</i> funds to arrive at <i>changes in net position-governmental activities</i>	<u>\$ 21,000</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 any established reserves. Transfers in excess of those amounts require council action. No action is required at any level lower than the department level. The legal level of budgetary control is the department level. During the year, supplementary appropriations approved by the council were necessary for some departments.

#### **B. Deficit fund equity**

At June 30, 2018, deficit unrestricted net position was reported for governmental activities in the amount of \$(63,434,980). 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.

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The Employee Benefits internal service fund has deficit net position of \$(102,599,647) as of June 30, 2018. 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, 2018 are classified in the accompanying financial statements as follows:

Primary Government:

Cash and investments	\$ 204,184,009
Cash and investments - restricted	1,402,510

Restricted Fiduciary funds:

Cash and investments	1,503,302
Cash and investments with agent - restricted	1,069,406

Total cash and investments	<u>\$ 208,159,227</u>
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*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, 2018:

	Fair Value	Measurement Input
Cash on hand	\$ 8,185	N/A
Deposit with financial institution	11,629,978	
Investments:		
Money Market Funds	24,686,705	N/A
Certificates of Deposit	12,484,000	N/A
U.S. Agency Securities	91,878,443	Level 2
Local Agency Investment Fund (LAIF)	65,000,000	N/A
Held by Bond Trustee:		
Money Market Funds	<u>2,471,916</u>	N/A
Total	<u>\$ 208,159,227</u>	

*Investments Authorized by the California Government Code and the City's Investment Policy.* The table below identifies the investment types that are authorized for the City of Clovis by the California Government Code (or the City of Clovis investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City of Clovis Investment Policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City of Clovis, rather than the general provisions of the California Government Code or the City of Clovis' investment policy.

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

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

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

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

*Disclosures Relating to Interest Rate Risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Clovis manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City of Clovis monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City of Clovis investment policy states that no investment can have a maturity in excess of three years unless approved by the City Manager.

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Investment Type	Amount	Weighted Average Maturity (in years)
Money Market Funds	\$ 24,686,705	N/A
Certificates of Deposit	12,484,000	1.46
U.S. Agency Securities	91,878,443	1.89
Local Agency Investment Fund (LAIF)	65,000,000	N/A
Held by Bond Trustee:		
Money Market Funds	2,471,916	N/A
Total	<u>\$ 196,521,064</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		\$ 24,686,705	N/A		\$ 24,686,705
Certificates of Deposit		12,484,000	N/A		12,484,000
U.S. Agency Securities		91,878,443	N/A	\$ 91,878,443	
LAIF		65,000,000	N/A		65,000,000
Held by Bond Trustee:					
Money Market Funds		2,471,916	N/A		2,471,916
Total		<u>\$ 196,521,064</u>		<u>\$ 91,878,443</u>	<u>\$ 104,642,621</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	\$ 18,994,732	20.71%
FHLMC	Federal Agency Securities	13,251,390	14.45%
FHLB	Federal Agency Securities	28,972,358	31.59%
FNMA	Federal Agency Securities	25,483,375	27.79%
FAMCMTN	Federal Agency Securities	5,002,236	5.46%

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the broker or dealer to a transaction, a government will not be able to recover the

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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, 2018, 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, 2018, 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 193.

*Investment in State Investment Pool.* The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2018 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, 2018, the City had \$65,000,000 invested in LAIF, which had invested 1.89% of the pool investment funds in Structured Notes and Asset-Backed Securities and 0.78% 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, 2018 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	\$ 38,843	\$ 81,560	\$ 25,965	\$ 146,368	\$ 87,138	\$ 4,897
Taxes	630,523			630,523		
Loans		550	3,408,459	3,409,009	55,530	
Accounts	1,113,983	274,571		1,388,554	9,468	
	<u>\$ 1,783,349</u>	<u>\$ 356,681</u>	<u>\$ 3,434,424</u>	<u>\$ 5,574,454</u>	<u>\$ 152,136</u>	<u>\$ 4,897</u>
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Total Proprietary Funds
Interest	\$ 41,426	\$ 84,337	\$ 142,284	\$ 28,765	\$ 7,713	\$ 304,525
Loans		98,127				98,127
Accounts	3,055,237	1,931,821	2,507,567	1,924	23,587	7,520,136
	<u>\$ 3,096,663</u>	<u>\$ 2,114,285</u>	<u>\$ 2,649,851</u>	<u>\$ 30,689</u>	<u>\$ 31,300</u>	<u>\$ 7,922,788</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, 2018, is as follows:

Interfund transfers:

Transfers In	Transfers Out	Purpose	Amount
Enterprise Fund	Capital Project Fund	development capital cost	\$ 206,700
Enterprise Fund	General Fund	operating cost	300,000
	Total transfers		<u>\$ 506,700</u>

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**E. Capital assets and intangible assets**

Summary of change in capital assets for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
<b>Government activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 228,357,109	\$ 6,695,905	\$ (981,496)	\$ 234,071,518
Capital assets, being depreciated:				
Buildings and improvements	128,514,038	1,645,260		130,159,298
Machinery and equipment	44,641,687	2,292,258	(843,699)	46,090,246
Road network	328,904,873	12,973,048		341,877,921
Total capital assets being depreciated	502,060,598	16,910,566	(843,699)	518,127,465
Less accumulated depreciation for				
Buildings and improvements	(39,925,474)	(3,633,383)		(43,558,857)
Machinery and equipment	(31,062,578)	(2,827,493)	796,549	(33,093,522)
Road network	(109,169,050)	(9,305,672)		(118,474,722)
Total accumulated depreciation	(180,157,102)	(15,766,548)	796,549	(195,127,101)
Total capital assets, being depreciated, net	321,903,496	1,144,018	(47,150)	323,000,364
Governmental activities capital assets, net	\$ 550,260,605	\$ 7,839,923	\$ (1,028,646)	\$ 557,071,882
	Beginning Balance	Additions	Retirements	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 36,124,392	\$ 500,000		\$ 36,624,392
Capital assets, being depreciated:				
Buildings and improvements	288,346,431	4,735,071		293,081,502
Machinery and equipment	8,477,659	719,739	\$ (260,579)	8,936,819
Total capital assets being depreciated	296,824,090	5,454,810	(260,579)	302,018,321
Less accumulated depreciation for				
Buildings and improvements	(74,002,649)	(6,288,570)		(80,291,219)
Machinery and equipment	(6,367,467)	(554,856)	231,597	(6,690,726)
Total accumulated depreciation	(80,370,116)	(6,843,426)	231,597	(86,981,945)
Total capital assets, being depreciated, net	216,453,974	(1,388,616)	(28,982)	215,036,376
Intangible assets, being amortized	47,275,785	1,618,057		48,893,842
Less accumulated amortization	(18,816,788)	(1,287,143)		(20,103,931)
Business-type activities intangible assets, net	28,458,997	330,914		28,789,911
Business-type activities capital assets, net	\$ 281,037,363	\$ (557,702)	\$ (28,982)	\$ 280,450,679

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Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:	
General government	\$ 64,923
Public safety	44,031
Transportation	9,388,080
Community Development	58,506
Cultural and recreation	867,397
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	<u>5,343,611</u>
Total governmental activities depreciation expense	<u><u>\$ 15,766,548</u></u>
Business-type activities depreciation/amortization:	
Community Sanitation	\$ 222,294
Sewer Disposal	4,829,564
Water	2,689,063
Planning & Development Services	6,400
Transit	<u>383,248</u>
Total business-type activities depreciation/amortization expense	<u><u>\$ 8,130,569</u></u>

Donated assets to governmental activities consisted of \$13,383,801 of which the majority is donated to the City by developers for streets. Donated assets to business-type activities consisted of \$2,692,747 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>\$ 9,087,336</u>			<u>\$ 9,087,336</u>
Capital assets, being depreciated:				
Buildings and improvements	<u>2,687,521</u>			<u>2,687,521</u>
Total capital assets being depreciated	<u>2,687,521</u>			<u>2,687,521</u>
Less accumulated depreciation for				
Buildings and improvements	<u>(646,494)</u>	<u>\$ (77,103)</u>		<u>(723,597)</u>
Total accumulated depreciation	<u>(646,494)</u>	<u>(77,103)</u>		<u>(723,597)</u>
Total capital assets, being depreciated, net	<u>2,041,027</u>	<u>(77,103)</u>		<u>1,963,924</u>
Fiduciary funds capital assets, net	<u><u>\$ 11,128,363</u></u>	<u><u>\$ (77,103)</u></u>		<u><u>\$ 11,051,260</u></u>

Depreciation expense for the year ended June 30, 2018 was \$77,103.

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**F. Long-term debt**

Summary of changes in long-term debt for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Classification	
					Due in One Year	Due in more than One Year
<b>Governmental Activities:</b>						
Capital leases	\$ 24,154,921	\$573,000	\$ (2,661,565)	\$ 22,066,356	\$ 2,804,224	\$ 19,262,132
Total capital leases	24,154,921	573,000	(2,661,565)	22,066,356	2,804,224	19,262,132
Loans payable	1,480,623		(285,113)	1,195,510	289,658	905,852
Total loans payable	1,480,623		(285,113)	1,195,510	289,658	905,852
Deposits & other liabilities:						
Developer deposits	15,914,909	6,496,806	(4,179,456)	18,232,259		18,232,259
Other deposits & liabilities	386,388	846,010	(780,335)	452,063	427,869	24,194
Total deposits & other liabilities	16,301,297	7,342,816	(4,959,791)	18,684,322	427,869	18,256,453
Claims and judgments	8,298,000	3,840,451	(3,361,451)	8,777,000	2,548,000	6,229,000
Compensated absences	3,854,479	3,118,477	(2,859,346)	4,113,610	1,070,800	3,042,810
Net Pension Liability	111,434,073	19,952,473		131,386,546		131,386,546
Total governmental activities	<u>\$ 165,523,393</u>	<u>\$ 34,827,217</u>	<u>\$ (14,127,266)</u>	<u>\$ 186,223,344</u>	<u>\$ 7,140,551</u>	<u>\$ 179,082,793</u>

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Classification	
					Due in One Year	Due in more than One Year
<b>Business-Type Activities:</b>						
Revenue bonds	\$ 120,480,000	\$ 50,710,000	\$ (65,115,000)	\$ 106,075,000	\$ 3,965,000	\$ 102,110,000
Less deferred amounts:						
(Discounts)/premiums	5,159,953	9,687,428	(2,091,329)	12,756,052		12,756,052
Total bonds payable	125,639,953	60,397,428	(67,206,329)	118,831,052	3,965,000	114,866,052
Contracts payable	7,350,311		(900,536)	6,449,775	947,488	5,502,287
Landfill closure	3,526,340	249,000		3,775,340		3,775,340
Compensated absences	1,071,847	796,727	(746,558)	1,122,016	291,000	831,016
Deposits & other liabilities	3,153,925	1,901,302	(1,078,598)	3,976,629	3,976,629	
Total business-type activities	<u>\$ 140,742,376</u>	<u>\$ 63,344,457</u>	<u>\$ (69,932,021)</u>	<u>\$ 134,154,812</u>	<u>\$ 9,180,117</u>	<u>\$ 124,974,695</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$1,252,610 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 \$2,287,988 and miscellaneous deposits and other liabilities of \$1,688,641. For the governmental activities, accrued compensated absences are generally liquidated by the general fund.

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**Governmental activities long-term debt**

**1. Capital leases**

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.

Capital leases at June 30, 2018, consisted of the following:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Classification	
					Due in One Year	Due in more than One Year
2007 fire station #1	\$ 2,212,931		\$ (458,256)	\$ 1,754,675	\$ 476,770	\$ 1,277,905
2011 solar project	1,949,731		(99,405)	1,850,326	104,387	1,745,939
2011 fire truck	275,357		(65,442)	209,915	67,657	142,258
2012 SCBA	44,691		(44,691)	0		
2013 animal shelter	2,515,515		(119,901)	2,395,614	124,745	2,270,869
2014 safety vehicle	955,902		(290,240)	665,662	295,675	369,987
2014 corportion yard	10,917,605		(945,863)	9,971,742	973,909	8,997,833
2014 CAD dispatch	316,673		(75,727)	240,946	77,976	162,970
2015 network & AV	283,581		(79,294)	204,287	80,665	123,622
2015 PD/fire comm tower	1,564,671		(168,388)	1,396,283	172,362	1,223,921
2015 solar project	1,893,104		(74,400)	1,818,704	77,012	1,741,692
2016 safety vehicle	1,225,160		(239,958)	985,202	245,188	740,014
2018 safety vehicle		\$ 573,000		573,000	107,878	465,122
Total capital leases	\$ 24,154,921	\$ 573,000	\$ (2,661,565)	\$ 22,066,356	\$ 2,804,224	\$ 19,262,132

**Governmental Activities**

Year ending June 30,	Leases Payable		Total
	Principal	Interest	
2019	\$ 2,804,224	\$ 710,599	\$ 3,514,823
2020	2,662,260	624,782	3,287,042
2021	2,709,238	539,282	3,248,520
2022	2,106,083	453,687	2,559,770
2023	1,895,518	389,887	2,285,405
2024-2028	7,542,410	1,079,579	8,621,989
2029-2033	2,015,034	254,266	2,269,300
2034-2038	331,589	17,508	349,097
Total	\$ 22,066,356	\$ 4,069,590	\$ 26,135,946

**CITY OF CLOVIS**  
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The following is an analysis of the land, structures, and equipment leased as of June 30, 2018:

Land, structures and equipment	\$ 22,066,356
Less accumulated depreciation	<u>(7,504,937)</u>
Total	<u><u>\$ 14,561,419</u></u>

**2. Loans payable**

Loans payable at June 30, 2018, consisted of the following:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Classification	
					Due in One Year	Due in more than One Year
R&T park loan payable	\$ 195,299		\$ (46,640)	\$ 148,659	\$ 48,067	\$ 100,592
2010 energy loan payable	263,133		(104,467)	158,666	105,514	53,152
2011 energy loan payable	670,577		(65,954)	604,623	67,947	536,676
2012 energy loan payable	102,470		(22,771)	79,699	22,771	56,928
2013 energy loan payable	18,152		(9,076)	9,076	9,076	
2014 energy loan payable	55,889		(7,747)	48,142	7,825	40,317
2016 energy loan payable	147,410		(19,227)	128,183	19,227	108,956
2017 energy loan payable	27,693		(9,231)	18,462	9,231	9,231
Total loans payable	<u>\$ 1,480,623</u>	<u>\$ 0</u>	<u>\$ (285,113)</u>	<u>\$ 1,195,510</u>	<u>\$ 289,658</u>	<u>\$ 905,852</u>

The annual debt service requirements for the loans payable outstanding at June 30, 2018, are as follows:

Year ending June 30,	Loans Payable		
	Principal	Interest	Total
2019	\$ 289,658	\$ 23,235	\$ 312,893
2020	231,782	18,593	250,375
2021	173,150	14,551	187,701
2022	112,970	11,511	124,481
2023	103,912	9,184	113,096
2024-2028	106,289	6,807	113,096
2029-2033	94,055	4,345	98,400
2034-2038	83,694	1,889	85,583
Total	<u>\$ 1,195,510</u>	<u>\$ 90,115</u>	<u>\$ 1,285,625</u>

The following is an analysis of the assets acquired with the proceeds as of June 30, 2018:

Buildings and improvements	\$ 2,446,360
Less accumulated depreciation	<u>(642,459)</u>
Total	<u><u>\$ 1,803,901</u></u>

**CITY OF CLOVIS**  
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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, 2018, was \$148,659.

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, 2018, was \$158,666.

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, 2018, was \$604,623.

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, 2018, was \$79,699.

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, 2018, was \$9,076.

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, 2018, was \$48,142.

2016 PG&E Energy loan payable

In May 2017, 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, 2018, was \$128,183.

2017 PG&E Energy loan payable

In September 2017, 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, 2018, was \$18,462.

**CITY OF CLOVIS**  
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***Business-type activities long-term debt***

**1. Revenue bonds**

Revenue bonds at June 30, 2018, consisted of the following:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Classification	
					Due in One Year	Due in more than One Year
1998 refuse bonds	\$ 1,485,000		\$ (1,485,000)	\$ 0		
2007 wastewater bonds	61,155,000		(61,155,000)	0		
2013 wastewater bonds	11,100,000		(495,000)	10,605,000	\$ 515,000	\$ 10,090,000
2015 wastewater bonds	21,455,000		(155,000)	21,300,000	160,000	21,140,000
2017 wastewater bonds		\$ 50,710,000		50,710,000	1,400,000	49,310,000
2014 water bonds	25,285,000		(1,825,000)	23,460,000	1,890,000	21,570,000
Total revenue bonds	<u>\$ 120,480,000</u>	<u>\$ 50,710,000</u>	<u>\$ (65,115,000)</u>	<u>\$ 106,075,000</u>	<u>\$ 3,965,000</u>	<u>\$ 102,110,000</u>

The annual debt service requirements for the revenue bonds outstanding at June 30, 2018, are as follows:

Year ending June 30,	Revenue Bonds		
	Principal	Interest	Total
2019	\$ 3,965,000	\$ 4,940,494	\$ 8,905,494
2020	4,100,000	4,804,305	8,904,305
2021	4,260,000	4,647,219	8,907,219
2022	4,475,000	4,443,394	8,918,394
2023	4,695,000	4,217,769	8,912,769
2024-2028	33,695,000	16,737,477	50,432,477
2029-2033	20,800,000	9,230,926	30,030,926
2033-2037	24,280,000	4,448,297	28,728,297
2039-2043	5,805,000	145,125	5,950,125
Total	<u>\$ 106,075,000</u>	<u>\$ 53,615,006</u>	<u>\$ 159,690,006</u>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2018:

Land, structures and equipment	\$ 140,291,752
Less accumulated depreciation	<u>(38,289,833)</u>
Total	<u>\$ 102,001,919</u>

**CITY OF CLOVIS**  
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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 \$11.8 million, which includes operating expenses and excludes depreciation. The remaining balance of the loan was paid in September 2017.

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 \$8.3 million, which includes operating expenses and excludes depreciation. The 2007 Wastewater Revenue Bonds were refinanced in August 2017.

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 bonds have interest rates varying from 0.75% to 4.73% and the final payment is scheduled for August 2028. 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.

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 bonds have interest rates varying from 2.0% to 3.75% and the final payment is scheduled for August 2035. 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.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
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2017 wastewater revenue bonds

In August 2017, The City refinanced the 2007 wastewater revenue bonds and issued 2017 wastewater revenue bonds in the amount of \$50,710,000. The net proceeds of \$59,836,790 (after the original issue premium of \$9,687,427 and payment of \$560,637 in underwriting fees, insurance, and other issuance costs) from the bonds were used to refund the \$59,620,000 aggregate principal amount outstanding on the City's 2007 wastewater bonds. The aggregate debt service payments of the new debt are \$18,669,931 less than the old debt. The bonds have interest rates varying from 2.0% to 5.0% and the final payment is scheduled for August 2038. 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 \$8,750,978.

2014 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.

**2. Contracts payable**

Contracts payable at June 30, 2018, consisted of the following:

				Balance June 30, 2018	Classification	
	Balance July 1, 2017	Additions	Reductions		Due in One Year	Due in more than One Year
1993 wastewater renovation	\$ 7,350,311	\$ 0	\$ (900,536)	\$ 6,449,775	\$ 947,488	\$ 5,502,287
Total contracts payable	\$ 7,350,311	\$ 0	\$ (900,536)	\$ 6,449,775	\$ 947,488	\$ 5,502,287

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 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.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
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The 1993 waste water renovation contract debt service requirements to maturity are as follows:

Year ending June 30,	Contracts Payable		
	Principal	Interest	Total
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	1,151,729	80,087	1,231,816
2024-2028	1,203,846	27,087	1,230,933
Total	<u>\$ 6,449,775</u>	<u>\$ 942,063</u>	<u>\$ 7,391,838</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, 2018 is \$13,570,000 and is held in the City's Redevelopment Successor Agency Private-purpose Trust Fund.

Tax Allocation Bonds at June 30, 2018, consisted of the following:

	Balance July 1, 2017	Adjustments	Reductions	Balance June 30, 2018
2008 Tax allocation bonds	\$ 14,116,862	\$ 11,085	\$ (710,000)	\$ 13,417,947
Total tax allocation bonds	<u>\$ 14,116,862</u>	<u>\$ 11,085</u>	<u>\$ (710,000)</u>	<u>\$ 13,417,947</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. The City's landfill closure liability, based on landfill capacity used to date, is recorded based on the information provided by their analysis. The landfill corrective action liability is based on the estimated cost of known or reasonably foreseeable corrective action that may be required at the facility.

The City is currently estimating at June 30, 2018 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 \$20,362,148. The estimated capacity remaining is 6,728,831 cubic yards and the estimated landfill closure liability is \$3,775,340. The current estimated cost of known and/or reasonably foreseeable corrective action is \$2,392,300 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.

**CITY OF CLOVIS**  
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**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, 2016 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.

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.

**CITY OF CLOVIS**  
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Employees Covered by Benefit Terms

At June 30, 2017, the measurement date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	Safety
Active employees	447	164
Transferred and terminated employees	602	64
Retired Employees and Beneficiaries	274	163
Total	1,323	391

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	\$ 3,204,896	\$ 4,872,316	\$ 8,077,212

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% 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.

**CITY OF CLOVIS**  
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Discount Rate

The discount rate used to measure the total pension liability was 7.15 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, the discount rate was reduced to 7.15 percent. Therefore, the updated current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 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, 2017, 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 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

<sup>1</sup> An expected inflation of 2.5% used for this period.

<sup>2</sup> An expected inflation of 3.0% used for this period.

Pension Expense

The Net Pension Expense for the year ended June 30, 2018 is itemized as follows:

	Net Pension Expense
Miscellaneous Plan	\$ 4,276,556
Safety Plan	4,661,453
	<u>\$ 8,938,009</u>

**CITY OF CLOVIS**  
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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, 2016 (Valuation Date)	\$ 169,348,422	\$ 120,845,639	\$ 48,502,783
Changes Recognized for the Measurement Period:			
Service Cost	4,581,081		4,581,081
Interest on the total pension liability	12,863,057		12,863,057
Changes of assumptions	10,936,836		10,936,836
Differences between expected and actual experience	812,258		812,258
Contributions from the employer		3,204,896	(3,204,896)
Contributions from employees		4,080,143	(4,080,143)
Net investment income, net of administration expense		13,602,008	(13,602,008)
Benefit payments, including refunds of employee contributions	(6,970,312)	(6,970,312)	0
Administrative expense		(178,420)	178,420
Net Changes during July 1, 2016 to June 30, 2017	\$ 22,222,920	\$ 13,738,315	\$ 8,484,605
Balance at June 30, 2017 (Measurement Date)	\$ 191,571,342	\$ 134,583,954	\$ 56,987,388

**Safety Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016 (Valuation Date)	\$ 181,778,796	\$ 118,847,506	\$ 62,931,290
Changes Recognized for the Measurement Period:			
Service Cost	5,070,624		5,070,624
Interest on the total pension liability	13,834,596		13,834,596
Changes of assumptions	11,813,770		11,813,770
Differences between expected and actual experience	1,747,504		1,747,504
Contributions from the employer		4,872,316	(4,872,316)
Contributions from employees		2,967,546	(2,967,546)
Net investment income, net of administration expense		13,334,234	(13,334,234)
Benefit payments, including refunds of employee contributions	(8,769,084)	(8,769,084)	0
Administrative expense		(175,470)	175,470
Net Changes during July 1, 2016 to June 30, 2017	\$ 23,697,410	\$ 12,229,542	\$ 11,467,868
Balance at June 30, 2017 (Measurement Date)	\$ 205,476,206	\$ 131,077,048	\$ 74,399,158

**CITY OF CLOVIS**  
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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 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 83,822,860	\$ 56,987,388	\$ 34,860,262
Safety Plan	\$ 103,273,670	\$ 74,399,158	\$ 50,682,682
Aggretate Total	\$ 187,096,530	\$ 131,386,546	\$ 85,542,944

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	Changes in assumptions	Investment earnings less than expected earnings	Differences between actual versus expected experience	Total pension-related deferred outflows
Miscellaneous Plan	\$ 3,326,932	\$ 7,720,120	\$ 1,648,813	\$ 981,132	\$ 13,676,997
Safety Plan	5,062,611	9,497,345	1,681,486	2,586,966	18,828,408
<b>Total</b>	<b>\$ 8,389,543</b>	<b>\$ 17,217,465</b>	<b>\$ 3,330,299</b>	<b>\$ 3,568,098</b>	<b>\$ 32,505,405</b>

Deferred Inflows of Resources

	Changes in assumptions	Total pension-related deferred inflows
Miscellaneous Plan	\$ 403,638	\$ 403,638
Safety Plan	1,298,877	1,298,877
<b>Total</b>	<b>\$ 1,702,515</b>	<b>\$ 1,702,515</b>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

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
2018	\$ 3,339,145	\$ 2,469,217
2019	5,516,346	4,497,582
2020	2,083,005	3,553,191
2021	(992,069)	1,681,021
2022		265,909
	<u>\$ 9,946,427</u>	<u>\$ 12,466,920</u>

Payable to Pension Plan

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

**I. Tax Abatements**

The City has not entered into any tax abatement agreements as of June 30, 2018. 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, 2018, the County's Williamson Act Program tax abatements were \$38,621,481. The City's affected portion of property tax revenues (approximately 1.9%) is, therefore, \$733,800.

**V. Other information**

**A. Self insurance**

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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

up to \$5,000,000. LAWCX purchases excess insurance which covers the pool for losses from \$5,000,000 to statutory limits.

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

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

Incurred but not reported claims have been accrued as a liability for the workers' compensation and dental programs as required in the amount of \$3,404,310 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, 06/30/16	\$ 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
Claims provision	3,673,548	366,903	4,040,451
Claims paid	(3,194,548)	(366,903)	(3,561,451)
Balance, 06/30/18	<u>\$ 8,729,000</u>	<u>\$ 48,000</u>	<u>\$ 8,777,000</u>

**B. Deferred compensation**

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

Semi-monthly the City forwards all contributions to the plan administrator, the ICMA Retirement Corporation. Plan participants may choose from investment options which are managed by the plan trustee. The City has no liability for losses under the plan. As of January 1, 1998 ICMA Retirement Corporation amended the agreement with the City to comply with IRC Section 457 regulations. The assets and related liabilities are not reported on the City's financial statements in accordance with Governmental Accounting Standards Board Statement No. 32 - *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."*

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2018**

**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 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. Prior period adjustment**

Beginning net position for the Transit Fund was restated to correct the recording of unearned Transportation Development Act funds received as earned revenue in the previous fiscal year. The amount of this prior period adjustment was \$2,836,099, taken to increase unearned revenue and reduce beginning net position.

In addition, the beginning fund balance for the Housing and Community Development Fund was restated to account for various assets held for resale being donated in prior years. Due to these prior year donations, beginning fund balance and assets held for resale were reduced by \$3,108,661.

**F. Subsequent events**

The City is in the process of entering into a loan agreement for \$1,840,035. The loan is to upgrade the City's lighting system to LED lighting. The 17-year loan has an interest rate at 1.00%. The City will make semiannual payments to repay the loan and the maturity date is June 2035.

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## 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	2016-17	2015-16	2014-15	2013-14
<b>Total pension liability</b>				
Service Cost	\$ 4,581,081	\$ 4,019,807	\$ 3,839,364	\$ 3,770,553
Interest on the total pension liability	12,863,057	12,118,925	11,339,870	10,627,308
Changes of assumptions	10,936,836		(2,825,475)	
Differences between expected and actual experience	812,258	898,210	265,438	
Benefit pmts, including refunds of employee contributions	(6,970,312)	(6,395,433)	(5,572,456)	(5,099,721)
Net change in total pension liability	22,222,920	10,641,509	7,046,741	9,298,140
Total pension liability - beginning	169,348,422	158,706,913	151,660,172	142,362,032
Total pension liability - ending (a)	<u>\$ 191,571,342</u>	<u>\$ 169,348,422</u>	<u>\$ 158,706,913</u>	<u>\$ 151,660,172</u>
<b>Pension fiduciary net position</b>				
Contributions - employer	\$ 3,204,896	\$ 2,918,817	\$ 3,275,626	\$ 3,096,889
Contributions - employee	4,080,143	4,002,625	3,097,353	2,553,852
Net investment income	13,602,008	705,624	2,655,292	17,261,431
Benefit pmts, including refunds of employee contributions	(6,970,312)	(6,395,433)	(5,572,456)	(5,099,721)
Administrative expense	(178,420)	(72,943)	(134,636)	
Net change in plan fiduciary net position	13,738,315	1,158,690	3,321,179	17,812,451
Plan fiduciary net position - beginning	120,845,639	119,686,949	116,365,770	98,553,319
Plan fiduciary net position - ending (b)	<u>\$ 134,583,954</u>	<u>\$ 120,845,639</u>	<u>\$ 119,686,949</u>	<u>\$ 116,365,770</u>
<b>Plan net pension liability - ending (a) - (b)</b>	<u>\$ 56,987,388</u>	<u>\$ 48,502,783</u>	<u>\$ 39,019,964</u>	<u>\$ 35,294,402</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>70.25%</u>	<u>71.36%</u>	<u>75.41%</u>	<u>76.73%</u>
Covered-employee payroll	<u>\$ 25,396,835</u>	<u>\$ 24,405,359</u>	<u>\$ 22,815,330</u>	<u>\$ 21,224,617</u>
<b>Net pension liability as a % of covered-emp payroll</b>	<u>224.39%</u>	<u>198.74%</u>	<u>171.03%</u>	<u>166.29%</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 the June 30, 2016 valuation date. 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 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Changes in Net Pension Liability and Related Ratios, Continued

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

Measurement period	2016-17	2015-16	2014-15	2013-14
<b>Total pension liability</b>				
Service Cost	\$ 5,070,624	\$ 4,128,912	\$ 3,953,791	\$ 3,803,175
Interest on the total pension liability	13,834,596	13,060,555	12,319,585	11,633,302
Changes of assumptions	11,813,770		(3,070,074)	
Differences between expected and actual experience	1,747,504	1,309,944	936,342	
Benefit pmts, including refunds of employee contributions	(8,769,084)	(8,144,855)	(7,825,158)	(7,071,659)
Net change in total pension liability	23,697,410	10,354,556	6,314,486	8,364,818
Total pension liability - beginning	181,778,796	171,424,240	165,109,754	156,744,936
Total pension liability - ending (a)	<u>\$ 205,476,206</u>	<u>\$ 181,778,796</u>	<u>\$ 171,424,240</u>	<u>\$ 165,109,754</u>
<b>Pension fiduciary net position</b>				
Contributions - employer	\$ 4,872,316	\$ 4,263,677	\$ 4,110,362	\$ 3,752,858
Contributions - employee	2,967,546	2,806,615	2,157,404	1,915,171
Net investment income	13,334,234	611,274	2,616,436	17,731,050
Benefit pmts, including refunds of employee contributions	(8,769,084)	(8,144,855)	(7,825,158)	(7,071,659)
Administrative expense	(175,470)	(72,758)	(134,357)	
Net change in plan fiduciary net position	12,229,542	(536,047)	924,687	16,327,420
Plan fiduciary net position - beginning	118,847,506	119,383,553	118,458,866	102,131,446
Plan fiduciary net position - ending (b)	<u>\$ 131,077,048</u>	<u>\$ 118,847,506</u>	<u>\$ 119,383,553</u>	<u>\$ 118,458,866</u>
<b>Plan net pension liability - ending (a) - (b)</b>	<u>\$ 74,399,158</u>	<u>\$ 62,931,290</u>	<u>\$ 52,040,687</u>	<u>\$ 46,650,888</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>63.79%</u>	<u>65.38%</u>	<u>69.64%</u>	<u>71.75%</u>
Covered-employee payroll	<u>\$ 16,912,791</u>	<u>\$ 15,361,676</u>	<u>\$ 14,732,611</u>	<u>\$ 13,667,214</u>
<b>Net pension liability as a % of covered-emp payroll</b>	<u>439.90%</u>	<u>409.66%</u>	<u>353.23%</u>	<u>341.33%</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 the June 30, 2016 valuation date. 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 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Contributions

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

	2017-18 <sup>1</sup>	2016-17 <sup>1</sup>	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>	2013-14 <sup>1</sup>
Actuarially determined contribution	\$ 3,326,932	\$ 3,204,896	\$ 2,918,817	\$ 3,275,626	\$ 3,096,889
Contributions to actuarially determined contrib <sup>2</sup>	<u>(3,326,932)</u>	<u>(3,204,896)</u>	<u>(2,918,817)</u>	<u>(3,275,626)</u>	<u>(3,096,889)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll <sup>3, 4</sup>	\$ 26,158,740	\$ 25,396,835	\$ 24,405,359	\$ 22,815,330	\$ 21,224,617
Contributions as a % of covered-empl payroll <sup>3</sup>	12.72%	12.62%	11.96%	14.36%	14.59%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Payroll from prior year \$25,396,835 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 2016-17 were derived from the June 30, 2014 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, 2014 Funding Valuation Report
Asset valuation method	Mkt Value of Assets. Details-see June 30, 2014 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 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Contributions, Continued

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

	2017-18 <sup>1</sup>	2016-17 <sup>1</sup>	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>	2013-14 <sup>1</sup>
Actuarially determined contribution	\$ 5,062,611	\$ 4,872,316	\$ 4,263,677	\$ 4,110,362	\$ 3,752,858
Contributions to actuarially determined contrib <sup>2</sup>	<u>(5,062,611)</u>	<u>(4,872,316)</u>	<u>(4,263,677)</u>	<u>(4,110,362)</u>	<u>(3,752,858)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll <sup>3, 4</sup>	\$ 17,420,175	\$ 16,912,791	\$ 15,361,676	\$ 14,732,611	\$ 13,667,214
Contributions as a % of covered-empl payroll <sup>3</sup>	29.06%	28.81%	27.76%	27.90%	27.46%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Payroll from prior year \$16,912,791 was assumed to increase by the 3.00 percent payroll growth assumption.

Valuation date:

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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method/Period	For details, see June 30, 2014 Funding Valuation Report
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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 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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## **Nonmajor Governmental Funds**

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### **Special Revenue Funds**

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

Off Highway 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, 2018**

		Special Revenue	
	Off Highway Use	Housing & Comm Development	Total
<b>ASSETS</b>			
Cash and investments	\$ 67,269	\$ 1,122,963	\$ 1,190,232
Receivables	180	3,412,783	3,412,963
Due from other governments		897,110	897,110
Total assets	<u>\$ 67,449</u>	<u>\$ 5,432,856</u>	<u>\$ 5,500,305</u>
<b>LIABILITIES</b>			
Accounts payable		\$ 217,767	\$ 217,767
Deposits and other liabilities			0
Total Liabilities	<u>\$ 0</u>	<u>217,767</u>	<u>217,767</u>
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects	67,449		67,449
Community Development		5,215,089	5,215,089
Debt service			
Assigned for:			
Capital			
Total fund balances	<u>67,449</u>	<u>5,215,089</u>	<u>5,282,538</u>
Total liabilities and fund balances	<u>\$ 67,449</u>	<u>\$ 5,432,856</u>	<u>\$ 5,500,305</u>

**City of Clovis**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

Page 2 of 2

<b>Debt Service</b>		<b>Capital Projects</b>		<b>Total Nonmajor Governmental Funds</b>
<b>1976 Fire and Sewer</b>	<b>Park and Recreation</b>	<b>Refuse Equipment</b>	<b>Total</b>	
\$ 413,252	\$ 6,245,278	\$ 1,509,700	\$ 7,754,978	\$ 9,358,462
1,056	16,241	4,164	20,405	3,434,424
	25,848		25,848	922,958
<u>\$ 414,308</u>	<u>\$ 6,287,367</u>	<u>\$ 1,513,864</u>	<u>\$ 7,801,231</u>	<u>\$ 13,715,844</u>
	\$ 18,749		\$ 18,749	\$ 236,516
	9,200		9,200	9,200
<u>\$ 0</u>	<u>27,949</u>	<u>\$ 0</u>	<u>27,949</u>	<u>245,716</u>
				67,449
	6,001,418	1,513,864	7,515,282	12,730,371
414,308				414,308
	258,000		258,000	258,000
<u>414,308</u>	<u>6,259,418</u>	<u>1,513,864</u>	<u>7,773,282</u>	<u>13,470,128</u>
<u>\$ 414,308</u>	<u>\$ 6,287,367</u>	<u>\$ 1,513,864</u>	<u>\$ 7,801,231</u>	<u>\$ 13,715,844</u>

**City of Clovis**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue		
	Off Highway Use	Housing & Comm Development	Total
<b>REVENUES</b>			
Use of money and property	\$ 728	\$ 195,024	\$ 195,752
From other agencies		1,968,455	1,968,455
Charges for current services			
Other revenues		1,264	1,264
Total revenue	<u>728</u>	<u>2,164,743</u>	<u>2,165,471</u>
<b>EXPENDITURES</b>			
Current:			
Community development		1,913,857	1,913,857
Capital outlays			
Total expenditures	<u>0</u>	<u>1,913,857</u>	<u>1,913,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>728</u>	<u>250,886</u>	<u>251,614</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	728	250,886	251,614
Fund balances-beginning	66,721	8,072,864	8,139,585
Prior period adjustments		(3,108,661)	(3,108,661)
Fund balances-ending	<u>\$ 67,449</u>	<u>\$ 5,215,089</u>	<u>\$ 5,282,538</u>

**City of Clovis**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

<b>Debt Service</b>		<b>Capital Projects</b>		<b>Total Nonmajor Governmental Funds</b>
<b>1976 Fire and Sewer</b>	<b>Park and Recreation</b>	<b>Refuse Equipment</b>	<b>Total</b>	
\$ 4,237	\$ 63,289	\$ 16,314	\$ 79,603	\$ 279,592
	310,020		310,020	2,278,475
	1,318,301	363,535	1,681,836	1,681,836
	25		25	1,289
<u>4,237</u>	<u>1,691,635</u>	<u>379,849</u>	<u>2,071,484</u>	<u>4,241,192</u>
				1,913,857
	304,907		304,907	304,907
<u>0</u>	<u>304,907</u>	<u>0</u>	<u>304,907</u>	<u>2,218,764</u>
<u>4,237</u>	<u>1,386,728</u>	<u>379,849</u>	<u>1,766,577</u>	<u>2,022,428</u>
		(206,700)	(206,700)	(206,700)
<u>0</u>	<u>0</u>	<u>(206,700)</u>	<u>(206,700)</u>	<u>(206,700)</u>
4,237	1,386,728	173,149	1,559,877	1,815,728
410,071	4,872,690	1,340,715	6,213,405	14,763,061
				(3,108,661)
<u>\$ 414,308</u>	<u>\$ 6,259,418</u>	<u>\$ 1,513,864</u>	<u>\$ 7,773,282</u>	<u>\$ 13,470,128</u>

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>REVENUE</b>				
Use of money and property	\$ 46,000	\$ 46,000	\$ 169,356	\$ 123,356
From other agencies	26,951,000	26,951,000	7,646,081	(19,304,919)
Charges for services	6,129,000	6,129,000	186,279	(5,942,721)
Other revenues	0	0	34,076	34,076
Total revenues	33,126,000	33,126,000	8,035,792	(25,090,208)
<b>EXPENDITURES</b>				
Capital Outlay	36,567,458	46,167,458	6,602,102	39,565,356
Total expenditures	36,567,458	46,167,458	6,602,102	39,565,356
Excess (deficiency) of revenues over expenditures	(3,441,458)	(13,041,458)	1,433,690	14,475,148
Fund balance-beginning	11,909,694	11,909,694	11,909,694	
Fund balance-ending	<u>\$ 8,468,236</u>	<u>\$ (1,131,764)</u>	<u>\$ 13,343,384</u>	<u>\$ 14,475,148</u>

**City of Clovis**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual**  
**Off Highway Use Special Revenue Fund**  
**For the Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>REVENUE</b>				
Use of money and property	\$ 0	\$ 0	\$ 728	\$ 728
Total revenues	0	0	728	728
<b>EXPENDITURES</b>				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	728	728
Fund balance-beginning	66,721	66,721	66,721	
Fund balance-ending	<u>\$ 66,721</u>	<u>\$ 66,721</u>	<u>\$ 67,449</u>	<u>\$ 728</u>

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>REVENUE</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 195,024	\$ 194,024
From other agencies	1,693,000	1,693,000	1,968,455	275,455
Other revenues	0	0	1,264	1,264
Total revenues	<u>1,694,000</u>	<u>1,694,000</u>	<u>2,164,743</u>	<u>470,743</u>
<b>EXPENDITURES</b>				
Community development	<u>2,688,800</u>	<u>2,688,800</u>	<u>1,913,857</u>	<u>774,943</u>
Total expenditures	<u>2,688,800</u>	<u>2,688,800</u>	<u>1,913,857</u>	<u>774,943</u>
Excess (deficiency) of revenues over expenditures	(994,800)	(994,800)	250,886	1,245,686
Fund balance-beginning	8,072,864	8,072,864	8,072,864	
Prior period adjustments	<u>(3,108,661)</u>	<u>(3,108,661)</u>	<u>(3,108,661)</u>	
Fund balance-ending	<u>\$ 3,969,403</u>	<u>\$ 3,969,403</u>	<u>\$ 5,215,089</u>	<u>\$ 1,245,686</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>REVENUE</b>				
Use of money and property	\$ 0	\$ 0	\$ 4,237	\$ 4,237
Total revenues	0	0	4,237	4,237
<b>EXPENDITURES</b>				
Debt service:	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	4,237	4,237
Fund balance-beginning	410,071	410,071	410,071	
Fund balance-ending	<u>\$ 410,071</u>	<u>\$ 410,071</u>	<u>\$ 414,308</u>	<u>\$ 4,237</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, 2018**

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUE				
Use of money and property	\$ 19,000	\$ 19,000	\$ 63,289	\$ 44,289
From other agencies	1,904,000	1,904,000	310,020	(1,593,980)
Charges for current services	2,149,000	2,149,000	1,318,301	(830,699)
Other revenues	0	0	25	25
Total revenues	4,072,000	4,072,000	1,691,635	(2,380,365)
EXPENDITURES				
Capital outlays	3,443,308	3,598,308	304,907	3,293,401
Total expenditures	3,443,308	3,598,308	304,907	3,293,401
Excess (deficiency) of revenues over expenditures	628,692	473,692	1,386,728	913,036
Fund balance-beginning	4,872,690	4,872,690	4,872,690	
Fund balance-ending	\$ 5,501,382	\$ 5,346,382	\$ 6,259,418	\$ 913,036

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Use of money and property	\$ 0	\$ 0	\$ 16,314	\$ 16,314
Charges for current services	0	0	363,535	363,535
Total revenues	0	0	379,849	379,849
<b>EXPENDITURES</b>				
Capital outlays	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	379,849	379,849
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(156,000)	(156,000)	(206,700)	(50,700)
Total other financing sources (uses)	(156,000)	(156,000)	(206,700)	(50,700)
Net change in fund balance	(156,000)	(156,000)	173,149	329,149
Fund balance-beginning	1,340,715	1,340,715	1,340,715	
Fund balance-ending	<u>\$ 1,184,715</u>	<u>\$ 1,184,715</u>	<u>\$ 1,513,864</u>	<u>\$ 329,149</u>

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## **Internal Service Funds**

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

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

Fleet 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, 2018**

	<b>Self Insurance</b>	<b>Fleet</b>	<b>Employee Benefits</b>	<b>General Services</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 1,528,492	\$10,854,708	\$ 7,885,215	\$13,765,628	\$ 34,034,043
Receivables	12,980	27,584	73,006	38,566	152,136
Due from other governments				11,429	11,429
Inventories		774,000			774,000
Total current assets	<u>1,541,472</u>	<u>11,656,292</u>	<u>7,958,221</u>	<u>13,815,623</u>	<u>34,971,608</u>
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts				1,270,189	1,270,189
Total restricted assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,270,189</u>	<u>1,270,189</u>
Capital assets:					
Land				11,202,400	11,202,400
Buildings and improvements		940,271		90,830,135	91,770,406
Machinery and equipment		34,872,414		8,444,519	43,316,933
Less accumulated depreciation		(23,549,051)		(39,334,958)	(62,884,009)
Total capital assets (net of accumulated depreciation)	<u>0</u>	<u>12,263,634</u>	<u>0</u>	<u>71,142,096</u>	<u>83,405,730</u>
Total noncurrent assets	<u>0</u>	<u>12,263,634</u>	<u>0</u>	<u>72,412,285</u>	<u>84,675,919</u>
Total assets	<u>1,541,472</u>	<u>23,919,926</u>	<u>7,958,221</u>	<u>86,227,908</u>	<u>119,647,527</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension related deferred outflows			32,505,405		32,505,405
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	7,107	266,174	195,212	735,234	1,203,727
Claims and judgements payable			2,548,000		2,548,000
Accrued compensated absences		18,200	1,002,000	46,800	1,067,000
Deposits and other liabilities				346,665	346,665
Unearned revenue				1,782,094	1,782,094
Capital leases-current		716,398		2,087,826	2,804,224
Loans payable-current				289,658	289,658
Total current liabilities	<u>7,107</u>	<u>1,000,772</u>	<u>3,745,212</u>	<u>5,288,277</u>	<u>10,041,368</u>
Noncurrent liabilities:					
Claims and judgements payable			6,229,000		6,229,000
Accrued compensated absences		51,857		133,753	185,610
Capital leases		1,717,380		17,544,752	19,262,132
Loans payable				905,852	905,852
Net pension liability			131,386,546		131,386,546
Total noncurrent liabilities	<u>0</u>	<u>1,769,237</u>	<u>137,615,546</u>	<u>18,584,357</u>	<u>157,969,140</u>
Total liabilities	<u>7,107</u>	<u>2,770,009</u>	<u>141,360,758</u>	<u>23,872,634</u>	<u>168,010,508</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pension deferred inflows			1,702,515		1,702,515
<b>NET POSITION</b>					
Net investment in capital assets		9,829,856		50,314,008	60,143,864
Restricted for debt service				1,270,189	1,270,189
Unrestricted (deficit)	1,534,365	11,320,061	(102,599,647)	10,771,077	(78,974,144)
Total net position	<u>\$ 1,534,365</u>	<u>\$21,149,917</u>	<u>\$(102,599,647)</u>	<u>\$62,355,274</u>	<u>\$(17,560,091)</u>

**City of Clovis**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	<b>Self Insurance</b>	<b>Fleet</b>	<b>Employee Benefits</b>	<b>General Services</b>	<b>Total</b>
Operating revenues:					
Charges for services	\$2,107,100	\$ 9,274,673	\$ 22,047,469	\$10,900,158	\$ 44,329,400
From other agencies				251,434	251,434
Other revenues	333,631			594,377	928,008
Total operating revenues	<u>2,440,731</u>	<u>9,274,673</u>	<u>22,047,469</u>	<u>11,745,969</u>	<u>45,508,842</u>
Operating expenses:					
Salaries and benefits	198,462	1,722,143	384,231	2,608,121	4,912,957
Services, materials and supplies	1,905,357	4,106,710	30,519,916	4,486,435	41,018,418
Administration	44,500	894,200	71,200	300,300	1,310,200
Depreciation		2,522,720		2,820,891	5,343,611
Total operating expenses	<u>2,148,319</u>	<u>9,245,773</u>	<u>30,975,347</u>	<u>10,215,747</u>	<u>52,585,186</u>
Operating income (loss)	<u>292,412</u>	<u>28,900</u>	<u>(8,927,878)</u>	<u>1,530,222</u>	<u>(7,076,344)</u>
Nonoperating revenues (expenses):					
Interest income	12,966	106,196	40,966	146,809	306,937
Interest expense		(52,429)		(752,509)	(804,938)
Gain (loss) on sale of capital assets		(4,700)		(661,653)	(666,353)
Total nonoperating revenue (expense)	<u>12,966</u>	<u>49,067</u>	<u>40,966</u>	<u>(1,267,353)</u>	<u>(1,164,354)</u>
Income before contributions and transfers	<u>305,378</u>	<u>77,967</u>	<u>(8,886,912)</u>	<u>262,869</u>	<u>(8,240,698)</u>
Capital contributions		55,000			55,000
Changes in net position	<u>305,378</u>	<u>132,967</u>	<u>(8,886,912)</u>	<u>262,869</u>	<u>(8,185,698)</u>
Total net position-beginning	<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>
Total net position-ending	<u>\$1,534,365</u>	<u>\$21,149,917</u>	<u>\$ (102,599,647)</u>	<u>\$62,355,274</u>	<u>\$ (17,560,091)</u>

**City of Clovis**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	<b>Self Insurance</b>	<b>Fleet</b>	<b>Employee Benefits</b>	<b>General Services</b>	<b>Total</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts for interfund services	\$2,107,100	\$ 9,280,806	\$22,138,351	\$10,953,826	\$ 44,480,083
Payments to suppliers	(1,955,080)	(6,015,736)	(30,364,641)	(4,651,454)	(42,986,911)
Payments to employees	(198,462)	(1,709,948)	8,754,778	(2,583,185)	4,263,183
Other operating revenues	383,399			847,019	1,230,418
Net cash provided by operating activities	<u>336,957</u>	<u>1,555,122</u>	<u>528,488</u>	<u>4,566,206</u>	<u>6,986,773</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets		(1,994,082)		(1,418,030)	(3,412,112)
Principal paid on loans, bonds and capital leases		(595,641)		(2,351,036)	(2,946,677)
Interest paid on loans, bonds and capital leases		(57,502)		(785,862)	(843,364)
Proceeds from capital leases and loans		573,000		0	573,000
Proceeds from sale of property and equipment		40,300		415,493	455,793
Net cash (used in) capital and related financing activities	<u>0</u>	<u>(2,033,925)</u>	<u>0</u>	<u>(4,139,435)</u>	<u>(6,173,360)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments	10,616	85,494	30,323	115,306	241,739
Net cash provided by investing activities	<u>10,616</u>	<u>85,494</u>	<u>30,323</u>	<u>115,306</u>	<u>241,739</u>
Net change in cash and cash equivalents	<u>347,573</u>	<u>(393,309)</u>	<u>558,811</u>	<u>542,077</u>	<u>1,055,152</u>
Cash and cash equivalents-beginning of year	1,180,919	11,248,017	7,326,404	14,493,740	34,249,080
Cash and cash equivalents-end of year	<u>\$1,528,492</u>	<u>\$10,854,708</u>	<u>\$ 7,885,215</u>	<u>\$15,035,817</u>	<u>\$ 35,304,232</u>
<b>Reconciliation of operating income/(loss) to net cash provided by operating activities:</b>					
Operating income/(loss)	<u>\$ 292,412</u>	<u>\$ 28,900</u>	<u>\$ (8,927,878)</u>	<u>\$ 1,530,222</u>	<u>\$ (7,076,344)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation/amortization expense		2,522,720		2,820,891	5,343,611
(Increase)/decrease in accounts receivable	49,768	6,133	90,882	115,708	262,491
(Increase)/decrease in due from other governments				1,208	1,208
(Increase)/decrease in inventories		(50,000)			(50,000)
(Increase)/decrease in deferred outflows - pension			6,313		6,313
Increase/(decrease) in accounts payable	(5,223)	(964,826)	(252,525)	135,281	(1,087,293)
Increase/(decrease) in accrued compensated absences		12,195	201,000	24,936	238,131
Increase/(decrease) in claims and judgments payable			479,000		479,000
Increase/(decrease) in unearned revenue				(62,040)	(62,040)
Increase/(decrease) in net pension liability			19,952,473		19,952,473
Increase/(decrease) in deferred outflows - pension			(11,020,777)		(11,020,777)
Total adjustments	<u>44,545</u>	<u>1,526,222</u>	<u>9,456,366</u>	<u>3,035,984</u>	<u>14,063,117</u>
Net cash provided by operating activities	<u>\$ 336,957</u>	<u>\$ 1,555,122</u>	<u>\$ 528,488</u>	<u>\$ 4,566,206</u>	<u>\$ 6,986,773</u>

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

During the year the Fleet Maintenance Fund, an internal service fund, received \$55,000 in donated assets.

## **Fiduciary Funds**

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

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

Blackhorse 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, 2018**

	Agency Funds						
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	Total
<b>ASSETS</b>							
Cash and investments	\$ 50,603	\$ 132,233	\$ 701,831	\$ 72,403	\$ 5,519	\$ 19,483	\$ 982,072
Receivables	135	325	4,205	194	11	27	4,897
Total assets	<u>\$ 50,738</u>	<u>\$ 132,558</u>	<u>\$ 706,036</u>	<u>\$ 72,597</u>	<u>\$ 5,530</u>	<u>\$ 19,510</u>	<u>\$ 986,969</u>
<b>LIABILITIES</b>							
Accrued payroll			\$ 706,036				\$ 706,036
Agency funds payable	\$ 50,738	\$ 132,558				\$ 19,510	202,806
Due to bondholders				\$ 72,597	\$ 5,530		78,127
Total liabilities	<u>\$ 50,738</u>	<u>\$ 132,558</u>	<u>\$ 706,036</u>	<u>\$ 72,597</u>	<u>\$ 5,530</u>	<u>\$ 19,510</u>	<u>\$ 986,969</u>

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**City of Clovis**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Senior Citizen Memorial</b>				
Assets				
Cash and investments	\$ 49,198	\$ 1,879	\$ 474	\$ 50,603
Receivables	63	410	338	135
Total assets	<u>\$ 49,261</u>	<u>\$ 2,289</u>	<u>\$ 812</u>	<u>\$ 50,738</u>
Liabilities				
Agency funds payable	\$ 49,261	\$ 2,289	\$ 812	\$ 50,738
Total liabilities	<u>\$ 49,261</u>	<u>\$ 2,289</u>	<u>\$ 812</u>	<u>\$ 50,738</u>
<b>Blackhorse Assessment</b>				
Assets				
Cash and investments	\$ 124,306	\$ 65,283	\$ 57,356	\$ 132,233
Receivables	708	1,533	1,916	325
Total assets	<u>\$ 125,014</u>	<u>\$ 66,816</u>	<u>\$ 59,272</u>	<u>\$ 132,558</u>
Liabilities				
Agency funds payable	\$ 125,014	\$ 66,816	\$ 59,272	\$ 132,558
Total liabilities	<u>\$ 125,014</u>	<u>\$ 66,816</u>	<u>\$ 59,272</u>	<u>\$ 132,558</u>
<b>Payroll Tax and Withholding</b>				
Assets				
Cash and investments	\$ 2,036,302	\$ 701,831	\$ 2,036,302	\$ 701,831
Receivables	892	4,205	892	4,205
Total assets	<u>\$ 2,037,194</u>	<u>\$ 706,036</u>	<u>\$ 2,037,194</u>	<u>\$ 706,036</u>
Liabilities				
Accrued Payroll	\$ 2,037,194	\$ 706,036	\$ 2,037,194	\$ 706,036
Total liabilities	<u>\$ 2,037,194</u>	<u>\$ 706,036</u>	<u>\$ 2,037,194</u>	<u>\$ 706,036</u>

**Temperance/Barstow Assessment**

Assets								
Cash and investments	\$	71,205	\$	1,885	\$	687	\$	72,403
Receivables		93		592		491		194
Total assets	\$	71,298	\$	2,477	\$	1,178	\$	72,597
Liabilities								
Due to bondholders	\$	71,298	\$	2,477	\$	1,178	\$	72,597
Total liabilities	\$	71,298	\$	2,477	\$	1,178	\$	72,597

**Shepherd/Temperance Assessment**

Assets				
Cash and investments	\$	5,498	\$	1,045
Receivables		11		39
Total assets	\$	<u>5,509</u>	\$	<u>1,084</u>
Liabilities				
Due to bondholders	\$	5,509	\$	1,084
Total liabilities	\$	<u>5,509</u>	\$	<u>1,084</u>
			\$	1,024
				39
	\$		\$	<u>1,063</u>
			\$	<u>5,530</u>
			\$	<u>5,530</u>

**Asset Forfeiture**

Assets								
Cash and investments	\$	10,677	\$	8,899	\$	93	\$	19,483
Receivables		12		82		67		27
Total assets	\$	<u>10,689</u>	\$	<u>8,981</u>	\$	<u>160</u>	\$	<u>19,510</u>
Liabilities								
Agency funds payable	\$	10,689	\$	8,981	\$	160	\$	19,510
Total liabilities	\$	<u>10,689</u>	\$	<u>8,981</u>	\$	<u>160</u>	\$	<u>19,510</u>

**Grand Total All Agency Funds**

Assets				
Cash and investments	\$ 2,297,186	\$ 780,822	\$ 2,095,936	\$ 982,072
Receivables	1,779	6,861	3,743	4,897
Total assets	<u>\$ 2,298,965</u>	<u>\$ 787,683</u>	<u>\$ 2,099,679</u>	<u>\$ 986,969</u>
Liabilities				
Accrued payroll	\$ 2,037,194	\$ 706,036	\$ 2,037,194	\$ 706,036
Agency funds payable	184,964	78,086	60,244	202,806
Due to bondholders	76,807	3,561	2,241	78,127
Total liabilities	<u>\$ 2,298,965</u>	<u>\$ 787,683</u>	<u>\$ 2,099,679</u>	<u>\$ 986,969</u>

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## Statistical Section

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This part of the City of Clovis' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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## Statistical Section

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Contents	Page
Financial Trends	107
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	115
These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax.	
Debt Capacity	119
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	125
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	128
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,**

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 394,479	\$ 414,755	\$ 436,785	\$ 469,871	\$ 481,729	\$ 490,722	\$ 509,567	\$ 523,881	\$ 524,625	\$ 533,810
Restricted	38,672	35,940	33,283	21,302	19,810	24,266	23,997	25,843	20,681	27,826
Unrestricted	11,485	13,991	16,121	13,688	16,070	21,548	(67,159)	(67,081)	(54,927)	(63,435)
Total net position	\$ 444,636	\$ 464,686	\$ 486,189	\$ 504,861	\$ 517,609	\$ 536,536	\$ 466,405	\$ 482,643	\$ 490,379	\$ 498,201
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 107,645	\$ 107,065	\$ 111,939	\$ 125,253	\$ 130,123	\$ 132,872	\$ 137,520	\$ 142,658	\$ 147,265	\$ 153,013
Restricted	8,370	7,706	5,269	5,292	4,794	3,365	3,377	906	953	25
Unrestricted	50,645	43,031	44,638	38,660	51,584	60,855	72,977	82,271	103,531	108,299
Total net position	\$ 166,660	\$ 157,802	\$ 161,846	\$ 169,205	\$ 186,501	\$ 197,092	\$ 213,874	\$ 225,835	\$ 251,749	\$ 261,337
<b>Total Primary government:</b>										
Net investment in capital assets	\$ 502,124	\$ 521,820	\$ 548,724	\$ 595,124	\$ 611,852	\$ 623,594	\$ 647,087	\$ 666,540	\$ 671,890	\$ 686,823
Restricted	47,042	43,646	38,552	26,594	24,604	27,631	27,374	26,748	21,634	27,851
Unrestricted	62,130	57,022	60,759	52,348	67,654	82,403	5,818	15,190	48,604	44,864
Total net position	\$ 611,296	\$ 622,488	\$ 648,035	\$ 674,066	\$ 704,110	\$ 733,628	\$ 680,279	\$ 708,478	\$ 742,128	\$ 759,538

\*It should be noted that, due to the implementation of GASB 68 in fiscal year 2015, unrestricted net position in the Governmental Activities area was severely impacted, which is why the amount decreased by approximately \$88 million in one fiscal year (and remains negative through the current fiscal year)

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

For the Fiscal Year Ended June 30,

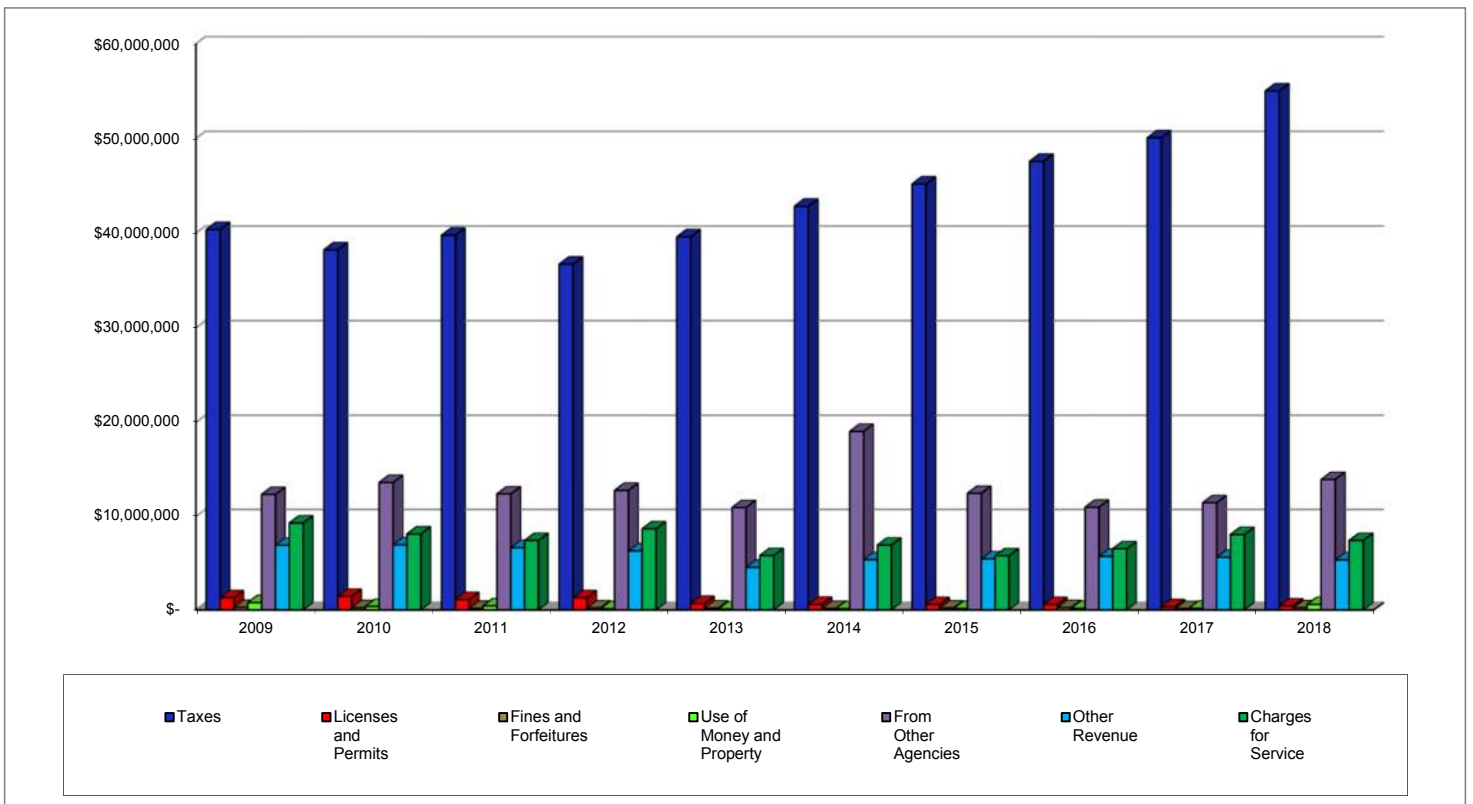
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 5,265	\$ 4,282	\$ 4,684	\$ 4,952	\$ 5,948	\$ 5,642	\$ 5,587	\$ 5,577	\$ 6,218	\$ 6,481
Public safety	35,238	31,345	33,331	35,185	37,106	38,736	39,460	42,027	46,258	54,529
Transportation	8,886	10,123	9,869	10,803	11,160	11,251	12,686	12,232	13,307	14,057
Community development	11,065	11,289	10,931	8,925	930	310	909	637	1,742	1,984
Cultural and recreation	5,786	4,659	5,585	5,435	5,790	6,370	6,272	6,196	6,703	7,212
Interest and other charges								925	886	805
Special assessment										
Total governmental activities expenses	66,240	61,698	64,400	65,300	60,934	62,309	64,914	67,593	75,114	85,068
Business-type activities:										
Refuse	12,400	13,793	13,097	13,617	14,057	14,857	15,654	16,207	16,574	18,502
Sewer	15,159	19,631	17,139	18,207	17,555	19,883	18,011	18,553	18,235	18,862
Water	13,775	14,098	13,352	14,114	14,587	13,626	14,486	14,487	15,604	16,807
Transit	3,897	3,980	4,226	4,419	4,749	4,946	4,884	5,016	5,098	6,280
Planning & Development Services					6,826	7,226	7,558	7,780	8,555	9,410
Street Cleaning	877	944								
Total business-type activities expenses	46,108	52,446	47,814	50,357	57,774	60,538	60,592	62,044	64,066	69,861
Total primary government expenses	112,348	114,144	112,214	115,657	118,708	122,847	125,506	129,637	139,180	154,929
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General Government	3,338	3,005	3,765	3,224	4,271	4,378	4,995	4,875	4,640	4,497
Public Safety	2,658	1,906	2,094	2,071	1,700	2,195	2,209	2,521	2,079	3,414
Transportation	8,872	6,558	7,637	8,586	6,818	9,916	6,788	6,061	7,411	7,901
Community development	7,348	6,735	6,153	7,961	578	352	1,231	301	865	307
Cultural and recreation	4,217	4,349	4,171	4,025	4,509	5,901	4,909	5,540	5,653	6,010
Special assessment										
Operating grants and contributions	737	1,115	1,524	1,963	1,100	527	639	737	630	381
Capital grants and contributions	16,330	19,652	21,427	22,262	15,859	15,292	20,516	16,638	11,537	18,216
Total governmental activities program revenues	43,500	43,320	46,771	50,092	34,835	38,561	41,287	36,673	32,815	40,726

Business-type activities:												
Charges for services:												
Community Sanitation	15,901	16,405	16,592	16,576	17,784	17,240	17,608	17,692	18,083	19,235		
Sewer	9,607	9,265	14,027	16,295	18,340	18,130	21,974	21,167	18,942	21,214		
Water	10,358	10,870	13,874	16,550	21,243	18,580	19,050	16,599	34,174	20,923		
Transit	4,254	3,535	3,841	3,950	4,361	1,473	1,541	1,608	1,597	1,692		
Planning & Development Services					7,720	8,630	8,159	8,807	9,619	9,828		
Operating grants and contributions				48	102	2,879	4,247	4,056	4,464	4,590		
Capital grants and contributions			3,177	4,829	4,639	3,535	4,059	2,721	1,935	2,854		
Total business-type activities	3,534	2,800										
program revenues	43,654	42,875	51,511	58,248	74,189	70,467	76,638	72,650	88,814	80,336		
Total primary government												
program revenues	87,154	86,195	98,282	108,340	109,024	109,028	117,925	109,323	121,629	121,062		
Net revenues (expenses):												
Governmental activities	(22,740)	(18,378)	(17,629)	(15,208)	(26,099)	(23,748)	(23,627)	(30,920)	(42,299)	(44,342)		
Business-type activities	(2,454)	(9,571)	3,697	7,891	16,415	9,929	16,047	10,606	24,748	10,475		
Total net revenues (expenses)	(25,194)	(27,949)	(13,932)	(7,317)	(9,684)	(13,819)	(7,580)	(20,314)	(17,551)	(33,867)		
General revenues and other changes in net assets:												
Governmental activities:												
Taxes:												
Property taxes	22,093	19,944	20,159	15,294	17,961	19,159	19,842	20,649	22,392	24,833		
Sales tax	14,837	12,406	13,121	13,853	15,049	16,923	18,039	19,120	19,676	20,432		
Business Lic/Franchise	3,992	4,045	4,081	4,184	4,386	4,664	4,984	5,271	5,300	6,891		
Other taxes	620	1,163	1,602	1,740	1,935	2,097	2,327	2,551	2,705	2,871		
Grants and contributions not restricted	536	446	628	190	175	131	172	183	178	186		
Unrestricted investment earnings	1,291	473	475	148	61	138	163	234	272	566		
Transfers	(77)	(49)	(49)	727	(720)	(437)	(461)	(850)	(488)	(507)		
Total governmental activities	43,292	38,428	40,017	36,136	38,847	42,675	45,067	47,159	50,035	55,272		
Business-type activities:												
Unrestricted investment earnings	2,410	664	298	195	161	224	274	506	679	1,442		
Transfers	77	49	49	(727)	720	437	461	850	488	507		
Total business-type activities	2,487	713	347	(532)	881	661	735	1,356	1,167	1,949		
Total primary government	45,779	39,141	40,364	35,604	39,728	43,336	45,802	48,515	51,202	57,221		
Extraordinary Item-Dissolution of CCDA												
				(2,257)								
Changes in net assets:												
Governmental activities	20,552	20,050	22,388	18,671	12,748	18,927	21,441	16,240	7,736	10,930		
Business-type activities	33	(8,858)	4,044	7,359	17,296	10,590	16,782	11,961	25,915	12,424		
Total primary government	\$ 20,585	\$ 11,192	\$ 26,432	\$ 26,030	\$ 30,044	\$ 29,517	\$ 38,223	\$ 28,201	\$ 33,651	\$ 23,354		

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

<b>Fiscal Year Ended June 30,</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Fines and Forfeitures</b>	<b>Use of Money and Property</b>	<b>From Other Agencies</b>	<b>Charges for Service</b>	<b>Other Revenue</b>	<b>Total</b>
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
2018	55,019,558	412,460	227,831	585,707	13,962,855	7,442,164	5,358,986	83,009,561

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



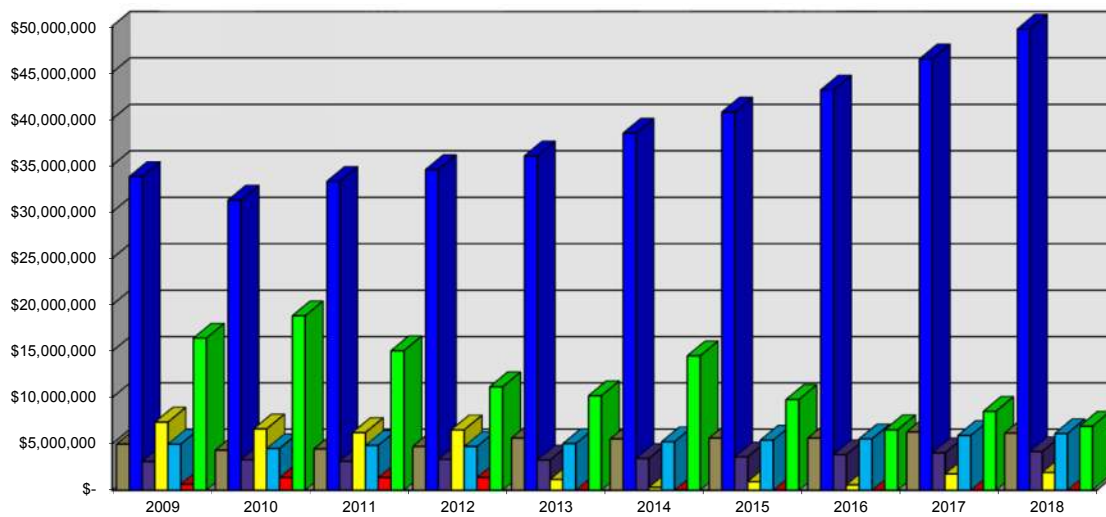
# CITY OF CLOVIS

## GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

### LAST TEN FISCAL YEARS

<b>Fiscal Year Ended June 30,</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Transportation</b>	<b>Community Development</b>	<b>Culture and Recreation</b>	<b>Debt Service</b>	<b>Capital Outlays</b>	<b>Total</b>
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
2018	6,163,620	49,688,800	4,169,509	1,913,909	6,108,769	0	6,907,009	74,951,616

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



Fiscal Year Ended June 30,

■ 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				
	2009	2010	2011	2012	2013
Revenues:					
Property taxes	\$ 22,509,936	\$ 20,425,109	\$ 20,764,779	\$ 16,653,534	\$ 17,961,308
Sales taxes	12,993,878	12,404,059	13,329,533	14,076,648	15,284,968
Business license/Franchise	3,992,374	4,054,563	4,080,924	4,183,484	4,331,760
Other taxes	884,899	1,349,128	1,601,673	1,801,884	2,033,716
Licenses and permits	1,302,368	1,454,196	1,113,238	1,305,849	688,001
Fines and forfeitures	275,406	240,622	166,010	208,227	192,636
Use of money and property	778,310	371,328	433,979	125,071	83,549
From other agencies	12,364,635	13,649,374	12,418,299	12,799,825	10,963,343
Charges for current services	9,305,542	8,129,216	7,432,331	8,676,798	5,819,507
Other revenues	6,925,095	6,969,861	6,671,487	6,318,419	4,554,963
Total revenues	<u>71,332,443</u>	<u>69,047,456</u>	<u>68,012,253</u>	<u>66,149,739</u>	<u>61,913,751</u>
Expenditures					
Current:					
General government	4,979,945	4,317,898	4,468,062	4,726,595	5,620,526
Public safety	33,824,405	31,289,958	33,303,647	34,576,576	36,043,170
Transportation	3,110,287	3,288,404	3,134,317	3,333,681	3,256,789
Community development	7,348,048	6,622,952	6,223,288	6,514,706	1,150,395
Cultural and recreation	4,970,931	4,496,927	4,843,250	4,719,477	5,024,870
Debt service:					
Principal		530,000	550,000	575,000	
Interest and fiscal charges	642,966	831,979	814,129	789,378	
Bond issue costs					
Capital outlays	13,841,599	14,095,728	11,574,183	9,465,085	9,966,973
Total expenditures	<u>68,718,181</u>	<u>65,473,846</u>	<u>64,910,876</u>	<u>64,700,498</u>	<u>61,062,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,614,262</u>	<u>3,573,610</u>	<u>3,101,377</u>	<u>1,449,241</u>	<u>851,028</u>
Other financing sources (uses):					
Transfers in	862,175	1,350,000	1,388,000	1,531,696	30,000
Transfers out	(852,175)	(1,399,000)	(2,487,000)	(1,599,696)	(1,265,000)
Total other financing sources (uses)	<u>10,000</u>	<u>(49,000)</u>	<u>(1,099,000)</u>	<u>(68,000)</u>	<u>(1,235,000)</u>
Extraordinary item-Dissolution of CCDA				(11,551,717)	
Net change in Fund balances	<u>\$ 2,624,262</u>	<u>\$ 3,524,610</u>	<u>\$ 2,002,377</u>	<u>\$ (10,170,476)</u>	<u>\$ (383,972)</u>
Debt service as a percentage of noncapital expenditures	1.2%	2.7%	2.6%	2.5%	0.0%

## CITY OF CLOVIS

Page 2 of 2

# CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

For the Fiscal Year Ended June 30, 2017				
2014	2015	2016	2017	2018
\$ 19,159,555	\$ 19,842,732	\$ 20,649,898	\$ 22,391,753	\$ 24,832,576
16,916,615	18,037,581	19,119,633	19,675,483	20,425,341
4,664,123	4,929,246	5,271,321	5,300,062	6,891,105
2,096,922	2,382,421	2,550,809	2,705,284	2,870,536
593,886	583,060	584,412	330,336	412,460
148,495	207,358	253,841	140,193	227,831
122,725	144,328	170,213	173,524	585,707
19,056,135	12,484,156	10,990,248	11,473,015	13,962,855
6,945,717	5,794,337	6,544,320	8,060,073	7,442,164
5,368,776	5,469,201	5,730,691	5,634,697	5,358,986
75,072,949	69,874,420	71,865,386	75,884,420	83,009,561
5,546,340	5,622,192	5,620,922	6,287,114	6,163,620
38,498,881	40,767,185	43,136,838	46,476,211	49,688,800
3,430,068	3,595,841	3,828,619	4,032,061	4,169,509
302,091	917,702	577,483	1,757,867	1,913,909
5,235,028	5,409,366	5,541,908	5,914,052	6,108,769
14,510,295	9,800,799	6,523,827	8,516,678	6,907,009
67,522,703	66,113,085	65,229,597	72,983,983	74,951,616
7,550,246	3,761,335	6,635,789	2,900,437	8,057,945
18,995	0	0	0	0
(1,256,080)	(1,211,000)	(4,050,000)	(3,188,000)	(506,700)
(1,237,085)	(1,211,000)	(4,050,000)	(3,188,000)	(506,700)
\$ 6,313,161	\$ 2,550,335	\$ 2,585,789	\$ (287,563)	\$ 7,551,245
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)

<b>General Fund</b>					
<b>Fiscal Year Ended June 30,</b>	<b>Nonspendable</b>	<b>Restricted</b>	<b>Assigned</b>	<b>Unassigned</b>	<b>Total</b>
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
2018	0	4,309,112	12,424,000	3,618,238	20,351,350

<b>All Other Governmental Funds</b>					
<b>Fiscal Year Ended June 30,</b>	<b>Nonspendable</b>	<b>Restricted</b>	<b>Assigned</b>	<b>Unassigned</b>	<b>Total</b>
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
2018	0	26,555,512	258,000		26,813,512

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

Fiscal Year Ended June 30,	Real Property		Personal Property		Exemptions	Net		Total
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Homeowners	Assessed	Estimated Actual	Direct Tax Rate
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%
2018	10,033,990,678	10,033,990,678	221,666,625	221,666,625	97,686,900	10,157,970,403	10,255,657,303	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**

<b>Fiscal Year Ended June 30,</b>	<b>City of Clovis</b>	<b>Clovis Unified School District Bond</b>	<b>State Center General Obligation Bond</b>	<b>County Wide</b>	<b>Total</b>
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
2018	0.000000	0.398998	0.025934	1.000000	1.424932

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	2018			2009		
	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	\$ 112,367	1	1.13%	\$ 10,946	1	1.44%
Prindiville Dennis Trustee	41,270	2	0.41%	66,382	3	0.87%
Bre Throne Clovis Commons LLC	37,682	3	0.38%			
Pelco	25,985	4	0.26%	98,285	2	1.29%
Clovis-Herndon Center II LLC	25,092	5	0.25%			
Wal-Mart Real Estate Business Trust	24,546	6	0.25%			
GSF Sunnyside Clovis Investors L P	22,672	7	0.23%			
Copper Beech Townhome Communities	21,000	8	0.21%			
Clovis Apartment Group LLC	19,721	9	0.20%			
Butler Investment Group LLC	18,131	10	0.18%			
Regency Cahan-Clovis LLC				42,760	4	0.56%
Anlin Industries				22,311	6	0.29%
Brown Garold C Family LTD Partnership				18,897	7	0.25%
Vons Companies Inc				18,154	8	0.24%
Kaiser Foundation Health Plan Inc				17,317	9	0.23%
Save Mart Supermarkets				16,560	10	0.22%
	<u>\$ 348,466</u>		<u>3.49%</u>	<u>\$ 311,612</u>		<u>5.39%</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**

<b>Fiscal Year Ended June 30,</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections,</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Current Delinquent Taxes</b>	<b>Ratio of Current Delinquent Taxes to Total Tax Levy,</b>
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
2018	13,366,204	13,159,337	98.5	268,359	13,427,695	100.5	187,528	1.403

Notes: Amounts include only General Fund tax collections.

<sup>1</sup> Includes prior year delinquent tax collections.

<sup>2</sup> The ratio of current delinquent taxes represents the Fresno County wide rate as the County of Fresno is unable to provide the City of Clovis' delinquent tax ratio.

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

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

<b>Fiscal Year Ended June 30,</b>	<b>Tax Allocation Bonds (1)</b>	<b>Special Assessment Bonds (1)</b>	<b>Lease Revenue Bonds (1)</b>	<b>Revenue Bonds (1)</b>	<b>Capital Leases (1)</b>	<b>Loans/ Contracts Payable (1)</b>	<b>Total</b>	<b>Debt Per AV</b>	<b>Debt Per Capita</b>
<b>Governmental Activities</b>									
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	0.004	274
2017	0	0	0	0	24,154,921	1,480,623	25,635,544	0.003	231
2018	0	0	0	0	22,066,356	1,195,510	23,261,866	0.002	204
<b>Business-type Activities</b>									
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	0.023	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
2018	0	0	0	118,831,052	0	6,449,775	125,280,827	0.012	1,100
<b>Total Primary Government</b>									
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	0.021	1,604
2017	0	0	0	125,639,953	24,154,921	8,830,934	158,625,808	0.017	1,432
2018	0	0	0	118,831,052	22,066,356	7,645,285	148,542,693	0.015	1,304

(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 CAPITAL**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>						<b>Ratio of Net</b>	<b>Net</b>
<b>Ended</b>	<b>Estimated</b>	<b>Assessed</b>	<b>Gross Bonded</b>	<b>Less Debt</b>	<b>Net</b>	<b>Bonded Debt to</b>	<b>Bonded Debt</b>
<b><u>June 30,</u></b>	<b><u>Population</u></b>	<b><u>Valuation</u></b>	<b><u>Debt (1)</u></b>	<b><u>Service Fund</u></b>	<b><u>Bonded Debt</u></b>	<b><u>Assessed Value</u></b>	<b><u>Per Capita</u></b>
2009	95,128	\$7,575,659,027	0	0	0	0.00%	0
2010	96,868	7,244,885,892	0	0	0	0.00%	0
2011	97,218	7,201,539,162	0	0	0	0.00%	0
2012	98,611	7,133,083,317	0	0	0	0.00%	0
2013	99,983	7,024,285,314	0	0	0	0.00%	0
2014	102,188	7,507,886,552	0	0	0	0.00%	0
2015	104,339	8,158,612,400	0	0	0	0.00%	0
2016	108,039	8,696,361,855	0	0	0	0.00%	0
2017	110,762	9,179,714,485	0	0	0	0.00%	0
2018	113,883	10,157,970,403	0	0	0	0.00%	0

(1) Amount does not include special assessment bonds.

Source: Fresno County Auditor Controller/Treasurer Tax Collector

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

<b>Fiscal Year Ended June 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Debt Service</u></b>	<b><u>Total General Governmental Expenditures (1)</u></b>	<b><u>Ratio of Debt Service to General Government Expenditures</u></b>
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
2018	0	0	0	74,951,616	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, 2018**

**2017-2018 Assessed Valuation:** \$10,255,657,303

<b><u>Direct and Overlapping Debt:</u></b>	<b><u>% Applicable*</u></b>	<b><u>Debt</u></b>
<b><u>Direct Debt:</u></b>		
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
<b><u>Overlapping Bonded Debt:</u></b>		
Fresno County General Fund Obligations	13.732%	\$ 5,690,541
Fresno County Pension Obligations	13.732%	40,447,983
State Center Community College District	12.633%	20,353,658
Clovis Unified School District	41.321%	161,706,926
Clovis Unified School District Certificates of Participation	41.321%	2,539,175
Clovis Memorial District General Fund Obligations	44.141%	1,531,693
Fresno Unified School District	2.132%	11,229,640
Fresno Unified School District General Fund Obligations	2.132%	326,836
Sanger Unified School District	0.027%	31,150
Sanger Unified School District Certificates of Participation	0.027%	10,998
Total Gross Overlapping Bonded Debt		243,868,600
<b><u>Overlapping Tax Increment Debt:</u></b>		
Total Gross Overlapping Tax Increment Debt	100.00%	13,570,000
Total Gross Overlapping Debt		\$ 257,438,600
Total Net Direct and Overlapping Bonded Debt		\$ 283,074,144 (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	2.51%
Total Direct and Direct Bonded Debt	0.25%
Combined Total Debt	2.76%

**Ratios to Redevelopment Incremental Valuation** \$779,251,201

Total Overlapping Tax Increment Debt	1.74%
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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**

<b>Fiscal Year Ended June 30,</b>	<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</b>
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
2018	1,538,348,595	0	1,538,348,595	0

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2018**

Assessed Valuations:

Assessed Value	\$ 10,157,970,403
Add back exempt property	97,686,900

Total Assessed Value	<u>\$ 10,255,657,303</u>
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Legal Debt Margin:

Debt Limitation-15 percent of total assessed value	\$ 1,538,348,595
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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>\$ 1,538,348,595</u>
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**CITY OF CLOVIS  
REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS**

**REFUSE DISPOSAL FUND**

<b>Fiscal Year Ended June 30,</b>	<b>Gross Revenues (1)</b>	<b>Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements (3)</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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
2018	18,030,852	16,042,168	1,988,684	725,000	12,511	737,511	2.70

**SEWER SERVICE FUND**

<b>Fiscal Year Ended June 30,</b>	<b>Gross Revenues (4)</b>	<b>Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements (3)</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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
2018	21,721,290	9,450,348	12,270,942	2,185,000	4,006,507	6,191,507	1.98

**WATER SERVICE FUND**

<b>Fiscal Year Ended June 30,</b>	<b>Gross Revenues (4)</b>	<b>Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements (3)</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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	18,717,047	11,977,373	6,739,674	1,755,000	1,232,816	2,987,816	2.26
2018	21,537,742	12,618,522	8,919,220	1,825,000	1,161,688	2,986,688	2.99

(1) Total revenues, including interest.

(2) Total operating expenses exclusive of depreciation.

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

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

Note: This schedule does not represent legal bond covenants.

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

<b>Fiscal Year Ended June 30,</b>	<b>City Population</b>	<b>% Change</b>	<b>City Unemployment Rate</b>	<b>Fresno County Population</b>	<b>City Population as % of County Population</b>	<b>Fresno County Unemployment Rate</b>
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	8.10
2018	113,883	2.82	4.40	1,007,229	11.31	7.60

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**

<b>Employer</b>	<b>2018</b>			<b>2009</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment*</b>	<b>Number of Employees</b>		<b>Percent of Total Employment*</b>
Clovis Unified School District	7469	1	14.23%	5,300	1	11.51%
Clovis Community Hospital	1923	2	3.66%	979	3	2.21
Wal-Mart	715	3	1.36%	332	7	0.75
City of Clovis	674	4	1.28%	631	4	1.42
Wawona Frozen Foods	537	5	1.02%			
Alorica	501	6	0.95%	339	6	0.77
Target	343	7	0.65%	430	5	0.97
Anlin Industries	324	8	0.62%			
Costco	311	9	0.59%	220	10	0.50
Lowe's	215	10	0.41%			
Pelco				2,100	2	4.74
AT&T				260	8	0.59
Savemart				247	9	0.56

\* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2018.

Source: Employment Development Department

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

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b><u>Governmental Activities</u></b>										
General Government	35.700	24.100	36.550	38.050	39.050	43.150	41.850	43.850	44.850	46.850
Public Safety										
Police	151.000	146.000	146.000	148.000	152.000	156.000	163.000	168.000	175.000	175.000
Fire	65.000	60.500	66.500	64.500	66.000	66.000	66.000	66.000	67.000	67.000
Transportation	13.550	13.500	13.800	13.800	14.800	14.800	14.950	13.950	14.000	14.040
Community Development	46.250	52.250	41.500	40.000	0.500	0.400		1.000	1.000	1.000
Culture & Recreation	31.025	30.500	30.500	28.100	23.100	24.700	24.200	26.000	25.750	26.630
Internal Service	26.000	26.525	26.525	26.525	26.525	27.525	29.225	30.225	31.225	31.235
Total Governmental Activities	368.525	353.375	361.375	358.975	321.975	332.575	339.225	349.025	358.825	361.755
<b><u>Business-Type Activities</u></b>										
Refuse	39.460	39.610	41.860	41.860	41.860	42.560	44.310	44.310	43.960	45.060
Sewer	10.850	10.750	11.250	11.250	11.250	11.250	11.250	11.250	11.250	12.230
Water	34.550	34.350	34.600	34.600	34.600	34.300	34.300	35.300	36.850	37.890
Street Cleaning	5.790	4.790	4.790	4.790	4.790	4.790	6.790	6.790	6.790	6.740
Transit	22.825	22.125	22.125	22.525	22.525	22.525	24.125	25.325	25.325	25.325
Planning & Dev Services*					37.000	43.000	45.000	45.000	45.000	47.000
Total Business-Type Activities	113.475	111.625	114.625	115.025	152.025	158.425	165.775	167.975	169.175	174.245
Total Full-Time Employees	482.000	465.000	476.000	474.000	474.000	491.000	505.000	517.000	528.000	536.000

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>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>2018</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)	315	315	359	362	369	380	384	391	410	415
Streetlights	8,930	8,938	9,567	9,576	9,587	10,308	10,461	10,479	11,022	11,088
Cultural and recreation:										
Parks	51	53	54	55	58	59	62	63	64	66
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	469	475	479	484	490	499	508	514	521	535
Sewer										
Sanitary sewers (miles)	349	352	356	358	361	367	373	379	385	396

Source: City of Clovis

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Police:										
Arrests	4,674	4,396	4,503	4,612	4,936	5,135	4,046	4,326	4,145	3,868
Parking citations issued	1,414	878	797	513	972	1,343	954	982	1,369	1,245
Fire:										
Number of emergency calls	9,139	8,135	6,970	8,945	9,958	8,290	10,098	10,069	9,661	9,974
Parks and recreation:										
Number of recreation classes	97	63	86	93	94	95	119	130	138	151
Number of facility rentals	18	18	18	13	13	13	32	32	32	48
Water:										
New connections	353	325	543	282	793	779	636	837	936	1,067
Average daily consumption (thousands of gallons)	24,930	22,889	21,918	22,453	23,917	23,840	20,684	16,883	19,083	20,849
Sewer:										
New connections	353	350	352	425	667	721	639	509	801	1,170
Average daily sewage treatment (thousands of gallons)	7,397	7,279	7,269	6,996	6,914	6,949	6,862	6,543	6,776	6,928

Source: City of Clovis

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

	<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>2018</u>
Valuation (in Thousands)										
Residential	\$ 115,217	\$ 118,545	\$ 99,320	\$ 110,041	\$ 136,224	\$ 226,295	\$ 237,913	\$ 206,930	\$ 288,634	\$ 355,799
Non-residential	75,262	74,849	31,386	45,056	60,451	89,672	85,728	104,839	84,187	142,119
Total	<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>	<u>\$ 497,918</u>
New Dwelling Units										
Single Family	431	474	370	378	501	703	815	709	943	1,060
Multiple Family	16	0	60	100	60	32	209	0	0	0
Total	<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>	<u>1,060</u>

Source: City of Clovis Building Department

**CITY OF CLOVIS**  
**MISCELLANEOUS STATISTICS**  
**June 30, 2018**

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees (full-time and part-time)	674
Area (square miles)	24.4
Miles of Streets	415
Number of Street Lights	11,088
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	35,825
Miles of Water Mains	535
Sewers:	
Miles of Sanitary Sewers	396

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clovis, California (the "City") as of and for the year ended June 30, 2018, 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 19, 2018.

**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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

**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

### **The City's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

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

San Diego, California  
November 19, 2018



**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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

**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.

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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.

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

San Diego, California  
November 19, 2018

**City of Clovis**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
<i>Direct Program:</i>				
<b>CDBG Entitlement Grants Cluster:</b>				
Community Development Block Grant - Entitlement	14.218	B-13-MC-06-0062	\$ 34,910	\$ -
Community Development Block Grant - Entitlement	14.218	B-15-MC-06-0062	122,558	-
Community Development Block Grant - Entitlement	14.218	B-16-MC-06-0062	264,962	-
Community Development Block Grant - Entitlement	14.218	B-17-MC-06-0062	660,725	-
<b>CDBG Entitlement Grants Cluster</b>			1,083,155	-
<b>Total U.S. Department of Housing and Urban Development</b>			1,083,155	-
<b>U.S. Department of Transportation</b>				
<i>Passed-Through California State Department of Transportation:</i>				
<b>Highway Planning and Construction Cluster:</b>				
Highway Planning and Construction	20.205	06-5208	1,832,068	-
<b>Highway Planning and Construction Cluster</b>			1,832,068	-
<i>Passed-Through California Office of Traffic Safety:</i>				
<b>Highway Safety Cluster:</b>				
State and Community Highway Safety	20.600	PT18028	13,106	-
<b>Highway Safety Cluster</b>			13,106	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18028	30,596	-
<b>Total U.S. Department of Transportation</b>			1,875,770	-
<b>U.S. Department of Health and Human Services</b>				
<i>Passed-Through Fresno-Madera Area Agency on Aging:</i>				
<b>Aging Cluster:</b>				
Special Programs for the Aging, Title III, Part C	93.045	18-0051	32,000	-
<b>Aging Cluster</b>			32,000	-
<b>Total U.S. Department of Health and Human Services</b>			32,000	-
<b>Total Expenditures of Federal Awards</b>			\$ 2,990,925	\$ -

**City of Clovis**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

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**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 and is presented in accordance with the 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”). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the City’s basic financial statements.

*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, 2018**

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**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:

- Material weakness(es) identified? 2018-001
- Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? 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>
<b>Major Programs:</b>		
CDBG Entitlement Grants Cluster	14.218	\$ 1,083,155
<b>Total Major Program Expenditures</b>		<u>\$ 1,083,155</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 2,990,925</u>
<b>Percentage of Total Expenditures of Federal Awards</b>		<u>36.21%</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, 2018**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**A. Current Year Financial Statement Findings**

**Finding 2018-001      Restatement of Beginning Balances**

**Criteria:**

Management is responsible for the preparation and fair presentation of its financial statements, including notes disclosures, 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. As part of satisfying that responsibility, staff should possess that skills, knowledge, and experience necessary to complete year-end close and diligently employ that skills, knowledge, and experience to produce reliable and accurate financial information.

Based on Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) framework, the following are some of the internal control components and principles that stress the need for policies and procedures to promote effective internal control over financial reporting for an entity.

- *Control Environment* – Establish structures, reporting lines, authorities and responsibilities
- *Control Activities* – Select and develop control activities that mitigate risks through policies and procedures
- *Information and Communication* – Communicate internal control information internally

In essence, accounting policies and procedures would aid the Finance Department in providing training for accounting personnel, communicating and providing a source of reference to approved policies, and maintaining consistency of recording financial transactions.

**Condition and Context:**

During the audit, two prior period adjustments were recorded. The first was to the Housing and Community Development Non-Major Special Revenue Fund in the amount of \$3,108,661 and was to remove other assets (property held for resale) which had previously been donated or contributed to other entities.

The second prior period adjustment was to the Transit Non-Major Enterprise Fund to record unearned Transportation Development Act (“TDA”) funds in the amount of \$2,836,099 which had previously been recorded as revenue.

**Cause:**

In the case of the prior period adjustment of \$3,108,661 to the Housing and Community Development Fund, property held for resale was donated or contributed to other entities for \$0 in proceeds. There were no proceeds from sales of the properties so the finance department was not made aware of these transactions and did not remove the assets from the general ledger.

In the case of the prior period adjustment of \$2,836,099 to the Transit Non-Major Enterprise Fund, the City failed to incur enough expenditures of TDA funds in prior years to be able to fully recognize revenues for TDA funds received. Year-end reconciliations to record unearned revenues for TDA funds received but unspent were not performed.

**Identification as a Repeat Finding, if Applicable:**

Not applicable.

**City of Clovis**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the Year Ended June 30, 2018**

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**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**A. Current Year Financial Statement Findings (Continued)**

**Finding 2018-001      Restatement of Beginning Balances (Continued)**

**Effect:**

The Other Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, beginning net position, was overstated by \$ 3,2018,661 and the Non-Major Transit Enterprise Fund Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, beginning net position, was overstated by \$2,836,099.

**Recommendation:**

The City should enhance its review processes over transactions arising from the recording of the donation/contribution of other assets and the revenue recognition process for Transportation Development Act funds to ensure that they are thoroughly evaluated, reviewed and recorded in order to facilitate the accurate and complete year-end closing of the general ledger and the preparation of its basic financial statements.

**Views of Responsible Officials:**

The City agrees with the finding and recommendation. The City has incorporated additional lines of communication and review over the financial statements in order to ensure that all transactions have been properly noted and reported in a timely manner. In addition, staff will receive additional training in various financial reporting areas.

**B. Prior Year Financial Statement Findings**

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

**City of Clovis**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the Year Ended June 30, 2018**

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**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, 2018.

**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, 2017.

**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, 2018, 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 19, 2018.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

### **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.

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

San Diego, California  
November 19, 2018

**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 ending June 30, 2018. 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 ending June 30, 2018, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.  
*Finding:* No exceptions were noted as a result of our procedures.
2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.  
*Finding:* No exceptions were noted as a result of our procedures.
3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.  
*Finding:* No exceptions were noted as a result of our procedures.
4. We agreed the appropriations limit presented in the accompanying Appropriations Limit Schedule to the appropriations limit adopted by the City Council.  
*Finding:* No exceptions were noted as a result of our procedures.

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

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



San Diego, California  
August 11, 2017

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**[www.pungroup.com](http://www.pungroup.com)**

**City of Clovis**  
**Appropriations Limit Schedule**  
**For the Year Ending June 30, 2018**

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2016-2017	\$ 227,042,442	Prior year
B. Calculation Factors:		
1) Population increase %	1.0245	State Department of Finance
2) Inflation increase %	<u>1.0654</u>	City Building Department
3) Total adjustment %	1.0915	(B1*B2)
C. Annual Adjustment Increase	20,774,906	[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>20,774,906</u>	(C+D)
F. Appropriations Limit FY 2017-2018	<u><u>\$ 247,817,348</u></u>	(A+E)

**City of Clovis**  
**Notes to Appropriations Limit Schedule**  
**For the Year Ending June 30, 2018**

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**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 2017-2018 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 4<sup>th</sup> quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for the year 2017-2018 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 2017-2018.

*(The End)*