

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**CITY OF CLOVIS
CALIFORNIA**



DREW BESSINGER, MAYOR

**JOSE FLORES, MAYOR PRO-TEM
LYNNE ASHBECK, COUNCILMEMBER
VONG MOUANOUTOUA, COUNCILMEMBER
ROBERT WHALEN, 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 13, 2019

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, 2019.

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, 2019, 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, 2019, 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 117,003.

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 second 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 86.

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 approximately 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 3.7%, lower than the Fresno County rate of 5.3%, though still higher than the national average of 3.3% and the State of California average of 3.5%.

The City experienced a 2.7% growth in population in 2019 compared to the 10-year average growth rate of 2.1%. The City has three major retail centers; Costco relocated and expanded by 30% more square footage this year along with doubled their fuel island; and two large retail spaces are being redeveloped by home good retailers including Hobby Lobby and At Home. In addition, the City saw one hotel complete construction, 3 more under construction, and two more receive entitlements. This will more than double the room count in the City in the next few years. Clovis Community Hospital completed a cancer research facility and is currently in the process to add another bed tower, medical offices, a heart and lung institute and a skilled nursing facility. This expansion continues to be one of the biggest job creation projects in Fresno County in recent years. Also, California Health Sciences University is nearing completion of its first building that will house a medical doctoral program near the hospital. The City is also seeing a boost in office and industrial development with Cabinet Connections, a cabinet manufacturer moving to Clovis, along with many other small professional offices and industrial users. The County of Fresno is also moving 2,000 employees into the City of Clovis.

Major employers include Alorica with over 700 employees, Clovis Community Hospital with over 1,900 employees, Wawona Frozen Foods with 500 employees, Anlin Industries with over 300 employees and the largest employer, Clovis Unified School District with over 8,300 employees. Of the 34,743 total jobs in Clovis, 14,100 jobs are generated by the top ten employers.

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 and another industrial developer has received building permits to construct 400,000 of industrial space in the Clovis Industrial Park.

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 1,018,241 as of January 1, 2019. There are approximately 431,700 jobs in Fresno County. The county-wide unemployment rate is 5.3%, 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 3.7% with 53,500 employed out of a workforce of 55,600.

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 also obtained long-term financing for the purchase of various fire vehicles, police vehicles and for the installation of LED lighting in City facilities. 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 2019/20, the City implemented a 3% increase in water rates, a 4% increase in recycling and green-waste rates and a 2% increase in refuse and disposal rates. Sewer will not have a rate increase and \$3.65, half of the \$7.30 bond surcharge, will continue to be rebated.

Structurally Balanced Budget Policy. Prior to the economic recession, in fiscal year 2006/07, the City Council utilized the emergency reserve when budgetary demand for services exceeded available resources. However, in the fall of 2007 when the decline in building activity began, the Council acted quickly to cut costs and services in an attempt to balance the budget. Although it was necessary in 2007/08 to utilize additional funds from the emergency reserve, the efforts of the Council to develop a "structurally balanced budget" has

paid off and the reserve has been rebuilt from 5.5% of expenditures in 2007/08 to 16.7% of the 2019/20 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, 2018. This was the thirtieth 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, 2019. In order to qualify for the Distinguished Budget Presentation Award, the governments' budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Jay Schengel, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Clovis
California**

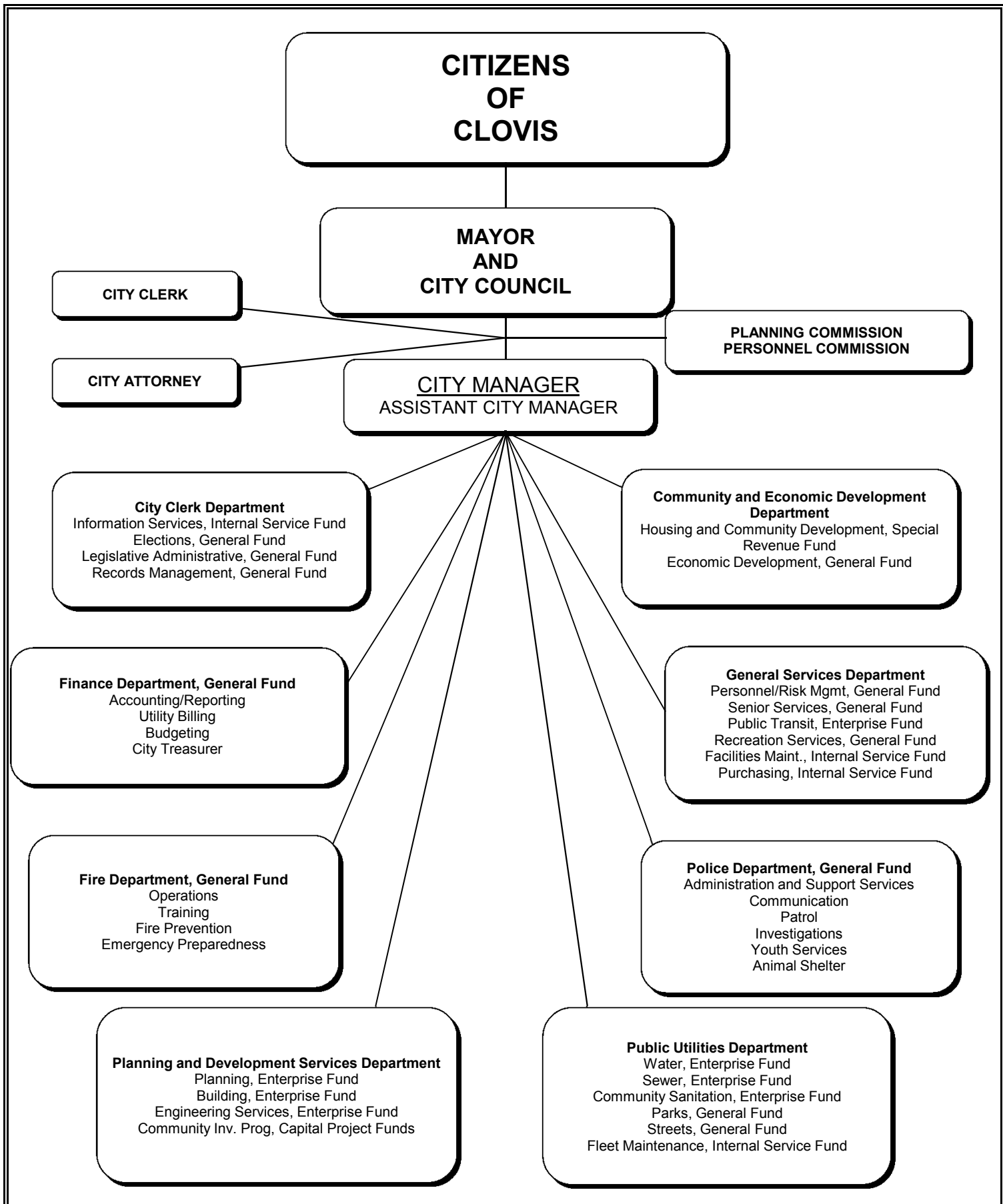
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF CLOVIS ORGANIZATION CHART



CITY OF CLOVIS
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2019

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 AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clovis, California (the "City"), as of and for the year ended June 30, 2019, 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, 2019, 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

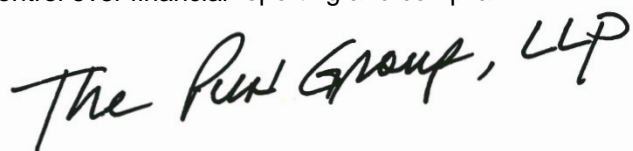
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, Budget Comparison Schedules, and Statistical Section, 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 13, 2019 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.

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 13, 2019

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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, 2019. 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 \$814 million, which is 7% more than 2018. Of this amount, \$55 million, 22% more than 2018, 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 \$23 million, which represents a net increase of \$3 million from the previous year. The unassigned balance of \$4 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 2018/19 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 \$3.65 per month.

Overview of the Financial Statements

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

Reporting the City as a Whole

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

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as one indicator of whether the City's financial position is improving or deteriorating.

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

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

Governmental Activities: Most of the City's basic services are included here such as public safety, transportation (street and roads), community development, culture and recreation and general government. These services are primarily financed by property and sales taxes and federal and state grants.

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

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

Fund financial statements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the City can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation between governmental funds and governmental activities. This reconciliation explains the relationship (or differences) between the fund statements and the government-wide statements.

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

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance to this budget. The basic governmental fund financial statements can be found on pages 32-35 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, 2019, with comparative data for the fiscal year ended June 30, 2018.

City of Clovis' Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 123,262,714	\$ 102,665,702	\$ 139,358,314	\$ 124,581,759	\$ 262,621,028	\$ 227,247,461
Capital and intangible assets	585,768,735	557,071,882	284,593,783	280,450,679	870,362,518	837,522,561
Total assets	709,031,449	659,737,584	423,952,097	405,032,438	1,132,983,546	1,064,770,022
Deferred Outflows of Resources	27,119,431	32,505,405	182,946	204,056	27,302,377	32,709,461
Long-term liabilities outstanding	196,682,015	186,223,344	129,792,832	134,154,812	326,474,847	320,378,156
Other liabilities	7,455,340	6,116,393	8,246,024	7,383,538	15,701,364	13,499,931
Total liabilities	204,137,355	192,339,737	138,038,856	141,538,350	342,176,211	333,878,087
Deferred Inflows of Resources	2,130,191	1,702,515	2,221,017	2,361,247	4,351,208	4,063,762
Net Position:						
Net investment in capital assets	562,740,281	533,810,016	162,937,537	153,012,661	725,677,818	686,822,677
Restricted	33,325,828	27,825,701	934	24,821	33,326,762	27,850,522
Unrestricted	(66,182,775)	(63,434,980)	120,936,699	108,299,415	54,753,924	44,864,435
Total net position	\$ 529,883,334	\$ 498,200,737	\$ 283,875,170	\$ 261,336,897	\$ 813,758,504	\$ 759,537,634

As of June 30, 2019, the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$814 million. Governmental activities finished the year with a positive net position balance of \$530 million, an increase of \$32 million, or 6%, over 2018. Business-type activities finished the year with a positive balance of \$284 million, an increase of \$23 million, or 9%, over 2018. Net position, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net position, \$726 million, or 89%, 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 \$39 million, restricted net position increased by \$5 million and unrestricted net position increased \$10 million, accounting for the increase in total net position of \$54 million. This is primarily due to the City's investment in the road network, buildings and related improvements, and machinery and equipment.

The majority of the City's long-term liabilities relate to the City's net pension liability and 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 \$33 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 \$55 million, or 7% of the total net position, which is an increase of \$10 million, or 22%, from the previous year. Governmental activities have a negative \$(66) million unrestricted net position, which is a decrease of \$3 million compared to last year. Business-type activities have \$121 million in unrestricted net position, an increase of \$13 million, or 12%, compared to last year.

Governmental activities. Governmental activities account for \$530 million, or 65%, of the total Government-wide net position. This is an increase of \$32 million, or 6%, over June 30, 2018. Donated and constructed assets increased by \$29 million while the amounts available for debt service, street and road construction and community development increased by \$5 million. Additionally, the amount accumulated during the year for normal activities, unrestricted net position, decreased by \$3 million.

The following lists key components of this increase:

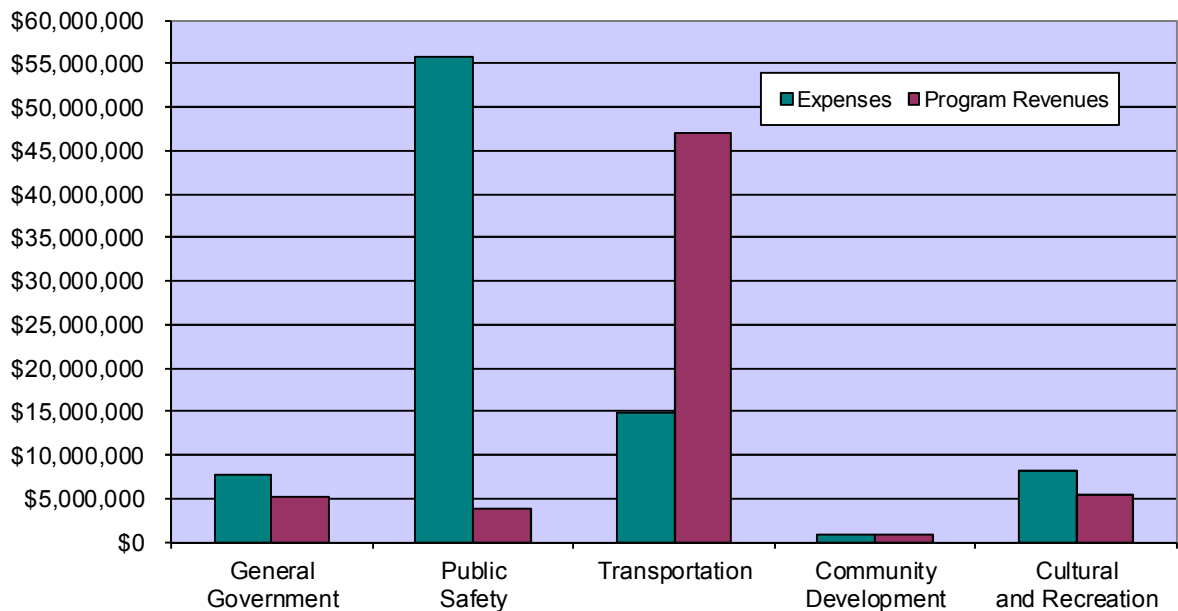
City of Clovis' Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 29,395,585	\$ 22,128,997	\$ 79,669,525	\$ 72,891,553	\$ 109,065,110	\$ 95,020,550
Operating grants and contributions	393,171	381,034	5,462,374	4,589,657	5,855,545	4,970,691
Capital grants and contributions	32,240,993	18,215,852	7,301,993	2,853,971	39,542,986	21,069,823
General revenues:						
Property taxes	26,667,913	24,832,576			26,667,913	24,832,576
Sales taxes	21,597,179	20,431,902			21,597,179	20,431,902
Business Lic/Franchise	5,788,765	6,891,105			5,788,765	6,891,105
Other taxes	2,895,987	2,870,536			2,895,987	2,870,536
Grants and contributions not restricted to specific programs	503,692	186,048			503,692	186,048
Unrestricted investment earnings	1,476,382	566,255	2,734,008	1,442,114	4,210,390	2,008,369
Total revenues	120,959,667	96,504,305	95,167,900	81,777,295	216,127,567	178,281,600
Expenses:						
General government	\$7,729,961	6,480,960			\$7,729,961	6,480,960
Public safety	55,860,055	54,528,587			55,860,055	54,528,587
Transportation	14,883,165	14,056,945			14,883,165	14,056,945
Community development	751,389	1,983,664			751,389	1,983,664
Cultural and recreation	8,117,581	7,211,933			8,117,581	7,211,933
Interest and other charges	754,919	804,933			754,919	804,933
Community Sanitation			20,204,394	18,501,509	20,204,394	18,501,509
Sewer			18,737,639	18,861,666	18,737,639	18,861,666
Water			17,463,133	16,806,758	17,463,133	16,806,758
Transit			6,961,315	6,280,255	6,961,315	6,280,255
Planning & Development Services			10,443,146	9,410,463	10,443,146	9,410,463
Total expenses	88,097,070	85,067,022	73,809,627	69,860,651	161,906,697	154,927,673
Increase in net position before transfers	32,862,597	11,437,283	21,358,273	11,916,644	54,220,870	23,353,927
Transfers	(1,180,000)	(506,700)	1,180,000	506,700	0	0
Increase in net position	31,682,597	10,930,583	22,538,273	12,423,344	54,220,870	23,353,927
Net position-beginning	498,200,737	487,270,154	261,336,897	248,913,553	759,537,634	736,183,707
Net position - ending	\$ 529,883,334	\$ 498,200,737	\$ 283,875,170	\$ 261,336,897	\$ 813,758,504	\$ 759,537,634

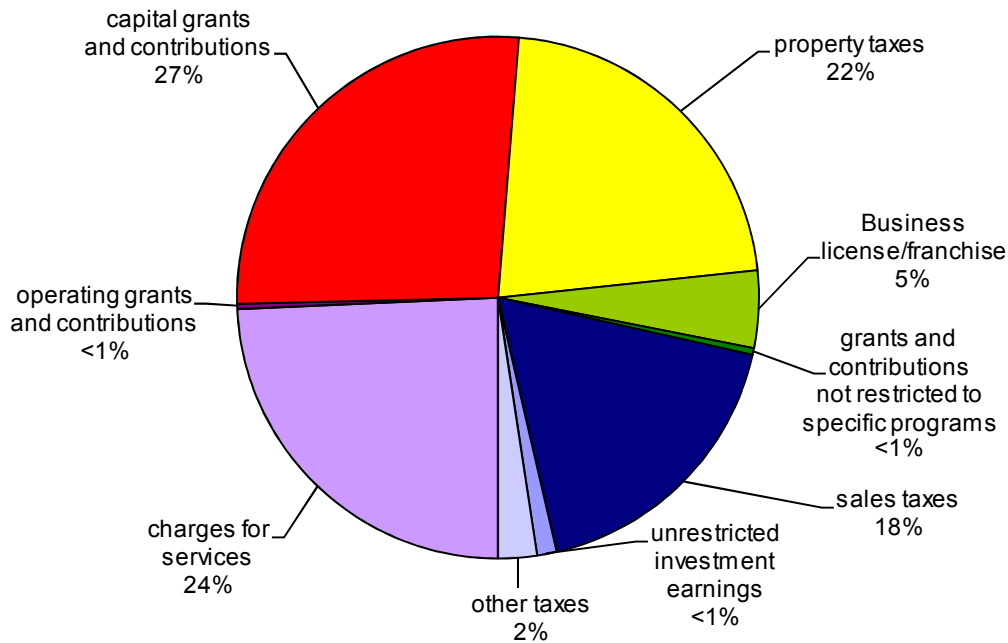
Total governmental revenues for the year were \$121 million, which is \$24 million, or 25%, more than in 2018. The majority of this increase is attributable to capital grants and contributions and represents increases in funding for streets and roads. Taxes, including property, sales, business license/franchise, and other taxes, account for \$57 million, or 47%, of the City's governmental activities revenue and increased \$2 million, or 3%, from 2018. 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 \$1 million mainly due to slight increases in automobile sales and general retail sales. Business taxes decreased by \$1 million and Other taxes had a nominal increase.

Total governmental expenses for the year were \$88 million, an increase of \$3 million, or 4%, from 2018. Public Safety, which includes police and fire, accounts for \$56 million, or 63%, of the total governmental activities expenses. Public Safety expenses increased \$1 million, or 2%, from 2018 primarily due to increases in salary and benefit costs and the increased costs of services, materials and supplies. Community development expenses decreased by \$1 million, or 62%, from 2018 as a result of decrease in loans for home repairs, the down-payment loan program and grants for home improvements. General government expenses were \$8 million, an increase of 19% from 2018 resulting from the increase in retirement costs. Transportation expenses were \$15 million, or greater by 6% when compared to 2018. Cultural and Recreation expenses were \$8 million, or greater by 13% when compared to 2018.

Expenses and Program Revenues-Governmental Activities



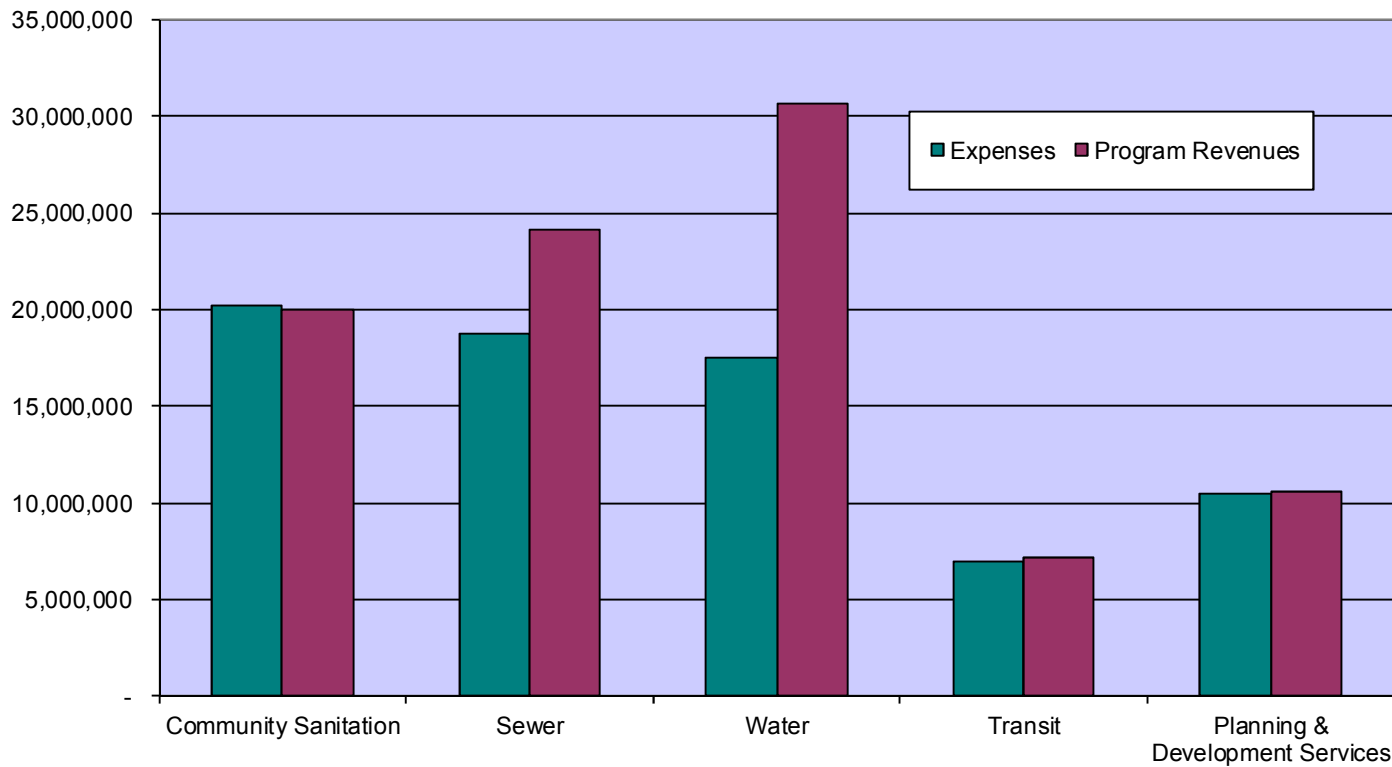
Revenues by Source-Governmental Activities



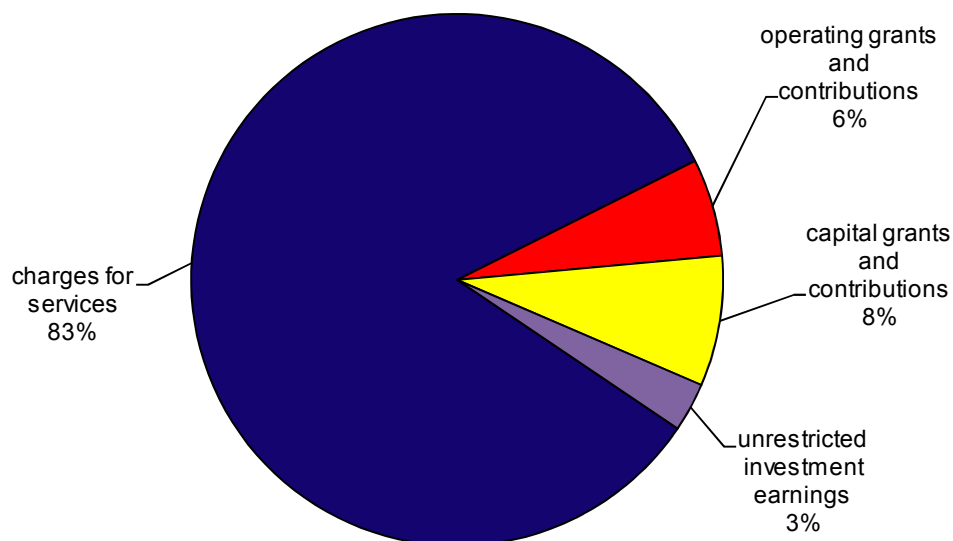
Program revenues that include charges for services and grants specific to certain programs were \$62 million, or 52% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of “general” revenues such as taxes, interest, and grants and contributions.

Business-type Activities. Business-type activities account for \$284 million, or 35% of the total Government-wide net position. This is an increase of \$23 million, or 9%, from June 30, 2018. The component, “Net Investment in Capital Assets” accounts for \$163 million, or 57% of the total net position, and is an increase of \$10 million from 2018. The amount of restricted net position represents less than 1% of the total net position. The amount of net position that is unrestricted, \$121 million, or 43%, increased \$13 million from 2018. Charges for current services were \$80 million, or 83% of the total business-type activity revenue, and increased \$7 million from 2018. Grants and contributions of \$13 million represent \$7 million in contributions of sewer and water mains from developers and \$6 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 \$55 million, which is an \$8 million increase from the previous year. Of the total fund balance, \$4 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	\$16.3
Community Development	10.9
Debt service	0.4
Landscape Maintenance	4.9
Parking and Business Improvement	<0.1
Law Enforcement	<0.1
Services materials and supplies	0.8
Capital Outlay	4.2
Emergencies	12.7

The general fund is the chief operating fund of the City. As of June 30, 2019, the *total* fund balance (including all categories) of the general fund was \$22.8 million, an increase of \$2.5 million from June 30, 2018. The total fund balance of \$22.8 million includes restricted balances of \$5.0 million, assigned balances of \$13.5 million, and an unassigned balance of \$4.3 million.

The general fund *restricted* balances of \$5.0 million increased by \$0.7 million over 2018 due to an increase in the amount restricted for the landscape maintenance. The *assigned* balance for unforeseen expenditures stayed relatively static, which represents 17.9% of the 2018/19 actual expenditures in order to reach the 20%-25% level established by Council policy. The *unassigned* fund balance increased \$0.7 million when compared to June 30, 2018. The \$4.4 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 \$3.3 million more than the amount projected at the time the 2019/20 budget was prepared.

Revenues exceeded expenditures by \$3.6 million excluding landscape maintenance where revenues exceeded expenditures by a little under \$0.8 million. "Other taxes" revenues came in under budgeted amounts by \$0.5 million, revenue "From other agencies" came in over budgeted amounts by \$1.0 million, "Property taxes" came in over budgeted amounts by \$0.6 million, "Business license/Franchise fee" came in \$0.1 million over budgeted amounts, "Sales taxes," came in over budget by \$0.2 million; "Licenses and permits" came in over budget by \$0.2 million; and "Other revenues" came in over budget by less than \$0.1 million. The decrease in "Other taxes" revenue was due to construction delays of two hotels opening. The increase in "From other agencies" revenue represents reimbursements from the State for fire assistance. 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 new businesses. The increase in "Sales taxes" represents the delay in funds not received in prior years due to the State's new reporting system. The increase in "Licenses and permits" represents the increase in card room fees.

Several departments experienced expenditure savings including "Manager," \$0.2 million, "General Services", \$0.1 million, "Finance," \$0.6 million, and "Police," \$0.9 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 \$16.2 million is \$2.9 million more than June 30, 2018.

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 \$110.3 million. This deficit balance is attributable to the liability of CalPERS pension funds and workers' compensation program claims. The net pension liability is \$134 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 \$9.6 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:

\$ 200,000	City Attorney-unanticipated legal expenses
\$ 5,100	City Clerk-Unanticipated employee benefit costs

Capital Assets and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of June 30, 2019, amount to \$870 million (net of depreciation/amortization), an increase of \$32 million over 2018. 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	\$ 39 million
Buildings and improvements	\$ 13 million
Machinery and equipment	\$ 6 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 251,365,470	\$ 234,071,518	\$ 37,349,873	\$ 36,624,392	\$ 288,715,343	\$ 270,695,910
Buildings and improvements	86,722,063	86,600,441	215,169,809	212,790,283	301,891,872	299,390,724
Machinery and equipment	12,773,690	12,996,724	3,785,770	2,246,093	16,559,460	15,242,817
Road network	234,907,512	223,403,199			234,907,512	223,403,199
Intangibles			28,288,331	28,789,911	28,288,331	28,789,911
Total	\$ 585,768,735	\$ 557,071,882	\$ 284,593,783	\$ 280,450,679	\$ 870,362,518	\$ 837,522,561

Long-term Debt. The City's long-term debt as of June 30, 2019, was \$143 million, with governmental activities accounting for \$23 million, or 16%, and business-type activities accounting for \$120 million, or 84%.

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

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Capital leases	\$ 11,284,736	\$ 22,066,356			\$ 11,284,736	\$ 22,066,356
Loans payable	2,745,885	1,195,510			2,745,885	1,195,510
Notes from Direct Placements	8,997,833	-	-	-	8,997,833	-
Revenue bonds			\$ 114,115,888	\$ 118,831,052	114,115,888	118,831,052
Contracts payable			5,502,287	6,449,775	5,502,287	6,449,775
Total	\$ 23,028,454	\$ 23,261,866	\$ 119,618,175	\$ 131,587,104	\$ 142,646,629	\$ 148,542,693

General obligation debt are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Clovis' debt limit is \$1.6 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 2019/20 fiscal year, the City was able to increase general fund expenditures by \$4.1 million compared to the estimated 2018/19 expenditures. This increase is due to vacancies being filled, increasing costs of benefits, a 2% cost-of-living salary increase, debt service on safety equipment and communications as well as increased costs for services, materials and supplies.

Economic forecasts for the Central Valley and Fresno County indicate continued economic recovery when compared to the rest of California and the nation. The good news is the local economy is improving. Taxable sales are projected to increase by nearly 5.4% compared to the previous year due to the improving economy. The City of Clovis experienced a 2.7% growth in population in 2019 compared to the 10-year average growth rate of 2.1%. The City's unemployment rate still ranks as one of the lowest in the area at 4.1%, lower than the

Fresno County rate of 7.0% and the State of California average of 4.2%, though still higher than the national average of 3.7%.

Residential building activity has returned to greater than the 10-year average and is expected to remain robust over the next few years. The City of Clovis continues to be a premier city with one of the best school districts in the county and, as such, there is still demand for new homes in the city and the new smaller, more affordable product lines being built by local developers have been well received by home buyers. The City has seen increased interest from new businesses wanting to locate in Clovis and several major economic development projects are underway. The Clovis Community Medical Center continues to grow and expand. The Center recently completed an additional medical office building and is nearing completion on a cancer research facility. The hospital is beginning the process to add another bed tower. The Center's expansion continues to be one of the biggest job creation projects in Fresno County in recent years.

Total city-wide expenditures, excluding capital expenditures, were projected to increase approximately 9% 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, 2019, the General Fund has an assigned fund balance of \$12.8 million, or 17.9% 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 2019/20 fiscal year. Furthermore, the Council determined that a 3% increase was necessary for the Water Fund. The Sewer Fund will have no 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, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 106,607,720	\$ 128,363,685	\$ 234,971,405
Receivables	6,070,491	8,871,001	14,941,492
Internal balances	(785,083)	785,083	
Due from other governments	9,784,512	1,337,611	11,122,123
Inventories	810,000		810,000
Restricted assets:			
Cash and investments	775,074	934	776,008
Capital assets, not being depreciated	251,365,470	37,349,873	288,715,343
Capital assets (net of accumulated depreciation)	334,403,265	218,955,579	553,358,844
Intangible assets (net of accumulated amortization)		28,288,331	28,288,331
Total assets	<u>709,031,449</u>	<u>423,952,097</u>	<u>1,132,983,546</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	27,119,431		27,119,431
Deferred loss on bond refunding		182,946	182,946
	<u>27,119,431</u>	<u>182,946</u>	<u>27,302,377</u>
LIABILITIES			
Accounts payable	4,648,693	4,680,478	9,329,171
Unearned revenue	2,806,647	3,565,546	6,372,193
Noncurrent liabilities:			
Due within one year	32,301,475	10,312,900	42,614,375
Due in more than one year	164,380,540	119,479,932	283,860,472
Total liabilities	<u>204,137,355</u>	<u>138,038,856</u>	<u>342,176,211</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	2,130,191		2,130,191
Deferred gain on bond refunding		2,221,017	2,221,017
	<u>2,130,191</u>	<u>2,221,017</u>	<u>4,351,208</u>
NET POSITION			
Net investment in capital assets	562,740,281	162,937,537	725,677,818
Restricted for:			
Debt service	1,173,230	934	1,174,164
Streets and roads	16,253,367		16,253,367
Community development	10,988,877		10,988,877
Landscape maintenance	4,910,354		4,910,354
Unrestricted (deficit)	(66,182,775)	120,936,699	54,753,924
Total net position	<u>\$ 529,883,334</u>	<u>\$ 283,875,170</u>	<u>\$ 813,758,504</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, 2019

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Governmental Activities	Business-type Activities	Total
		Charges for Services	Grants and Contributions			
Primary government:						
Governmental activities:						
General government	\$ 7,729,961	\$ 5,137,287		\$ (2,592,674)		\$ (2,592,674)
Public safety	55,860,055	3,267,806	\$ 197,259	(52,163,395)		(52,163,395)
Transportation	14,883,165	15,896,931	31,031,612	32,045,378		32,045,378
Community development	751,389	456,082	315,894	156,163		156,163
Cultural and recreation	8,117,581	4,637,479	696,228	(2,757,874)		(2,757,874)
Interest and other charges	754,919			(754,919)		(754,919)
Total governmental activities	88,097,070	29,395,585	32,240,993	(26,067,321)	0	(26,067,321)
Business-type activities:						
Community sanitation	20,204,394	20,022,146		\$ (182,248)		(182,248)
Sewer disposal	18,737,639	21,280,470	2,810,753	5,353,584		5,353,584
Water	17,463,133	26,115,293	4,491,240	13,143,400		13,143,400
Transit	6,961,315	1,729,284	5,445,384	213,353		213,353
Planning & Development Services	10,443,146	10,522,332	16,990	96,176		96,176
Total business-type activities	73,809,627	79,669,525	7,301,993	0	18,624,265	18,624,265
Total primary government	\$ 161,906,697	\$ 109,065,110	\$ 5,855,545	(26,067,321)	18,624,265	(7,443,056)
General revenues:						
Property taxes				26,667,913		26,667,913
Sales taxes				21,597,179		21,597,179
Business License/Franchise Fees				5,788,765		5,788,765
Other taxes				2,895,987		2,895,987
Grants and contributions not restricted to specific programs				503,692		503,692
Unrestricted investment earnings				1,476,382	2,734,008	4,210,390
Transfers				(1,180,000)	1,180,000	0
Total general revenues and transfers				57,749,918	3,914,008	61,663,926
Changes in net position				31,682,597	22,538,273	54,220,870
Net position-beginning				498,200,737	261,336,897	759,537,634
Net position-ending				\$ 529,883,334	\$ 283,875,170	\$ 813,758,504

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

**City of Clovis
Balance Sheet
Governmental Funds
June 30, 2019**

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Local Transportation		
ASSETS				
Cash and investments	\$ 17,569,862	\$ 38,628,595	\$ 12,372,243	\$ 68,570,700
Cash with agents-restricted		24,000		24,000
Receivables	1,983,299	434,466	3,448,731	5,866,496
Due from other governments	4,264,828	4,685,686	829,882	9,780,396
Total assets	<u>\$ 23,817,989</u>	<u>\$ 43,772,747</u>	<u>\$ 16,650,856</u>	<u>\$ 84,241,592</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 726,375	\$ 1,699,818	\$ 945,314	\$ 3,371,507
Due to other governments	34,916			34,916
Deposits and other liabilities	99,223	24,953,030	9,200	25,061,453
Unearned revenue	51,500	935,311		986,811
Total liabilities	<u>912,014</u>	<u>27,588,159</u>	<u>954,514</u>	<u>29,454,687</u>
Fund balances:				
Restricted for:				
Capital projects		16,184,588	68,779	16,253,367
Community development			10,938,407	10,938,407
Debt service			422,156	422,156
Landscape maintenance	4,910,354			4,910,354
Parking and business improvement	50,204			50,204
Law enforcement	266			266
Assigned for:				
Services, materials and supplies	752,000			752,000
Capital			4,267,000	4,267,000
Emergencies	12,760,000			12,760,000
Unassigned, reported in:				
General fund	4,433,151			4,433,151
Total fund balances	<u>22,905,975</u>	<u>16,184,588</u>	<u>15,696,342</u>	<u>54,786,905</u>
Total liabilities and fund balances	<u>\$ 23,817,989</u>	<u>\$ 43,772,747</u>	<u>\$ 16,650,856</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 \$83,607,959 of internal service fund capital assets)	502,160,776
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 \$785,083 allocated to business-type activities)	(24,284,347)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,780,000)
Net Position of Governmental Activities	<u>\$ 529,883,334</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, 2019

	Major Funds		Other	Total
	General	Local Transportation	Governmental Funds	Governmental Funds
REVENUES				
Property taxes	\$ 26,667,913			\$ 26,667,913
Sales taxes	21,597,179			21,597,179
Business license/Franchise fee	5,788,765			5,788,765
Other taxes	2,895,987			2,895,987
Licenses and permits	778,319			778,319
Fines and forfeitures	195,146			195,146
Use of money and property	327,416	\$ 584,651	\$ 222,885	1,134,952
From other agencies	4,039,326	10,179,191	1,568,915	15,787,432
Charges for current services	5,966,532	103,966	3,550,104	9,620,602
Other revenues	5,745,508	140	85,803	5,831,451
Total revenue	<u>74,002,091</u>	<u>10,867,948</u>	<u>5,427,707</u>	<u>90,297,746</u>
EXPENDITURES				
Current:				
General government	6,818,113			6,818,113
Public safety	52,034,209			52,034,209
Transportation	4,506,493			4,506,493
Community development	104		686,147	686,251
Cultural and recreation	6,993,547			6,993,547
Capital outlays		8,182,744	1,635,346	9,818,090
Total expenditures	<u>70,352,466</u>	<u>8,182,744</u>	<u>2,321,493</u>	<u>80,856,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,649,625</u>	<u>2,685,204</u>	<u>3,106,214</u>	<u>9,441,043</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		156,000		156,000
Transfers out	(1,095,000)		(880,000)	(1,975,000)
Total other financing sources (uses)	<u>(1,095,000)</u>	<u>156,000</u>	<u>(880,000)</u>	<u>(1,819,000)</u>
Net change in fund balances	2,554,625	2,841,204	2,226,214	7,622,043
Fund balances-beginning	20,351,350	13,343,384	13,470,128	47,164,862
Fund balances-ending	<u>\$ 22,905,975</u>	<u>\$ 16,184,588</u>	<u>\$ 15,696,342</u>	<u>\$ 54,786,905</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, 2019

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)	\$ 7,622,043
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,446,972)
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The net effect of donations and miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net position.	29,941,596
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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.	81,000
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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 \$1,424,103 allocated to business-type activities.	(4,515,070)
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Change in net position of governmental activities (page 31)	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 31,682,597</div>
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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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUE				
Property taxes	\$ 26,067,000	\$ 26,067,000	\$ 26,667,913	\$ 600,913
Sales taxes	21,370,000	21,370,000	21,597,179	227,179
Business license/Franchise fee	5,645,000	5,645,000	5,788,765	143,765
Other taxes	3,359,000	3,359,000	2,895,987	(463,013)
Licenses and permits	582,000	582,000	778,319	196,319
Fines and forfeitures	185,000	185,000	195,146	10,146
Use of money and property	90,000	90,000	327,416	237,416
From other agencies	2,449,000	3,000,000	4,039,326	1,039,326
Charges for current services	5,877,808	5,938,808	5,966,532	27,724
Other revenues	5,715,500	5,715,500	5,745,508	30,008
Total revenues	<u>71,340,308</u>	<u>71,952,308</u>	<u>74,002,091</u>	<u>2,049,783</u>
EXPENDITURES				
Council	322,400	322,400	320,258	2,142
Clerk	431,900	437,000	436,962	38
Attorney	831,600	1,031,600	1,030,762	838
Manager	1,714,200	1,714,200	1,493,002	221,198
General services	2,292,700	2,302,700	2,181,237	121,463
Finance/Treasurer	3,487,839	3,487,839	2,868,662	619,177
Police	37,068,488	37,683,488	36,739,653	943,835
Fire	15,151,267	15,348,167	15,294,557	53,610
Public utilities	9,992,469	9,992,469	9,987,373	5,096
Total expenditures	<u>71,292,863</u>	<u>72,319,863</u>	<u>70,352,466</u>	<u>1,967,397</u>
Excess (deficiency) of revenues over expenditures	47,445	(367,555)	3,649,625	4,017,180
OTHER FINANCING SOURCES (USES)				
Transfers Out	(300,000)	(1,095,000)	(1,095,000)	
Total other financing sources (uses)	<u>(300,000)</u>	<u>(1,095,000)</u>	<u>(1,095,000)</u>	<u>0</u>
Net change in fund balance	(252,555)	(1,462,555)	2,554,625	4,017,180
Fund balance-beginning	20,351,350	20,351,350	20,351,350	
Fund balance-ending	<u>\$ 20,098,795</u>	<u>\$ 18,888,795</u>	<u>\$ 22,905,975</u>	<u>\$ 4,017,180</u>

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

City of Clovis
Statement of Net Position
Proprietary Funds
June 30, 2019

	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	\$ 16,518,671	\$ 35,234,186	\$ 61,916,097	\$ 12,541,117	\$ 2,153,614	\$ 128,363,685	\$ 38,037,020
Receivables	3,353,853	2,569,826	2,874,638	53,701	18,983	8,871,001	203,995
Due from other governments				6,990	1,330,621	1,337,611	4,116
Inventories						0	810,000
Total current assets	19,872,524	37,804,012	64,790,735	12,601,808	3,503,218	138,572,297	39,055,131
Noncurrent assets:							
Restricted cash and investments:							
Cash with fiscal agent-bond accounts		874	60			934	751,074
Total restricted assets	0	874	60	0	0	934	751,074
Capital assets:							
Land	18,809,325	4,527,312	14,013,236			37,349,873	11,482,400
Buildings and improvements	6,519,918	168,590,263	126,773,751			301,883,932	94,594,210
Machinery and equipment	2,385,842	839,517	1,521,070	55,081	5,616,675	10,418,185	44,981,255
Less accumulated depreciation	(2,709,672)	(48,876,744)	(38,108,004)	(14,011)	(3,638,107)	(93,346,538)	(67,449,906)
Total capital assets (net of accumulated depreciation)	25,005,413	125,080,348	104,200,053	41,070	1,978,568	256,305,452	83,607,959
Intangible assets		39,602,020	10,118,786			49,720,806	
Less accumulated amortization		(19,140,827)	(2,291,648)			(21,432,475)	
Total intangible assets (net of accumulated amortization)		20,461,193	7,827,138			28,288,331	
Total noncurrent assets	25,005,413	145,542,415	112,027,251	41,070	1,978,568	284,594,717	84,359,033
Total assets	44,877,937	183,346,427	176,817,986	12,642,878	5,481,786	423,167,014	123,414,164
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows			182,946			0	27,119,431
Deferred loss on bond refunding							
Total deferred outflows of resources	0	0	182,946	0	0	182,946	27,119,431

	Business-Type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Major Enterprise Funds			Nonmajor		
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	
LIABILITIES						
Current liabilities:						
Accounts payable	642,017	2,629,159	1,351,008	45,189	8,900	4,676,273
Claims and judgments payable						0
Due to other governments					4,205	4,205
Accrued compensated absences	88,900	22,400	70,000	122,800	36,700	340,800
Deposits and other liabilities			2,703,389	2,171,454		4,874,843
Unearned revenue				272,863	3,292,683	3,565,546
Capital leases-current						0
Direct placements-current						0
Loans payable-current		2,135,000	1,965,000			0
Revenue bonds-current		997,257				4,100,000
Contracts payable-current						997,257
Total current liabilities	730,917	5,783,816	6,089,397	2,612,306	3,342,488	18,558,924
Noncurrent liabilities:						10,302,128
Claims and judgments payable						0
Accrued compensated absences	239,566	60,250	188,948	331,339	99,071	919,174
Capital leases						0
Direct placements						0
Loans payable			21,047,770			110,015,888
Revenue bonds (net of discount/premium)		88,968,118				4,505,030
Contracts payable		4,505,030				4,039,840
Landfill closure	4,039,840					0
Net pension liability						0
Total noncurrent liabilities	4,279,406	93,533,398	21,236,718	331,339	99,071	119,479,932
Total liabilities	5,010,323	99,317,214	27,326,115	2,943,645	3,441,559	138,038,856
						134,496,758
						161,600,540
						171,902,668
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows		2,221,017				0
Deferred gain on bond refunding, net						2,221,017
Total deferred inflows of resources	0	2,221,017	0	0	0	2,221,017
NET POSITION						
Net investment in capital assets	25,005,413	46,715,119	89,197,367	41,070	1,978,568	162,937,537
Restricted for debt service		874	60			934
Unrestricted (deficit)	14,862,201	35,092,203	60,477,390	9,658,163	61,659	120,151,616
Total net position	\$39,867,614	\$ 81,808,196	\$ 149,674,817	\$ 9,699,233	\$ 2,040,227	283,090,087
						785,083
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						\$ 283,875,170
Net position of business-type activities						

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, 2019

	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	\$ 19,963,791	\$ 20,976,258	\$ 25,857,278	\$ 10,522,332	\$ 191,115	\$ 77,510,774
From other agencies				16,990	1,538,068	1,555,058
Other revenues	58,355	304,212	15,456		101	378,124
Total operating revenues	20,022,146	21,280,470	25,872,734	10,539,322	1,729,284	79,443,956
Operating expenses:						
Salaries and benefits	6,303,857	1,314,600	4,311,042	7,079,039	3,394,729	22,403,267
Services, materials and supplies	10,398,168	6,572,385	6,446,786	955,843	1,922,729	26,295,911
Administration	2,771,400	2,239,800	2,588,229	1,959,800	1,065,700	10,624,929
Depreciation/amortization	251,002	4,931,947	2,778,994	9,760	422,562	8,394,265
Total operating expenses	19,724,427	15,058,732	16,125,051	10,004,442	6,805,720	67,718,372
Operating income (loss)	297,719	6,221,738	9,747,683	534,880	(5,076,436)	11,725,584
Nonoperating revenues (expenses):						
Interest income	322,860	894,547	1,245,347	230,207	41,047	2,734,008
Interest expense		(3,652,647)	(1,006,014)			(4,658,661)
State transit funding					5,445,384	5,445,384
Legal settlement			242,559			242,559
Gain (loss) on sale of capital assets				(1,074)	(7,417)	(8,491)
Total nonoperating revenue (expense)	322,860	(2,758,100)	481,892	229,133	5,479,014	3,754,799
Income before contributions and transfers	620,579	3,463,638	10,229,575	764,013	402,578	15,480,383
Capital contributions		2,810,753	4,491,240			7,301,993
Transfers in	880,000			300,000		1,180,000
Changes in net position	1,500,579	6,274,391	14,720,815	1,064,013	402,578	23,962,376
Total net position-beginning	38,367,035	75,533,805	134,954,002	8,635,220	1,637,649	(17,560,091)
Total net position-ending	\$ 39,867,614	\$ 81,808,196	\$ 149,674,817	\$ 9,699,233	\$ 2,040,227	\$ (23,499,264)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						(1,424,103)
Change in net position of business-type activities (page 31)						\$ 22,538,273

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, 2019

	Business-Type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Major Enterprise Funds			Nonmajor			
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Totals	
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$19,732,473	\$20,542,239	\$25,866,118	\$11,284,155	\$ 203,811	\$ 77,628,796	\$48,264,714
Receipts for interfund services	(12,757,251)	(8,555,045)	(9,169,610)	(2,960,813)	(3,009,864)	(36,452,583)	(44,198,958)
Payments to suppliers	(6,271,428)	(1,306,059)	(4,290,889)	(7,001,560)	(3,395,373)	(22,265,309)	3,406,376
Payments to employees	58,355	304,212	258,015		1,538,169	2,158,751	1,861,966
Other revenues	762,149	10,985,347	12,663,634	1,321,782	(4,663,257)	21,069,655	9,334,098
Net cash provided/(used) by operating activities							
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers-in from other funds	880,000			300,000		1,180,000	6,000
Transportation funding-State					4,859,215	4,859,215	
Net cash provided by noncapital financing activities	880,000	0	0	300,000	4,859,215	6,039,215	6,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(845,410)	(1,626,639)	(1,771,017)	(12,567)	(1,017,056)	(5,272,689)	(5,698,125)
Principal paid on loans, bonds, and capital leases		(3,022,488)	(1,890,000)			(4,912,488)	(3,198,448)
Interest paid on loans, bonds and capital leases		(4,296,867)	(1,176,440)			(5,473,307)	(766,240)
Proceeds from capital leases					0	0	2,965,035
Proceeds from sale of capital assets					28,822	28,822	225,595
Net cash used by capital and related financing activities	(845,410)	(8,945,994)	(4,837,457)	(12,567)	(988,234)	(15,629,662)	(6,472,183)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends on investments	296,988	843,425	1,164,745	209,747	38,205	2,553,110	615,947
Net cash provided by investing activities	296,988	843,425	1,164,745	209,747	38,205	2,553,110	615,947
Net change in cash and cash equivalents	1,093,727	2,882,778	8,990,922	1,818,962	(754,071)	14,032,318	3,483,862
Cash and cash equivalents-beginning of year	15,424,944	32,352,282	52,925,235	10,722,155	2,907,685	114,332,301	35,304,232
Cash and cash equivalents-end of year	\$16,518,671	\$35,235,060	\$61,916,157	\$12,541,117	\$ 2,153,614	\$ 128,364,619	\$38,788,094

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

Operating income/(loss)	\$ 297,719	\$ 6,221,738	\$ 9,747,683	\$ 534,880	\$ (5,076,436)	\$ 11,725,584	\$ (5,951,662)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation/amortization expense	251,002	4,931,947	2,778,994	9,760	422,562	8,394,265	5,434,771
Landfill closure expense	264,500					264,500	
Legal settlement			242,559			242,559	
(Increase)/decrease in accounts receivable	(231,318)	(404,419)	(144,065)	(6,017)	15,159	(770,660)	(2,667)
(Increase)/decrease in due from other governments						0	7,313
(Increase)/decrease in inventories						0	(36,000)
(Increase)/decrease in deferred outflows - pension						0	5,385,974
Increase/(decrease) in accounts payable	147,817	257,140	(134,595)	(45,170)	(21,435)	203,757	49,863
Increase/(decrease) in due to other governments					(2,463)	(2,463)	
Increase/(decrease) in accrued compensated absences	32,429	8,541	20,153	77,479	(644)	137,958	(14,124)
Increase/(decrease) in unearned revenue		(29,600)		5,541		(24,059)	
Increase/(decrease) in claims and judgments payable						0	885,000
Increase/(decrease) in deposits						898,214	37,742
Increase/(decrease) in net pension liability			152,905	745,309		0	3,110,212
Increase/(decrease) in deferred outflows - pension						0	427,676
Total adjustments	464,430	4,763,609	2,915,951	786,902	413,179	9,344,071	15,285,760
Net cash provided/(used) by operating activities	\$ 762,149	\$ 10,985,347	\$ 12,663,634	\$ 1,321,782	\$ (4,663,257)	\$ 21,069,655	\$ 9,334,098

Noncash investing, capital, and financing activities:

During the year the Sewer Disposal Fund, an enterprise fund, received \$2,810,753 in donated assets.

During the year the Water Fund, an enterprise fund, received \$4,491,240 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, 2019

	Redevelopment Successor Agency Private- purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 820,966	\$ 1,965,591
Cash with agent-restricted	1,074,126	
Receivables		2,142
Prepaid items	178,646	
Capital Assets (net of accumulated depreciation)	10,974,157	
Total assets	<u>13,047,895</u>	<u>\$ 1,967,733</u>
LIABILITIES		
Accrued payroll		\$ 1,668,693
Accounts payable	239,560	
Agency funds payable		219,387
Due to bondholders		79,653
Tax Allocation Bonds Payable	12,690,915	
Total liabilities	<u>12,930,475</u>	<u>\$ 1,967,733</u>
NET POSITION		
Held in trust for Redevelopment Successor Agency Fund	<u>\$ 117,420</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, 2019

	Redevelopment Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property Taxes	\$ 1,264,453
Transfers in	685,000
Total additions	<u>1,949,453</u>
DEDUCTIONS	
Services, materials and supplies	132,000
Administration	118,500
Depreciation/amortization	77,103
Interest and other fiscal charges	612,488
Transfers out	52,000
Total deductions	<u>992,091</u>
Change in net position	957,362
Net position-Beginning	(839,942)
Net position-Ending	<u><u>\$ 117,420</u></u>

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

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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
For the Year Ended June 30, 2019

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
For the Year Ended June 30, 2019

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
For the Year Ended June 30, 2019

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, 2019, determined by prorating the July 2019 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 cost.

5. 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.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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 \$39,602,020 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 \$10,118,786 reported in the City's Water Enterprise Fund.

Donated assets include developer donated land as well as the improvements on the land including streets, curbs and gutters, sidewalks, street lighting and landscaping. Included in the total amount of capital grants and contributions on the government-wide statement of activities is \$29,941,596 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.

6. 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.

7. Long-term liabilities

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

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

8. 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.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

The following timeframes are used for pension plan reporting:

CalPERS

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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.

9. Fund balances

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

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

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

10. Net Position

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

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

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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

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

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

11. Use of estimates

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

12. Implementation of New GASB Pronouncements

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2019. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 83

In November 2016, GASB 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. This pronouncement did not have a material effect on the financial statements of the City.

GASB Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement also 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. In addition the 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 termination events with finance-related consequences, and significant subjective acceleration clauses. The financial statements have been reflect for the direct placement that the City holds.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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 Statement No. 84

In January 2017, GASB 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 Statement No. 87

In June 2017, GASB 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, 2021.

GASB Statement No. 89

In June 2018, GASB 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, 2021.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests— An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. 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. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

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 (\$2,780,000) difference are as follows:

Accrued compensated absences of \$4,018,486 (net of \$1,238,486 reported in Internal Service Funds)	\$ 2,780,000
	<u>2,780,000</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ 2,780,000
	<u><u>2,780,000</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."

The details of this \$(1,446,972) difference are as follows:

Capital Outlay	\$ 9,449,463
Depreciation expense (net of \$5,434,771 reported in Internal Service Funds)	<u>(10,896,435)</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>	\$ (1,446,972)
	<u><u>(1,446,972)</u></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 position." 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.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

The details of this \$9,449,463 difference are as follows:

General government capital asset additions	\$ 45,089,184
Internal service fund capital asset additions	(5,698,125)
Donated capital asset additions	<u>(29,941,596)</u>
Net capital outlay	<u>\$ 9,449,463</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 \$81,000 difference are as follows:

Compensated absences (Net of (\$14,124)) reported in Internal Service Fund)	<u>\$ 81,000</u>
Net adjustment to decrease <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net position-governmental activities</i>	<u>\$ 81,000</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

Government-Wide Financial Statements

At June 30, 2019, deficit unrestricted net position was reported for governmental activities in the amount of \$(66,182,775). The deficit is the result of reporting net pension liabilities of \$134,496,758 in the government-wide financial statement. City management believes the present cash aggregate position of the General Fund is adequate to meet current needs.

Internal Service Funds

The Employee Benefits internal service fund has deficit net position of \$(110,318,847) as of June 30, 2019. The deficit is the result of reporting net pension liabilities of \$134,496,758 in the government-wide financial statement. City management believes the present cash aggregate position of the General Fund is adequate to meet current needs.

The Employee Benefits internal service fund 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.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

IV. Detailed notes on all funds

A. Cash and investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Primary Government:	
Cash and investments	\$ 234,971,405
Cash and investments - restricted	776,008
Restricted Fiduciary funds:	
Cash and investments	2,786,557
Cash and investments with agent - restricted	1,074,126
Total cash and investments	<u><u>\$ 239,608,096</u></u>

Fair value of cash and investments based on quoted market prices. The table below presents the fair value measurements of investments recognized in the accompany statements of net position/balance sheet measured at fair value on recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2019:

	Fair Value	Measurement Input
Cash on hand	\$ 8,185	N/A
Deposit with financial institution	4,051,870	
Investments:		
Money Market Funds	31,967,930	N/A
Certificates of Deposit	12,670,000	N/A
U.S. Agency Securities	124,059,977	Level 2
Local Agency Investment Fund (LAIF)	65,000,000	N/A
Held by Bond Trustee:		
Money Market Funds	<u>1,850,134</u>	N/A
Total	<u><u>\$ 239,608,096</u></u>	

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

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

<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.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

Investment Type	Amount	Weighted Average Maturity (in years)
Money Market Funds	\$ 31,967,930	N/A
Certificates of Deposit	12,670,000	1.45
U.S. Agency Securities	124,059,977	1.55
Local Agency Investment Fund (LAIF)	65,000,000	N/A
Held by Bond Trustee:		
Money Market Funds	1,850,134	N/A
Total	<u>\$ 235,548,041</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		\$ 31,967,930	N/A		\$ 31,967,930
Certificates of Deposit		12,670,000	N/A		12,670,000
U.S. Agency Securities		124,059,977	N/A	\$ 124,059,977	
LAIF		65,000,000	N/A		65,000,000
Held by Bond Trustee:					
Money Market Funds		1,850,134	N/A		1,850,134
Total		<u>\$ 235,548,041</u>		<u>\$ 124,059,977</u>	<u>\$ 111,488,064</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	\$ 33,508,498	14.23%
FHLMC	Federal Agency Securities	17,412,989	7.39%
FHLB	Federal Agency Securities	32,571,909	13.83%
FNMA	Federal Agency Securities	31,597,416	13.41%

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the broker or dealer to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and the City of Clovis' investment policy do not contain legal or policy requirements that

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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, 2019, 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, 2019, 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 173.

Investment in State Investment Pool. The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2019 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, 2019, the City had \$65,000,000 invested in LAIF, which had invested 1.49% of the pool investment funds in Structured Notes and Asset-Backed Securities and 0.28% 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.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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, 2019 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	\$ 72,597	\$ 162,014	\$ 48,193	\$ 282,804	\$ 135,653	\$ 2,142
Taxes	558,049			558,049		
Loans		88,143	3,400,538	3,488,681	47,090	
Accounts	1,352,653	184,309		1,536,962	21,252	
	<u>\$ 1,983,299</u>	<u>\$ 434,466</u>	<u>\$ 3,448,731</u>	<u>\$ 5,866,496</u>	<u>\$ 203,995</u>	<u>\$ 2,142</u>
	Community Sanitation	Sewer Disposal	Water	Planning & Development Services	Transit	Total Proprietary Funds
Interest	\$ 67,298	\$ 135,943	\$ 248,361	\$ 49,224	\$ 10,555	\$ 511,381
Loans		20,537	8,663			29,200
Accounts	3,286,555	2,413,346	2,617,614	4,477	8,428	8,330,420
	<u>\$ 3,353,853</u>	<u>\$ 2,569,826</u>	<u>\$ 2,874,638</u>	<u>\$ 53,701</u>	<u>\$ 18,983</u>	<u>\$ 8,871,001</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, 2019, is as follows:

Interfund transfers:

Transfers In	Transfers Out	Purpose	Amount
Enterprise Fund	Capital Project Fund	development capital cost	\$ 880,000
Local Transportation	Successor Agency	capital project	52,000
Local Transportation	General Fund	capital project	104,000
General Services	General Fund	capital project	6,000
Successor Agency	General Fund	capital project	685,000
Enterprise Fund	General Fund	operating cost	300,000
	Total transfers		<u>\$ 2,027,000</u>

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

E. Capital assets and intangible assets

Summary of change in capital assets for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 234,071,518	\$ 17,293,952		\$ 251,365,470
Capital assets, being depreciated:				
Buildings and improvements	130,159,298	3,849,601		134,008,899
Machinery and equipment	46,090,246	2,688,854	\$ (929,999)	47,849,101
Road network	341,877,921	21,256,777		363,134,698
Total capital assets being depreciated	518,127,465	27,795,232	(929,999)	544,992,698
Less accumulated depreciation for				
Buildings and improvements	(43,558,857)	(3,727,979)		(47,286,836)
Machinery and equipment	(33,093,522)	(2,850,763)	868,874	(35,075,411)
Road network	(118,474,722)	(9,752,464)		(128,227,186)
Total accumulated depreciation	(195,127,101)	(16,331,206)	868,874	(210,589,433)
Total capital assets, being depreciated, net	323,000,364	11,464,026	(61,125)	334,403,265
Governmental activities capital assets, net	\$ 557,071,882	\$ 28,757,978	\$ (61,125)	\$ 585,768,735
	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 36,624,392	\$ 725,481		\$ 37,349,873
Capital assets, being depreciated:				
Buildings and improvements	293,081,502	8,802,430		301,883,932
Machinery and equipment	8,936,819	2,219,807	\$ (738,441)	10,418,185
Total capital assets being depreciated	302,018,321	11,022,237	(738,441)	312,302,117
Less accumulated depreciation for				
Buildings and improvements	(80,291,219)	(6,422,904)		(86,714,123)
Machinery and equipment	(6,690,726)	(642,817)	701,128	(6,632,415)
Total accumulated depreciation	(86,981,945)	(7,065,721)	701,128	(93,346,538)
Total capital assets, being depreciated, net	215,036,376	3,956,516	(37,313)	218,955,579
Intangible assets, being amortized	48,893,842	826,964		49,720,806
Less accumulated amortization	(20,103,931)	(1,328,544)		(21,432,475)
Business-type activities intangible assets, net	28,789,911	(501,580)		28,288,331
Business-type activities capital assets, net	\$ 280,450,679	\$ 4,180,417	\$ (37,313)	\$ 284,593,783

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:	
General government	\$ 64,923
Public safety	53,266
Transportation	9,844,499
Community Development	58,506
Cultural and recreation	875,241
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	<u>5,434,771</u>
Total governmental activities depreciation expense	<u><u>\$ 16,331,206</u></u>
Business-type activities depreciation/amortization:	
Community Sanitation	\$ 251,002
Sewer Disposal	4,931,947
Water	2,778,994
Planning & Development Services	9,760
Transit	<u>422,562</u>
Total business-type activities depreciation/amortization expense	<u><u>\$ 8,394,265</u></u>

Donated assets to governmental activities consisted of \$29,941,596 of which the majority is donated to the City by developers for streets. Donated assets to business-type activities consisted of \$7,301,993 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>(723,597)</u>	<u>\$ (77,103)</u>		<u>(800,700)</u>
Total accumulated depreciation	<u>(723,597)</u>	<u>(77,103)</u>		<u>(800,700)</u>
Total capital assets, being depreciated, net	<u>1,963,924</u>	<u>(77,103)</u>		<u>1,886,821</u>
Fiduciary funds capital assets, net	<u><u>\$ 11,051,260</u></u>	<u><u>\$ (77,103)</u></u>		<u><u>\$ 10,974,157</u></u>

Depreciation expense for the year ended June 30, 2019 was \$77,103.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

F. Long-term debt

Summary of changes in long-term debt for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Classification	
					Due in One Year	Due in more than One Year
Governmental Activities:						
Capital leases	\$ 12,094,614	\$ 1,125,000	\$ (1,934,878)	\$ 11,284,736	\$ 1,871,048	\$ 9,413,688
Loans payable	1,195,510	1,840,035	(289,660)	2,745,885	313,578	2,432,307
Direct placements	9,971,742		(973,909)	8,997,833	1,005,432	7,992,401
Deposits & other liabilities:						
Developer deposits	18,232,259	8,942,322	(2,255,701)	24,918,880	24,918,880	
Other deposits & liabilities	452,063	366,248	(260,874)	557,437	557,437	
Total deposits & other liabilities	18,684,322	9,308,570	(2,516,575)	25,476,317	25,476,317	0
Claims and judgments	8,777,000	3,780,323	(2,895,323)	9,662,000	2,548,000	7,114,000
Compensated absences	4,113,610	2,056,098	(2,151,222)	4,018,486	1,087,100	2,931,386
Net pension liability	131,386,546	3,110,212		134,496,758		134,496,758
Total governmental activities	<u>\$ 186,223,344</u>	<u>\$ 21,220,238</u>	<u>\$ (10,761,567)</u>	<u>\$ 196,682,015</u>	<u>\$ 32,301,475</u>	<u>\$ 164,380,540</u>
	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Classification	
					Due in One Year	Due in more than One Year
Business-Type Activities:						
Revenue bonds	\$ 106,075,000		\$ (3,965,000)	\$ 102,110,000	\$ 4,100,000	\$ 98,010,000
Less deferred amounts:						
(Discounts)/premiums	12,756,052		(750,164)	12,005,888		12,005,888
Total bonds payable	118,831,052		(4,715,164)	114,115,888	4,100,000	110,015,888
Contracts payable	6,449,775		(947,488)	5,502,287	997,257	4,505,030
Landfill closure	3,775,340	\$ 264,500		4,039,840		4,039,840
Compensated absences	1,122,016	1,020,182	(882,224)	1,259,974	340,800	919,174
Deposits & other liabilities	3,976,629	1,835,526	(937,312)	4,874,843	4,874,843	
Total business-type activities	<u>\$ 134,154,812</u>	<u>\$ 3,120,208</u>	<u>\$ (7,482,188)</u>	<u>\$ 129,792,832</u>	<u>\$ 10,312,900</u>	<u>\$ 119,479,932</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 \$1,238,486 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 \$2,452,110 and miscellaneous deposits and other liabilities of \$2,422,733. For the governmental activities, accrued compensated absences are generally liquidated by the general fund. In addition, in prior years the employee benefit fund has been used to liquidate pension liabilities.

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 are secured by the right to any proceeds from the sale of the leased property. These leases have interest rates varying from 1.86% to 4.95% and the final payment on these leases is scheduled for May 2036.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

Capital leases at June 30, 2019, consisted of the following:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Classification	
					Due in One Year	Due in more than One Year
2007 fire station #1	\$ 1,754,675		\$ (476,768)	\$ 1,277,907	\$ 496,032	\$ 781,875
2011 solar project	1,850,326		(104,387)	1,745,939	109,618	1,636,321
2011 fire truck	209,915		(67,657)	142,258	69,946	72,312
2013 animal shelter	2,395,614		(124,745)	2,270,869	129,785	2,141,084
2014 safety vehicle	665,662		(295,675)	369,987	71,277	298,710
2014 CAD dispatch	240,946		(77,976)	162,970	80,292	82,678
2015 network & AV	204,287		(80,665)	123,622	82,061	41,561
2015 PD/fire comm tower	1,396,283		(172,362)	1,223,921	176,430	1,047,491
2015 solar project	1,818,704		(77,012)	1,741,692	79,715	1,661,977
2016 safety vehicle	985,202		(245,188)	740,014	250,531	489,483
2018 safety vehicle	573,000		(107,879)	465,121	111,139	353,982
2019 safety vehicle		\$ 1,125,000	(104,564)	1,020,436	214,222	806,214
Total capital leases	<u>\$ 12,094,614</u>	<u>\$ 1,125,000</u>	<u>\$ (1,934,878)</u>	<u>\$ 11,284,736</u>	<u>\$ 1,871,048</u>	<u>\$ 9,413,688</u>

Governmental Activities

Year ending June 30,	Leases Payable		Total
	Principal	Interest	
2020	\$ 1,871,048	\$ 384,886	\$ 2,255,934
2021	1,890,167	323,847	2,214,014
2022	1,262,468	263,546	1,526,014
2023	1,029,123	225,776	1,254,899
2024	814,786	193,112	1,007,898
2025-2029	2,534,842	638,766	3,173,608
2030-2034	1,679,925	175,339	1,855,264
2035-2039	202,377	7,083	209,460
Total	<u>\$ 11,284,736</u>	<u>\$ 2,212,355</u>	<u>\$ 13,497,091</u>

The following is an analysis of the land, structures, and equipment leased as of June 30, 2019:

Land, structures and equipment	\$ 22,066,356
Less accumulated depreciation	<u>(7,820,979)</u>
Total	<u>\$ 14,245,377</u>

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

2. Loans payable

Loans payable at June 30, 2019, consisted of the following:

	Balance			Balance	Classification	
	July 1, 2018	Additions	Reductions	June 30, 2019	Due in One Year	Due in more than One Year
R&T park loan payable	\$ 148,659		\$ (48,067)	\$ 100,592	\$ 49,537	\$ 51,055
2010 energy loan payable	158,666		(105,516)	53,150	53,150	
2011 energy loan payable	604,623		(67,947)	536,676	69,960	466,716
2012 energy loan payable	79,699		(22,771)	56,928	22,771	34,157
2013 energy loan payable	9,076		(9,076)	0		
2014 energy loan payable	48,142		(7,825)	40,317	7,903	32,414
2016 energy loan payable	128,183		(19,227)	108,956	19,227	89,729
2017 energy loan payable	18,462		(9,231)	9,231	9,231	
2019 energy loan payable		\$ 1,840,035		1,840,035	81,799	1,758,236
Total loans payable	\$ 1,195,510	\$ 1,840,035	\$ (289,660)	\$ 2,745,885	\$ 313,578	\$ 2,432,307

The annual debt service requirements for the loans payable outstanding at June 30, 2019, are as follows:

Year ending June 30,	Loans Payable		Total
	Principal	Interest	
2020	\$ 313,578	\$ 63,321	\$ 376,899
2021	282,364	31,862	314,226
2022	223,279	27,727	251,006
2023	215,327	24,294	239,621
2024	218,783	20,838	239,621
2025-2029	757,528	59,077	816,605
2030-2034	609,444	23,180	632,624
2035-2039	125,582	944	126,526
Total	\$ 2,745,885	\$ 251,243	\$ 2,997,128

The following is an analysis of the assets acquired with the proceeds as of June 30, 2019:

Buildings and improvements	\$ 2,446,360
Less accumulated depreciation	(706,183)
Total	\$ 1,740,177

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, 2019, was \$100,592.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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 2019. The balance outstanding as of June 30, 2019, was \$53,150.

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, 2019, was \$536,676.

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, 2019, was \$56,928.

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, 2019, was \$0.

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, 2019, was \$40,317.

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, 2019, was \$108,956.

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, 2019, was \$9,231.

2019 Energy project loan payable

In July 2018, the City entered into an agreement with the California Energy Commission for the installation of LED lighting in City buildings. The agreement has an interest rate of 1.0% and the final payment is scheduled for June 2034. The balance outstanding as of June 30, 2019, was \$1,840,035.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

3. Notes from Direct Placements

The City has entered into a direct placement agreement for financing the acquisition of a fleet yard. The direct placement is secured by the right to any proceeds from the sale of the fleet yard property. The direct placement has an interest rate of 3.10% and the final payment on these leases is scheduled for March 2027.

Notes from direct placements at June 30, 2019, consisted of the following:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Classification	
					Due in One Year	Due in more than One Year
2014 corp yard	\$ 9,971,742		\$ (973,909)	\$ 8,997,833	\$ 1,005,432	\$ 7,992,401
Total direct placements	\$ 9,971,742	\$ 0	\$ (973,909)	\$ 8,997,833	\$ 1,005,432	\$ 7,992,401

Year ending June 30,	Direct Placements		Total
	Principal	Interest	
2020	\$ 1,005,432	\$ 271,141	\$ 1,276,573
2021	1,040,270	239,702	1,279,972
2022	1,072,014	207,208	1,279,222
2023	1,102,231	173,741	1,275,972
2024	1,140,950	139,272	1,280,222
2025-2029	3,636,936	199,732	3,836,668
Total	\$ 8,997,833	\$ 1,230,796	\$ 10,228,629

The following is an analysis of the land, structures, and equipment of the direct placement as of June 30, 2019:

Land, structures and equipment	\$ 2,057,359
Less accumulated depreciation	(360,038)
Total	\$ 1,697,321

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

Business-type activities long-term debt

1. Revenue bonds

Revenue bonds at June 30, 2019, consisted of the following:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Classification	
					Due in One Year	Due in more than One Year
2013 wastewater bonds	\$ 10,605,000		\$ (515,000)	\$ 10,090,000	\$ 535,000	\$ 9,555,000
2015 wastewater bonds	21,300,000		(160,000)	21,140,000	165,000	20,975,000
2017 wastewater bonds	50,710,000		(1,400,000)	49,310,000	1,435,000	47,875,000
2014 water bonds	23,460,000		(1,890,000)	21,570,000	1,965,000	19,605,000
Total revenue bonds	<u>\$ 106,075,000</u>	<u>\$ 0</u>	<u>\$ (3,965,000)</u>	<u>\$ 102,110,000</u>	<u>\$ 4,100,000</u>	<u>\$ 98,010,000</u>

The annual debt service requirements for the revenue bonds outstanding at June 30, 2019, are as follows:

Year ending June 30,	Revenue Bonds		Total
	Principal	Interest	
2020	\$ 4,100,000	\$ 4,804,307	\$ 8,904,307
2021	4,260,000	4,647,217	8,907,217
2022	4,475,000	4,443,394	8,918,394
2023	4,695,000	4,217,769	8,912,769
2024	4,940,000	3,979,894	8,919,894
2025-2029	34,085,000	15,014,771	49,099,771
2030-2034	19,795,000	8,262,247	28,057,247
2034-2038	25,760,000	3,304,913	29,064,913
Total	<u>\$ 102,110,000</u>	<u>\$ 48,674,512</u>	<u>\$ 150,784,512</u>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2019:

Land, structures and equipment	\$ 140,291,752
Less accumulated depreciation	<u>(41,401,533)</u>
Total	<u>\$ 98,890,219</u>

2013 wastewater revenue bonds

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

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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.

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, 2019, consisted of the following:

				Balance June 30, 2019	Classification	
	Balance July 1, 2018	Additions	Reductions		Due in One Year	Due in more than One Year
1993 wastewater renovation	\$ 6,449,775		\$ (947,488)	\$ 5,502,287	\$ 997,257	\$ 4,505,030
Total contracts payable	\$ 6,449,775	\$ 0	\$ (947,488)	\$ 5,502,287	\$ 997,257	\$ 4,505,030

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
For the Year Ended June 30, 2019

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

Year ending June 30,	Contracts Payable		Total
	Principal	Interest	
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	1,203,846	27,087	1,230,933
Total	<u>\$ 5,502,287</u>	<u>\$ 656,735</u>	<u>\$ 6,159,022</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, 2019 is \$12,835,000 and is held in the City's Redevelopment Successor Agency Private-purpose Trust Fund.

Tax allocation bonds at June 30, 2019, consisted of the following:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Classification	
					Due in One Year	Due in more than One Year
2008 tax allocation bonds	\$ 13,570,000		\$ (735,000)	\$ 12,835,000	\$ 770,000	\$ 12,065,000
Less (discounts) on bonds	(152,053)		7,968	(144,085)		(144,085)
Total tax allocation bonds	<u>\$ 13,417,947</u>	<u>\$ 0</u>	<u>\$ (727,032)</u>	<u>\$ 12,690,915</u>	<u>\$ 770,000</u>	<u>\$ 11,920,915</u>

The annual debt service requirements for the tax allocation bonds outstanding at June 30, 2019, are as follows:

Tax Allocation Bonds			
Year ending June 30,	Principal	Interest	Total
2020	\$ 770,000	\$ 569,901	\$ 1,339,901
2021	805,000	535,251	1,340,251
2022	845,000	498,951	1,343,951
2023	880,000	461,001	1,341,001
2024	915,000	421,511	1,336,511
2025-2029	5,250,000	1,422,075	6,672,075
2030-2034	2,190,000	451,210	2,641,210
2034-2038	1,180,000	115,188	1,295,188
Total	<u>\$ 12,835,000</u>	<u>\$ 4,475,088</u>	<u>\$ 17,310,088</u>

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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, 2019 that the capacity of the landfill used is approximately 34%, the estimated remaining life is approximately 30 years and the estimated remaining cost to be recognized is \$18,163,230. The estimated capacity remaining is 6,506,431 cubic yards and the estimated landfill closure liability is \$4,039,840. The current estimated cost of known and/or reasonably foreseeable corrective action is \$2,444,931 and the City currently has \$1,000,000 set aside for this purpose. These estimates are based on a closure and post-closure maintenance plan and corrective action plan. The estimates have been adjusted for inflation and other factors such as technology and laws and regulations.

H. Pension Plans

General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2017 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.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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.

Employees Covered by Benefit Terms

At June 30, 2018, the measurement date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	Safety
Active employees	470	160
Transferred and terminated employees	621	59
Retired Employees and Beneficiaries	287	176
Total	1,378	395

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	\$ 3,326,932	\$ 5,062,611	\$ 8,389,543

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

Discount Rate

In Fiscal Year 2016-17, the financial reporting discount rate was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

Long-term Expected Real Rates of Return by Asset Class

The table below reflects long-term expected real rates of return by asset class. The rates of return were 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 ¹	Assumed Asset Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

Pension Expense

The Net Pension Expense for the year ended June 30, 2019 is itemized as follows:

	Net Pension Expense
Miscellaneous Plan	\$ 4,416,058
Safety Plan	4,507,804
	<u>\$ 8,923,862</u>

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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, 2017 (Valuation Date)	\$ 191,571,342	\$ 134,583,954	\$ 56,987,388
Changes Recognized for the Measurement Period:			
Service Cost	4,786,244		4,786,244
Interest on the total pension liability	13,670,020		13,670,020
Changes of assumptions	(1,271,290)		(1,271,290)
Differences between expected and actual experience	2,414,711		2,414,711
Contributions from the employer		3,326,932	(3,326,932)
Contributions from employees		4,295,547	(4,295,547)
Net investment income		11,445,035	(11,445,035)
Benefit payments, including refunds of employee contributions	(7,837,606)	(7,837,606)	0
Net plan to plan resource movement		(337)	337
Administrative expense		(209,719)	209,719
Other miscellaneous Income/(Expense) ¹		(398,260)	398,260
Net Changes during July 1, 2017 to June 30, 2018	\$ 11,762,079	\$ 10,621,592	\$ 1,140,487
Balance at June 30, 2018 (Measurement Date)	\$ 203,333,421	\$ 145,205,546	\$ 58,127,875

Safety Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 (Valuation Date)	\$ 205,476,206	\$ 131,077,048	\$ 74,399,158
Changes Recognized for the Measurement Period:			
Service Cost	5,400,076		5,400,076
Interest on the total pension liability	14,583,496		14,583,496
Changes of assumptions	(626,378)		(626,378)
Differences between expected and actual experience	1,258,478		1,258,478
Contributions from the employer		5,062,611	(5,062,611)
Contributions from employees		3,107,991	(3,107,991)
Net investment income		11,067,806	(11,067,806)
Benefit payments, including refunds of employee contributions	(9,686,731)	(9,686,731)	0
Net plan to plan resource movement		(325)	325
Administrative expense		(204,254)	204,254
Other miscellaneous Income/(Expense) ¹		(387,882)	387,882
Net Changes during July 1, 2017 to June 30, 2018	\$ 10,928,941	\$ 8,959,216	\$ 1,969,725
Balance at June 30, 2018 (Measurement Date)	\$ 216,405,147	\$ 140,036,264	\$ 76,368,883

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 86,144,541	\$ 58,127,875	\$ 34,980,669
Safety Plan	\$ 106,547,293	\$ 76,368,883	\$ 51,543,881
Aggregate Total	\$ 192,691,834	\$ 134,496,758	\$ 86,524,550

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	\$ 4,048,805	\$ 4,503,404	\$ 179,642	\$ 2,184,091	\$ 10,915,942
Safety Plan	5,912,775	7,180,920	295,813	2,813,981	16,203,489
Total	\$ 9,961,580	\$ 11,684,324	\$ 475,455	\$ 4,998,072	\$ 27,119,431

Deferred Inflows of Resources

	Changes in assumptions	Total pension-related deferred inflows
Miscellaneous Plan	\$ 918,154	\$ 918,154
Safety Plan	1,212,037	1,212,037
Total	\$ 2,130,191	\$ 2,130,191

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

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
2019	\$ 5,462,937	\$ 4,264,727
2020	2,029,596	3,320,336
2021	(1,172,525)	1,448,166
2022	(371,025)	33,053
2023	0	12,395
	<u>\$ 5,948,983</u>	<u>\$ 9,078,677</u>

Payable to Pension Plan

At June 30, 2019, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

I. Tax Abatements

The City has not entered into any tax abatement agreements as of June 30, 2019. 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, 2019, the County's Williamson Act Program tax abatements were \$40,673,954. The City's affected portion of property tax revenues (approximately 1.9%) is, therefore, \$772,800.

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 \$2,000 per occurrence for automobile liability, \$5,000 per occurrence for property, \$250,000 per occurrence for workers' compensation, and \$100,000 per occurrence on general liability. The dental and vision programs have no individual per occurrence stop-loss and no aggregate annual stop-loss. Excess insurance for all amounts in excess of the self-insured retention in the workers' compensation program is purchased from Local Agency Workers' Compensation Excess JPA (LAWCX). Consistent with the LAWCX Memorandum of Coverage, LAWCX provides coverage for the City above its self-insured retention of \$250,000 up to \$5,000,000. LAWCX purchases excess insurance which covers the pool for losses from \$5,000,000 to statutory limits.

CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2019

The City is a member of the Central San Joaquin Valley Risk Management Authority (RMA) for the purpose of pooling general 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 \$29,000,000. 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 \$3,364,900 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, 06/30/17	\$ 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	\$ 8,729,000	\$ 48,000	\$ 8,777,000
Claims provision	3,410,375	369,948	3,780,323
Claims paid	(2,525,375)	(369,948)	(2,895,323)
Balance, 06/30/19	<u>\$ 9,614,000</u>	<u>\$ 48,000</u>	<u>\$ 9,662,000</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
For the Year Ended June 30, 2019

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. Subsequent events

Subsequent events have been evaluated through November 13, 2019, the date in which the financial statements have been issued. No items have been identified subsequent to June 30, 2019 that require reporting.

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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	2017-18	2016-17	2015-16
Total pension liability			
Service Cost	\$ 4,786,244	\$ 4,581,081	\$ 4,019,807
Interest on the total pension liability	13,670,020	12,863,057	12,118,925
Changes of assumptions	(1,271,290)	10,936,836	
Difference between expected and actual experience	2,414,711	812,258	898,210
Benefit pmts, including refunds of employee contributions	(7,837,606)	(6,970,312)	(6,395,433)
Net change in total pension liability	11,762,079	22,222,920	10,641,509
Total pension liability - beginning	191,571,342	169,348,422	158,706,913
Total pension liability - ending (a)	<u>\$ 203,333,421</u>	<u>\$ 191,571,342</u>	<u>\$ 169,348,422</u>
Plan fiduciary net position			
Contributions - employer	\$ 3,326,932	\$ 3,204,896	\$ 2,918,817
Contributions - employee	4,295,547	4,080,143	4,002,625
Net investment income	11,445,035	13,602,008	705,624
Benefit pmts, including refunds of employee contributions	(7,837,606)	(6,970,312)	(6,395,433)
Net Plan to plan resource movement	(337)		
Administrative expense	(209,719)	(178,420)	(72,943)
Other miscellaneous income/(expense) ¹	(398,260)		
Net change in fiduciary net position	10,621,592	13,738,315	1,158,690
Plan fiduciary net position - beginning ²	134,583,954	120,845,639	119,686,949
Plan fiduciary net position - ending (b)	<u>\$ 145,205,546</u>	<u>\$ 134,583,954</u>	<u>\$ 120,845,639</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 58,127,875</u>	<u>\$ 56,987,388</u>	<u>\$ 48,502,783</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71.41%</u>	<u>70.25%</u>	<u>71.36%</u>
Covered payroll	<u>\$ 26,661,340</u>	<u>\$ 25,396,835</u>	<u>\$ 24,405,359</u>
Plan net pension liability/(asset) as a % of covered payroll	<u>218.02%</u>	<u>224.39%</u>	<u>198.74%</u>

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

² Includes any beginning of year adjustment

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 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 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was 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.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Net Pension Liability and Related Ratios, Continued

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

Measurement period	2014-15	2013-14
Total pension liability		
Service Cost	\$ 3,839,364	\$ 3,770,553
Interest on the total pension liability	11,339,870	10,627,308
Changes of assumptions	(2,825,475)	
Difference between expected and actual experience	265,438	
Benefit pmts, including refunds of employee contributions	(5,572,456)	(5,099,721)
Net change in total pension liability	7,046,741	9,298,140
 Total pension liability - beginning	 151,660,172	 142,362,032
Total pension liability - ending (a)	<u>\$ 158,706,913</u>	<u>\$ 151,660,172</u>
 Plan fiduciary net position		
Contributions - employer	\$ 3,275,626	\$ 3,096,889
Contributions - employee	3,097,353	2,553,852
Net investment income	2,655,292	17,261,431
Benefit pmts, including refunds of employee contributions	(5,572,456)	(5,099,721)
Net Plan to plan resource movement		
Administrative expense	(134,636)	
Other miscellaneous income/(expense) ¹		
Net change in fiduciary net position	<u>3,321,179</u>	<u>17,812,451</u>
 Plan fiduciary net position - beginning ²	 116,365,770	 98,553,319
Plan fiduciary net position - ending (b)	<u>\$ 119,686,949</u>	<u>\$ 116,365,770</u>
 Plan net pension liability - ending (a) - (b)	 <u>\$ 39,019,964</u>	 <u>\$ 35,294,402</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.41%</u>	<u>76.73%</u>
 Covered payroll	 <u>\$ 22,815,330</u>	 <u>\$ 21,224,617</u>
 Plan net pension liability/(asset) as a % of covered payroll	 <u>171.03%</u>	 <u>166.29%</u>

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

² Includes any beginning of year adjustment

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 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 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was 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.

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	2017-18	2016-17	2015-16
Total pension liability			
Service Cost	\$ 5,400,076	\$ 5,070,624	\$ 4,128,912
Interest on the total pension liability	14,583,496	13,834,596	13,060,555
Changes of assumptions	(626,378)	11,813,770	
Difference between expected and actual experience	1,258,478	1,747,504	1,309,944
Benefit pmts, including refunds of employee contributions	(9,686,731)	(8,769,084)	(8,144,855)
Net change in total pension liability	10,928,941	23,697,410	10,354,556
Total pension liability - beginning	205,476,206	181,778,796	171,424,240
Total pension liability - ending (a)	<u>\$ 216,405,147</u>	<u>\$ 205,476,206</u>	<u>\$ 181,778,796</u>
Plan fiduciary net position			
Contributions - employer	\$ 5,062,611	\$ 4,872,316	\$ 4,263,677
Contributions - employee	3,107,991	2,967,546	2,806,615
Net investment income	11,067,806	13,334,234	611,274
Benefit pmts, including refunds of employee contributions	(9,686,731)	(8,769,084)	(8,144,855)
Net Plan to plan resource movement	(325)		
Administrative expense	(204,254)	(175,470)	(72,758)
Other miscellaneous income/(expense) ¹	(387,882)		
Net change in fiduciary net position	8,959,216	12,229,542	(536,047)
Plan fiduciary net position - beginning ²	131,077,048	118,847,506	119,383,553
Plan fiduciary net position - ending (b)	<u>\$ 140,036,264</u>	<u>\$ 131,077,048</u>	<u>\$ 118,847,506</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 76,368,883</u>	<u>\$ 74,399,158</u>	<u>\$ 62,931,290</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>64.71%</u>	<u>63.79%</u>	<u>65.38%</u>
Covered payroll	<u>\$ 17,992,455</u>	<u>\$ 16,912,791</u>	<u>\$ 15,361,676</u>
Plan net pension liability/(asset) as a % of covered payroll	<u>424.45%</u>	<u>439.90%</u>	<u>409.66%</u>

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

² Includes any beginning of year adjustment

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 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 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was 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.

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	2014-15	2013-14
Total pension liability		
Service Cost	\$ 3,953,791	\$ 3,803,175
Interest on the total pension liability	12,319,585	11,633,302
Changes of assumptions	(3,070,074)	
Difference between expected and actual experience	936,342	
Benefit pmts, including refunds of employee contributions	(7,825,158)	(7,071,659)
Net change in total pension liability	6,314,486	8,364,818
 Total pension liability - beginning	165,109,754	156,744,936
Total pension liability - ending (a)	<u>\$ 171,424,240</u>	<u>\$ 165,109,754</u>
 Plan fiduciary net position		
Contributions - employer	\$ 4,110,362	\$ 3,752,858
Contributions - employee	2,157,404	1,915,171
Net investment income	2,616,436	17,731,050
Benefit pmts, including refunds of employee contributions	(7,825,158)	(7,071,659)
Net Plan to plan resource movement		
Administrative expense	(134,357)	
Other miscellaneous income/(expense) ¹		
Net change in fiduciary net position	924,687	16,327,420
 Plan fiduciary net position - beginning ²	118,458,866	102,131,446
Plan fiduciary net position - ending (b)	<u>\$ 119,383,553</u>	<u>\$ 118,458,866</u>
 Plan net pension liability - ending (a) - (b)	<u>\$ 52,040,687</u>	<u>\$ 46,650,888</u>
Plan fiduciary net position as a percentage of the total pension liability	69.64%	71.75%
 Covered payroll	<u>\$ 14,732,611</u>	<u>\$ 13,667,214</u>
 Plan net pension liability/(asset) as a % of covered payroll	<u>353.23%</u>	<u>341.33%</u>

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

² Includes any beginning of year adjustment

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 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 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was 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.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Pension Contributions

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

	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution ²	\$ 4,048,805	\$ 3,326,932	\$ 3,204,896	\$ 2,918,817	\$ 3,275,626	\$ 3,096,889
Contributions to actuarially determined contribution ²	<u>(4,048,805)</u>	<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>	<u>\$ 0</u>
Covered payroll ³	\$ 26,943,502	\$ 26,158,740	\$ 25,396,835	\$ 24,405,359	\$ 22,815,330	\$ 21,224,617
Contributions as a percentage of covered payroll ³	15.03%	12.72%	12.62%	11.96%	14.36%	14.59%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

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

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2018; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17.

Valuation Date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were derived from the June 30, 2015 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, 2015 Funding Valuation Report
Asset valuation method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
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 Pension Contributions, Continued

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

	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution ²	\$ 5,912,775	\$ 5,062,611	\$ 4,872,316	\$ 4,263,677	\$ 4,110,362	\$ 3,752,858
Contributions to actuarially determined contribution ²	(5,912,775)	(5,062,611)	(4,872,316)	(4,263,677)	(4,110,362)	(3,752,858)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll ³	\$ 18,532,229	\$ 17,992,455	\$ 16,912,791	\$ 15,361,676	\$ 14,732,611	\$ 13,667,214
Contributions as a percentage of covered payroll ³	31.91%	28.14%	28.81%	27.76%	27.90%	27.46%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

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

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2018; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17.

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, 2015 Funding Valuation Report
Asset valuation method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
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.

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

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

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

City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue		
	Off Highway Use	Housing & Comm Development	Total
ASSETS			
Cash and investments	\$ 68,507	\$ 1,940,828	\$ 2,009,335
Receivables	272	3,408,038	3,408,310
Due from other governments		104,702	104,702
Total assets	<u>\$ 68,779</u>	<u>\$ 5,453,568</u>	<u>\$ 5,522,347</u>
LIABILITIES			
Accounts payable		\$ 206,301	\$ 206,301
Deposits and other liabilities			0
Total Liabilities	<u>\$ 0</u>	<u>206,301</u>	<u>206,301</u>
FUND BALANCES			
Restricted for:			
Capital projects	68,779		68,779
Community Development		5,247,267	5,247,267
Debt service			
Assigned for:			
Capital			
Total fund balances	<u>68,779</u>	<u>5,247,267</u>	<u>5,316,046</u>
Total liabilities and fund balances	<u>\$ 68,779</u>	<u>\$ 5,453,568</u>	<u>\$ 5,522,347</u>

City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

Page 2 of 2

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
1976 Fire and Sewer	Park and Recreation	Refuse Equipment	Total	
\$ 420,451	\$ 8,905,163	\$ 1,037,294	\$ 9,942,457	\$ 12,372,243
1,705	34,498	4,218	38,716	3,448,731
	725,180		725,180	829,882
<u>\$ 422,156</u>	<u>\$ 9,664,841</u>	<u>\$ 1,041,512</u>	<u>\$10,706,353</u>	<u>\$ 16,650,856</u>
	\$ 739,013		\$ 739,013	\$ 945,314
	9,200		9,200	9,200
<u>\$ 0</u>	<u>748,213</u>	<u>\$ 0</u>	<u>748,213</u>	<u>954,514</u>
				68,779
	4,649,628	1,041,512	5,691,140	10,938,407
422,156				422,156
	4,267,000		4,267,000	4,267,000
<u>422,156</u>	<u>8,916,628</u>	<u>1,041,512</u>	<u>9,958,140</u>	<u>15,696,342</u>
<u>\$ 422,156</u>	<u>\$ 9,664,841</u>	<u>\$ 1,041,512</u>	<u>\$10,706,353</u>	<u>\$ 16,650,856</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue		
	Off Highway Use	Housing & Comm Development	Total
REVENUES			
Use of money and property	\$ 1,330	\$ 34,561	\$ 35,891
From other agencies		598,006	598,006
Charges for current services			
Other revenues		85,758	85,758
Total revenue	<u>1,330</u>	<u>718,325</u>	<u>719,655</u>
EXPENDITURES			
Current:			
Community development		686,147	686,147
Capital outlays			
Total expenditures	<u>0</u>	<u>686,147</u>	<u>686,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,330</u>	<u>32,178</u>	<u>33,508</u>
OTHER FINANCING SOURCES (USES)			
Transfers out			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	1,330	32,178	33,508
Fund balances-beginning	<u>67,449</u>	<u>5,215,089</u>	<u>5,282,538</u>
Fund balances-ending	<u>\$ 68,779</u>	<u>\$ 5,247,267</u>	<u>\$ 5,316,046</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
1976 Fire and Sewer	Park and Recreation	Refuse Equipment	Total	
\$ 7,848	\$ 155,276	\$ 23,870	\$ 179,146	\$ 222,885
	970,909		970,909	1,568,915
	3,166,326	383,778	3,550,104	3,550,104
	45		45	85,803
<u>7,848</u>	<u>4,292,556</u>	<u>407,648</u>	<u>4,700,204</u>	<u>5,427,707</u>
				686,147
	1,635,346		1,635,346	1,635,346
<u>0</u>	<u>1,635,346</u>	<u>0</u>	<u>1,635,346</u>	<u>2,321,493</u>
<u>7,848</u>	<u>2,657,210</u>	<u>407,648</u>	<u>3,064,858</u>	<u>3,106,214</u>
		(880,000)	(880,000)	(880,000)
<u>0</u>	<u>0</u>	<u>(880,000)</u>	<u>(880,000)</u>	<u>(880,000)</u>
7,848	2,657,210	(472,352)	2,184,858	2,226,214
414,308	6,259,418	1,513,864	7,773,282	13,470,128
<u>\$ 422,156</u>	<u>\$ 8,916,628</u>	<u>\$ 1,041,512</u>	<u>\$ 9,958,140</u>	<u>\$ 15,696,342</u>

City of Clovis
Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual
Local Transportation Capital Projects Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 584,651	\$ 584,651
From other agencies	34,064,000	34,064,000	10,179,191	(23,884,809)
Charges for services	2,899,000	2,899,000	103,966	(2,795,034)
Other revenues	0	0	140	140
Total revenues	<u>36,963,000</u>	<u>36,963,000</u>	<u>10,867,948</u>	<u>(26,095,052)</u>
EXPENDITURES				
Capital Outlay	<u>40,747,932</u>	<u>48,565,932</u>	<u>8,182,744</u>	<u>40,383,188</u>
Total expenditures	<u>40,747,932</u>	<u>48,565,932</u>	<u>8,182,744</u>	<u>40,383,188</u>
Excess (deficiency) of revenues over expenditures	(3,784,932)	(11,602,932)	2,685,204	14,288,136
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>0</u>	<u>0</u>	<u>156,000</u>	<u>156,000</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>156,000</u>	<u>156,000</u>
Fund balance-beginning	13,343,384	13,343,384	13,343,384	
Fund balance-ending	<u>\$ 9,558,452</u>	<u>\$ 1,740,452</u>	<u>\$ 16,184,588</u>	<u>\$ 14,444,136</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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 1,330	\$ 1,330
Total revenues	0	0	1,330	1,330
EXPENDITURES				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	1,330	1,330
Fund balance-beginning	67,449	67,449	67,449	
Fund balance-ending	<u>\$ 67,449</u>	<u>\$ 67,449</u>	<u>\$ 68,779</u>	<u>\$ 1,330</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 Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 34,561	\$ 34,561
From other agencies	518,000	518,000	598,006	80,006
Other revenues	0	0	85,758	85,758
Total revenues	<u>518,000</u>	<u>518,000</u>	<u>718,325</u>	<u>200,325</u>
EXPENDITURES				
Community development	<u>1,437,100</u>	<u>1,437,100</u>	<u>686,147</u>	<u>750,953</u>
Total expenditures	<u>1,437,100</u>	<u>1,437,100</u>	<u>686,147</u>	<u>750,953</u>
Excess (deficiency) of revenues over expenditures	(919,100)	(919,100)	32,178	951,278
Fund balance-beginning	5,215,089	5,215,089	5,215,089	
Fund balance-ending	<u>\$ 4,295,989</u>	<u>\$ 4,295,989</u>	<u>\$ 5,247,267</u>	<u>\$ 951,278</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 7,848	\$ 7,848
Total revenues	0	0	7,848	7,848
EXPENDITURES				
Debt service:	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	7,848	7,848
Fund balance-beginning	414,308	414,308	414,308	
Fund balance-ending	<u>\$ 414,308</u>	<u>\$ 414,308</u>	<u>\$ 422,156</u>	<u>\$ 7,848</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 155,276	\$ 155,276
From other agencies	855,000	855,000	970,909	115,909
Charges for current services	2,573,000	2,573,000	3,166,326	593,326
Other revenues	0	0	45	45
Total revenues	3,428,000	3,428,000	4,292,556	864,556
EXPENDITURES				
Capital outlays	4,120,000	6,420,000	1,635,346	4,784,654
Total expenditures	4,120,000	6,420,000	1,635,346	4,784,654
Excess (deficiency) of revenues over expenditures	(692,000)	(2,992,000)	2,657,210	5,649,210
Fund balance-beginning	6,259,418	6,259,418	6,259,418	
Fund balance-ending	\$ 5,567,418	\$ 3,267,418	\$ 8,916,628	\$ 5,649,210

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUE				
Use of money and property	\$ 0	\$ 0	\$ 23,870	\$ 23,870
Charges for current services	0	0	383,778	383,778
Total revenues	0	0	407,648	407,648
EXPENDITURES				
Capital outlays	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	407,648	407,648
OTHER FINANCING SOURCES (USES)				
Transfers Out	(880,000)	(880,000)	(880,000)	0
Total other financing sources (uses)	(880,000)	(880,000)	(880,000)	0
Net change in fund balance	(880,000)	(880,000)	(472,352)	407,648
Fund balance-beginning	1,513,864	1,513,864	1,513,864	
Fund balance-ending	<u>\$ 633,864</u>	<u>\$ 633,864</u>	<u>\$ 1,041,512</u>	<u>\$ 407,648</u>

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Internal Service Funds

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

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

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

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

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

City of Clovis
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Self Insurance	Fleet	Employee Benefits	General Services	Total
ASSETS					
Current assets:					
Cash and investments	\$ 1,674,018	\$11,569,060	\$ 10,153,382	\$14,640,560	\$ 38,037,020
Receivables	7,286	41,154	93,312	62,243	203,995
Due from other governments				4,116	4,116
Inventories		810,000			810,000
Total current assets	<u>1,681,304</u>	<u>12,420,214</u>	<u>10,246,694</u>	<u>14,706,919</u>	<u>39,055,131</u>
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts				751,074	751,074
Total restricted assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>751,074</u>	<u>751,074</u>
Capital assets:					
Land				11,482,400	11,482,400
Buildings and improvements		940,271		93,653,939	94,594,210
Machinery and equipment		36,486,710		8,494,545	44,981,255
Less accumulated depreciation		<u>(25,277,729)</u>		<u>(42,172,177)</u>	<u>(67,449,906)</u>
Total capital assets (net of accumulated depreciation)	<u>0</u>	<u>12,149,252</u>	<u>0</u>	<u>71,458,707</u>	<u>83,607,959</u>
Total noncurrent assets	<u>0</u>	<u>12,149,252</u>	<u>0</u>	<u>72,209,781</u>	<u>84,359,033</u>
Total assets	<u>1,681,304</u>	<u>24,569,466</u>	<u>10,246,694</u>	<u>86,916,700</u>	<u>123,414,164</u>
DEFERRED OUTFLOW OF RESOURCES					
Pension related deferred outflows	<u>0</u>	<u>0</u>	<u>27,119,431</u>	<u>0</u>	<u>27,119,431</u>
LIABILITIES					
Current liabilities:					
Accounts payable	15,121	375,302	365,023	486,823	1,242,269
Claims and judgements payable			2,548,000		2,548,000
Accrued compensated absences		19,300	1,031,000	36,800	1,087,100
Deposits and other liabilities				414,865	414,865
Unearned revenue				1,819,836	1,819,836
Capital leases-current		717,115		1,153,933	1,871,048
Direct placements-current				1,005,432	1,005,432
Loans payable-current				313,578	313,578
Total current liabilities	<u>15,121</u>	<u>1,111,717</u>	<u>3,944,023</u>	<u>5,231,267</u>	<u>10,302,128</u>
Noncurrent liabilities:					
Claims and judgements payable			7,114,000		7,114,000
Accrued compensated absences		52,234		99,152	151,386
Capital leases		2,020,701		7,392,987	9,413,688
Direct placements				7,992,401	7,992,401
Loans payable				2,432,307	2,432,307
Net pension liability			134,496,758		134,496,758
Total noncurrent liabilities	<u>0</u>	<u>2,072,935</u>	<u>141,610,758</u>	<u>17,916,847</u>	<u>161,600,540</u>
Total liabilities	<u>15,121</u>	<u>3,184,652</u>	<u>145,554,781</u>	<u>23,148,114</u>	<u>171,902,668</u>
DEFERRED INFLOW OF RESOURCES					
Pension deferred inflows			<u>2,130,191</u>		<u>2,130,191</u>
NET POSITION					
Net investment in capital assets		9,411,436		51,168,069	60,579,505
Restricted for debt service				751,074	751,074
Unrestricted (deficit)	1,666,183	11,973,378	(110,318,847)	11,849,443	(84,829,843)
Total net position	<u>\$ 1,666,183</u>	<u>\$21,384,814</u>	<u>\$(110,318,847)</u>	<u>\$63,768,586</u>	<u>\$(23,499,264)</u>

City of Clovis
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Self Insurance	Fleet	Employee Benefits	General Services	Total
Operating revenues:					
Charges for services	\$2,562,100	\$ 9,641,941	\$ 25,047,645	\$10,985,100	\$ 48,236,786
From other agencies				136,816	136,816
Other revenues	95,546			1,615,144	1,710,690
Total operating revenues	<u>2,657,646</u>	<u>9,641,941</u>	<u>25,047,645</u>	<u>12,737,060</u>	<u>50,084,292</u>
Operating expenses:					
Salaries and benefits	209,676	1,989,933	411,661	2,892,092	5,503,362
Services, materials and supplies	2,298,632	4,132,763	32,378,981	4,883,228	43,693,604
Administration	43,800	952,500	70,300	337,617	1,404,217
Depreciation		2,556,700		2,878,071	5,434,771
Total operating expenses	<u>2,552,108</u>	<u>9,631,896</u>	<u>32,860,942</u>	<u>10,991,008</u>	<u>56,035,954</u>
Operating income (loss)	<u>105,538</u>	<u>10,045</u>	<u>(7,813,297)</u>	<u>1,746,052</u>	<u>(5,951,662)</u>
Nonoperating revenues (expenses):					
Interest income	26,280	205,282	94,097	339,479	665,138
Interest expense		(78,850)		(676,069)	(754,919)
Gain (loss) on sale of capital assets		98,420		(2,150)	96,270
Total nonoperating revenue (expense)	<u>26,280</u>	<u>224,852</u>	<u>94,097</u>	<u>(338,740)</u>	<u>6,489</u>
Income before contributions and transfers	<u>131,818</u>	<u>234,897</u>	<u>(7,719,200)</u>	<u>1,407,312</u>	<u>(5,945,173)</u>
Transfers in				6,000	6,000
Changes in net position	<u>131,818</u>	<u>234,897</u>	<u>(7,719,200)</u>	<u>1,413,312</u>	<u>(5,939,173)</u>
Total net position-beginning	<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>
Total net position-ending	<u>\$1,666,183</u>	<u>\$21,384,814</u>	<u>\$ (110,318,847)</u>	<u>\$63,768,586</u>	<u>\$ (23,499,264)</u>

City of Clovis
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Self Insurance	Fleet	Employee Benefits	General Services	Total
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts for interfund services	\$2,562,100	\$ 9,641,941	\$25,038,856	\$11,021,817	\$ 48,264,714
Payments to suppliers	(2,334,418)	(5,015,879)	(31,394,470)	(5,454,191)	(44,198,958)
Payments to employees	(209,676)	(1,988,456)	8,541,201	(2,936,693)	3,406,376
Other operating revenues	102,693			1,759,273	1,861,966
Net cash provided by operating activities	<u>120,699</u>	<u>2,637,606</u>	<u>2,185,587</u>	<u>4,390,206</u>	<u>9,334,098</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers-in from other funds				6,000	6,000
Net cash provided by noncapital financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,000</u>	<u>6,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(2,501,293)		(3,196,832)	(5,698,125)
Principal paid on loans, bonds and capital leases		(820,962)		(2,377,486)	(3,198,448)
Interest paid on loans, bonds and capital leases		(75,106)		(691,134)	(766,240)
Proceeds from capital leases and loans		1,125,000		1,840,035	2,965,035
Proceeds from sale of property and equipment		157,395		68,200	225,595
Net cash (used in) capital and related financing activities	<u>0</u>	<u>(2,114,966)</u>	<u>0</u>	<u>(4,357,217)</u>	<u>(6,472,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	24,827	191,712	82,580	316,828	615,947
Net cash provided by investing activities	<u>24,827</u>	<u>191,712</u>	<u>82,580</u>	<u>316,828</u>	<u>615,947</u>
Net change in cash and cash equivalents	145,526	714,352	2,268,167	355,817	3,483,862
Cash and cash equivalents-beginning of year	1,528,492	10,854,708	7,885,215	15,035,817	35,304,232
Cash and cash equivalents-end of year	<u>\$1,674,018</u>	<u>\$11,569,060</u>	<u>\$10,153,382</u>	<u>\$15,391,634</u>	<u>\$ 38,788,094</u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:					
Operating income/(loss)	\$ 105,538	\$ 10,045	\$ (7,813,297)	\$ 1,746,052	\$ (5,951,662)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation/amortization expense		2,556,700		2,878,071	5,434,771
(Increase)/decrease in accounts receivable	7,147		(8,789)	(1,025)	(2,667)
(Increase)/decrease in due from other governments				7,313	7,313
(Increase)/decrease in inventories		(36,000)			(36,000)
(Increase)/decrease in deferred outflows - pension			5,385,974		5,385,974
Increase/(decrease) in accounts payable	8,014	105,384	169,811	(233,346)	49,863
Increase/(decrease) in accrued compensated absences		1,477	29,000	(44,601)	(14,124)
Increase/(decrease) in claims and judgments payable			885,000		885,000
Increase/(decrease) in unearned revenue				37,742	37,742
Increase/(decrease) in net pension liability			3,110,212		3,110,212
Increase/(decrease) in deferred outflows - pension			427,676		427,676
Total adjustments	15,161	2,627,561	9,998,884	2,644,154	15,285,760
Net cash provided by operating activities	<u>\$ 120,699</u>	<u>\$ 2,637,606</u>	<u>\$ 2,185,587</u>	<u>\$ 4,390,206</u>	<u>\$ 9,334,098</u>

Fiduciary Funds

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

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

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

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

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

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

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

City of Clovis
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds						
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	Total
ASSETS							
Cash and investments	\$ 51,670	\$ 143,493	\$ 1,667,638	\$ 73,740	\$ 5,602	\$ 23,448	\$ 1,965,591
Receivables	204	482	1,055	292	19	90	2,142
Total assets	<u>\$ 51,874</u>	<u>\$ 143,975</u>	<u>\$ 1,668,693</u>	<u>\$ 74,032</u>	<u>\$ 5,621</u>	<u>\$ 23,538</u>	<u>\$ 1,967,733</u>
LIABILITIES							
Accrued payroll			\$ 1,668,693				\$ 1,668,693
Agency funds payable	\$ 51,874	\$ 143,975				\$ 23,538	219,387
Due to bondholders				\$ 74,032	\$ 5,621		79,653
Total liabilities	<u>\$ 51,874</u>	<u>\$ 143,975</u>	<u>\$ 1,668,693</u>	<u>\$ 74,032</u>	<u>\$ 5,621</u>	<u>\$ 23,538</u>	<u>\$ 1,967,733</u>

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City of Clovis
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
Senior Citizen Memorial				
Assets				
Cash and investments	\$ 50,603	\$ 1,845	\$ 778	\$ 51,670
Receivables	135	723	654	204
Total assets	<u>\$ 50,738</u>	<u>\$ 2,568</u>	<u>\$ 1,432</u>	<u>\$ 51,874</u>
Liabilities				
Agency funds payable	\$ 50,738	\$ 2,568	\$ 1,432	\$ 51,874
Total liabilities	<u>\$ 50,738</u>	<u>\$ 2,568</u>	<u>\$ 1,432</u>	<u>\$ 51,874</u>
Blackhorse Assessment				
Assets				
Cash and investments	\$ 132,233	\$ 77,104	\$ 65,844	\$ 143,493
Receivables	325	5,983	5,826	482
Total assets	<u>\$ 132,558</u>	<u>\$ 83,087</u>	<u>\$ 71,670</u>	<u>\$ 143,975</u>
Liabilities				
Agency funds payable	\$ 132,558	\$ 83,087	\$ 71,670	\$ 143,975
Total liabilities	<u>\$ 132,558</u>	<u>\$ 83,087</u>	<u>\$ 71,670</u>	<u>\$ 143,975</u>
Payroll Tax and Withholding				
Assets				
Cash and investments	\$ 701,831	\$ 1,667,638	\$ 701,831	\$ 1,667,638
Receivables	4,205		3,150	1,055
Total assets	<u>\$ 706,036</u>	<u>\$ 1,667,638</u>	<u>\$ 704,981</u>	<u>\$ 1,668,693</u>
Liabilities				
Accrued Payroll	\$ 706,036	\$ 1,667,638	\$ 704,981	\$ 1,668,693
Total liabilities	<u>\$ 706,036</u>	<u>\$ 1,667,638</u>	<u>\$ 704,981</u>	<u>\$ 1,668,693</u>

Temperance/Barstow Assessment

Assets									
Cash and investments	\$	72,403	\$	2,451	\$	1,114	\$	73,740	
Receivables		194		1,036		938		292	
Total assets	\$	<u>72,597</u>	\$	<u>3,487</u>	\$	<u>2,052</u>	\$	<u>74,032</u>	
Liabilities									
Due to bondholders	\$	72,597	\$	3,487	\$	2,052	\$	74,032	
Total liabilities	\$	<u>72,597</u>	\$	<u>3,487</u>	\$	<u>2,052</u>	\$	<u>74,032</u>	

Shepherd/Temperance Assessment

Assets								
Cash and investments	\$	5,519	\$	150	\$	67	\$	5,602
Receivables		11		62		54		19
Total assets	\$	<u>5,530</u>	\$	<u>212</u>	\$	<u>121</u>	\$	<u>5,621</u>
Liabilities								
Due to bondholders	\$	5,530	\$	212	\$	121	\$	5,621
Total liabilities	\$	<u>5,530</u>	\$	<u>212</u>	\$	<u>121</u>	\$	<u>5,621</u>

Asset Forfeiture

Assets									
Cash and investments	\$	19,483	\$	4,273	\$	308	\$	23,448	
Receivables		27		298		235		90	
Total assets	\$	<u>19,510</u>	\$	<u>4,571</u>	\$	<u>543</u>	\$	<u>23,538</u>	
Liabilities									
Agency funds payable	\$	19,510	\$	4,571	\$	543	\$	23,538	
Total liabilities	\$	<u>19,510</u>	\$	<u>4,571</u>	\$	<u>543</u>	\$	<u>23,538</u>	

Grand Total All Agency Funds

Assets									
Cash and investments	\$	982,072	\$	1,753,461	\$	769,942	\$	1,965,591	
Receivables		4,897		8,102		10,857		2,142	
Total assets	\$	986,969	\$	1,761,563	\$	780,799	\$	1,967,733	
Liabilities									
Accrued payroll	\$	706,036	\$	1,667,638	\$	704,981	\$	1,668,693	
Agency funds payable		202,806		90,226		73,645		219,387	
Due to bondholders		78,127		3,699		2,173		79,653	
Total liabilities	\$	986,969	\$	1,761,563	\$	780,799	\$	1,967,733	

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Statistical Section

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

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Statistical Section

Contents	Page
Financial Trends	109
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	117
These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax.	
Debt Capacity	121
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	127
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	130
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,

	2010	2011	2012	2013	2014	2015*	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 414,755	\$ 436,785	\$ 469,871	\$ 481,729	\$ 490,722	\$ 509,567	\$ 523,881	\$ 524,625	\$ 533,810	\$ 562,740
Restricted	35,940	33,283	21,302	19,810	24,266	23,997	25,843	20,681	27,826	33,325
Unrestricted	13,991	16,121	13,688	16,070	21,548	(67,159)	(67,081)	(54,927)	(63,435)	(66,182)
Total net position	\$ 464,686	\$ 486,189	\$ 504,861	\$ 517,609	\$ 536,536	\$ 466,405	\$ 482,643	\$ 490,379	\$ 498,201	\$ 529,883

Business-type activities:

Net investment in capital assets	\$ 107,065	\$ 111,939	\$ 125,253	\$ 130,123	\$ 132,872	\$ 137,520	\$ 142,658	\$ 147,265	\$ 153,013	\$ 162,938
Restricted	7,706	5,269	5,292	4,794	3,365	3,377	906	953	25	1
Unrestricted	43,031	44,638	38,660	51,584	60,855	72,977	82,271	103,531	108,299	120,937
Total net position	\$ 157,802	\$ 161,846	\$ 169,205	\$ 186,501	\$ 197,092	\$ 213,874	\$ 225,835	\$ 251,749	\$ 261,337	\$ 283,876

Total Primary government:

Net investment in capital assets	\$ 521,820	\$ 548,724	\$ 595,124	\$ 611,852	\$ 623,594	\$ 647,087	\$ 666,540	\$ 671,890	\$ 686,823	\$ 725,678
Restricted	43,646	38,552	26,594	24,604	27,631	27,374	26,748	21,634	27,851	33,326
Unrestricted	57,022	60,759	52,348	67,654	82,403	5,818	15,190	48,604	44,864	54,755
Total net position	\$ 622,488	\$ 648,035	\$ 674,066	\$ 704,110	\$ 733,628	\$ 680,279	\$ 708,478	\$ 742,128	\$ 759,538	\$ 813,759

*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
(in thousands)

For the Fiscal Year Ended June 30,

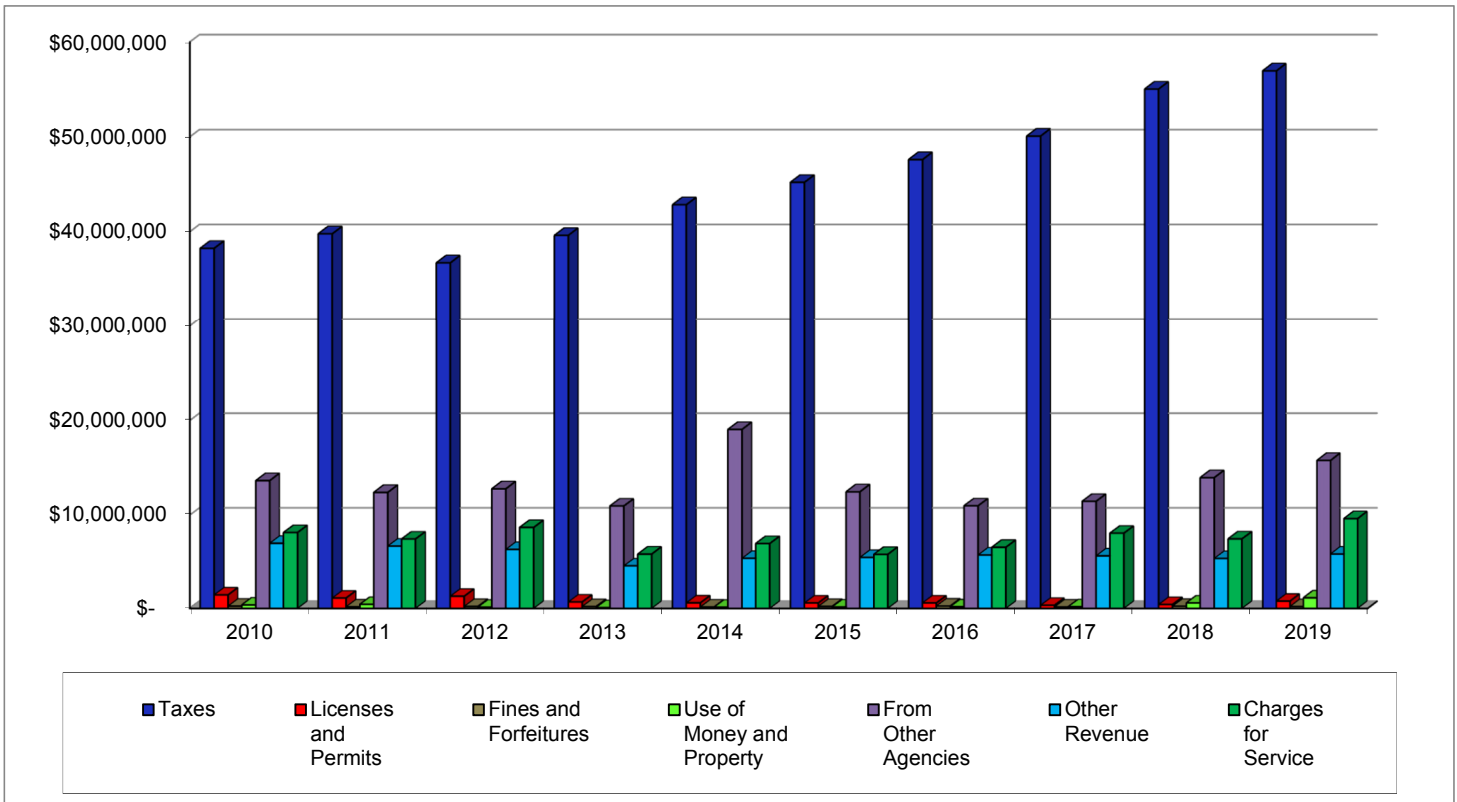
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government	\$ 4,282	\$ 4,684	\$ 4,952	\$ 5,948	\$ 5,642	\$ 5,587	\$ 5,577	\$ 6,218	\$ 6,481	\$ 7,730
Public safety	31,345	33,331	35,185	37,106	38,736	39,460	42,027	46,258	54,529	55,860
Transportation	10,123	9,869	10,803	11,160	11,251	12,686	12,232	13,307	14,057	14,883
Community development	11,289	10,931	8,925	930	310	909	637	1,742	1,984	751
Cultural and recreation	4,659	5,585	5,435	5,790	6,370	6,272	6,196	6,703	7,212	8,118
Interest and other charges							925	886	805	755
Special assessment										
Total governmental activities expenses	61,698	64,400	65,300	60,934	62,309	64,914	67,593	75,114	85,068	88,097
Business-type activities:										
Refuse	13,793	13,097	13,617	14,057	14,857	15,654	16,207	16,574	18,502	20,205
Sewer	19,631	17,139	18,207	17,555	19,883	18,011	18,553	18,235	18,862	18,738
Water	14,098	13,352	14,114	14,587	13,626	14,486	14,487	15,604	16,807	17,463
Transit	3,980	4,226	4,419	4,749	4,946	4,884	5,016	5,098	6,280	6,961
Planning & Development Services				6,826	7,226	7,558	7,780	8,555	9,410	10,443
Street Cleaning	944									
Total business-type activities expenses	52,446	47,814	50,357	57,774	60,538	60,592	62,044	64,066	69,861	73,810
Total primary government expenses	114,144	112,214	115,657	118,708	122,847	125,506	129,637	139,180	154,929	161,907
Program revenues:										
Governmental activities:										
Charges for services:										
General Government	3,005	3,765	3,224	4,271	4,378	4,995	4,875	4,640	4,497	5,137
Public Safety	1,906	2,094	2,071	1,700	2,195	2,209	2,521	2,079	3,414	3,268
Transportation	6,558	7,637	8,586	6,818	9,916	6,788	6,061	7,411	7,901	15,897
Community development	6,735	6,153	7,961	578	352	1,231	301	865	307	456
Cultural and recreation	4,349	4,171	4,025	4,509	5,901	4,909	5,540	5,653	6,010	4,638
Special assessment										
Operating grants and contributions	1,115	1,524	1,963	1,100	527	639	737	630	381	393
Capital grants and contributions	19,652	21,427	22,262	15,859	15,292	20,516	16,638	11,537	18,216	32,241
Total governmental activities program revenues	43,320	46,771	50,092	34,835	38,561	41,287	36,673	32,815	40,726	62,030

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Community Sanitation	16,405	16,592	16,576	17,784	17,240	17,608	17,692	18,083	19,235	20,022
Sewer	9,265	14,027	16,295	18,340	18,130	21,974	21,167	18,942	21,214	21,281
Water	10,870	13,874	16,550	21,243	18,580	19,050	16,599	34,174	20,923	26,115
Transit	3,535	3,841	3,950	4,361	1,473	1,541	1,608	1,597	1,692	1,729
Planning & Development Services				7,720	8,630	8,159	8,807	9,619	9,828	10,522
Operating grants and contributions			48	102	2,879	4,247	4,056	4,464	4,590	5,463
Capital grants and contributions	2,800	3,177	4,829	4,639	3,535	4,059	2,721	1,935	2,854	7,302
Total business-type activities	42,875	51,511	58,248	74,189	70,467	76,638	72,650	88,814	80,336	92,434
program revenues										
Total primary government	86,195	98,282	108,340	109,024	109,028	117,925	109,323	121,629	121,062	154,464
program revenues										
Net revenues (expenses):										
Governmental activities	(18,378)	(17,629)	(15,208)	(26,099)	(23,748)	(23,627)	(30,920)	(42,299)	(44,342)	(26,067)
Business-type activities	(9,571)	3,697	7,891	16,415	9,929	16,047	10,606	24,748	10,475	18,624
Total net revenues (expenses)	(27,949)	(13,932)	(7,317)	(9,684)	(13,819)	(7,580)	(20,314)	(17,551)	(33,867)	(7,443)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	19,944	20,159	15,294	17,961	19,159	19,842	20,649	22,392	24,833	26,668
Sales tax	12,406	13,121	13,853	15,049	16,923	18,039	19,120	19,676	20,432	21,597
Business Lic/Franchise	4,045	4,081	4,184	4,386	4,664	4,984	5,271	5,300	6,891	5,789
Other taxes	1,163	1,602	1,740	1,935	2,097	2,327	2,551	2,705	2,871	2,896
Grants and contributions not restricted	446	628	190	175	131	172	183	178	186	504
Unrestricted investment earnings	473	475	148	61	138	163	234	272	566	1,476
Transfers	(49)	(49)	727	(720)	(437)	(461)	(850)	(488)	(507)	(1,180)
Total governmental activities	38,428	40,017	36,136	38,847	42,675	45,067	47,159	50,035	55,272	57,750
Business-type activities:										
Unrestricted investment earnings	664	298	195	161	224	274	506	679	1,442	2,734
Transfers	49	49	(727)	720	437	461	850	488	507	1,180
Total business-type activities	713	347	(532)	881	661	735	1,356	1,167	1,949	3,914
Total primary government	39,141	40,364	35,604	39,728	43,336	45,802	48,515	51,202	57,221	61,664
Extraordinary Item-Dissolution of CCDA			(2,257)							
Changes in net position										
Governmental activities	20,050	22,388	18,671	12,748	18,927	21,441	16,240	7,736	10,930	31,683
Business-type activities	(8,858)	4,044	7,359	17,296	10,590	16,782	11,961	25,915	12,424	22,538
Total primary government	\$ 11,192	\$ 26,432	\$ 26,030	\$ 30,044	\$ 29,517	\$ 38,223	\$ 28,201	\$ 33,651	\$ 23,354	\$ 54,221

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

Fiscal Year Ended June 30,	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	From Other Agencies	Charges for Service	Other Revenue	Total
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
2019	56,949,844	778,319	195,146	1,134,952	15,787,432	9,620,602	5,831,451	90,297,746

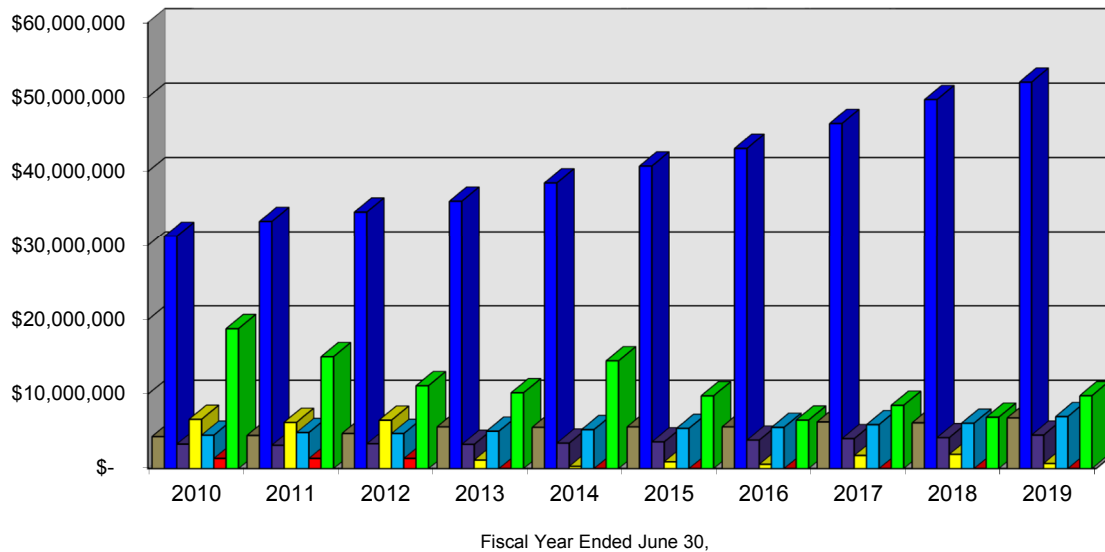
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



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

Fiscal Year Ended June 30,	General Government	Public Safety	Transportation	Community Development	Culture and Recreation	Debt Service	Capital Outlays	Total
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
2019	6,818,113	52,034,209	4,506,493	686,251	6,993,547	0	9,818,090	80,856,703

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



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

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

	For the Fiscal Year Ended June 30, 2019				
	2010	2011	2012	2013	2014
Revenues:					
Property taxes	\$ 20,425,109	\$ 20,764,779	\$ 16,653,534	\$ 17,961,308	\$ 19,159,555
Sales taxes	12,404,059	13,329,533	14,076,648	15,284,968	16,916,615
Business license/Franchise	4,054,563	4,080,924	4,183,484	4,331,760	4,664,123
Other taxes	1,349,128	1,601,673	1,801,884	2,033,716	2,096,922
Licenses and permits	1,454,196	1,113,238	1,305,849	688,001	593,886
Fines and forfeitures	240,622	166,010	208,227	192,636	148,495
Use of money and property	371,328	433,979	125,071	83,549	122,725
From other agencies	13,649,374	12,418,299	12,799,825	10,963,343	19,056,135
Charges for current services	8,129,216	7,432,331	8,676,798	5,819,507	6,945,717
Other revenues	6,969,861	6,671,487	6,318,419	4,554,963	5,368,776
Total revenues	69,047,456	68,012,253	66,149,739	61,913,751	75,072,949
Expenditures					
Current:					
General government	4,317,898	4,468,062	4,726,595	5,620,526	5,546,340
Public safety	31,289,958	33,303,647	34,576,576	36,043,170	38,498,881
Transportation	3,288,404	3,134,317	3,333,681	3,256,789	3,430,068
Community development	6,622,952	6,223,288	6,514,706	1,150,395	302,091
Cultural and recreation	4,496,927	4,843,250	4,719,477	5,024,870	5,235,028
Debt service:					
Principal	530,000	550,000	575,000		
Interest and fiscal charges	831,979	814,129	789,378		
Bond issue costs					
Capital outlays	14,095,728	11,574,183	9,465,085	9,966,973	14,510,295
Total expenditures	65,473,846	64,910,876	64,700,498	61,062,723	67,522,703
Excess (deficiency) of revenues over (under) expenditures	3,573,610	3,101,377	1,449,241	851,028	7,550,246
Other financing sources (uses):					
Transfers in	1,350,000	1,388,000	1,531,696	30,000	18,995
Transfers out	(1,399,000)	(2,487,000)	(1,599,696)	(1,265,000)	(1,256,080)
Total other financing sources (uses)	(49,000)	(1,099,000)	(68,000)	(1,235,000)	(1,237,085)
Extraordinary item-Dissolution of CCDA			(11,551,717)		
Net change in Fund balances	\$ 3,524,610	\$ 2,002,377	\$ (10,170,476)	\$ (383,972)	\$ 6,313,161
Debt service as a percentage of noncapital expenditures	2.7%	2.6%	2.5%	0.0%	0.0%

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

Page 2 of 2

		For the Fiscal Year Ended June 30, 2019				
		2015	2016	2017	2018	2019
Revenues:						
Property taxes	\$	19,842,732	\$ 20,649,898	\$ 22,391,753	\$ 24,832,576	\$ 26,667,913
Sales taxes		18,037,581	19,119,633	19,675,483	20,425,341	21,597,179
Business license/Franchise		4,929,246	5,271,321	5,300,062	6,891,105	5,788,765
Other taxes		2,382,421	2,550,809	2,705,284	2,870,536	2,895,987
Licenses and permits		583,060	584,412	330,336	412,460	778,319
Fines and forfeitures		207,358	253,841	140,193	227,831	195,146
Use of money and property		144,328	170,213	173,524	585,707	1,134,952
From other agencies		12,484,156	10,990,248	11,473,015	13,962,855	15,787,432
Charges for current services		5,794,337	6,544,320	8,060,073	7,442,164	9,620,602
Other revenues		5,469,201	5,730,691	5,634,697	5,358,986	5,831,451
Total revenues		69,874,420	71,865,386	75,884,420	83,009,561	90,297,746
Expenditures						
Current:						
General government		5,622,192	5,620,922	6,287,114	6,163,620	6,818,113
Public safety		40,767,185	43,136,838	46,476,211	49,688,800	52,034,209
Transportation		3,595,841	3,828,619	4,032,061	4,169,509	4,506,493
Community development		917,702	577,483	1,757,867	1,913,909	686,251
Cultural and recreation		5,409,366	5,541,908	5,914,052	6,108,769	6,993,547
Debt service:						
Principal						
Interest and fiscal charges						
Bond issue costs						
Capital outlays		9,800,799	6,523,827	8,516,678	6,907,009	9,818,090
Total expenditures		66,113,085	65,229,597	72,983,983	74,951,616	80,856,703
Excess (deficiency) of revenues over (under) expenditures		3,761,335	6,635,789	2,900,437	8,057,945	9,441,043
Other financing sources (uses):						
Transfers in	0	0	0	0	0	156,000
Transfers out	(1,211,000)	(4,050,000)	(3,188,000)	(506,700)	(1,975,000)	(1,975,000)
Total other financing sources (uses)		(1,211,000)	(4,050,000)	(3,188,000)	(506,700)	(1,819,000)
Extraordinary item-Dissolution of CCDA						
Net change in Fund balances	\$	2,550,335	\$ 2,585,789	\$ (287,563)	\$ 7,551,245	\$ 7,622,043
Debt service as a percentage of noncapital expenditures		0.0%	0.0%	0.0%	0.0%	0.0%

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

(modified accrual basis of accounting)

General Fund

Fiscal Year Ended June 30,	Nonspendable	Restricted	Assigned	Unassigned	Total
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
2019	0	4,960,824	13,512,000	4,433,151	22,905,975

All Other Governmental Funds

Fiscal Year Ended June 30,	Nonspendable	Restricted	Assigned	Unassigned	Total
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
2019	0	27,613,930	4,267,000		31,880,930

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
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%
2019	10,593,683,186	10,593,683,186	212,862,653	212,862,653	96,576,100	10,709,969,739	10,806,545,839	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 FY2018-19 Tax Rate Book

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

Fiscal Year Ended June 30,	City of Clovis	Clovis Unified School District Bond	State Center General Obligation Bond	County Wide	Total
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
2019	0.000000	0.155350	0.022966	1.000000	1.178316

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

Source: Fresno County Auditor Controller/Treasurer Tax Collector FY2018-19 Tax Rate Book

**CITY OF CLOVIS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2019			2010		
	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	\$ 89,558	1	0.83%			
Prindiville Dennis Trustee	49,122	2	0.46%	\$ 60,893	2	0.80%
Rlo LLC	39,823	3	0.37%			
Ltc West Inc	35,285	4	0.33%	87,383	1	1.14%
Winterfell Yosemite Gardens L P	26,545	5	0.25%			
Clovis-Herndno Center II LLC	26,504	6	0.25%			
Wal-Mart Real Estate Business Trust	25,928	7	0.24%			
GSF Sunnyside Clovis Investors L P	23,798	8	0.22%	22,438	5	0.29%
Copper Beech Townhome Communities	22,000	9	0.20%			
Clovis Apartment Group LLC	20,927	10	0.20%			
Regency Cahan-Clovis LLC				37,500	3	0.49%
Fletcher K LLC				35,250	4	0.46%
Anlin Industries				21,235	6	0.28%
Brown Garold C Family LTD Partnership				18,003	8	0.24%
Vons Companies Inc				16,635	10	0.22%
Kaiser Foundation Health Plan Inc				17,114	9	0.22%
Winco Foods LLC				18,447	7	0.24%
	<u>\$ 359,490</u>		<u>3.35%</u>	<u>\$ 334,898</u>		<u>4.38%</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**

Fiscal Year Ended June 30,	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections₁	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Current Delinquent Taxes	Ratio of Current Delinquent Taxes to Total Tax Levy₂
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
2019	14,248,564	13,928,737	97.8	138,109	14,066,846	98.7	196,915	1.382

Notes: Amounts include only General Fund tax collections.

₁ Includes prior year delinquent tax collections.

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

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

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

Fiscal Year Ended June 30,	Tax Allocation Bonds (1)	Special Assessment Bonds (1)	Lease Revenue Bonds (1)	Revenue Bonds (1)	Capital Leases (1)	Loans/ Contracts Payable (1)	Notes/Direct Placements Payable (1)	Total	Debt Per AV	Debt Per Capita
Governmental Activities										
2010	\$17,733,557	\$ 0	\$ 0	\$ 15,683,638	\$7,140,369	\$ 1,346,309	\$ 0	\$ 41,903,873	\$0.006	\$ 433
2011	17,213,457	0	0	15,082,836	10,123,390	1,309,095	0	43,728,778	0.006	450
2012	0	0	0	14,447,032	10,099,702	2,343,196	0	26,889,930	0.004	273
2013	0	0	0	13,786,231	11,740,045	2,198,243	0	27,724,519	0.004	277
2014	0	0	0	0	26,255,248	2,120,278	0	28,375,526	0.004	278
2015	0	0	0	0	23,655,822	1,805,112	0	25,460,934	0.003	244
2016	0	0	0	0	26,850,329	1,724,379	0	28,574,708	0.004	274
2017	0	0	0	0	24,154,921	1,480,623	0	25,635,544	0.003	231
2018	0	0	0	0	22,066,356	1,195,510	0	23,261,866	0.002	204
2019	0	0	0	0	11,284,736	2,745,885	8,997,833	23,028,454	0.002	197
Business-type Activities										
2010	\$ 0	\$ 0	\$ 0	\$ 155,265,239	\$ 0	\$14,359,233	\$ 0	\$169,624,472	\$0.023	\$1,751
2011	0	0	0	153,136,546	0	12,818,719	0	165,955,265	0.023	1,707
2012	0	0	0	149,682,848	0	11,181,113	0	160,863,961	0.023	1,631
2013	0	0	0	146,013,411	0	10,503,598	0	156,517,009	0.022	1,565
2014	0	0	0	141,888,294	0	9,783,356	0	151,671,650	0.020	1,484
2015	0	0	0	137,462,213	0	9,018,510	0	146,480,723	0.018	1,404
2016	0	0	0	130,540,195	0	8,205,774	0	138,745,969	0.017	1,330
2017	0	0	0	125,639,953	0	7,350,311	0	132,990,264	0.014	1,201
2018	0	0	0	118,831,052	0	6,449,775	0	125,280,827	0.012	1,100
2019	0	0	0	114,115,888	0	5,502,287	0	119,618,175	0.011	1,022
Total Primary Government										
2010	\$17,733,557	\$ 0	\$ 0	\$ 170,948,877	\$7,140,369	\$15,705,542	\$ 0	\$211,528,345	\$0.029	\$2,184
2011	17,213,457	0	0	168,219,382	10,123,390	14,127,814	0	209,684,043	0.029	2,157
2012	0	0	0	164,129,880	10,099,702	13,524,309	0	187,753,891	0.026	1,904
2013	0	0	0	159,799,642	11,740,045	12,701,841	0	184,241,528	0.026	1,843
2014	0	0	0	141,888,294	26,255,248	11,903,634	0	180,047,176	0.024	1,762
2015	0	0	0	137,462,213	23,655,822	10,823,622	0	171,941,657	0.021	1,648
2016	0	0	0	130,540,195	26,850,329	9,930,153	0	167,320,677	0.021	1,604
2017	0	0	0	125,639,953	24,154,921	8,830,934	0	158,625,808	0.017	1,432
2018	0	0	0	118,831,052	22,066,356	7,645,285	0	148,542,693	0.015	1,304
2019	0	0	0	114,115,888	11,284,736	8,248,172	8,997,833	142,646,629	0.013	1,219

(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

Fiscal Year							Ratio of Net	Net
Ended	Estimated	Assessed	Gross Bonded	Less Debt	Net	Bonded Debt to		Bonded Debt
<u>June 30,</u>	<u>Population</u>	<u>Valuation</u>	<u>Debt (1)</u>	<u>Service Fund</u>	<u>Bonded Debt</u>	<u>Assessed Value</u>		<u>Per Capita</u>
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
2019	117,003	10,709,969,739	0	0	0	0.00%		0

(1) Amount does not include special assessment bonds.

Source: Fresno County Auditor Controller/Treasurer Tax Collector

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

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
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
2019	0	0	0	80,856,703	0.0

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

CITY OF CLOVIS
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2019

2018-2019 Assessed Valuation: \$ 10,806,545,839

<u>Direct and Overlapping Debt:</u>	<u>% Applicable*</u>	<u>Debt</u>
<u>Direct Debt:</u>		
City of Clovis Capital Leases	100.00%	\$ 11,284,736
City of Clovis Loans Payable	100.00%	2,745,885
City of Clovis Notes from Direct Placements	100.00%	8,997,833
Total Net Direct Debt		23,028,454
Total Net Direct and Direct Bonded Debt		<u>\$ 23,028,454</u>
<u>Overlapping Bonded Debt:</u>		
Fresno County General Fund Obligations	13.763%	\$ 5,112,266
Fresno County Pension Obligations	13.763%	35,133,877
State Center Community College District	12.636%	22,047,925
Clovis Unified School District	41.253%	154,009,388
Clovis Unified School District Certificates of Participation	41.253%	1,924,452
Clovis Memorial District General Fund Obligations	44.061%	1,528,917
Fresno Unified School District	2.112%	10,543,512
Fresno Unified School District General Fund Obligations	2.112%	303,706
Sanger Unified School District	0.142%	215,569
Sanger Unified School District Certificates of Participation	0.142%	56,821
Total Gross Overlapping Bonded Debt		<u>230,876,433</u>
<u>Overlapping Tax Increment Debt:</u>		
Total Gross Overlapping Tax Increment Debt	100.00%	12,835,000
Total Gross Overlapping Debt		<u>\$ 243,711,433</u>
Total Net Direct and Overlapping Bonded Debt		<u><u>\$ 266,739,887</u></u> (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	2.26%
Total Direct and Direct Bonded Debt	0.21%
Combined Total Debt	2.47%

Ratios to Redevelopment Incremental Valuation \$850,512,099

Total Overlapping Tax Increment Debt	1.51%
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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**

Fiscal Year Ended June 30,	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit As a Percentage of Debt Limit
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
2019	1,620,981,876	0	1,620,981,876	0

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2019

Assessed Valuations:

Assessed Value	\$ 10,709,969,739
Add back exempt property	96,576,100

Total Assessed Value	<u>\$ 10,806,545,839</u>
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Legal Debt Margin:

Debt Limitation-15 percent of total assessed value	\$ 1,620,981,876
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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>\$ 1,620,981,876</u>
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**CITY OF CLOVIS
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

REFUSE DISPOSAL FUND

Fiscal Year			Net Revenue	Debt Service Requirements (3)			
Ended	Gross	Operating	Available for	Principal	Interest	Total	Coverage
June 30,	Revenues (1)	Expenses (2)	Debt Service				
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
2019	19,172,744	18,301,846	870,898	0	0	0	N/A

SEWER SERVICE FUND

Fiscal Year			Net Revenue	Debt Service Requirements (3)			
Ended	Gross	Operating	Available for	Principal	Interest	Total	Coverage
June 30,	Revenues (4)	Expenses (2)	Debt Service				
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
2019	22,175,017	10,126,785	12,048,232	2,075,000	3,806,133	5,881,133	2.05

WATER SERVICE FUND

Fiscal Year			Net Revenue	Debt Service Requirements (3)			
Ended	Gross	Operating	Available for	Principal	Interest	Total	Coverage
June 30,	Revenues (4)	Expenses (2)	Debt Service				
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
2019	27,118,081	13,346,057	13,772,024	1,890,000	1,087,826	2,977,826	4.62

(1) Total revenues, including interest.

(2) Total operating expenses exclusive of depreciation.

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

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

Note: This schedule does not represent legal bond covenants.

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

Fiscal Year Ended June 30,	City Population	% Change	City Unemployment Rate	Fresno County Population	City Population as % of County Population	Fresno County Unemployment Rate
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
2019	117,003	2.74	4.10	1,018,241	11.49	7.00

Sources: County of Fresno
Labor market Info EDD

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

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

Employer	2019			2010		
	Number of Employees	Rank	Percent of Total Employment*	Number of Employees		Percent of Total Employment*
Clovis Unified School District	8,369	1	15.38%	5,200	1	11.95
Clovis Community Hospital	1,939	2	3.56%	1,023	3	2.35
Alorica	720	3	1.32%	339	6	0.78
City of Clovis	671	4	1.23%	781	4	1.80
Wal-Mart	620	5	1.14%	239	7	0.55
Wawona Frozen Foods	540	6	0.99%			
Costco	368	7	0.68%	205	8	0.47
Target	325	8	0.60%	420	5	0.97
Anlin Industries	320	9	0.59%			
Savemart	234	10	0.43%	268	6	0.62
Lowe's				176	10	0.40
Pelco				2,029	2	4.66
Von's				202	9	0.46

* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for June 2019.

Source: Employment Development Department or employer provided

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

<u>Function</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>	<u>2019</u>
<u>Governmental Activities</u>										
General Government	24,100	36,550	38,050	39,050	43,150	41,850	43,850	44,850	46,850	46,650
Public Safety										
Police	146,000	146,000	148,000	152,000	156,000	163,000	168,000	175,000	175,000	176,000
Fire	60,500	66,500	64,500	66,000	66,000	66,000	66,000	67,000	67,000	67,000
Transportation	13,500	13,800	13,800	14,800	14,800	14,950	13,950	14,000	14,040	14,140
Community Development	52,250	41,500	40,000	0,500	0,400		1,000	1,000	1,000	0,850
Culture & Recreation	30,500	30,500	28,100	23,100	24,700	24,200	26,000	25,750	26,630	26,630
Internal Service	26,525	26,525	26,525	26,525	27,525	29,225	30,225	31,225	31,235	30,435
Total Governmental Activities	353,375	361,375	358,975	321,975	332,575	339,225	349,025	358,825	361,755	361,705
<u>Business-Type Activities</u>										
Refuse	39,610	41,860	41,860	41,860	42,560	44,310	44,310	43,960	45,060	49,060
Sewer	10,750	11,250	11,250	11,250	11,250	11,250	11,250	11,250	12,230	12,780
Water	34,350	34,600	34,600	34,600	34,300	34,300	35,300	36,850	37,890	39,040
Street Cleaning	4,790	4,790	4,790	4,790	4,790	6,790	6,790	6,790	6,740	6,740
Transit	22,125	22,125	22,525	22,525	22,525	24,125	25,325	25,325	25,325	25,325
Planning & Dev Services*				37,000	43,000	45,000	45,000	45,000	47,000	53,350
Total Business-Type Activities	111,625	114,625	115,025	152,025	158,425	165,775	167,975	169,175	174,245	186,295
Total Full-Time Employees	465,000	476,000	474,000	474,000	491,000	505,000	517,000	528,000	536,000	548,000

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>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>	<u>2019</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	359	362	369	380	384	391	410	415	419
Streetlights	8,938	9,567	9,576	9,587	10,308	10,461	10,479	11,022	11,088	11,692
Cultural and recreation:										
Parks	53	54	55	58	59	62	63	64	66	67
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	475	479	484	490	499	508	514	521	535	546
Sewer										
Sanitary sewers (miles)	352	356	358	361	367	373	379	385	396	405

Source: City of Clovis

CITY OF CLOVIS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Arrests	4,396	4,503	4,612	4,936	5,135	4,046	4,326	4,145	3,868	3,718
Parking citations issued	878	797	513	972	1,343	954	982	1,369	1,245	1,307
Fire:										
Number of emergency calls	8,135	6,970	8,945	9,958	8,290	10,098	10,069	9,661	9,974	10,399
Parks and recreation:										
Number of recreation classes	63	86	93	94	95	119	130	138	151	169
Number of facility rentals	18	18	13	13	13	32	32	32	48	68
Water:										
New connections	325	543	282	793	779	636	837	936	1,067	1,068
Average daily consumption (thousands of gallons)	22,889	21,918	22,453	23,917	23,840	20,684	16,883	19,083	20,849	19,929
Sewer:										
New connections	350	352	425	667	721	639	509	801	1,170	1,037
Average daily sewage treatment (thousands of gallons)	7,279	7,269	6,996	6,914	6,949	6,862	6,543	6,776	6,928	7,618

Source: City of Clovis

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Valuation (in Thousands)										
Residential	\$ 118,545	\$ 99,320	\$ 110,041	\$ 136,224	\$ 226,295	\$ 237,913	\$ 206,930	\$ 265,411	\$ 322,495	\$ 236,689
Non-residential	74,849	31,386	45,056	60,451	89,672	85,728	104,839	55,061	43,024	131,442
Total	<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>\$ 320,472</u>	<u>\$ 365,519</u>	<u>\$ 368,131</u>
New Dwelling Units										
Single Family	474	370	378	501	703	815	709	925	1,046	848
Multiple Family	0	60	100	60	32	209	0	58	304	0
Total	<u>474</u>	<u>430</u>	<u>478</u>	<u>561</u>	<u>735</u>	<u>1,024</u>	<u>709</u>	<u>983</u>	<u>1,350</u>	<u>848</u>

Source: City of Clovis Building Department

CITY OF CLOVIS
MISCELLANEOUS STATISTICS
June 30, 2019

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees (full-time and part-time)	671
Area (square miles)	25.5
Miles of Streets	419
Number of Street Lights	11,692
Fire Protection:	
Number of Stations	5
Number of Firefighters and Officers	67
Police Protection:	
Number of Police Officers and Other Sworn Personnel	176
Water Department:	
Number of Water Services	36,893
Miles of Water Mains	546
Sewers:	
Miles of Sanitary Sewers	405

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clovis, California (the "City") as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 13, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

San Diego, California
November 13, 2019



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

Independent Auditors' Report

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, 2019. 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.

Auditors' 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, 2019.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 13, 2019

City of Clovis
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Program:</i>			
CDBG Entitlement Grants Cluster:			
Community Development Block Grant - Entitlement	14.218	B-17-MC-06-0062	\$ 4,967
Community Development Block Grant - Entitlement	14.218	B-17-MC-06-0062	4,010
Community Development Block Grant - Entitlement	14.218	B-18-MC-06-0062	105,576
Community Development Block Grant - Entitlement	14.218	B-18-MC-06-0062	153,444
Community Development Block Grant - Entitlement	14.218	B-18-MC-06-0062	100,000
Community Development Block Grant - Entitlement	14.218	B-18-MC-06-0062	20,155
Community Development Block Grant - Entitlement	14.218	B-18-MC-06-0062	94,800
CDBG Entitlement Grants Cluster			482,952
Total U.S. Department of Housing and Urban Development			482,952
U.S. Department of Transportation			
<i>Passed-Through California State Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	06-5208	1,070,649
Highway Planning and Construction Cluster			1,070,649
<i>Passed-Through California Office of Traffic Safety:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PT18028	80,187
Highway Safety Cluster			80,187
Total U.S. Department of Transportation			1,150,836
U.S. Department of Health and Human Services			
<i>Passed-Through Fresno-Madera Area Agency on Aging:</i>			
Aging Cluster:			
Special Programs for the Aging, Title III, Part C	93.045	19-0051	26,000
Aging Cluster			26,000
Total U.S. Department of Health and Human Services			26,000
U.S. Department of Homeland Security			
<i>Passed-Through County of Fresno:</i>			
Homeland Security Program (SHSP)	97.067	97-067	48,023
Total U.S. Department of Homeland Security			48,023
Total Expenditures of Federal Awards			\$ 1,707,811

City of Clovis
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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, 2019

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? No
- Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in Accordance with 2 CFR 200.516(a)? No

Identification of major programs:

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Major Programs:		
Highway Planning and Construction Cluster	20.205	\$ 1,070,649
Total Major Program Expenditures		<u>\$ 1,070,649</u>
Total Expenditures of Federal Awards		<u>\$ 1,707,811</u>
Percentage of Total Expenditures of Federal Awards		<u>62.69%</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? No

City of Clovis
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Current Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2019.

B. Prior 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, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

B. Prior 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.

Status:

Implemented.

City of Clovis
Schedule of Findings and Questioned Costs, Continued
For the Year Ended June 30, 2019

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, 2019.

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, 2018.

**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**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2019, 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 13, 2019.

Internal Control Over Financial Reporting

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

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

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

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

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

Restriction on Use

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

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 13, 2019

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

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Clovis, California (City) for the year ended June 30, 2019. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City management is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the year ended June 30, 2019, 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
November 13, 2019

City of Clovis
Appropriations Limit Schedule
For the Year Ended June 30, 2019

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2018	\$ 247,817,348	Prior year
B. Calculation Factors:		
1) Population increase %	1.0303	State Department of Finance
2) Inflation increase %	<u>1.0493</u>	City Building Department
3) Total adjustment %	1.0811	(B1*B2)
C. Annual Adjustment Increase	20,096,448	[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>20,096,448</u>	(C+D)
F. Appropriations Limit FY 2019	<u><u>\$ 267,913,796</u></u>	(A+E)

City of Clovis
Notes to Appropriations Limit Schedule
For the Year Ended June 30, 2019

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 fiscal year 2019 represents the annual percentage change in population for the City.

Note 4 – Inflation Factors

A California governmental agency may use as its inflation factor either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for fiscal year 2019 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 fiscal year 2019.

(The End)