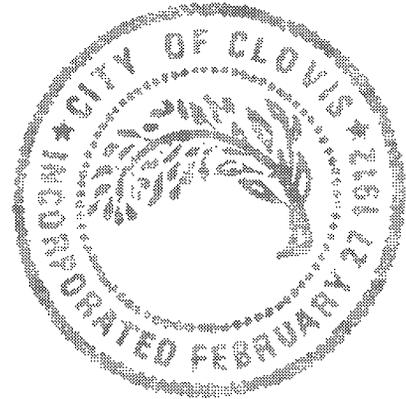


CITY OF
CLOVIS

CALIFORNIA



*Comprehensive
Annual
Financial
Report*

For the Fiscal Year ended
June 30, 2013

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

**CITY OF CLOVIS
CALIFORNIA**



LYNNE ASHBECK, MAYOR

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

ROBERT WOOLLEY, CITY MANAGER

Prepared by City of Clovis Finance Department

Jamie G. Hughson, Finance Director

**CITY OF CLOVIS
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CITY OF CLOVIS

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

December 2, 2013

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

It is with pleasure that I present to you the City of Clovis Comprehensive Annual Financial Report. This year's report has been formatted to comply with the financial reporting model as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34. These statements have been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants as required by State law. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Clovis of the fiscal year ended June 30, 2013.

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

The City of Clovis' financial statements have been audited by Pun & McGeady LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clovis for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Clovis' financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the City of Clovis was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special

emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this comprehensive annual financial report.

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

Profile of the Government

The City of Clovis, incorporated in 1912, as a general law city of the State of California, is located near the middle of the state in the San Joaquin Valley. The Central Valley is considered to be a national and world leader in the agricultural industry. The City of Clovis currently occupies over 23 square miles and serves a population of 99,983.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the city manager during the second week of March each year. The city manager uses these requests along with input from the council to develop a proposed budget. By the third Monday in May the proposed budget is presented to the city council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Clovis' fiscal year. The appropriated budget is prepared by fund and department. The city manager may make transfers of appropriations between departments within a specific fund of up to \$5,000 and up to \$2,500 from reserves. Transfers in excess of those amounts require council action. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the local transportation special revenue fund the budget-to-actual comparison is presented on pages 35-36 as part of the basic financial statements. For governmental funds, other than those funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 80.

Factors Affecting Financial Condition

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

Local economy. The local economy is experiencing a slow recovery from the economic downturn of recent years. Property values experienced a small increase from the prior year and are expected to improve further during the next year. Sales taxes experienced increases from the prior year and are expected to grow at 12% during the next year due to an improving economy and an increase due to various retail shops now open at the Clovis Crossing Regional Shopping Center at Clovis and Herndon Avenues. Building activity continues to be slower than the 10 year average however is continuing to improve compared to the past few years. The City has implemented two economic development programs designed to attract businesses to expand or relocate to Clovis. The City's unemployment rate still ranks one of the lowest in the area at 6.3%, lower than the national average of 7.2% and the State of California average of 8.5%.

The City experienced a 1.39% growth in population in 2013 compared to the ten year average growth rate of 2.80%. The City has three major retail centers and expects a complete build-out of the Clovis Crossing Shopping Center by late 2013. Upon completion in 2014, the center will have approximately 500,000 square feet of commercial space on 49 acres and a 100-percent occupancy rate. Anchored by Walmart and including Dick's Sporting Goods, PetCo, Old Navy, HomeGoods and many other retailers and restaurants, this center continues to bring more jobs and sales tax revenues to the City and illustrates the importance of Clovis as a regional marketing location. Clovis Community Hospital is expected to complete its \$300 million expansion and renovation project by early 2014 and is in the early planning stages of an additional bed tower. This expansion and renovation continues to be one of the biggest job creation projects in Fresno County in recent years, creating approximately 4,000 construction jobs with approximately 65% of construction jobs being filled with local labor.

Along with other significant employers, Pelco, an international manufacturer of security equipment and systems and Federal Express are located in the City's industrial park with a combined employment of over 1,500. Additionally, in 2013, the park welcomed two new large manufacturing businesses: Niacc Avitech, a leader in the production and repair of components used in the aerospace industry and KW Automotive North America, a world leader in the production of high-performance automobile suspension parts, are in various stages of moving their operations to Clovis. Both of these businesses combined employ 200 employees and both have immediate plans for growth.

During 2013, the City of Clovis saw significant changes in its vacancy rate of retail space. Of note, Burlington Coat Factory purchased, renovated and occupied a 49,860 square foot former Von's grocery store and Walmart Neighborhood Grocery purchased, renovated and now occupies a 53,366 square foot former Albertson's Grocery. Both units had been vacant for over six years. Other new retailers that have occupied long-time vacant space include Clovis True Value Hardware, Office Depot, and American Tire Depot. Combined, these businesses employ 230 employees.

The California Health Sciences University has purchased the vacant building located on Clovis Avenue, north of Sierra and will begin accepting students in early 2014. The private Pharmacy school will initially employ 50 people and plans to graduate 80 students per semester.

Of the 40,900 total jobs in Clovis 11,100 jobs are generated by the top ten employers. The City continues to market 125 acres of the City's Central Valley Research and Technology Business Park and the former DMV site in Old Town Clovis.

The City of Clovis is part of the Fresno/Clovis Metropolitan Area. This includes the City of Clovis, City of Fresno and developed areas of the County of Fresno in and around the cities of Clovis and Fresno. The population of the area is approximately 947,000. There are approximately 389,000 jobs in Fresno County. The county-wide unemployment rate is about 11.9%, not seasonally adjusted, which decreased from 15.2% 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 6.3% with 40,900 employed out of a workforce of 43,600.

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

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

Also, to finance current growth, the City has in place a variety of user and developer fees to pay for streets, parks, water wells and lines, and sewer lines. The City reviews these fees on an annual basis to assure that the fee structure is in line with the cost of construction. The Sewer Fund has planned increases of 5% and 4% over the next 2 years with annual increases of 3% starting in 2015 and beyond. The Community Sanitation Fund has planned annual decreases of 5% over each of the next two years.

Structurally Balanced Budget Policy. Prior to the economic recession, in 2006/07 the City Council utilized the emergency reserve when budgetary demand for services exceeded available resources. However, in the fall of 2007 when the decline in building activity began, the Council acted quickly to cut costs and services in an attempt to balance the budget. Although it was necessary in 2007/08 to utilize additional funds from the emergency reserve the efforts of the Council to develop a “structurally balanced budget” has paid off and the reserve has been rebuilt and now represents approximately 14% of the 2013/14 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

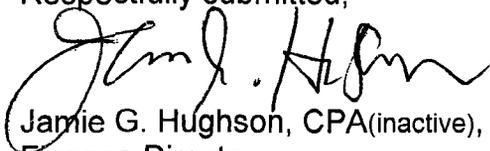
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clovis for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty-fifth consecutive year that the City has 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, 2013. 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 Barbara Melendez, Ellen Bolding, Bill Casarez, Jay Schengel, and Susan Evans.

Respectfully submitted,



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



Government Finance Officers Association

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

Presented to

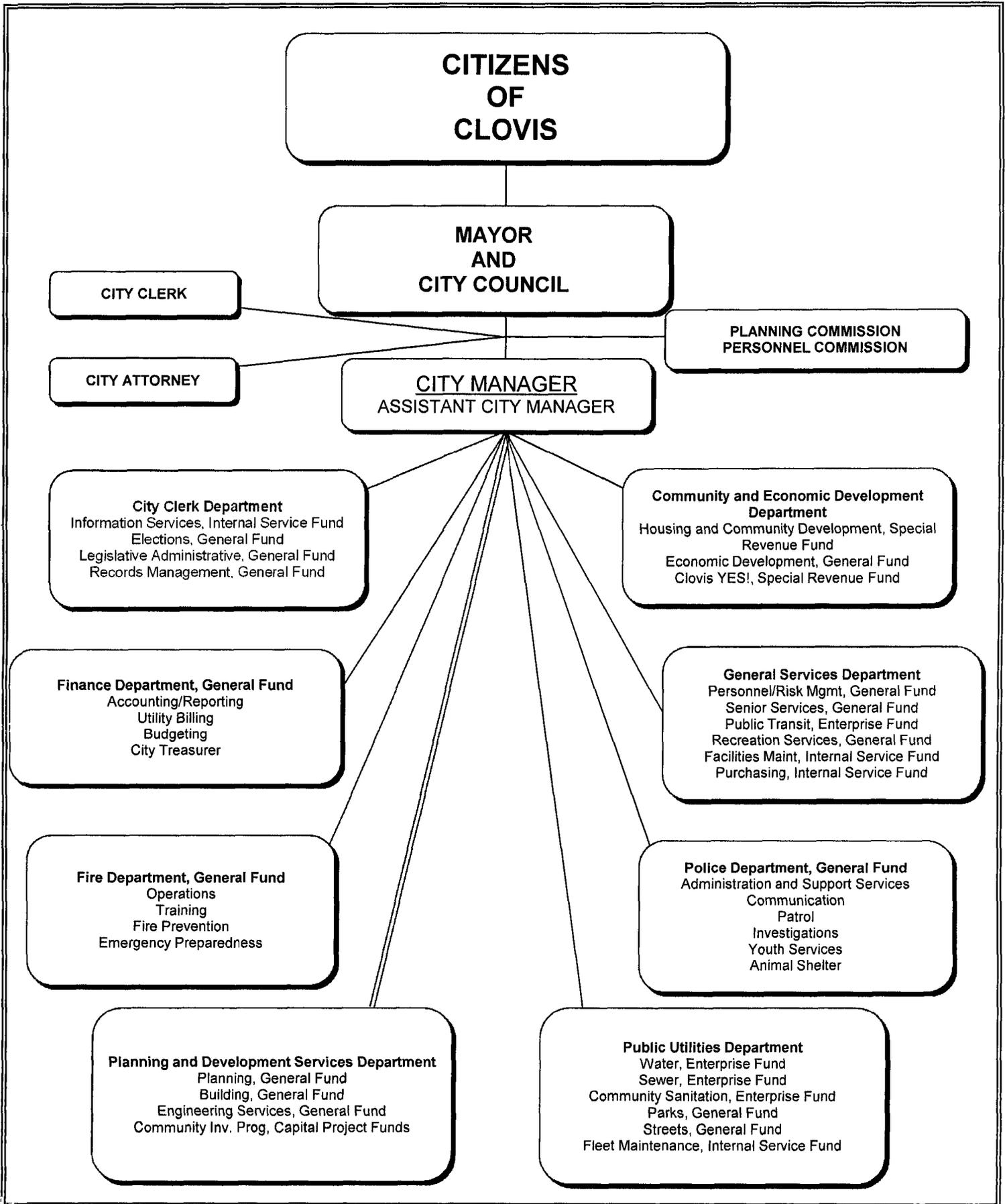
**City of Clovis
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF CLOVIS ORGANIZATION CHART



**CITY OF CLOVIS
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013**

Title

Name

City Manager

Robert Woolley

Assistant City Manager/City Clerk

John Holt

Public Utilities Director

Luke Serpa

Finance Director/City Treasurer

Jamie G. Hughson

Police Chief

Janet Davis

Fire Chief

Michael Despain

Planning & Development Services Director

Dwight Kroll

General Services Director

Robert Ford

Community & Economic Development Director

Tina Sumner

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clovis, California (the "City"), as of and for the year ended June 30, 2013, 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. 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, 2013, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund and the Local Transportation Special Revenue Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Public Employees Retirement System Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, Budget Comparison Schedules, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The Combining and Individual Nonmajor Fund Financial Statements, the Budgetary Comparison Schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



San Diego, California
November 21, 2013

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, 2013. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

The City's government-wide total assets exceeded liabilities (net assets) at the close of the fiscal year by \$704 million, which is 4% greater than 2012. Of this amount, \$68 million, 29% more than 2012, is in unrestricted net assets, 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 \$12 million, which represents a net increase of less than \$1 million from the previous year. The unassigned balance of slightly over \$1 million is available for carryover to fund future general fund expenditures.

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

Overview of the Financial Statements

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

Reporting the City as a Whole

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

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

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

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

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

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

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

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable

resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a government's near-term financing requirements.

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds since they are all major funds. All of the internal service funds are combined into a single, aggregated presentation in the fund financial statements. Individual fund data for the internal service funds is provided

in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 38-43 of this report.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 46-75 of this report.

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2013, with comparative data for the fiscal year ended June 30, 2012.

| | Governmental activities | | Business-type activities | | Total | |
|-----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$ 73,540,685 | \$ 77,313,224 | \$ 69,454,919 | \$ 57,053,902 | \$ 142,995,604 | \$ 134,367,126 |
| Capital and intangible assets | 505,899,867 | 492,406,881 | 286,640,025 | 286,116,581 | 792,539,892 | 778,523,462 |
| Total assets | 579,440,552 | 569,720,105 | 356,094,944 | 343,170,483 | 935,535,496 | 912,890,588 |
| Long-term liabilities outstanding | 53,749,010 | 55,449,727 | 162,153,991 | 165,131,262 | 215,903,001 | 220,580,989 |
| Other liabilities | 8,082,221 | 9,409,583 | 7,439,801 | 8,834,208 | 15,522,022 | 18,243,791 |
| Total liabilities | 61,831,231 | 64,859,310 | 169,593,792 | 173,965,470 | 231,425,023 | 238,824,780 |
| Net Position: | | | | | | |
| Net investment in capital assets | 481,728,976 | 469,870,590 | 130,123,119 | 125,252,722 | 611,852,095 | 595,123,312 |
| Restricted | 19,810,494 | 21,302,236 | 4,794,444 | 5,292,363 | 24,604,938 | 26,594,599 |
| Unrestricted | 16,069,851 | 13,687,969 | 51,583,589 | 38,659,928 | 67,653,440 | 52,347,897 |
| Total net position | \$ 517,609,321 | \$ 504,860,795 | \$ 186,501,152 | \$ 169,205,013 | \$ 704,110,473 | \$ 674,065,808 |

As of June 30, 2013, the City's government-wide total assets exceeded liabilities (net position) by \$704 million. Governmental activities finished the year with a positive net asset balance of \$518 million, an increase of \$13 million, or 3% over 2012. Business-type activities finished the year with a positive balance of \$187 million, an increase of \$17 million, or 10% over 2012. Net assets, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net position, \$612 million or 87% 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 \$17 million, restricted net assets decreased \$2 million and unrestricted net assets increased \$15 million, accounting for

the increase in total net assets of \$30 million. This is primarily due to the addition of donated governmental assets including streets and roads donated by developers. In addition to the donated streets and roadways various streets were constructed and/or improved, accounting for the majority of the increase in net assets along with the construction of the new animal shelter and park additions.

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

Restricted net assets represent \$25 million or 3% of the total. Restricted net assets are those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

Unrestricted net assets are those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net assets are \$68 million or 10% of the total net assets, which is an increase of \$15 million or 29% from the previous year. Governmental activities account for \$16 million or 24% of the total unrestricted net assets and increased \$2 million or 17% compared to last year. Business-type activities account for \$52 million or 76% of the total and increased \$13 million or 33% compared to last year.

Governmental activities. Governmental activities account for \$518 million or 73% of the total Government-wide net assets. This is an increase of \$13 million or 3% over June 30, 2012. Donated and constructed assets increased by \$12 million while the amounts available for debt service, street and road construction and community development decreased by \$1 million. Additionally, the amount accumulated during the year for normal activities, unrestricted net assets, increased by \$2 million.

The following lists key components of this increase:

City of Clovis' Changes in Net Position

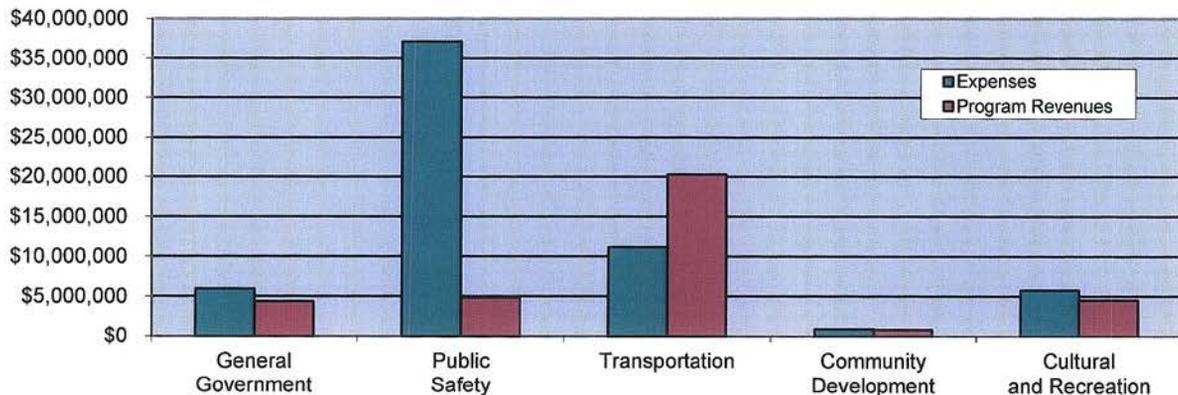
| | Governmental activities | | Business-type activities | | Total | |
|--|-------------------------|-------------------|--------------------------|-------------------|--------------------|--------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 17,876,088 | \$ 25,866,730 | \$ 66,498,290 | \$ 53,370,140 | \$ 87,324,195 | \$ 79,236,870 |
| Operating grants and contributions | 1,099,687 | 1,962,881 | 3,051,654 | 48,492 | 1,201,524 | 2,011,373 |
| Capital grants and contributions | 15,859,407 | 22,261,937 | 4,639,052 | 4,829,412 | 20,498,459 | 27,091,349 |
| General revenues: | | | | | | |
| Property taxes | 17,961,307 | 15,294,164 | | | 17,961,307 | 15,294,164 |
| Sales taxes | 15,048,688 | 13,853,122 | | | 15,048,688 | 13,853,122 |
| Business License/Franchise | 4,385,760 | 4,184,448 | | | 4,385,760 | 4,184,448 |
| Other taxes | 1,934,715 | 1,739,920 | | | 1,934,715 | 1,739,920 |
| Grants and contributions not restricted to specific programs | 175,512 | 190,183 | | | 175,512 | 190,183 |
| Unrestricted investment earnings | 61,397 | 147,887 | 161,421 | 195,323 | 222,818 | 343,210 |
| Total revenues | 74,402,561 | 85,501,272 | 74,350,417 | 58,443,367 | 148,752,978 | 143,944,639 |
| Expenses: | | | | | | |
| General government | 5,947,891 | 4,951,680 | | | 5,947,891 | 4,951,680 |
| Public safety | 37,105,782 | 35,184,832 | | | 37,105,782 | 35,184,832 |
| Transportation | 11,159,895 | 10,803,296 | | | 11,159,895 | 10,803,296 |
| Community development | 930,156 | 8,924,774 | | | 930,156 | 8,924,774 |
| Cultural and recreation | 5,790,311 | 5,435,666 | | | 5,790,311 | 5,435,666 |
| Community Sanitation | | | 14,057,173 | 13,617,008 | 14,057,173 | 13,617,008 |
| Sewer | | | 17,554,421 | 18,207,235 | 17,554,421 | 18,207,235 |
| Water | | | 14,587,329 | 14,114,057 | 14,587,329 | 14,114,057 |
| Transit | | | 4,749,288 | 4,418,954 | 4,749,288 | 4,418,954 |
| Planning & Development Services | | | 6,826,067 | | 6,826,067 | |
| Total expenses | 60,934,035 | 65,300,248 | 57,774,278 | 50,357,254 | 118,708,313 | 115,657,502 |
| Increase in net assets before transfers | 13,468,526 | 20,201,024 | 16,576,139 | 8,086,113 | 30,044,665 | 28,287,137 |
| Transfers | (720,000) | 727,000 | 720,000 | (727,000) | 0 | 0 |
| Extraordinary Item-Dissolution of CCDA | | (2,256,771) | | | | (2,256,771) |
| Increase in net assets | 12,748,526 | 18,671,253 | 17,296,139 | 7,359,113 | 30,044,665 | 26,030,366 |
| Net assets - beginning | 504,860,795 | 486,189,542 | 169,205,013 | 161,845,900 | 674,065,808 | 648,035,442 |
| Net assets - ending | \$ 517,609,321 | \$ 504,860,795 | \$ 186,501,152 | \$ 169,205,013 | \$ 704,110,473 | \$ 674,065,808 |

Total governmental revenues for the year were \$74 million, which is \$11 million or 13% less than in 2012. The majority of this decrease, \$6 million, is attributable to the creation of a new enterprise fund for planning and development services now reported in business-type activity and was previously reported in governmental activities. Charges for services of \$18 million in 2013 accounted for 24% of the total revenue and are \$8 million or 31% less than 2012. Capital grants and contributions decreased \$7 million from the previous year, mainly due to a reduction of donated infrastructure by developers. Taxes, including property, sales, business license/franchise, and other

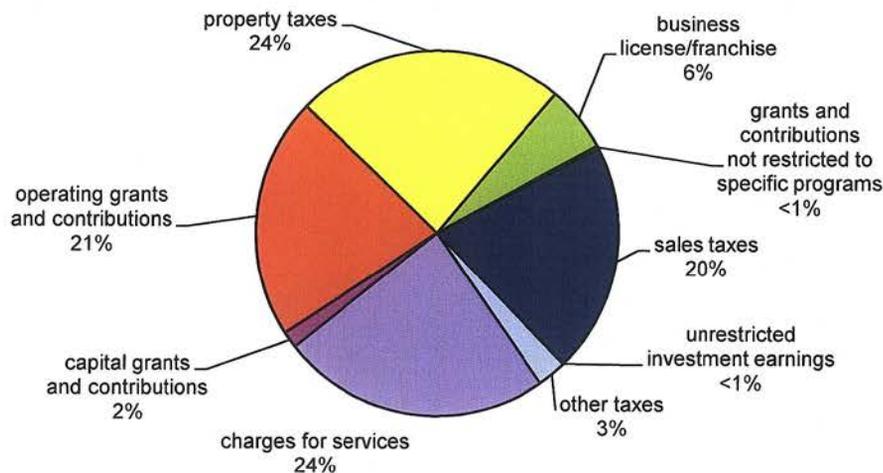
taxes, account for \$39 million or 53% of the City's governmental activities revenue and increased \$4 million or 12% from 2012. Property taxes increased by \$3 million due to higher property values, the shift of former redevelopment tax increment to the City and by the distribution of the fund balances of the former redevelopment agency. Sales taxes increased mainly due to increased automobile sales and with the opening of a major shopping center there was a boost in general retail sales. Other taxes increased due to an increase in franchise fees collected.

Total governmental expenses for the year were \$61 million, a decrease of \$4 million or 7% from 2012. Public Safety, which includes police and fire, accounts for \$37 million or 61% of the total governmental activities expenses. Public Safety expenses increased \$2 million or 5% primarily due to increases in salary and benefit costs and the increased costs of services, materials and supplies. Community development expenses were \$1 million or 2% and decreased \$8 million or 90% from 2012 as a result of moving planning and development services to business-type activities. General government expenses were \$6 million or 10% and increased \$1 million or 20% from 2012 mainly as a result of increases in salary and benefit costs and filling more vacant positions. Transportation expenses were \$11 million or 18% and Cultural and Recreation expenses were \$6 million or 10%; combined these expenses were \$1 million more than 2012.

Expenses and Program Revenues-Governmental Activities



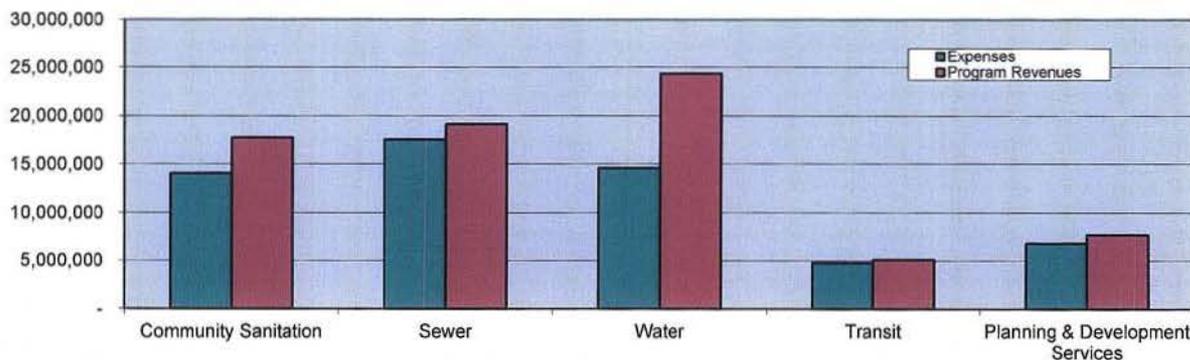
Revenues by Source-Governmental Activities



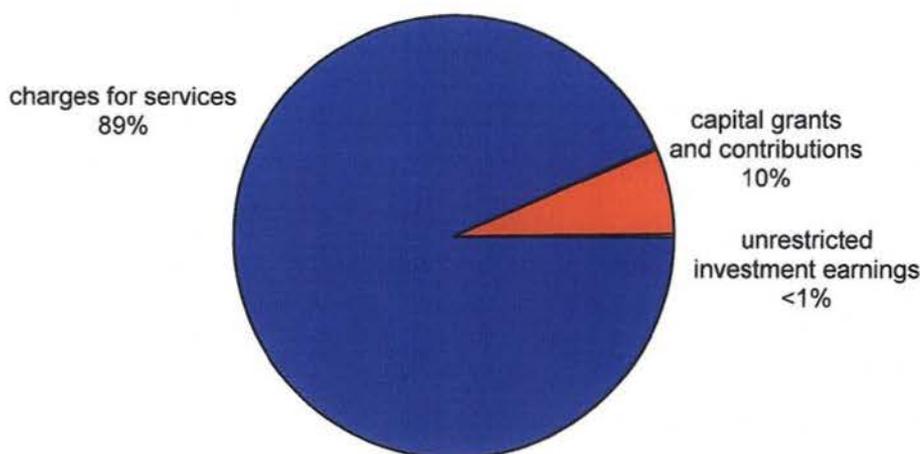
Program revenues that include charges for services and grants specific to certain programs account for \$35 million or 47% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of "general" revenues such as taxes, interest, and grants and contributions.

Business-type Activities. Business-type activities account for \$187 million or 26% of the total Government-wide net position. This is an increase of \$18 million or 10% from June 30, 2012. The component, "Net Investment in Capital Assets" accounts for \$130 million or 70% of the total net assets and is an increase of \$5 million from 2012. The amount restricted for debt service represents \$5 million or 3% of the total net assets and is the same as 2012. The amount in "Unrestricted Net Assets," \$52 million or 28% of total net assets, increased \$13 million from 2012. Charges for current services were \$66 million or 89% percent of the total business-type activity revenue and increased \$13 million from 2012 as a result of rate increases, additional customers, greater activity and the inclusion of the Planning and Development Services in the business type activity. Capital grants and contributions of \$8 million represent \$4 million in contributions of sewer and water mains from developers, \$3 million in state transit assistance and a \$1 million capital grant for expansion of the surface water treatment plant.

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 except for the Workforce Investment fund. The ending fund balance for all funds is \$32 million, which is almost the same as the previous year. Of the total fund balance, \$1 million or 4% is unassigned, which, within the limitations of the fund's purpose, is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted, assigned or committed for the following: (in millions)

| | |
|----------------------------------|-------|
| Assets held for resale | \$2.5 |
| Long-term Receivables | 5.5 |
| Debt service | 0.4 |
| Landscape Maintenance | 2.3 |
| Parking and Business Improvement | <0.1 |
| Law Enforcement | <0.1 |
| Services materials and supplies | 0.4 |
| Capital | 3.5 |
| Emergencies | 7.4 |

The general fund is the chief operating fund of the City. As of June 30, 2013, the *total* fund balance (including all categories) of the general fund was \$12.3 million, up \$0.9 million from June 30, 2012. The total fund balance of \$12.3 million includes nonspendable balances of \$0.9 million, restricted balances of \$2.4 million, assigned balances of \$7.9 million and an unassigned balance of \$1.1 million.

The general fund *restricted* balances of \$2.4 million decreased by \$0.4 million from 2012 due to a reduction in the amount for the landscape maintenance. The *assigned* balance for unforeseen expenditures increased by \$0.9 million; from \$6.5 million to

\$7.4 million; or 14% of the 2013/14 budgeted expenditures in order to reach the 10%-15% minimum level established by council policy. The *unassigned* fund balance increased \$0.6 million when compared to June 30, 2012. The \$1.1 million unassigned portion is the amount carried over to offset the impact of any revenue shortfall that may occur in the next year due to economic uncertainty.

Revenues exceeded expenditures by \$2.4 million excluding landscape maintenance where expenditures exceeded revenues by \$0.4 million. Some general fund revenues came in higher than budgeted; they were "Property Taxes," \$0.4 million; "Sales Taxes," \$0.3 million; "Other taxes," \$0.1 million and "Licenses and Permits," \$0.6 million. Other general fund revenues came in under budgeted amounts, they were "From other Agencies," \$0.1 million; and "Other revenues," \$0.3 million. The increase in property tax was attributed to the shift of former redevelopment tax increment to the City. The greater than expected sales tax was mostly due to improved retail and automobile sales. The increase in "Licenses and Permits" is from the collection of card room fees. The Clovis 500 club was granted a permit to expand and as a result has generated over \$0.5 million in additional revenue under the category of "Licenses and Permits." The shortfall in "From Other Agencies" represents some grant funding for public safety operations being carried over for next year.

Several departments experienced expenditure savings including "Clerk, \$0.1 million" "Manager," \$0.1 million, "General Services," \$0.1 million, "Finance," \$0.6 million, "Police," \$0.4 million, "Fire," \$0.1 million, and "Public Utilities," \$0.3 million. Most of the expenditure savings in the departments were savings achieved by staffing vacancies, savings in services and supplies and postponed capital expenditures. Most savings attributed to "projects" that were not commenced before the end of the fiscal year, 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 \$7.8 million is \$1.0 million less than June 30, 2012.

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

All the internal service funds finished with positive unrestricted net assets with the exception of the Employee Benefits Fund. The Employee Benefits Fund ended the year with a deficit unrestricted net asset balance of \$5.9 million. This deficit balance is attributable to the liability of workers' compensation program claims. The current liability for workers' compensation claims is \$10.6 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 Changes in Fund Balance-Budget to Actual, General Fund, on page 35 shows the original budget and final budget. Below is a summary of the primary amendments:

- \$ 256,000 City Attorney-additional costs incurred for consulting services provided for litigation
- \$ 375,000 Manager-transfer of costs previously included in Successor Agency budget
- \$ 325,000 Police Department-Various grant expenditures offset by additional grant revenues
- \$ 41,000 Fire Department-additional costs for equipment offset by grants

The budget variances were the result of additional grants awarded during the year to the Police Department and Fire Department, litigation incurred by the City Attorney and for shifting costs to the Manager Department.

Capital Assets and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$793 million (net of depreciation/amortization) an increase of \$14 million over 2012. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and road network and intangible capacity rights for water and sewer.

Major capital asset additions this year include the following:

| | |
|---|---------------|
| Road network improvements and land acquisitions | \$ 19 million |
| Buildings and improvements (corp yd, parks, & animal shelter) | 7 million |
| Sewer system improvements | 1 million |
| Water system improvements | 5 million |
| Equipment purchases (transit busses) | 1 million |

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

Additional information on the City’s capital assets can be found in note IV.E on page 58.

CITY OF CLOVIS'
Capital Assets
(net of depreciation)

| | Governmental activities | | Business-type activities | | Total | |
|----------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 207,413,339 | \$ 203,013,616 | \$ 36,124,392 | \$ 36,081,421 | \$ 243,537,731 | \$ 239,095,037 |
| Buildings and improvements | 88,890,182 | 85,228,173 | 218,622,481 | 218,482,900 | 307,512,663 | 303,711,073 |
| Machinery and equipment | 11,072,407 | 12,525,793 | 2,675,999 | 2,109,520 | 13,748,406 | 14,635,313 |
| Road network | 198,523,939 | 191,639,299 | - | - | 198,523,939 | 191,639,299 |
| Intangibles | - | - | 29,217,153 | 29,442,740 | 29,217,153 | 29,442,740 |
| Total | \$ 505,899,867 | \$ 492,406,881 | \$ 286,640,025 | \$ 286,116,581 | \$ 792,539,892 | \$ 778,523,462 |

Long-term Debt. The City's long-term debt as of June 30, 2013, was \$182 million with governmental activities accounting for \$28 million or 15% and business-type activities accounting for \$154 million or 85%.

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

| | Governmental activities | | Business-type activities | | Total | |
|-------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Capital leases | \$ 11,770,456 | \$ 10,131,380 | | | \$ 11,770,456 | \$ 10,131,380 |
| Loans payable | 2,202,693 | 2,348,201 | | | 2,202,693 | 2,348,201 |
| Revenue bonds | 14,055,000 | 14,735,000 | \$ 143,435,000 | \$ 146,995,000 | 157,490,000 | 161,730,000 |
| Contracts payable | | | 10,503,597 | 11,181,113 | 10,503,597 | 11,181,113 |
| Total | \$ 28,028,149 | \$ 27,214,581 | \$ 153,938,597 | \$ 158,176,113 | \$ 181,966,746 | \$ 185,390,694 |

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

Economic Factors and Next Year's Budgets and Rates

The City is closely watching the national economy and keeping up with the state's budget issues and the impact these have on Clovis. During the budget development process for the 2013/14 fiscal year, the City was able to increase general fund expenditures by \$2.0 million compared to the estimated 2012/13 expenditures. This increase is due to vacancies being filled, 5 additional positions, a 2% salary increase, debt service on safety equipment as well as increased costs for services materials and supplies.

Economic forecasts for the Central Valley and Fresno County indicate continued economic recovery when compared to the rest of California and the nation. The good news is the local economy is improving. Taxable sales are projected to increase by 12% compared to the previous year due to a major shopping center anchored by a super Wal Mart, being open for a full year yielding increased retail sales as well as improved automobile sales. The City of Clovis' population is continuing to grow and will almost assuredly exceed the 100,000 mark by the year 2014.

Residential building activity saw growth in 2013 and modest growth is projected throughout 2014. 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 as a result of recent economic development programs designed to stimulate job creation by providing fee incentives including significant fee waivers for all development in the "core" area of the City. The Clovis Community Medical Center continues to grow and expand. The Clovis Community Medical Center is emerging as a top employer in the City of Clovis.

Total city-wide expenditures, excluding capital expenditures, were projected to increase approximately 4.8% due to filling vacancies, adding nine new positions, and the rising costs of services materials and supplies.

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

At June 30, 2013 the General Fund has an assigned fund balance of \$7.4 million or 13.8% of budgeted expenditures set aside for unforeseen emergencies.

The Community Sanitation Fund has an approved rate increase of 4% however the council determined that only the recycling and greenwaste programs needed this increase and therefore implemented the increase for these two programs and not the refuse collection and disposal program. The refuse collection and disposal program was able to decrease its rates by 5% for the 2013-14 year. The Sewer Fund has a 5% increase planned for 2013-14.

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, 2013**

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and investments | \$55,692,284 | \$52,914,507 | \$108,606,791 |
| Receivables | 7,246,996 | 9,898,735 | 17,145,731 |
| Internal balances | (268,992) | 268,992 | 0 |
| Due from other governments | 5,935,448 | 1,578,242 | 7,513,690 |
| Inventories | 551,000 | | 551,000 |
| Assets held for resale | 2,546,746 | | 2,546,746 |
| Restricted assets: | | | |
| Cash and investments | 1,837,203 | 4,794,443 | 6,631,646 |
| Capital assets, not being depreciated | | | |
| Land | 207,413,339 | 36,124,392 | 243,537,731 |
| Capital assets (net of accumulated depreciation): | | | |
| Buildings and improvements | 88,890,182 | 218,622,481 | 307,512,663 |
| Machinery and equipment | 11,072,407 | 2,675,999 | 13,748,406 |
| Road network | 198,523,939 | | 198,523,939 |
| Intangible assets (net of accumulated amortization) | | 29,217,153 | 29,217,153 |
| Total assets | <u>579,440,552</u> | <u>356,094,944</u> | <u>935,535,496</u> |
| LIABILITIES | | | |
| Accounts payable | 5,242,907 | 5,031,599 | 10,274,506 |
| Unearned revenue | 2,839,314 | 2,408,202 | 5,247,516 |
| Noncurrent liabilities: | | | |
| Due within one year | 5,689,746 | 7,064,199 | 12,753,945 |
| Due in more than one year | 48,059,264 | 155,089,792 | 203,149,056 |
| Total liabilities | <u>61,831,231</u> | <u>169,593,792</u> | <u>231,425,023</u> |
| NET POSITION | | | |
| Net investment in capital assets | 481,728,976 | 130,123,119 | 611,852,095 |
| Restricted for: | | | |
| Debt service | 968,667 | 4,794,444 | 5,763,111 |
| Streets and roads | 10,657,751 | | 10,657,751 |
| Community development | 8,184,076 | | 8,184,076 |
| Unrestricted | 16,069,851 | 51,583,589 | 67,653,440 |
| Total net position | <u>\$517,609,321</u> | <u>\$186,501,152</u> | <u>\$704,110,473</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, 2013**

| Function/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Asset | | |
|--|----------------------|-------------------------|--|--|---|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$5,947,891 | \$4,271,325 | \$1,054 | \$113,082 | (\$1,562,430) | | (\$1,562,430) |
| Public safety | 37,105,782 | 1,699,993 | 860,925 | 2,275,850 | (32,269,014) | | (32,269,014) |
| Transportation | 11,159,895 | 6,818,069 | | 13,462,018 | 9,120,192 | | 9,120,192 |
| Community development | 930,156 | 577,537 | 228,564 | 5,547 | (118,508) | | (118,508) |
| Cultural and recreation | 5,790,311 | 4,509,164 | 9,144 | 2,910 | (1,269,093) | | (1,269,093) |
| Total governmental activities | <u>60,934,035</u> | <u>17,876,088</u> | <u>1,099,687</u> | <u>15,859,407</u> | <u>(26,098,853)</u> | <u>0</u> | <u>(26,098,853)</u> |
| Business-type activities: | | | | | | | |
| Community sanitation | 14,057,173 | 17,784,047 | | | | \$3,726,874 | 3,726,874 |
| Sewer | 17,554,421 | 18,339,739 | | 820,547 | | 1,605,865 | 1,605,865 |
| Water | 14,587,329 | 21,242,661 | | 3,098,047 | | 9,753,379 | 9,753,379 |
| Transit | 4,749,288 | 1,411,273 | 2,949,817 | 720,458 | | 332,260 | 332,260 |
| Planning & Development Services | 6,826,067 | 7,720,570 | 101,837 | | | 996,340 | 996,340 |
| Total business-type activities | <u>57,774,278</u> | <u>66,498,290</u> | <u>3,051,654</u> | <u>4,639,052</u> | <u>0</u> | <u>16,414,718</u> | <u>16,414,718</u> |
| Total primary government | <u>\$118,708,313</u> | <u>\$84,374,378</u> | <u>\$4,151,341</u> | <u>\$20,498,459</u> | <u>(26,098,853)</u> | <u>16,414,718</u> | <u>(9,684,135)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 17,961,307 | | 17,961,307 |
| Sales taxes | | | | | 15,048,688 | | 15,048,688 |
| Business License/Franchise Fees | | | | | 4,385,760 | | 4,385,760 |
| Other taxes | | | | | 1,934,715 | | 1,934,715 |
| Grants and contributions not restricted to specific programs | | | | | 175,512 | | 175,512 |
| Unrestricted investment earnings | | | | | 61,397 | 161,421 | 222,818 |
| Transfers | | | | | (720,000) | 720,000 | 0 |
| Total general revenues and transfers | | | | | <u>38,847,379</u> | <u>881,421</u> | <u>39,728,800</u> |
| Change in net position | | | | | 12,748,526 | 17,296,139 | 30,044,665 |
| Net position-beginning | | | | | 504,860,795 | 169,205,013 | 674,065,808 |
| Net position-ending | | | | | <u>\$517,609,321</u> | <u>\$186,501,152</u> | <u>\$704,110,473</u> |

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

**City of Clovis
Balance Sheet
Governmental Funds
June 30, 2013**

| | Major Funds | | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------------|--------------------------------|--------------------------------|
| | General | Local Transportation | | |
| ASSETS | | | | |
| Cash and investments | \$9,098,320 | \$20,736,642 | \$3,961,399 | \$33,796,361 |
| Cash with agents-restricted | | 45,040 | 1,227,633 | 1,272,673 |
| Receivables | 1,599,143 | 19,537 | 5,094,047 | 6,712,727 |
| Due from other funds | 51,000 | | | 51,000 |
| Due from other governments | 3,774,863 | 2,022,040 | 130,410 | 5,927,313 |
| Assets held for resale | | | 2,546,746 | 2,546,746 |
| Total assets | \$14,523,326 | \$22,823,259 | \$12,960,235 | \$50,306,820 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$819,215 | \$1,707,904 | \$1,009,620 | \$3,536,739 |
| Due to other funds | | | 51,000 | 51,000 |
| Deposits and other liabilities | 221,005 | 11,694,007 | 404,200 | 12,319,212 |
| Deferred revenue | 1,226,134 | 1,613,181 | | 2,839,315 |
| Total liabilities | 2,266,354 | 15,015,092 | 1,464,820 | 18,746,266 |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Assets held for resale | | | 2,546,746 | 2,546,746 |
| Long-term receivables | 855,000 | | 4,608,929 | 5,463,929 |
| Restricted for: | | | | |
| Capital projects | | 4,683,127 | 2,614,584 | 7,297,711 |
| Community development | | | 1,094,104 | 1,094,104 |
| Debt service | | | 404,137 | 404,137 |
| Landscape maintenance | 2,331,087 | | | 2,331,087 |
| Parking and business improvement | 51,760 | | | 51,760 |
| Law enforcement | 585 | | | 585 |
| Assigned for: | | | | |
| Services, materials and supplies | 429,000 | | | 429,000 |
| Capital | 90,000 | 3,125,040 | 235,000 | 3,450,040 |
| Emergencies | 7,364,000 | | | 7,364,000 |
| Unassigned, reported in: | | | | |
| General fund | 1,135,540 | | | 1,135,540 |
| Workforce Investment fund | | | (8,085) | (8,085) |
| Total fund balances | 12,256,972 | 7,808,167 | 11,495,415 | 31,560,554 |
| Total liabilities and fund balances | \$14,523,326 | \$22,823,259 | \$12,960,235 | |

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 \$84,000,938 of internal service fund capital assets) | 421,898,929 |
| 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 \$268,992 allocated to business-type activities) | 66,293,838 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (2,144,000) |
| Net Position of Governmental Activities | \$517,609,321 |

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, 2013

| | <u>Major Funds</u> | | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---------------------------------|---|---|
| | <u>General</u> | <u>Local Transportation</u> | | |
| REVENUES | | | | |
| Property taxes | \$17,961,309 | | | \$17,961,309 |
| Sales taxes | 15,284,968 | | | 15,284,968 |
| Business license/Franchise fee | 4,331,760 | | | 4,331,760 |
| Other taxes | 2,033,716 | | | 2,033,716 |
| Licenses and permits | 688,001 | | | 688,001 |
| Fines and forfeitures | 192,636 | | | 192,636 |
| Use of money and property | 42,321 | \$19,202 | \$22,026 | 83,549 |
| From other agencies | 3,275,627 | 6,871,710 | 816,006 | 10,963,343 |
| Charges for current services | 3,682,067 | 758,873 | 1,378,567 | 5,819,507 |
| Other revenues | 4,500,253 | 1,208 | 53,502 | 4,554,963 |
| Total revenue | <u>51,992,658</u> | <u>7,650,993</u> | <u>2,270,101</u> | <u>61,913,752</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 5,620,526 | | | 5,620,526 |
| Public safety | 36,043,170 | | | 36,043,170 |
| Transportation | 3,256,789 | | | 3,256,789 |
| Community development | | | 1,150,395 | 1,150,395 |
| Cultural and recreation | 5,024,870 | | | 5,024,870 |
| Capital outlays | | 8,727,926 | 1,477,539 | 10,205,465 |
| Total expenditures | <u>49,945,355</u> | <u>8,727,926</u> | <u>2,627,934</u> | <u>61,301,215</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,047,303</u> | <u>(1,076,933)</u> | <u>(357,833)</u> | <u>612,537</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | 30,000 | 30,000 |
| Transfers out | (1,177,000) | | (88,000) | (1,265,000) |
| Total other financing sources (uses) | <u>(1,177,000)</u> | <u>0</u> | <u>(58,000)</u> | <u>(1,235,000)</u> |
| Net change in fund balances | <u>870,303</u> | <u>(1,076,933)</u> | <u>(415,833)</u> | <u>(622,463)</u> |
| Fund balances-beginning | 11,386,669 | 8,885,100 | 11,911,248 | 32,183,017 |
| Fund balances-ending | <u>\$12,256,972</u> | <u>\$7,808,167</u> | <u>\$11,495,415</u> | <u>\$31,560,554</u> |

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

**City of Clovis
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2013**

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) | (\$622,463) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 1,415,519 |
| The net effect of donations and miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets. | 10,321,607 |
| 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. | 139,000 |
| Internal service funds are used by management to charge the costs of fleet maintenance, employee benefits, liability and property insurance and general services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. Net of \$575,213 allocated to business-type activities. | 1,494,863 |
| Change in net assets of governmental activities (page 31) | <hr style="border: 0.5px solid black;"/> <u><u>\$12,748,526</u></u> |

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

City of Clovis
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Fund
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|--|------------------|--------------|-------------------|--|
| | Original | Final | | |
| REVENUE | | | | |
| Property taxes | \$17,547,000 | \$17,547,000 | \$17,961,309 | \$414,309 |
| Sales taxes | 14,980,000 | 14,980,000 | 15,284,968 | 304,968 |
| Business license/Franchise fee | 4,350,000 | 4,350,000 | 4,331,760 | (18,240) |
| Other taxes | 1,899,000 | 1,899,000 | 2,033,716 | 134,716 |
| Licenses and permits | 133,000 | 133,000 | 688,001 | 555,001 |
| Fines and forfeitures | 172,000 | 172,000 | 192,636 | 20,636 |
| Use of money and property | 42,000 | 42,000 | 42,321 | 321 |
| From other agencies | 3,053,000 | 3,395,900 | 3,275,627 | (120,273) |
| Charges for current services | 3,658,000 | 3,658,000 | 3,682,067 | 24,067 |
| Other revenues | 4,500,000 | 4,523,000 | 4,500,253 | (22,747) |
| Total revenues | 50,334,000 | 50,699,900 | 51,992,658 | 1,292,758 |
| EXPENDITURES | | | | |
| Council | 250,700 | 261,700 | 261,054 | 646 |
| Clerk | 355,797 | 355,797 | 222,830 | 132,967 |
| Attorney | 771,600 | 1,027,600 | 1,027,125 | 475 |
| Manager | 1,159,720 | 1,534,420 | 1,454,921 | 79,499 |
| General services | 1,308,927 | 1,308,927 | 1,240,363 | 68,564 |
| Finance/Treasurer | 2,771,801 | 2,771,801 | 2,178,274 | 593,527 |
| Police | 23,810,046 | 24,134,646 | 23,716,270 | 418,376 |
| Fire | 12,339,125 | 12,380,425 | 12,326,900 | 53,525 |
| Public utilities | 7,851,462 | 7,851,462 | 7,517,618 | 333,844 |
| Total expenditures | 50,619,178 | 51,626,778 | 49,945,355 | 1,681,423 |
| Excess (deficiency) of revenues over expenditures | (285,178) | (926,878) | 2,047,303 | 2,974,181 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | | |
| Transfers Out | (30,000) | (1,177,000) | (1,177,000) | |
| Total other financing sources (uses) | (30,000) | (1,177,000) | (1,177,000) | 0 |
| Net change in fund balances | (315,178) | (2,103,878) | 870,303 | 2,974,181 |
| Fund balances-beginning | 11,386,669 | 11,386,669 | 11,386,669 | |
| Fund balances-ending | \$11,071,491 | \$9,282,791 | \$12,256,972 | \$2,974,181 |

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

City of Clovis
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Local Transportation Special Revenue Fund
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|--|------------------|---------------|-------------------|--|
| | Original | Final | | |
| REVENUE | | | | |
| Use of money and property | \$13,000 | \$13,000 | \$19,202 | \$6,202 |
| From other agencies | 8,735,000 | 8,735,000 | 6,871,710 | (1,863,290) |
| Charges for services | 800,000 | 800,000 | 758,873 | (41,127) |
| Other revenues | 0 | 0 | 1,208 | 1,208 |
| Total revenues | 9,548,000 | 9,548,000 | 7,650,993 | (1,897,007) |
| EXPENDITURES | | | | |
| Capital Outlay | 12,964,746 | 23,209,746 | 8,727,926 | 14,481,820 |
| Total expenditures | 12,964,746 | 23,209,746 | 8,727,926 | 14,481,820 |
| Excess (deficiency) of revenues over expenditures | (3,416,746) | (13,661,746) | (1,076,933) | 12,584,813 |
| Fund balances-beginning | 8,885,100 | 8,885,100 | 8,885,100 | |
| Fund balances-ending | \$5,468,354 | (\$4,776,646) | \$7,808,167 | \$12,584,813 |

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

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**City of Clovis
Statement of Net Position
Proprietary Funds
June 30, 2013**

| | Business-Type Activities-Enterprise Funds | | | | | Totals | Governmental Activities Internal Service Funds |
|---|--|---------------------------|--------------------|------------------|--|--------------------|---|
| | Community Sanitation | Sewer Disposal | Water | Transit | Planning & Development Services | | |
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and investments | \$8,700,362 | \$20,188,971 | \$19,176,604 | \$2,287,645 | \$2,560,923 | \$52,914,505 | \$21,895,924 |
| Receivables | 3,597,656 | 2,501,212 | 3,695,096 | 20,493 | 84,277 | 9,898,734 | 534,268 |
| Due from other governments | | | 1,166,772 | 285,538 | 125,932 | 1,578,242 | 8,135 |
| Inventories | | | | | | | 551,000 |
| Total current assets | <u>12,298,018</u> | <u>22,690,183</u> | <u>24,038,472</u> | <u>2,593,676</u> | <u>2,771,132</u> | <u>64,391,481</u> | <u>22,989,327</u> |
| Noncurrent assets: | | | | | | | |
| Restricted cash and investments: | | | | | | | |
| Cash with fiscal agent-bond accounts | 921,450 | 3,872,989 | 5 | | | 4,794,444 | 564,530 |
| Total restricted assets | <u>921,450</u> | <u>3,872,989</u> | <u>5</u> | <u>0</u> | <u>0</u> | <u>4,794,444</u> | <u>564,530</u> |
| Capital assets: | | | | | | | |
| Land | 18,063,844 | 4,287,312 | 13,773,236 | | | 36,124,392 | 9,352,424 |
| Buildings and improvements | 6,193,688 | 154,746,817 | 107,553,329 | | | 268,493,834 | 84,061,986 |
| Machinery and equipment | 1,593,454 | 404,396 | 1,143,231 | 3,785,324 | 91,362 | 7,017,767 | 32,693,953 |
| Less accumulated depreciation | (1,654,813) | (26,697,147) | (23,861,767) | (1,991,781) | (7,613) | (54,213,121) | (42,107,425) |
| Total capital assets (net of accumulated depreciation) | <u>24,196,173</u> | <u>132,741,378</u> | <u>98,608,029</u> | <u>1,793,543</u> | <u>83,749</u> | <u>257,422,872</u> | <u>84,000,938</u> |
| Intangible assets | | 36,109,049 | 7,118,786 | | | 43,227,835 | |
| Less accumulated amortization | | (13,018,103) | (992,579) | | | (14,010,682) | |
| Total intangible assets (net of accumulated amortization) | <u>0</u> | <u>23,090,946</u> | <u>6,126,207</u> | <u>0</u> | <u>0</u> | <u>29,217,153</u> | <u>0</u> |
| Total noncurrent assets | <u>25,117,623</u> | <u>159,705,313</u> | <u>104,734,241</u> | <u>1,793,543</u> | <u>83,749</u> | <u>291,434,469</u> | <u>84,565,468</u> |
| Total assets | <u>37,415,641</u> | <u>182,395,496</u> | <u>128,772,713</u> | <u>4,387,219</u> | <u>2,854,881</u> | <u>355,825,950</u> | <u>107,554,795</u> |

Business-Type Activities-Enterprise Funds

| | Community Sanitation | Sewer Disposal | Water | Transit | Planning & Development Services | Totals | Governmental Activities Internal Service Funds |
|---|---------------------------------|---------------------------|---------------------|--------------------|--|----------------------|---|
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | 723,131 | 2,557,788 | 1,704,513 | 13,050 | 33,118 | 5,031,600 | 1,706,167 |
| Claims and judgments payable | | | | | | 0 | 2,548,000 |
| Accrued compensated absences | 48,600 | 19,400 | 35,800 | 25,300 | 80,100 | 209,200 | 771,700 |
| Deposits and other liabilities | | | 1,520,859 | | 648,899 | 2,169,758 | 59,240 |
| Unearned revenue | | 177,600 | | 2,141,280 | 89,322 | 2,408,202 | |
| Capital leases-current | | | | | | 0 | 1,434,809 |
| Loans payable-current | | | | | | 0 | 232,120 |
| Revenue bonds-current | 595,000 | 1,770,000 | 1,600,000 | | | 3,965,000 | 710,000 |
| Contracts payable-current | | 720,241 | | | | 720,241 | |
| Total current liabilities | <u>1,366,731</u> | <u>5,245,029</u> | <u>4,861,172</u> | <u>2,179,630</u> | <u>851,439</u> | <u>14,504,001</u> | <u>7,462,036</u> |
| Noncurrent liabilities: | | | | | | | |
| Claims and judgments payable | | | | | | | 8,066,000 |
| Accrued compensated absences | 142,327 | 56,965 | 104,763 | 73,932 | 234,395 | 612,382 | 116,338 |
| Capital leases | | | | | | 0 | 10,305,236 |
| Loans payable | | | | | | 0 | 1,966,123 |
| Revenue bonds (net of deferred amount on refunding and | 3,317,606 | 105,422,384 | 33,308,421 | | | 142,048,411 | 13,076,232 |
| Contracts payable | | 9,783,356 | | | | 9,783,356 | |
| Landfill closure | 2,645,640 | | | | | 2,645,640 | |
| Total noncurrent liabilities | <u>6,105,573</u> | <u>115,262,705</u> | <u>33,413,184</u> | <u>73,932</u> | <u>234,395</u> | <u>155,089,789</u> | <u>33,529,929</u> |
| Total liabilities | <u>7,472,304</u> | <u>120,507,734</u> | <u>38,274,356</u> | <u>2,253,562</u> | <u>1,085,834</u> | <u>169,593,790</u> | <u>40,991,965</u> |
| NET POSITION | | | | | | | |
| Net investment in capital assets | 20,283,567 | 38,136,445 | 69,825,815 | 1,793,543 | 83,749 | 130,123,119 | 60,809,264 |
| Restricted for debt service | 921,450 | 3,872,989 | 5 | | | 4,794,444 | 564,530 |
| Unrestricted | 8,738,320 | 19,878,328 | 20,672,537 | 340,114 | 1,685,298 | 51,314,597 | 5,189,036 |
| Total net position | <u>\$29,943,337</u> | <u>\$61,887,762</u> | <u>\$90,498,357</u> | <u>\$2,133,657</u> | <u>\$1,769,047</u> | <u>186,232,160</u> | <u>\$66,562,830</u> |
| Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | 268,992 | |
| Net position of business-type activities | | | | | | <u>\$186,501,152</u> | |

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

City of Clovis
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2013

| | Business-Type Activities-Enterprise Funds | | | | | Totals | Governmental Activities Internal Service Funds |
|---|--|---------------------------|---------------------|--------------------|--|---------------------|---|
| | Community Sanitation | Sewer Disposal | Water | Transit | Planning & Development Services | | |
| Operating revenues: | | | | | | | |
| Charges for services | \$17,757,508 | \$18,185,704 | \$18,522,791 | \$231,892 | \$7,712,809 | \$62,410,704 | \$33,783,299 |
| From other agencies | | | 1,639,962 | 1,899,696 | 109,337 | 3,648,995 | 145,884 |
| Other revenues | 26,540 | 154,035 | 2,719,869 | 143 | 261 | 2,900,848 | 709,418 |
| Total operating revenues | <u>17,784,048</u> | <u>18,339,739</u> | <u>22,882,622</u> | <u>2,131,731</u> | <u>7,822,407</u> | <u>68,960,547</u> | <u>34,638,601</u> |
| Operating expenses: | | | | | | | |
| Salaries and benefits | 3,998,132 | 977,666 | 3,060,453 | 2,434,263 | 4,684,567 | 15,155,081 | 3,528,028 |
| Services, materials and supplies | 7,539,312 | 4,550,169 | 5,400,608 | 1,245,852 | 892,724 | 19,628,665 | 26,265,190 |
| Administration | 1,910,700 | 1,801,800 | 1,999,065 | 572,700 | 1,115,500 | 7,399,765 | 1,023,751 |
| Depreciation/amortization | 206,340 | 4,529,693 | 2,350,876 | 420,891 | 7,613 | 7,515,413 | 4,221,703 |
| Total operating expenses | <u>13,654,484</u> | <u>11,859,328</u> | <u>12,811,002</u> | <u>4,673,706</u> | <u>6,700,404</u> | <u>49,698,924</u> | <u>35,038,672</u> |
| Operating income (loss) | <u>4,129,564</u> | <u>6,480,411</u> | <u>10,071,620</u> | <u>(2,541,975)</u> | <u>1,122,003</u> | <u>19,261,623</u> | <u>(400,071)</u> |
| Nonoperating revenues (expenses): | | | | | | | |
| Interest income | 53,969 | 81,045 | 25,593 | 769 | 44 | 161,420 | 13,005 |
| Interest expense | (239,784) | (5,619,788) | (1,626,804) | | | (7,486,376) | (1,345,057) |
| Sales tax override | | | | | | 0 | 17,876 |
| State transit assistance | | | | 2,949,817 | | 2,949,817 | 0 |
| Gain (loss) on sale of capital assets | (6,499) | (2,000) | | (5,265) | | (13,764) | 108,288 |
| Total nonoperating revenue (expense) | <u>(192,314)</u> | <u>(5,540,743)</u> | <u>(1,601,211)</u> | <u>2,945,321</u> | <u>44</u> | <u>(4,388,903)</u> | <u>(1,205,888)</u> |
| Income before contributions and transfers | 3,937,250 | 939,668 | 8,470,409 | 403,346 | 1,122,047 | 14,872,720 | (1,605,959) |
| Capital contributions-development fees | | 820,547 | 1,458,085 | | | 2,278,632 | 2,010,609 |
| Transfers in | 88,000 | | | | 647,000 | 735,000 | 515,000 |
| Transfer out | (5,000) | (5,000) | (5,000) | | | (15,000) | |
| Changes in net position | 4,020,250 | 1,755,215 | 9,923,494 | 403,346 | 1,769,047 | 17,871,352 | 919,650 |
| Total net position-beginning | 25,923,087 | 60,132,547 | 80,574,863 | 1,730,311 | 0 | | 65,643,180 |
| Total net position-ending | <u>\$29,943,337</u> | <u>\$61,887,762</u> | <u>\$90,498,357</u> | <u>\$2,133,657</u> | <u>\$1,769,047</u> | | <u>\$66,562,830</u> |
| Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | (575,213) | |
| Change in net position of business-type activities (page 31) | | | | | | <u>\$17,296,139</u> | |

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

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**City of Clovis
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013**

| | Business-Type Activities-Enterprise Funds | | | | | Totals | Governmental Activities- Internal Service Funds |
|--|--|---------------------------|---------------------|--------------------|--|---------------------|--|
| | Community Sanitation | Sewer Disposal | Water | Transit | Planning & Development Services | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from customers and users | \$17,564,760 | \$17,894,795 | \$18,516,954 | \$227,795 | \$8,273,126 | \$62,477,430 | \$33,760,364 |
| Payments to suppliers | (9,999,737) | (6,837,841) | (7,739,077) | (1,815,208) | (1,975,106) | (28,366,969) | (25,798,355) |
| Payments to employees | (3,999,751) | (970,421) | (3,077,402) | (2,444,017) | (4,370,072) | (14,861,663) | (3,623,659) |
| Other operating revenues | 26,540 | 154,035 | 1,669,869 | 1,899,839 | 89,583 | 3,839,866 | 818,725 |
| Net cash provided/(used) by operating activities | <u>3,591,812</u> | <u>10,240,568</u> | <u>9,370,344</u> | <u>(2,131,591)</u> | <u>2,017,531</u> | <u>23,088,664</u> | <u>5,157,075</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Receipts from Sales Tax Override | | | | | | | 17,876 |
| Transfers-in from other funds | 88,000 | | | | 647,000 | 735,000 | 515,000 |
| Transfers-out to other funds | (5,000) | (5,000) | (5,000) | | | (15,000) | |
| Transportation funding-State | | | | 5,082,458 | | 5,082,458 | |
| Net cash provided/(used) by noncapital financing activities | <u>83,000</u> | <u>(5,000)</u> | <u>(5,000)</u> | <u>5,082,458</u> | <u>647,000</u> | <u>5,802,458</u> | <u>532,876</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Acquisition and construction of capital assets | (125,672) | (747,458) | (3,871,873) | (961,131) | (91,362) | (5,797,496) | (6,157,573) |
| Principal paid on loans, bonds, and capital leases | (519,202) | (2,117,515) | (1,555,000) | | | (4,191,717) | (2,246,182) |
| Interest paid on loans, bonds and capital leases | (272,048) | (5,735,822) | (1,711,120) | | | (7,718,990) | (1,267,809) |
| Proceeds from capital leases | | | | | | | 3,059,750 |
| Proceeds from sale of capital assets | | | | 23,507 | | 23,507 | 324,172 |
| Proceeds from donation for capital project | | | | | | | |
| Net cash provided/(used) by capital and related financing activities | <u>(916,922)</u> | <u>(8,600,795)</u> | <u>(7,137,993)</u> | <u>(937,624)</u> | <u>(91,362)</u> | <u>(17,684,696)</u> | <u>(6,287,642)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Interest and dividends on investments | 53,539 | 81,045 | 26,206 | 769 | (12,246) | 149,313 | 17,553 |
| Net cash provided by investing activities | <u>53,539</u> | <u>81,045</u> | <u>26,206</u> | <u>769</u> | <u>(12,246)</u> | <u>149,313</u> | <u>17,553</u> |
| Net increase/(decrease) in cash and cash equivalents | 2,811,429 | 1,715,818 | 2,253,557 | 2,014,012 | 2,560,923 | 11,355,739 | (580,138) |
| Cash and cash equivalents-beginning of year | 6,810,383 | 22,346,142 | 16,923,052 | 273,633 | 0 | 46,353,210 | 23,040,592 |
| Cash and cash equivalents-end of year | <u>\$9,621,812</u> | <u>\$24,061,960</u> | <u>\$19,176,609</u> | <u>\$2,287,645</u> | <u>\$2,560,923</u> | <u>\$57,708,949</u> | <u>\$22,460,454</u> |

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

| | | | | | | | |
|--|--------------------|---------------------|---------------------|----------------------|--------------------|---------------------|--------------------|
| Operating income/(loss) | <u>\$4,129,564</u> | <u>\$6,480,411</u> | <u>\$10,071,620</u> | <u>(\$2,541,975)</u> | <u>\$1,122,003</u> | <u>\$19,261,623</u> | <u>(\$400,071)</u> |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation/amortization expense | 206,340 | 4,529,693 | 2,350,876 | 420,891 | 7,613 | 7,515,413 | 4,221,703 |
| Landfill closure expense | 180,100 | | | | | 180,100 | |
| (Increase)/decrease in accounts receivable | (192,748) | (261,309) | (1,893,883) | (4,097) | (197,919) | (2,549,956) | (134,055) |
| (Increase)/decrease in due from other governments | | | | | | | 74,543 |
| (Increase)/decrease in inventories | | | | | | | 14,000 |
| (Increase)/decrease in prepaid items | | | | | | | |
| Increase/(decrease) in accounts payable | (729,002) | (485,872) | (339,404) | 3,344 | 33,118 | (1,517,816) | 160,586 |
| Increase/(decrease) in accrued compensated absences | (1,619) | 7,245 | (16,949) | (9,754) | 314,495 | 293,418 | (95,631) |
| Increase/(decrease) in unearned revenue | | (29,600) | (1,050,000) | | 89,322 | (990,278) | |
| Increase/(decrease) in claims and judgments payable | | | | | | | 1,316,000 |
| Increase/(decrease) in deposits | (823) | 0 | 248,084 | | 648,899 | 896,160 | |
| Total adjustments | <u>(537,752)</u> | <u>3,760,157</u> | <u>(701,276)</u> | <u>410,384</u> | <u>895,528</u> | <u>3,827,041</u> | <u>5,557,146</u> |
| Net cash provided/(used) by operating activities | <u>\$3,591,812</u> | <u>\$10,240,568</u> | <u>\$9,370,344</u> | <u>(\$2,131,591)</u> | <u>\$2,017,531</u> | <u>\$23,088,664</u> | <u>\$5,157,075</u> |

Noncash investing, capital, and financing activities:

- ⁴³ During the year the Sewer Disposal Fund, an enterprise fund, received \$820,547 in donated assets.
During the year the Water Fund, an enterprise fund, received \$1,458,085 in donated assets.
During the year the Fleet Maintenance Fund, an internal service fund, received \$10,609 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, 2013

| | Redevelopment Successor Agency Private-purpose Trust Fund | Agency Funds | Total |
|---|--|------------------|--------------------|
| ASSETS | | | |
| Cash and investments | \$1,677,068 | \$2,350,628 | \$4,027,696 |
| Cash with agent-restricted | 7,799,076 | 486,359 | 8,285,435 |
| Receivables | 1,765,189 | 11,626 | 1,776,815 |
| Assets held for resale | 679,542 | | 679,542 |
| Capital Assets (net of accumulated depreciation) | 7,298,238 | | 7,298,238 |
| Total assets | <u>19,219,113</u> | <u>2,848,613</u> | <u>22,067,726</u> |
| LIABILITIES | | | |
| Accrued payroll | | 1,525,464 | 1,525,464 |
| Accounts payable | 312,458 | | 312,458 |
| Agency funds payable | | 1,323,149 | 1,323,149 |
| Notes Payable | 930,000 | | 930,000 |
| Tax Allocation Bonds Payable | 16,103,257 | | 16,103,257 |
| Total liabilities | <u>17,345,715</u> | <u>2,848,613</u> | <u>20,194,328</u> |
| NET POSITION | | | |
| Held in trust for Redevelopment Successor Agency Fund | <u>\$1,873,398</u> | <u>\$0</u> | <u>\$1,873,398</u> |

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

City of Clovis
Statement of Changes in Fiduciary Net Position
June 30, 2013

| | Redevelopment Successor Agency Private-purpose Trust Fund |
|-----------------------------------|--|
| | |
| ADDITIONS | |
| Property Taxes | \$3,046,742 |
| From other agencies | 64,393 |
| Interest | 9,035 |
| Total additions | 3,120,170 |
| DEDUCTIONS | |
| Capital outlays | 3,503,968 |
| Bond payments: | |
| Interest and other fiscal charges | 854,814 |
| Total deductions | 4,358,782 |
| Change in net position | (1,238,612) |
| Net position-Beginning | 3,112,010 |
| Net position-Ending | \$1,873,398 |

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

I. Summary of significant accounting policies

A. Reporting entity

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

1. Blended component units

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

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

In 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement of net position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Fiduciary fund financial statements are reported using the accrual basis of accounting but do not have a measurement focus since agency funds and private-

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

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, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

Private-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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the community sanitation enterprise fund, of the sewer enterprise fund, of the water enterprise fund and of the City's internal service funds are charges to customers for sales and services. The sewer enterprise fund and the water enterprise fund also recognize as operating revenue the portion of developer fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets: All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities, and net position or equity

1. Cash and investments

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

Highly liquid market investments with maturities of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for the securities for which market quotations are readily available.

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

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

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

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

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

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

funds include an estimated amount for services rendered but not yet billed as of June 30, 2013, determined by prorating the July 2013 bi-monthly billing.

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

3. Interfund receivables/payables

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

4. Inventories

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

5. Assets held for resale

Assets held for resale consist of land and improvements held by the City for the purpose of improving and reselling them to qualified moderate or low income individuals. Property is valued at the lower of cost or net realizable value.

6. Capital assets/intangible assets

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

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

Intangible assets include the purchase of sewer capacity rights and water entitlement rights. The City purchased sewer capacity rights from the City of Fresno at the Fresno Regional Waste Water Treatment Plant. The total amount of \$23,090,946 is reported in the City's Sewer Disposal Enterprise Fund. The City has purchased water entitlement rights from the Fresno Irrigation District for surface water. The total amount of \$6,126,207 is reported in the City's Water Enterprise Fund.

Donated assets include developer donated land as well as the improvements on the land including streets, curbs and gutters, sidewalks, street lighting and landscaping. Included in the total amount of capital grants and contributions on the government-wide statement of activities is \$10,328,007 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 |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

Amortization of intangibles is computed over 40 years using the straight-line method, half-year convention. As the life of the rights have a life of 40 years.

7. Compensated absences

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

8. Long-term liabilities

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

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

9. Fund balances

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

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

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

10. Net Position

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

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

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

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

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

11. Use of estimates

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

12. Implementation of New GASB Pronouncements

GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements ("SCA")*. The requirements of this statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This statement became effective for periods beginning after December 15, 2011 and did not have a significant impact on the City's financial statements for the year ended June 30, 2013.

GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The requirements of this statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement became effective for periods beginning after June 15, 2012 and did not have a significant impact on the City's financial statements for year ended June 30, 2013.

GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement combines the authoritative accounting and financial reporting of the FASB and the American Institute of Certified Public Accountants ("AICPA"). The statement eliminates the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments. This statement became effective for period beginning after December 15, 2011 and did not have a significant impact on the City's financial statements for the year ended June 30, 2013.

GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The requirement of this statement standardizes the presentation of the deferred inflows and outflows of resources and their effects on a government's net position. This statement became effective for periods beginning after December 15, 2011. The implementation of this statement to the City was limited to renaming of "Net Assets" to "Net Position".

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

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 (\$2,144,000) difference are as follows:

| | |
|---|-----------------------|
| Accrued compensated absences (net of \$888,038 reported in Internal Service Funds) | <u>\$ (2,144,000)</u> |
| Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i> | <u>\$ (2,144,000)</u> |

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

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

The details of this \$1,415,520 difference are as follows:

| | |
|---|---------------------|
| Capital outlay | \$ 9,966,973 |
| Depreciation expense (net of \$4,221,703 reported in Internal Service Funds) | <u>(8,551,453)</u> |
| Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net position-governmental activities</i> | <u>\$ 1,415,520</u> |

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

The details of this \$9,966,973 difference are as follows:

| | |
|---|---------------------|
| General government capital asset additions | \$ 26,463,162 |
| Internal service fund capital asset additions | (6,168,182) |
| Donated capital asset additions | <u>(10,328,007)</u> |
| Net capital outlay | <u>\$ 9,966,973</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 \$139,000 difference are as follows:

| | |
|---|-------------------|
| Compensated absences | <u>\$ 139,000</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>\$ 139,000</u> |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

III. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

B. Deficit fund equity

The Employee Benefits internal service fund has deficit net position of (\$5,980,480) as of June 30, 2013. The fund incurred expenses that were in excess of the amount allocated to the funds for workers compensation accrued liability. Due to the long-term nature of the liability for workers' compensation the City will fund an amount equal to the current year expense for worker's compensation benefits.

In addition, each year the Employee Benefits fund, an internal service fund, charges out the cost of next year's claims. The Workforce Investment Board fund deficit of (\$8,085) as of June 30, 2013 represents the difference between the actual cost of operating the program and the amount of grant funds available for reimbursement. The deficit will be made up by a transfer from the general fund in fiscal year 2013/14.

IV. Detailed notes on all funds

A. Cash and investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

| | |
|---|-----------------------|
| Statement of net position: | |
| Cash and investments | \$ 108,606,791 |
| Cash and investments held by bond trustee | 6,631,646 |
| Fiduciary funds: | |
| Cash and investments | 4,027,696 |
| Cash and investments held by bond trustee | <u>8,285,435</u> |
| Total cash and investments | <u>\$ 127,551,568</u> |

Cash and investments as of June 30, 2013 consist of the following:

| | |
|---|-----------------------|
| Cash on hand | \$ 9,015 |
| Demand deposits with financial institutions - Demand Deposits | 24,318,470 |
| Demand deposits with financial institutions – Certificates of Deposit | 2,670,000 |
| Investments | <u>100,554,083</u> |
| Total cash and investments | <u>\$ 127,551,568</u> |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

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.

| <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
June 30, 2013

| <u>Investment Type</u> | <u>Amount</u> | <u>Weighted Average Maturity (in years)</u> |
|-------------------------------------|-----------------------|---|
| Money Market | \$ 9,660,837 | N/A |
| Certificates of Deposit | 2,670,000 | 2.56 |
| U.S. Agency Securities | 20,948,500 | .57 |
| Local Agency Investment Fund (LAIF) | 49,719,503 | N/A |
| Held by Bond Trustee: | | |
| Money Market Funds | <u>20,225,243</u> | N/A |
| Total | <u>\$ 103,224,083</u> | |

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

Disclosures Relating to Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City of Clovis' investment policy, or debt agreements, and the actual rating as of year end for each investment type.

| <u>Investment Type Rating</u> | <u>Amount</u> | <u>Minimum Rating Required</u> | <u>Ratings as of Year End</u> | |
|-------------------------------|-----------------------|--------------------------------|-------------------------------|----------------------|
| | | | <u>AAA</u> | <u>Not Rated</u> |
| Money Market | \$ 9,660,837 | N/A | | \$ 9,660,837 |
| Certificates of Deposit | 2,670,000 | N/A | | 2,670,000 |
| U.S. Agency Securities | 20,948,500 | N/A | \$ 20,948,500 | |
| LAIF | 49,719,503 | N/A | | 49,719,503 |
| Held by Bond Trustee: | | | | |
| Money Market Funds | <u>20,225,243</u> | N/A | | <u>20,225,243</u> |
| Total | <u>\$ 103,224,083</u> | | <u>\$ 20,948,500</u> | <u>\$ 82,275,583</u> |

Concentration of Credit Risk. The investment policy of the City of Clovis contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of total City of Clovis' investments are as follows:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Reported Amount</u> |
|---------------|---------------------------|------------------------|
| FNMA | Federal Agency Securities | \$20,948,500 |

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

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, 2013, 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, 2013, no investments were held by the same broker dealer (counterparty) that was used by the City of Clovis to purchase the securities.

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2013 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, 2013, the City had \$49,719,503 invested in LAIF, which had invested 1.96% of the pool investment funds in Structured Notes and Asset-Backed Securities.

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

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

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

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

B. Property taxes

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

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Notes to Financial Statements
June 30, 2013

C. Receivables

Receivables as of June 30, 2013 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

| | General | Local Transportation | Community Sanitation | Sewer Disposal | Water | Transit | Planning & Development Services | Nonmajor & Other Funds |
|----------|---------------------|-------------------------|-------------------------|---------------------|---------------------|------------------|---------------------------------------|---------------------------|
| Interest | \$ 6,893 | \$ 13,353 | \$ 20,843 | \$ 12,000 | \$ 12,290 | \$ 378 | \$ 88 | \$ 45,241 |
| Taxes | 413,500 | | | | | | | |
| Accounts | 1,178,750 | 6,184 | 3,576,813 | 2,489,212 | 3,682,806 | 20,115 | 84,189 | 5,048,806 |
| | <u>\$ 1,599,143</u> | <u>\$ 19,537</u> | <u>\$ 3,597,656</u> | <u>\$ 2,501,212</u> | <u>\$ 3,695,096</u> | <u>\$ 20,493</u> | <u>\$ 84,277</u> | <u>\$ 5,094,047</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, 2013, is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|------------------------|--------------------------------------|---------------------|------------------|
| General Fund | Workforce Investment | temporary cash loan | \$ 51,000 |
| | Total interfund receivables/payables | | <u>\$ 51,000</u> |

Interfund transfers:

| <u>Transfers in</u> | <u>Transfers out</u> | <u>Purpose</u> | <u>Amount</u> |
|-----------------------|----------------------|--------------------------|---------------------|
| Enterprise Fund | Capital Project Fund | development capital cost | \$ 88,000 |
| Internal Service Fund | Enterprise Funds | capital cost | 15,000 |
| Enterprise Fund | General Fund | operating cost | 647,000 |
| Internal Service Fund | General Fund | capital cost | 500,000 |
| Special Revenue Fund | General Fund | operating cost | 30,000 |
| | Total transfers | | <u>\$ 1,280,000</u> |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

E. Capital assets and intangible assets

Summary of change in capital assets for the year ended June 30, 2013 was as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Government activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 203,013,616 | \$ 4,450,663 | \$ (50,940) | \$ 207,413,339 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 108,338,420 | 6,664,955 | | 115,003,375 |
| Machinery and equipment | 35,777,557 | 1,013,174 | (1,632,361) | 35,158,370 |
| Road network | 259,451,920 | 14,334,370 | | 273,786,290 |
| Total capital assets being depreciated | 403,567,897 | 22,012,499 | (1,632,361) | 423,948,035 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | (23,110,247) | (3,002,946) | | (26,113,193) |
| Machinery and equipment | (23,251,764) | (2,320,480) | 1,486,281 | (24,085,963) |
| Road network | (67,812,621) | (7,449,730) | | (75,262,351) |
| Total accumulated depreciation | (114,174,632) | (12,773,156) | 1,486,281 | (125,461,507) |
| Total capital assets, being depreciated, net | 289,393,265 | 9,239,343 | (146,080) | 298,486,528 |
| Governmental activities capital assets, net | <u>\$ 492,406,881</u> | <u>\$ 13,690,006</u> | <u>\$ (197,020)</u> | <u>\$ 505,899,867</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 36,081,421 | \$ 42,971 | | \$ 36,124,392 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 262,560,070 | 5,933,764 | | 268,493,834 |
| Machinery and equipment | 6,688,793 | 1,218,650 | \$ (889,676) | 7,017,767 |
| Total capital assets being depreciated | 269,248,863 | 7,152,414 | (889,676) | 275,511,601 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | (44,077,170) | (5,794,183) | | (49,871,353) |
| Machinery and equipment | (4,579,273) | (614,900) | 852,405 | (4,341,768) |
| Total accumulated depreciation | (48,656,443) | (6,409,083) | 852,405 | (54,213,121) |
| Total capital assets, being depreciated, net | 220,592,420 | 743,331 | (37,271) | 221,298,480 |
| Intangible assets, being amortized | 42,347,092 | 880,743 | | 43,227,835 |
| Less accumulated amortization | (12,904,352) | (1,106,330) | | (14,010,682) |
| Business-type activities intangible assets, net | 29,442,740 | (225,587) | 0 | 29,217,153 |
| Business-type activities capital assets, net | <u>\$ 286,116,581</u> | <u>\$ 560,715</u> | <u>\$ (37,271)</u> | <u>\$ 286,640,025</u> |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

Depreciation/amortization expense was charged to functions as follows:

| | |
|---|----------------------|
| Governmental activities depreciation expense: | |
| General government | \$ 90,826 |
| Public safety | 233,137 |
| Transportation | 7,530,111 |
| Cultural and recreation | 697,379 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset | 4,221,703 |
| Total governmental activities depreciation expense | \$ 12,773,156 |
| Business-type activities depreciation/amortization: | |
| Community Sanitation | \$ 206,340 |
| Sewer | 4,529,693 |
| Water | 2,350,876 |
| Transit | 420,891 |
| Planning & Development Services | 7,613 |
| Total business type activities depreciation/amortization expense | \$ 7,515,413 |

Donated assets to governmental activities consisted of \$10,328,007 of which the majority is donated to the City by developers for streets. Donated assets to business-type activities consisted of \$2,278,632 of which represents sewer and water infrastructure donated by developers.

F. Long-term debt

Summary of change in long-term debt for the year ended June 30, 2013 was as follows:

| | Balance July 1, 2012 | Additions | Reductions | Balance June 30, 2013 | Classification | |
|--------------------------------------|-------------------------|---------------------|-----------------------|--------------------------|---------------------|------------------------------|
| | | | | | Due in One Year | Due in more than One Year |
| Governmental Activities: | | | | | | |
| Revenue bonds | \$ 14,735,000 | | \$ (680,000) | \$ 14,055,000 | \$ 710,000 | \$ 13,345,000 |
| Less deferred amounts: | | | | | | |
| Discounts | (287,968) | | 19,199 | (268,769) | | (268,769) |
| Total bonds payable | 14,447,032 | \$ 0 | (660,801) | 13,786,231 | 710,000 | 13,076,231 |
| Capital leases | 10,131,380 | 3,000,000 | (1,360,924) | 11,770,456 | 1,434,809 | 10,335,647 |
| Discounts | (31,678) | | 1,267 | (30,411) | | (30,411) |
| Total capital leases | 10,099,702 | 3,000,000 | (1,359,657) | 11,740,045 | 1,434,809 | 10,305,236 |
| Loans payable | 2,348,201 | 59,750 | (205,258) | 2,202,693 | 232,121 | 1,970,572 |
| Less deferred amounts: | | | | | | |
| Discounts | (5,005) | | 555 | (4,450) | | (4,450) |
| Total loans payable | 2,343,196 | 59,750 | (204,703) | 2,198,243 | 232,121 | 1,966,122 |
| Deposits & other liabilities: | | | | | | |
| Developer deposits | 12,005,526 | 4,270,137 | (4,615,805) | 11,659,858 | | 11,659,858 |
| Section 108 HUD | 410,000 | | (30,000) | 380,000 | 35,000 | 345,000 |
| Other deposits & liabilities | 3,579,600 | 1,319,413 | (4,560,418) | 338,595 | 6,116 | 332,479 |
| Total deposits & other liabilities | 15,995,126 | 5,589,550 | (9,206,223) | 12,378,453 | 41,116 | 12,337,337 |
| Claims and judgments | 9,298,000 | 4,206,371 | (2,890,371) | 10,614,000 | 2,500,000 | 8,114,000 |
| Compensated absences | 3,266,669 | 2,520,749 | (2,755,380) | 3,032,038 | 771,700 | 2,260,338 |
| Total governmental activities | \$ 55,449,725 | \$15,376,420 | \$(17,077,135) | \$ 53,749,010 | \$ 5,689,746 | \$ 48,059,264 |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

| | Balance | | | Classification | | |
|--|----------------------|---------------------|-----------------------|--------------------------|---------------------|------------------------------|
| | July 1, 2012 | Additions | Reductions | Balance June 30, 2013 | Due in One Year | Due in more than One Year |
| Business-Type Activities: | | | | | | |
| Revenue bonds | \$146,995,000 | | \$ (3,560,000) | \$143,435,000 | \$ 3,965,000 | \$139,470,000 |
| Less deferred amounts: (Discounts)/premiums | 2,687,848 | | (109,437) | 2,578,411 | | 2,578,411 |
| Total bonds payable | 149,682,848 | \$ 0 | (3,669,437) | 146,013,411 | 3,965,000 | 142,048,411 |
| Contracts payable | 11,181,113 | | (677,516) | 10,503,597 | 720,241 | 9,783,356 |
| Landfill closure | 2,465,540 | 180,100 | | 2,645,640 | | 2,645,640 |
| Compensated absences | 528,164 | 782,177 | (488,759) | 821,582 | 209,200 | 612,382 |
| Deposits and other liabilities | 1,273,598 | 1,258,773 | (362,613) | 2,169,758 | 2,169,758 | 0 |
| Total business-type activities | \$165,131,263 | \$ 2,221,050 | \$ (5,198,325) | \$162,153,988 | \$ 7,064,199 | \$155,089,789 |

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 \$888,038 of internal service funds compensated absences are included in the above amounts. Included in deposits and other liabilities in business-type activities are utility customer deposits of \$1,515,311 and miscellaneous deposits and other liabilities of \$654,447. For the governmental activities, accrued compensated absences are generally liquidated by the general fund.

Governmental activities long-term debt

1. Special assessment district bonds

The 1998-1 Temperance Barstow District and the 2000-1 Shepherd Temperance District are not reported as debt by the City since the City is not obligated in any way for the repayment of the debt. Transactions relating to debt service for this district are reported under an agency fund and reflect that the City's responsibility is limited to acting only as an agent. Total debt for this district at June 30, 2013, for the Temperance Barstow District is \$397,256 including interest of \$67,256 and for the 2000-1 Shepherd Temperance District is \$805,610 including interest of \$185,610.

2. Revenue bonds

Revenue bonds at June 30, 2013, consisted of the following:

| | Balance | | | Classification | | |
|------------------------------|----------------------|-------------|---------------------|--------------------------|--------------------|------------------------------|
| | July 1, 2012 | Additions | Reductions | Balance June 30, 2013 | Due in One Year | Due in more than One Year |
| 2001 corp yard revenue bonds | \$ 14,735,000 | | \$ (680,000) | \$ 14,055,000 | \$ 710,000 | \$ 13,345,000 |
| Total revenue bonds | \$ 14,735,000 | \$ 0 | \$ (680,000) | \$ 14,055,000 | \$ 710,000 | \$ 13,345,000 |

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2013:

| | |
|--------------------------------|-----------------------------|
| Land, structures and equipment | \$ 20,513,691 |
| Less accumulated depreciation | <u>(5,538,902)</u> |
| Total | <u>\$ 14,974,789</u> |

2001 corporation yard revenue bonds

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2014 | \$ 710,000 | \$ 714,956 | \$ 1,424,956 |
| 2015 | 750,000 | 679,456 | 1,429,456 |
| 2016 | 785,000 | 643,081 | 1,428,081 |
| 2017 | 820,000 | 603,831 | 1,423,831 |
| 2018 | 865,000 | 559,756 | 1,424,756 |
| 2019-2023 | 5,065,000 | 2,061,113 | 7,126,113 |
| 2024-2027 | 5,060,000 | 648,000 | 5,708,000 |
| Total | \$ 14,055,000 | \$ 5,910,193 | \$ 19,965,193 |

3. Capital leases

Capital leases at June 30, 2013, consisted of the following:

| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>Classification</u> | |
|------------------------------------|----------------------|---------------------|-----------------------|----------------------|-----------------------|----------------------|
| | | | | | <u>July 1, 2012</u> | <u>June 30, 2013</u> |
| | | | | | <u>One Year</u> | <u>than One Year</u> |
| 2000 fire station capital lease | \$ 388,153 | | \$ (134,296) | \$ 253,857 | \$ 142,014 | \$ 111,843 |
| 2002 equipment capital lease | 27,193 | | (27,193) | 0 | | 0 |
| 2007 fire station #1 capital lease | 4,250,717 | | (375,930) | 3,874,787 | 391,117 | 3,483,670 |
| 2008 fire truck capital lease | 510,349 | | (164,478) | 345,871 | 170,053 | 175,818 |
| 2010 police vehicle capital lease | 296,997 | | (115,850) | 181,147 | 119,760 | 61,387 |
| 2011 equipment capital lease | 642,923 | | (152,974) | 489,949 | 158,033 | 331,916 |
| 2011 solar project capital lease | 2,379,970 | | (77,845) | 2,302,125 | 81,746 | 2,220,379 |
| 2011 fire truck capital lease | 571,812 | | (55,412) | 516,400 | 57,287 | 459,113 |
| 2012 police vehicle capital lease | 602,036 | | (128,220) | 473,816 | 131,337 | 342,479 |
| 2012 SCBA capital lease | 461,230 | | (79,059) | 382,171 | 81,128 | 301,043 |
| 2013 animal shelter capital lease | | 3,000,000 | (49,667) | 2,950,333 | 102,334 | 2,847,999 |
| Total capital leases | \$ 10,131,380 | \$ 3,000,000 | \$ (1,360,924) | \$ 11,770,456 | \$ 1,434,809 | \$ 10,335,647 |

The City has entered into multiple lease agreements for financing the acquisition of a fire station, fire trucks, fire equipment (non-capitalized), communication equipment (non-capitalized), refuse replacement trucks, police vehicles, and new and replacement landfill equipment. These lease agreements qualify as capital leases for accounting purposes. These leases have interest rates varying from 3.04% to 8.25% and the final payment on these leases is scheduled for August 2017. The City has pledged a portion of future revenues to repay these bonds. The following is an analysis of the land and structures and equipment leased as of June 30, 2013:

| | |
|--------------------------------|-----------------------------|
| Land, structures and equipment | \$ 14,744,690 |
| Less accumulated depreciation | <u>(4,121,351)</u> |
| Total | <u>\$ 10,623,339</u> |

2000 Capital lease for fire station

In October 2000, the City entered into a capital lease agreement with Citicorp Leasing, to lease a fire station. The purchase price of the fire station was \$1,510,774 and is payable over a period of one hundred and seventy four months. Monthly payments on the contract are \$12,715. The effective interest rate on the contract is 5.6% per annum. The balance outstanding as of June 30, 2013, was \$253,857.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

The annual debt service requirements for the 2000 Capital Lease for fire station outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 142,014 | \$ 10,564 | \$ 152,578 |
| 2015 | 111,843 | 2,590 | 114,433 |
| Total | <u>\$ 253,857</u> | <u>\$ 13,154</u> | <u>\$ 267,011</u> |

2002 Capital lease for equipment

In November 2002, the City entered into capital lease agreements with Suntrust Leasing, to lease a fire truck, landfill equipment, and refuse equipment. The purchase price of the equipment was \$3,174,126 and is payable over a period from eighty-four to one hundred and twenty months. Semi-annual payments on the contract are currently \$27,689. The effective interest rate on the contract is 5.2% per annum. The final payment was made in November 2012.

2007 Capital lease for fire station #1

In December 2006, the City entered into a capital lease agreement with JPMorgan Chase & Co., for the construction of the Fire Station building at 633 Pollasky Avenue. The work includes various site improvements and construction of a new 10,248 square foot fire station. The purchase price of the project was \$6,090,000 and is payable over a period of fifteen years. Semi-annual payments on the contract are \$271,118. The effective interest rate on the contract is 4.0% per annum. The balance outstanding as of June 30, 2013, was \$3,874,787.

The annual debt service requirements for the 2007 Capital Lease for fire station #1 outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2014 | \$ 391,117 | \$ 151,119 | \$ 542,236 |
| 2015 | 406,919 | 135,318 | 542,237 |
| 2016 | 423,358 | 118,878 | 542,236 |
| 2017 | 440,462 | 101,775 | 542,237 |
| 2018 | 458,256 | 83,980 | 542,236 |
| 2019-2022 | 1,754,675 | 143,153 | 1,897,828 |
| Total | <u>\$ 3,874,787</u> | <u>\$ 734,223</u> | <u>\$ 4,609,010</u> |

2008 Capital lease for fire truck

In May 2008, the City entered into a capital lease agreement with Banc of America, to lease a fire truck. The purchase price of the equipment was \$1,116,078 and is payable over a period of seven years. Semi-annual payments on the contract are \$90,131. The effective interest rate on the contract is 3.36% per annum. The balance outstanding as of June 30, 2013, was \$345,871.

The annual debt service requirements for the 2008 Capital Lease for fire truck outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 170,053 | \$ 10,209 | \$ 180,262 |
| 2015 | 175,818 | 4,444 | 180,262 |
| Total | <u>\$ 345,871</u> | <u>\$ 14,653</u> | <u>\$ 360,524</u> |

CITY OF CLOVIS
Notes to Financial Statements
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2010 Capital lease for police vehicles

In August 2009, the City entered into a capital lease agreement with Banc of America, to lease fifteen police vehicles. The purchase price of the equipment was \$570,342 and is payable over a period of sixty months. Semi-annual payments on the contract are \$62,414. The effective interest rate on the contract is 3.35% per annum. The balance outstanding as of June 30, 2013, was \$181,147.

The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|-----------------|-------------------|
| 2014 | \$ 119,760 | \$ 5,069 | \$ 124,829 |
| 2015 | 61,387 | 1,027 | 62,414 |
| Total | \$ 181,147 | \$ 6,096 | \$ 187,243 |

2011 Capital lease for landfill equipment

In January 2011, the City entered into a capital lease agreement with Commerce Bank, to lease a landfill compactor. The purchase price of the equipment is \$791,000 and is payable over a period of sixty months. Semi-annual payments on the contract are \$86,409. The effective interest rate on the contract is 3.28% per annum. The balance outstanding as of June 30, 2013, was \$489,949.

The annual debt service requirements for the 2011 Capital Lease for landfill equipment outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 158,033 | \$ 14,785 | \$ 172,818 |
| 2015 | 163,259 | 9,559 | 172,818 |
| 2016 | 168,657 | 4,160 | 172,817 |
| Total | \$ 489,949 | \$ 28,504 | \$ 518,453 |

2011 Capital lease for solar project

In June 2011, the City entered into a capital lease agreement with Municipal Finance Corporation, to lease a solar project. The solar project includes installing solar panels on City properties including public safety headquarters and fire station #1 and #5. The City has pledged fire station #5 as collateral on the lease. The purchase price of the equipment is \$2,454,100 and is payable over a period of twenty years. Semi-annual payments on the contract are \$97,351. The effective interest rate on the contract is 4.95% per annum. The balance outstanding as of June 30, 2013, was \$2,302,125.

The annual debt service requirements for the 2011 Capital Lease for solar project outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|---------------------|---------------------|
| 2014 | \$ 81,746 | \$ 112,956 | \$ 194,702 |
| 2015 | 85,842 | 108,860 | 194,702 |
| 2016 | 90,144 | 104,558 | 194,702 |
| 2017 | 94,662 | 100,040 | 194,702 |
| 2018 | 99,405 | 95,297 | 194,702 |
| 2019-2023 | 576,933 | 396,577 | 973,510 |
| 2024-2028 | 736,723 | 236,786 | 973,509 |
| 2029-2031 | 536,670 | 47,435 | 584,105 |
| Total | \$ 2,302,125 | \$ 1,202,509 | \$ 3,504,634 |

CITY OF CLOVIS
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June 30, 2013

2011 Capital lease for fire truck

In June 2011, the City entered into a capital lease agreement with Bank of America, to lease a fire truck. The purchase price of the equipment was \$625,411 and is payable over a period of seven years. Semi-annual payments on the contract are \$37,068. The effective interest rate on the contract is 3.36% per annum. The balance outstanding as of June 30, 2013, was \$516,400.

The annual debt service requirements for the 2011 Capital Lease for fire truck outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 57,287 | \$ 16,850 | \$ 74,137 |
| 2015 | 59,225 | 14,911 | 74,136 |
| 2016 | 61,229 | 12,908 | 74,137 |
| 2017 | 63,301 | 10,836 | 74,137 |
| 2018 | 65,442 | 8,694 | 74,136 |
| 2019-2021 | 209,916 | 12,497 | 222,413 |
| Total | \$ 516,400 | \$ 76,696 | \$ 593,096 |

2012 Capital lease for police vehicles

In August 2011, the City entered into a capital lease agreement with Banc of America, to lease eighteen police vehicles. The purchase price of the equipment was \$665,000 and is payable over a period of sixty months. Semi-annual payments on the contract are \$70,998. The effective interest rate on the contract is 2.42% per annum. The balance outstanding as of June 30, 2013, was \$473,816.

The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 131,337 | \$ 10,660 | \$ 141,997 |
| 2015 | 134,529 | 7,468 | 141,997 |
| 2016 | 137,799 | 4,197 | 141,996 |
| 2017 | 70,151 | 848 | 70,999 |
| Total | \$ 473,816 | \$ 23,173 | \$ 496,989 |

2012 Capital lease for SCBA equipment

In August 2011, the City entered into a capital lease agreement with Banc of America, to lease SCBA equipment. The purchase price of the equipment was \$500,000 and is payable over a period of seventy-two months. Semi-annual payments on the contract are \$45,272. The effective interest rate on the contract is 2.60% per annum. The balance outstanding as of June 30, 2013, was \$382,172.

The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 81,128 | \$ 9,416 | \$ 90,544 |
| 2015 | 83,252 | 7,292 | 90,544 |
| 2016 | 85,432 | 5,113 | 90,545 |
| 2017 | 87,668 | 2,876 | 90,544 |
| 2018 | 44,691 | 582 | 45,273 |
| Total | \$ 382,171 | \$ 25,279 | \$ 407,450 |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

2013 Capital lease for animal shelter

In July 2012, the City entered into a capital lease agreement with Municipal Finance Corp to lease and animal shelter. The purchase price was \$3,000,000 and is payable over a period of 20 years. Semi-annual payments on the contract are \$109,667. The effective interest rate on the contract is 4.00% per annum. The balance outstanding as of June 30, 2013, was \$2,950,333.

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

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|---------------------|---------------------|
| 2014 | \$ 102,334 | \$ 117,000 | \$ 219,334 |
| 2015 | 106,469 | 112,866 | 219,335 |
| 2016 | 110,770 | 108,564 | 219,334 |
| 2017 | 115,245 | 104,089 | 219,334 |
| 2018 | 119,901 | 99,433 | 219,334 |
| 2019-2023 | 676,200 | 420,473 | 1,096,673 |
| 2024-2028 | 824,284 | 272,389 | 1,096,673 |
| 2029-2033 | 895,130 | 91,875 | 987,005 |
| Total | \$ 2,950,333 | \$ 1,326,689 | \$ 4,277,022 |

4. Loans payable

Loans payable at June 30, 2013, consisted of the following:

| | <u>Balance</u> | | | <u>Balance</u> <u>June 30, 2013</u> | <u>Classification</u> | |
|-------------------------------|---------------------|------------------|---------------------|--|----------------------------------|--|
| | <u>July 1, 2012</u> | <u>Additions</u> | <u>Reductions</u> | | <u>Due in</u> <u>One Year</u> | <u>Due in more</u> <u>than One Year</u> |
| R&T park loan payable | \$ 408,531 | | \$ (40,115) | \$ 368,416 | \$ 41,343 | \$ 327,073 |
| 2010 energy loan payable | 770,106 | | (99,384) | 670,722 | 100,381 | 570,341 |
| 2012 energy loan payable | 953,239 | | (37,695) | 915,544 | 58,550 | 856,994 |
| 2012 PG&E energy loan payable | 216,325 | | (22,770) | 193,555 | 22,771 | 170,784 |
| 2013 PG&E energy loan payable | | \$ 59,750 | (5,294) | 54,456 | 9,076 | 45,380 |
| Total loans payable | \$ 2,348,201 | \$ 59,750 | \$ (205,258) | \$ 2,202,693 | \$ 232,121 | \$ 1,970,572 |

The following is an analysis of the assets acquired with the proceeds as of June 30, 2013:

| | |
|-------------------------------|----------------------------|
| Buildings and improvements | \$ 2,446,360 |
| Less accumulated depreciation | <u>(323,836)</u> |
| Total | <u>\$ 2,122,524</u> |

Research and Technology Park loan payable

In April 2001, the City entered into an agreement with the California infrastructure and economic development bank for improvements at the City's Research and Technology Park. The agreement has an interest rate of 3.06% and the final payment is scheduled for August 2021. The City has pledged Building B at 1033 Fifth Street as collateral on the lease. In September 2002, the City received the first draw down of this loan. The balance outstanding as of June 30, 2013, was \$368,416.

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June 30, 2013

The annual debt service requirements for the Research and Technology Park loan payable outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | Principal | Interest | Total |
|-----------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 41,343 | \$ 10,641 | \$ 51,984 |
| 2015 | 42,608 | 9,357 | 51,965 |
| 2016 | 43,912 | 8,033 | 51,945 |
| 2017 | 45,255 | 6,669 | 51,924 |
| 2018 | 46,640 | 5,262 | 51,902 |
| 2019-2021 | 148,658 | 6,914 | 155,572 |
| Total | <u>\$ 368,416</u> | <u>\$ 46,876</u> | <u>\$ 415,292</u> |

2010 Energy project loan payable

In January 2010, the City entered into an agreement with the California Energy Commission for the purchase of lighting efficiency upgrades and heating, ventilating, and air conditioning equipment replacement. The agreement has an interest rate of 1.0% and the final payment is scheduled for December 2018. The balance outstanding as of June 30, 2013, was \$670,722.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | Principal | Interest | Total |
|-----------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 100,381 | \$ 6,458 | \$ 106,839 |
| 2015 | 101,387 | 5,451 | 106,838 |
| 2016 | 102,392 | 4,446 | 106,838 |
| 2017 | 103,430 | 3,408 | 106,838 |
| 2018 | 104,467 | 2,372 | 106,839 |
| 2019-2020 | 158,665 | 1,591 | 160,256 |
| Total | <u>\$ 670,722</u> | <u>\$ 23,726</u> | <u>\$ 694,448</u> |

2011 Energy project loan payable

In April 2011, the City entered into an agreement with the California Energy Commission for the installation of solar panels on City properties including public safety headquarters and fire station #1 and #5. The agreement has an interest rate of 3.0% and the final payment is scheduled for June 2026. The balance outstanding as of June 30, 2013, was \$915,544.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | Principal | Interest | Total |
|-----------------------------|-------------------|-------------------|---------------------|
| 2014 | \$ 58,550 | \$ 27,032 | \$ 85,582 |
| 2015 | 60,319 | 25,263 | 85,582 |
| 2016 | 62,079 | 23,502 | 85,581 |
| 2017 | 64,019 | 21,563 | 85,582 |
| 2018 | 65,954 | 19,628 | 85,582 |
| 2019-2023 | 360,858 | 67,051 | 427,909 |
| 2024-2026 | 243,765 | 12,979 | 256,744 |
| Total | <u>\$ 915,544</u> | <u>\$ 197,018</u> | <u>\$ 1,112,562</u> |

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Notes to Financial Statements
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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 0.0% and the final payment is scheduled for December 2021. The balance outstanding as of June 30, 2013, was \$193,555.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------|
| 2014 | \$ 22,771 | \$ 22,771 |
| 2015 | 22,771 | 22,771 |
| 2016 | 22,771 | 22,771 |
| 2017 | 22,771 | 22,771 |
| 2018 | 22,771 | 22,771 |
| 2019-2022 | 79,700 | 79,700 |
| Total | <u>\$ 193,555</u> | <u>\$ 193,555</u> |

2013 PG&E Energy loan payable

In August 2012, the City entered into an agreement with Pacific Gas & Electric for the purchase and installation of four pre-coolers on the Public Safety Facility's four HVAC Units. The agreement has an interest rate of 0.0% and the final payment is scheduled for June 2019. The balance outstanding as of June 30, 2013, was \$54,456.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Total</u> |
|-----------------------------|------------------|------------------|
| 2014 | \$ 9,076 | \$ 9,076 |
| 2015 | 9,076 | 9,076 |
| 2016 | 9,076 | 9,076 |
| 2017 | 9,076 | 9,076 |
| 2018 | 9,076 | 9,076 |
| 2019 | 9,076 | 9,076 |
| Total | <u>\$ 54,456</u> | <u>\$ 54,456</u> |

4. Deposits and other liabilities

Section 108 HUD loan payable

In October 1999 the City entered into an agreement with the County of Fresno for the County to apply for and subsequently receive from the U.S Department of Housing and Urban Development a section 108 loan in the amount of \$500,000 to provide partial funding for 100 apartment units targeted for low-income senior citizens. The City also has an agreement with Clovis Seniors Limited to reimburse the City for payments made by the City on this loan. The agreement has an interest rate of 7.75% and the final payment is scheduled for August 2019. The balance outstanding as of June 30, 2013, was \$380,000.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

The annual debt service requirements for the Section 108 HUD loan payable outstanding at June 30, 2013, are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------|-------------------|
| 2014 | \$ 35,000 | \$ 28,526 | \$ 63,526 |
| 2015 | 45,000 | 25,430 | 70,430 |
| 2016 | 50,000 | 21,732 | 71,732 |
| 2017 | 60,000 | 17,423 | 77,423 |
| 2018 | 65,000 | 12,495 | 77,495 |
| 2019-2020 | 125,000 | 8,940 | 133,940 |
| Total | \$ 380,000 | \$ 114,546 | \$ 494,546 |

Business-type activities long-term debt

1. Revenue bonds

Revenue bonds at June 30, 2013, consisted of the following:

| | <u>Balance</u> | | <u>Balance</u> | <u>Classification</u> | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | <u>July 1, 2012</u> | <u>Reductions</u> | | <u>June 30, 2013</u> | <u>Due in One Year</u> |
| 1998 sewer revenue bonds | \$ 13,895,000 | \$ (150,000) | \$ 13,745,000 | \$ 425,000 | \$ 13,320,000 |
| 1998 refuse revenue bonds | 4,615,000 | (565,000) | 4,050,000 | 595,000 | 3,455,000 |
| 2003 water revenue bonds | 35,450,000 | (1,555,000) | 33,895,000 | 1,600,000 | 32,295,000 |
| 2005 wastewater revenue bonds | 25,425,000 | (320,000) | 25,105,000 | 70,000 | 25,035,000 |
| 2007 wastewater revenue bonds | 67,610,000 | (970,000) | 66,640,000 | 1,275,000 | 65,365,000 |
| Total revenue bonds | \$ 146,995,000 | \$ (3,560,000) | \$ 143,435,000 | \$ 3,965,000 | \$ 139,470,000 |

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2013:

| | |
|--------------------------------|-----------------------|
| Land, structures and equipment | \$ 140,291,752 |
| Less accumulated depreciation | (22,731,338) |
| Total | \$ 117,560,414 |

1998 sewer revenue bonds

In July 1998, the City issued \$15,330,000 in Sewer Revenue Bonds with interest rates varying from 4.50% to 5.50% and the final payment scheduled for August 2028. The bonds were issued to advance refund \$4,920,000 of outstanding 1991 Certificates of Participation with interest rates varying from 5.00% to 7.20% and \$9,074,010 of outstanding 1991 Contract Payable with interest rates varying from 4.90% to 6.25%. The City has pledged a portion of future sewer revenues to repay this bond.

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Notes to Financial Statements
June 30, 2013

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2014 | \$ 425,000 | \$ 707,870 | \$ 1,132,870 |
| 2015 | 445,000 | 686,120 | 1,131,120 |
| 2016 | 470,000 | 663,245 | 1,133,245 |
| 2017 | 495,000 | 637,883 | 1,132,883 |
| 2018 | 520,000 | 609,970 | 1,129,970 |
| 2019-2023 | 3,065,000 | 2,583,285 | 5,648,285 |
| 2024-2028 | 6,475,000 | 1,479,010 | 7,954,010 |
| 2029 | 1,850,000 | 48,099 | 1,898,099 |
| Total | \$ 13,745,000 | \$ 7,415,482 | \$ 21,160,482 |

1998 refuse revenue bonds

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

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2014 | \$ 595,000 | \$ 187,625 | \$ 782,625 |
| 2015 | 625,000 | 157,125 | 782,125 |
| 2016 | 655,000 | 125,125 | 780,125 |
| 2017 | 690,000 | 91,500 | 781,500 |
| 2018 | 725,000 | 56,125 | 781,125 |
| 2019 | 760,000 | 19,000 | 779,000 |
| Total | \$ 4,050,000 | \$ 636,500 | \$ 4,686,500 |

2003 water revenue bonds

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

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|----------------------|
| 2014 | \$ 1,600,000 | \$ 1,642,850 | \$ 3,242,850 |
| 2015 | 1,670,000 | 1,578,850 | 3,248,850 |
| 2016 | 1,735,000 | 1,512,050 | 3,247,050 |
| 2017 | 1,825,000 | 1,425,300 | 3,250,300 |
| 2018 | 1,915,000 | 1,334,050 | 3,249,050 |
| 2019-2023 | 11,080,000 | 5,137,750 | 16,217,750 |
| 2024-2028 | 14,070,000 | 2,157,800 | 16,227,800 |
| Total | \$ 33,895,000 | \$ 14,788,650 | \$ 48,683,650 |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

2005 wastewater revenue bonds

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

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|----------------------|
| 2014 | \$ 70,000 | \$ 1,259,881 | \$ 1,329,881 |
| 2015 | 75,000 | 1,257,169 | 1,332,169 |
| 2016 | 75,000 | 1,254,497 | 1,329,497 |
| 2017 | 75,000 | 1,251,731 | 1,326,731 |
| 2018 | 85,000 | 1,248,625 | 1,333,625 |
| 2019-2023 | 490,000 | 6,186,206 | 6,676,206 |
| 2024-2028 | 2,850,000 | 5,787,487 | 8,637,487 |
| 2029-2033 | 11,555,000 | 4,182,819 | 15,737,819 |
| 2034-2036 | 9,830,000 | 753,501 | 10,583,501 |
| Total | \$ 25,105,000 | \$ 23,181,916 | \$ 48,286,916 |

2007 wastewater revenue bonds

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

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|-----------------------|
| 2014 | \$ 1,275,000 | \$ 3,076,975 | \$ 4,351,975 |
| 2015 | 1,340,000 | 3,011,600 | 4,351,600 |
| 2016 | 1,390,000 | 2,945,225 | 4,335,225 |
| 2017 | 1,480,000 | 2,875,350 | 4,355,350 |
| 2018 | 1,535,000 | 2,804,887 | 4,339,887 |
| 2019-2023 | 8,950,000 | 12,804,437 | 21,754,437 |
| 2024-2028 | 13,935,000 | 10,115,863 | 24,050,863 |
| 2029-2033 | 11,135,000 | 6,882,863 | 18,017,863 |
| 2034-2038 | 19,000,000 | 4,171,500 | 23,171,500 |
| 2039 | 6,600,000 | 148,500 | 6,748,500 |
| Total | \$ 66,640,000 | \$ 48,837,200 | \$ 115,477,200 |

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

2. Contracts payable

Contracts payable at June 30, 2013, consisted of the following:

| | Balance July 1, 2012 | Additions | Reductions | Balance June 30, 2013 | Classification | |
|-----------------------------|-------------------------|-----------|--------------|--------------------------|--------------------|------------------------------|
| | | | | | Due in One Year | Due in more than One Year |
| 1993 waste water renovation | \$ 11,181,113 | | \$ (677,516) | \$ 10,503,597 | \$ 720,241 | \$ 9,783,356 |
| Total contracts payable | \$ 11,181,113 | \$ 0 | \$ (677,516) | \$ 10,503,597 | \$ 720,241 | \$ 9,783,356 |

1993 waste water renovation

The City has entered into a contract with the City of Fresno to purchase capacity rights in the form of participation in the cost of sewer system improvements. These improvements include the renovation and expansion of the Fresno Clovis Regional Wastewater Treatment Plant. The 1993 contract is for the City's share of the 1993 renovation of the Fresno Clovis Regional Wastewater Treatment Plant. The underlying City of Fresno 1993 Revenue Bonds on which the City of Clovis' contract payable amount is based have interest rates varying from 3.50%-6.25% and the final payments are scheduled for September 2023. The City's \$12,423,873 share of the renovation is capitalized as an intangible asset in the Sewer Service Fund, an enterprise fund, as disclosed in Note I. D. 6.

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------|---------------|
| 2014 | \$ 720,241 | \$ 515,368 | \$ 1,235,609 |
| 2015 | 764,846 | 468,959 | 1,233,805 |
| 2016 | 812,736 | 423,723 | 1,236,459 |
| 2017 | 855,463 | 379,933 | 1,235,396 |
| 2018 | 900,536 | 333,838 | 1,234,374 |
| 2019-2023 | 5,245,930 | 914,975 | 6,160,905 |
| 2024 | 1,203,845 | 27,088 | 1,230,933 |
| Total | \$ 10,503,597 | \$ 3,063,884 | \$ 13,567,481 |

Fiduciary funds long-term debt

1. Tax allocation bonds payable

Tax Allocation Bonds at June 30, 2013, consisted of the following:

| | Balance | Additions | Reductions | Balance |
|----------------------------|---------------|-----------|--------------|---------------|
| | July 1, 2012 | | | June 30, 2013 |
| 2008 Tax allocation bonds | \$ 16,668,357 | | \$ (565,100) | \$ 16,103,257 |
| Total tax allocation bonds | \$ 16,668,357 | \$ 0 | \$ (565,100) | \$ 16,103,257 |

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, 2102 were \$17,445,000 and were transferred to the Successor

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

Agency on February 1, 2012 due to the dissolution of the Agency. The balance outstanding at June 30, 2013 is \$16,103,257 and is held in the City's Redevelopment Successor Agency Private-purpose Trust Fund.

G. Landfill closure

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

The City is currently estimating at June 30, 2013 that the capacity of the landfill used is approximately 28%, the estimated remaining life is approximately 34 years and the estimated remaining cost to be recognized is \$14,337,626. The estimated capacity remaining is 6,037,703 cubic yards and the estimated landfill closure liability is \$2,645,540. The current estimated cost of known and/or reasonably foreseeable corrective action is \$974,049 and the City currently has \$1,000,000 set aside for this purpose. These estimates are based on a closure and postclosure maintenance plan and corrective action plan. The estimates have been adjusted for inflation and other factors such as technology and laws and regulations.

V. Other information

A. Self insurance

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

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

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

Incurred but not reported claims have been accrued as a liability for the workers' compensation and dental programs as required in the amount of \$4,860,360 based on previous claims experience and actuarial studies.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

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, 06/30/12 | \$ 9,172,000 | \$ 48,000 | \$ 9,220,000 |
| Claims provision | 2,668,085 | 338,012 | 3,006,097 |
| Claims paid | <u>(2,590,085)</u> | <u>(338,012)</u> | <u>(2,928,097)</u> |
| Balance, 06/30/12 | 9,250,000 | 48,000 | 9,298,000 |
| Claims provision | 3,866,173 | 340,198 | 4,206,371 |
| Claims paid | <u>(2,550,173)</u> | <u>(340,198)</u> | <u>(2,890,371)</u> |
| Balance, 06/30/13 | <u>\$ 10,566,000</u> | <u>\$ 48,000</u> | <u>\$ 10,614,000</u> |

B. Deferred compensation

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

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

C. Postretirement benefits

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

D. Contingent liabilities

The City entered into a settlement agreement and release of all claims with various chemical corporations in May 1997 which entitled the City to significant recovery of future costs associated with the treatment of contaminated wells. The City expects to incur costs in future years for the treatment of contaminated wells. However, as of June 30, 2013, these costs cannot be reasonably estimated.

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

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

E. Subsequent events

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

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

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

F. Employee retirement system

Plan Description. The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 "P" Street - Sacramento, CA 95814.

Funding Policy. Plan participants are currently required to contribute 8% of their annual covered salary for miscellaneous members and 9% for public safety members. In addition, The City has implemented a cost sharing agreement where employees contribute an additional 4% towards the employer contribution. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by PERS' Board of Administration. The required employer contribution rate for fiscal year 2012/13 was 17.484% for miscellaneous members and 29.157% for public safety members. The contribution requirements of the plan members are established by state statute, and the contribution rate of the employer is established and may be amended by PERS.

Annual Pension Cost. For fiscal year 2012/13, the City's annual pension cost of \$7,060,970 was equal to the City's required actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.50% investment rate of return (net of administrative expenses), compounded annually, and; (b) projected salary increase that vary by duration of service ranging from 3.30% to 14.20% for miscellaneous members and 3.30% to 14.20% for safety members. Both (a) and (b) include an overall payroll growth component of 3.00% and an inflation component of 2.75%. The actuarial value of PERS assets is determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. The miscellaneous plan of the City of Clovis' and the Safety Plan of the City of Clovis' have an unfunded actuarial liability that is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011 was 19 years for miscellaneous members and 30 years for safety members.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2013

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

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of (APC) Contributed | Net Pension Obligation |
|----------------------------|------------------------------|------------------------------------|---------------------------|
| Miscellaneous Plan: | | | |
| 6/30/2011 | \$ 2,730 | 100 | 0 |
| 6/30/2012 | 3,222 | 100 | 0 |
| 6/30/2013 | 3,271 | 100 | 0 |
| Safety Plan: | | | |
| 6/30/2011 | \$ 3,062 | 100 | 0 |
| 6/30/2012 | 3,783 | 100 | 0 |
| 6/30/2013 | 3,789 | 100 | 0 |

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

| Valuation Date | Actuarial Value Assets | Actuarial Accrued Liability (AAL) Entry Age Normal | Unfunded AAL (UAAL)/ (Excess Assets) | Funded Ratio | Annual Covered Payroll | UAAL as a Percentage of Covered Payroll |
|----------------------------|------------------------------|--|--|-----------------|------------------------------|---|
| Miscellaneous Plan: | | | | | | |
| 6/30/2011 | \$ 96,541 | \$ 119,216 | \$ (22,675) | 81.0% | \$ 19,939 | 113.7% |
| Safety Plan: | | | | | | |
| 6/30/2011 | \$ 104,820 | \$ 133,484 | \$ (28,664) | 78.5% | \$ 13,210 | 217.0% |

The PERS information presented above was the most current information available at the time of publication.

REQUIRED SUPPLEMENTARY INFORMATION

**Public Employees Retirement System
Schedule of Funding Progress**

(Dollar Amounts in Thousands)

| <u>Valuation Date</u> | <u>Actuarial Value Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age Normal</u> | <u>Unfunded AAL (UAAL)/ (Excess Assets)</u> | <u>Funded Ratio</u> | <u>Annual Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---------------------------|-------------------------------|---|---|---------------------|-------------------------------|--|
| <u>Miscellaneous Plan</u> | | | | | | |
| 6/30/09 | \$83,093 | \$101,931 | \$(18,838) | 81.5% | \$20,118 | 93.6% |
| 6/30/10 | 89,323 | 109,144 | (19,821) | 81.8 | 19,195 | 103.3 |
| 6/30/11 | 96,541 | 119,216 | (22,675) | 81.0 | 19,939 | 113.7 |
| <u>Safety Plan</u> | | | | | | |
| 6/30/09 | \$94,756 | \$116,758 | \$(22,002) | 81.2% | \$13,157 | 167.2% |
| 6/30/10 | 99,231 | 123,150 | (23,919) | 80.6 | 12,755 | 187.5 |
| 6/30/11 | 104,820 | 133,484 | (28,664) | 78.5 | 13,210 | 217.0 |

The PERS information presented above was the most current information available at the time of publication.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

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

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

City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

| | Special Revenue | | | Total |
|-------------------------------------|--------------------|-------------------------|-------------------------------|--------------------|
| | Off Highway Use | Workforce Investment | Housing & Comm Development | |
| ASSETS | | | | |
| Cash and investments | \$65,661 | \$841 | \$632,641 | \$699,143 |
| Cash with agents-restricted | | | 1,227,633 | 1,227,633 |
| Receivables | 42 | 43,492 | 5,022,678 | 5,066,212 |
| Due from other governments | | | 109,988 | 109,988 |
| Assets held for resale | | | 2,546,746 | 2,546,746 |
| Total assets | <u>\$65,703</u> | <u>\$44,333</u> | <u>\$9,539,686</u> | <u>\$9,649,722</u> |
| LIABILITIES | | | | |
| Accounts payable | | \$1,418 | \$960,610 | \$962,028 |
| Due to other funds | | 51,000 | | 51,000 |
| Deposits and other liabilities | | | 395,000 | 395,000 |
| Total Liabilities | <u>0</u> | <u>52,418</u> | <u>1,355,610</u> | <u>1,408,028</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Assets held for resale | | | \$2,546,746 | \$2,546,746 |
| Long-term receivables | | | 4,608,929 | 4,608,929 |
| Restricted for: | | | | |
| Capital projects | | | | |
| Community Development | \$65,703 | | 1,028,401 | 1,094,104 |
| Debt service | | | | |
| Assigned for: | | | | |
| Capital | | | | |
| Unassigned: | | | | |
| Total fund balances (deficit) | <u>65,703</u> | <u>(8,085)</u> | <u>8,184,076</u> | <u>8,241,694</u> |
| Total liabilities and fund balances | <u>\$65,703</u> | <u>\$44,333</u> | <u>\$9,539,686</u> | <u>\$9,649,722</u> |

**City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

| Debt Service | | Capital Projects | | Total Nonmajor Governmental Funds |
|------------------------|------------------------|---------------------|--------------------|--|
| 1976 Fire and Sewer | Park and Recreation | Refuse Equipment | Total | |
| \$403,896 | \$1,653,635 | \$1,204,725 | \$2,858,360 | \$3,961,399 |
| | | | | 1,227,633 |
| 241 | 26,836 | 758 | 27,594 | 5,094,047 |
| | 20,422 | | 20,422 | 130,410 |
| | | | | 2,546,746 |
| <u>\$404,137</u> | <u>\$1,700,893</u> | <u>\$1,205,483</u> | <u>\$2,906,376</u> | <u>\$12,960,235</u> |
| | | | | \$2,546,746 |
| | \$47,592 | | \$47,592 | 4,608,929 |
| | 9,200 | | 9,200 | 2,614,584 |
| <u>0</u> | <u>56,792</u> | <u>0</u> | <u>56,792</u> | <u>1,094,104</u> |
| | | | | 404,137 |
| | | | | 2,614,584 |
| \$404,137 | 1,409,101 | \$1,205,483 | 2,614,584 | 1,094,104 |
| | | | | 404,137 |
| | 235,000 | | 235,000 | 235,000 |
| | | | | (8,085) |
| <u>404,137</u> | <u>1,644,101</u> | <u>1,205,483</u> | <u>2,849,584</u> | <u>11,495,415</u> |
| <u>\$404,137</u> | <u>\$1,700,893</u> | <u>\$1,205,483</u> | <u>\$2,906,376</u> | <u>\$12,960,235</u> |

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

| | Special Revenue | | | Total |
|--|--------------------|-------------------------|-------------------------------|--------------------|
| | Off Highway Use | Workforce Investment | Housing & Comm Development | |
| REVENUES | | | | |
| Use of money and property | \$58 | | \$19,408 | \$19,466 |
| From other agencies | | \$301,745 | 315,072 | 616,817 |
| Charges for current services | | | | |
| Other revenues | | | 50,823 | 50,823 |
| Total revenue | <u>58</u> | <u>301,745</u> | <u>385,303</u> | <u>687,106</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | | 332,799 | 817,596 | 1,150,395 |
| Debt service: | | | | |
| Principal | | | | |
| Interest and fiscal charges | | | | |
| Capital outlays | | | | |
| Total expenditures | <u>0</u> | <u>332,799</u> | <u>817,596</u> | <u>1,150,395</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>58</u> | <u>(31,054)</u> | <u>(432,293)</u> | <u>(463,289)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | 30,000 | | 30,000 |
| Transfers Out | | | | |
| Total other financing sources | <u>0</u> | <u>30,000</u> | <u>0</u> | <u>30,000</u> |
| Net change in fund balances | 58 | (1,054) | (432,293) | (433,289) |
| Fund balances-beginning | <u>65,645</u> | <u>(7,031)</u> | <u>8,616,369</u> | <u>8,674,983</u> |
| Fund balances-ending | <u>\$65,703</u> | <u>(\$8,085)</u> | <u>\$8,184,076</u> | <u>\$8,241,694</u> |

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

| <u>Debt Service</u> | <u>Capital Projects</u> | | <u>Total Nonmajor Governmental Funds</u> | |
|--------------------------------|--------------------------------|-----------------------------|--|---------------------|
| <u>1976 Fire and Sewer</u> | <u>Park and Recreation</u> | <u>Refuse Equipment</u> | <u>Total</u> | |
| \$330 | \$1,211 | \$1,019 | \$2,230 | \$22,026 |
| | 199,189 | | 199,189 | 816,006 |
| | 1,191,400 | 187,167 | 1,378,567 | 1,378,567 |
| | 2,679 | | 2,679 | 53,502 |
| <u>330</u> | <u>1,394,479</u> | <u>188,186</u> | <u>1,582,665</u> | <u>2,270,101</u> |
| | | | | 1,150,395 |
| | | | | 0 |
| | | | | 0 |
| | 1,477,539 | | 1,477,539 | 1,477,539 |
| <u>0</u> | <u>1,477,539</u> | <u>0</u> | <u>1,477,539</u> | <u>2,627,934</u> |
| | | | | 30,000 |
| 330 | (83,060) | 188,186 | 105,126 | (357,833) |
| | | (88,000) | (88,000) | (88,000) |
| <u>0</u> | <u>0</u> | <u>(88,000)</u> | <u>(88,000)</u> | <u>(58,000)</u> |
| 330 | (83,060) | 100,186 | 17,126 | (415,833) |
| <u>403,807</u> | <u>1,727,161</u> | <u>1,105,297</u> | <u>2,832,458</u> | <u>11,911,248</u> |
| <u>\$404,137</u> | <u>\$1,644,101</u> | <u>\$1,205,483</u> | <u>\$2,849,584</u> | <u>\$11,495,415</u> |

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Off Highway Use Special Revenue Fund
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|--|------------------|----------|-------------------|--|
| | Original | Final | | |
| REVENUE | | | | |
| Use of money and property | \$0 | \$0 | \$58 | \$58 |
| Total revenues | 0 | 0 | 58 | 58 |
| EXPENDITURES | | | | |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total expenditures | 0 | 0 | 0 | 0 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 58 | 58 |
| Fund balances-beginning | 65,645 | 65,645 | 65,645 | |
| Fund balances-ending | \$65,645 | \$65,645 | \$65,703 | \$58 |

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Workforce Investment Special Revenue Fund
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|--|------------------|-----------|-------------------|--|
| | Original | Final | | |
| REVENUE | | | | |
| From other agencies | \$381,900 | \$381,900 | \$301,745 | (\$80,155) |
| Total revenues | 381,900 | 381,900 | 301,745 | (80,155) |
| EXPENDITURES | | | | |
| Community development | 398,030 | 398,030 | 332,799 | 65,231 |
| Total expenditures | 398,030 | 398,030 | 332,799 | 65,231 |
| Excess (deficiency) of revenues over expenditures | (16,130) | (16,130) | (31,054) | (14,924) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 30,000 | 30,000 | 30,000 | 0 |
| Total other financing sources (uses) | 30,000 | 30,000 | 30,000 | 0 |
| Net change in fund balances | 13,870 | 13,870 | (1,054) | (14,924) |
| Fund balances(deficit)-beginning | (7,031) | (7,031) | (7,031) | |
| Fund balances(deficit)-ending | \$6,839 | \$6,839 | (\$8,085) | (\$14,924) |

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Housing and Community Development Special Revenue Fund
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|--|------------------|-------------|-------------------|--|
| | Original | Final | | |
| REVENUE | | | | |
| Property taxes | \$494,000 | \$494,000 | \$0 | (\$494,000) |
| Use of money and property | 0 | 0 | 19,408 | 19,408 |
| From other agencies | 1,015,000 | 1,015,000 | 315,072 | (699,928) |
| Other revenues | 0 | 0 | 50,823 | 50,823 |
| Total revenues | 1,509,000 | 1,509,000 | 385,303 | (1,123,697) |
| EXPENDITURES | | | | |
| Community development | 1,931,638 | 1,840,220 | 817,596 | 1,022,624 |
| Total expenditures | 1,931,638 | 1,840,220 | 817,596 | 1,022,624 |
| Excess (deficiency) of revenues over expenditures | (422,638) | (331,220) | (432,293) | (101,073) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (690,000) | (690,000) | 0 | 690,000 |
| Total other financing sources | (690,000) | (690,000) | 0 | 690,000 |
| Net change in fund balances | (1,112,638) | (1,021,220) | (432,293) | 588,927 |
| Fund balances-beginning | 8,616,369 | 8,616,369 | 8,616,369 | |
| Fund balances-ending | \$7,503,731 | \$7,595,149 | \$8,184,076 | \$588,927 |

City of Clovis

**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
1976 Fire and Sewer Debt Service Fund
For the Year Ended June 30, 2013**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|--|-------------------------|------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUE | | | | |
| Use of money and property | \$0 | \$0 | \$330 | \$330 |
| Total revenues | <u>0</u> | <u>0</u> | <u>330</u> | <u>330</u> |
| EXPENDITURES | | | | |
| Debt service: | 0 | 0 | 0 | 0 |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 330 | 330 |
| Fund balances-beginning | 403,807 | 403,807 | 403,807 | |
| Fund balances-ending | <u>\$403,807</u> | <u>\$403,807</u> | <u>\$404,137</u> | <u>\$330</u> |

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Park and Recreation Capital Project Fund
For the Year Ended June 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|--|---------------------------|------------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUE | | | | |
| Use of money and property | \$7,000 | \$7,000 | \$1,211 | (\$5,789) |
| From other agencies | 160,000 | 160,000 | 199,189 | 39,189 |
| Charges for current services | 450,000 | 450,000 | 1,191,400 | 741,400 |
| Other revenues | 125,000 | 125,000 | 2,679 | (122,321) |
| Total revenues | <u>742,000</u> | <u>742,000</u> | <u>1,394,479</u> | <u>652,479</u> |
| EXPENDITURES | | | | |
| Capital outlays | 1,265,271 | 2,380,271 | 1,477,539 | 902,732 |
| Total expenditures | <u>1,265,271</u> | <u>2,380,271</u> | <u>1,477,539</u> | <u>902,732</u> |
| Excess (deficiency) of revenues over expenditures | (523,271) | (1,638,271) | (83,060) | 1,555,211 |
| Fund balances-beginning | 1,727,161 | 1,727,161 | 1,727,161 | |
| Fund balances-ending | <u><u>\$1,203,890</u></u> | <u><u>\$88,890</u></u> | <u><u>\$1,644,101</u></u> | <u><u>\$1,555,211</u></u> |

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Refuse Equipment Capital Project Fund
For the Year Ended June 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|--|---------------------------|---------------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUE | | | | |
| Use of money and property | \$0 | \$0 | \$1,019 | \$1,019 |
| Charges for current services | 0 | 0 | 187,167 | 187,167 |
| Total revenues | <u>0</u> | <u>0</u> | <u>188,186</u> | <u>188,186</u> |
| EXPENDITURES | | | | |
| Capital outlays | 0 | 0 | 0 | 0 |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | <u>0</u> | <u>0</u> | <u>188,186</u> | <u>188,186</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (88,000) | (88,000) | (88,000) | 0 |
| Total other financing sources (uses) | <u>(88,000)</u> | <u>(88,000)</u> | <u>(88,000)</u> | <u>0</u> |
| Net change in fund balances | (88,000) | (88,000) | 100,186 | 188,186 |
| Fund balances-beginning | 1,105,297 | 1,105,297 | 1,105,297 | |
| Fund balances-ending | <u><u>\$1,017,297</u></u> | <u><u>\$1,017,297</u></u> | <u><u>\$1,205,483</u></u> | <u><u>\$188,186</u></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, 2013

| | Self Insurance | Fleet | Employee Benefits | General Services | Total |
|--|-------------------|---------------------|----------------------|---------------------|---------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$360,646 | \$7,607,592 | \$5,965,491 | \$7,962,195 | \$21,895,924 |
| Receivables | 337,704 | 3,967 | 85,596 | 107,001 | 534,268 |
| Due from other governments | | | | 8,135 | 8,135 |
| Inventories | | 551,000 | | | 551,000 |
| Total current assets | <u>698,350</u> | <u>8,162,559</u> | <u>6,051,087</u> | <u>8,077,331</u> | <u>22,989,327</u> |
| Noncurrent assets: | | | | | |
| Restricted cash and investments: | | | | | |
| Cash with fiscal agent-bond accounts | | | | 564,530 | 564,530 |
| Total restricted assets | <u>0</u> | <u>0</u> | <u>0</u> | <u>564,530</u> | <u>564,530</u> |
| Capital assets: | | | | | |
| Land | | | | 9,352,424 | 9,352,424 |
| Buildings and improvements | | 940,271 | | 83,121,715 | 84,061,986 |
| Machinery and equipment | | 25,593,031 | | 7,100,922 | 32,693,953 |
| Less accumulated depreciation | | (16,185,299) | | (25,922,126) | (42,107,425) |
| Total capital assets (net of accumulated depreciation) | <u>0</u> | <u>10,348,003</u> | <u>0</u> | <u>73,652,935</u> | <u>84,000,938</u> |
| Total noncurrent assets | <u>0</u> | <u>10,348,003</u> | <u>0</u> | <u>74,217,465</u> | <u>84,565,468</u> |
| Total assets | <u>698,350</u> | <u>18,510,562</u> | <u>6,051,087</u> | <u>82,294,796</u> | <u>107,554,795</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 16,333 | 287,295 | 685,567 | 716,972 | 1,706,167 |
| Claims and judgements payable | | | 2,548,000 | | 2,548,000 |
| Accrued compensated absences | | 11,800 | 732,000 | 27,900 | 771,700 |
| Deposits and other liabilities | | | | 59,240 | 59,240 |
| Capital leases-current | | 636,469 | | 798,340 | 1,434,809 |
| Loans payable-current | | | | 232,120 | 232,120 |
| Revenue bonds-current | | | | 710,000 | 710,000 |
| Total current liabilities | <u>16,333</u> | <u>935,564</u> | <u>3,965,567</u> | <u>2,544,572</u> | <u>7,462,036</u> |
| Noncurrent liabilities: | | | | | |
| Claims and judgements payable | | | 8,066,000 | | 8,066,000 |
| Accrued compensated absences | | 34,676 | | 81,662 | 116,338 |
| Capital leases | | 1,370,713 | | 8,934,523 | 10,305,236 |
| Loans payable | | | | 1,966,123 | 1,966,123 |
| Revenue bonds (net of discount) | | | | 13,076,232 | 13,076,232 |
| Total noncurrent liabilities | <u>0</u> | <u>1,405,389</u> | <u>8,066,000</u> | <u>24,058,540</u> | <u>33,529,929</u> |
| Total liabilities | <u>16,333</u> | <u>2,340,953</u> | <u>12,031,567</u> | <u>26,603,112</u> | <u>40,991,965</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | | 8,340,821 | | 52,468,443 | 60,809,264 |
| Restricted for debt service | | | | 564,530 | 564,530 |
| Unrestricted | 682,017 | 7,828,788 | (5,980,480) | 2,658,711 | 5,189,036 |
| Total net position | <u>\$682,017</u> | <u>\$16,169,609</u> | <u>(\$5,980,480)</u> | <u>\$55,691,684</u> | <u>\$66,562,830</u> |

City of Clovis
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2013

| | Self Insurance | Fleet | Employee Benefits | General Services | Total |
|---|---------------------------|---------------------|------------------------------|-----------------------------|---------------------|
| Operating revenues: | | | | | |
| Charges for services | \$751,468 | \$7,118,771 | \$17,288,467 | \$8,624,593 | \$33,783,299 |
| From other agencies | | | | 145,884 | 145,884 |
| Other revenues | 489,793 | | | 219,625 | 709,418 |
| Total operating revenues | <u>1,241,261</u> | <u>7,118,771</u> | <u>17,288,467</u> | <u>8,990,102</u> | <u>34,638,601</u> |
| Operating expenses: | | | | | |
| Salaries and benefits | 145,461 | 1,375,954 | 253,330 | 1,753,283 | 3,528,028 |
| Services, materials and supplies | 1,608,088 | 3,199,368 | 17,945,173 | 3,512,561 | 26,265,190 |
| Administration | 27,400 | 761,700 | 46,700 | 187,951 | 1,023,751 |
| Depreciation | | 1,783,367 | | 2,438,336 | 4,221,703 |
| Total operating expenses | <u>1,780,949</u> | <u>7,120,389</u> | <u>18,245,203</u> | <u>7,892,131</u> | <u>35,038,672</u> |
| Operating income (loss) | <u>(539,688)</u> | <u>(1,618)</u> | <u>(956,736)</u> | <u>1,097,971</u> | <u>(400,071)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Interest income | 425 | 5,518 | 4,528 | 2,534 | 13,005 |
| Interest expense | | (74,293) | | (1,270,764) | (1,345,057) |
| Sales tax override | | | | 17,876 | 17,876 |
| Gain (loss) on sale of capital assets | | 122,922 | | (14,634) | 108,288 |
| Total nonoperating revenue (expense) | <u>425</u> | <u>54,147</u> | <u>4,528</u> | <u>(1,264,988)</u> | <u>(1,205,888)</u> |
| Income before contributions and transfers | <u>(539,263)</u> | <u>52,529</u> | <u>(952,208)</u> | <u>(167,017)</u> | <u>(1,605,959)</u> |
| Capital contributions | | 10,609 | | 2,000,000 | 2,010,609 |
| Transfers in | | | | 515,000 | 515,000 |
| Changes in net position | <u>(539,263)</u> | <u>63,138</u> | <u>(952,208)</u> | <u>2,347,983</u> | <u>919,650</u> |
| Total net position-beginning | <u>1,221,280</u> | <u>16,106,471</u> | <u>(5,028,272)</u> | <u>53,343,701</u> | <u>65,643,180</u> |
| Total net position-ending | <u>\$682,017</u> | <u>\$16,169,609</u> | <u>(\$5,980,480)</u> | <u>\$55,691,684</u> | <u>\$66,562,830</u> |

City of Clovis
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

| | Self Insurance | Fleet | Employee Benefits | General Services | Total |
|---|-------------------|--------------------|----------------------|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$751,468 | \$7,118,771 | \$17,326,942 | \$8,563,183 | \$33,760,364 |
| Payments to suppliers | (1,639,042) | (3,826,210) | (16,380,804) | (3,952,299) | (25,798,355) |
| Payments to employees | (145,461) | (1,373,809) | (342,330) | (1,762,059) | (3,623,659) |
| Other operating revenues | 378,673 | | | 440,052 | 818,725 |
| Net cash provided/(used) by operating activities | <u>(654,362)</u> | <u>1,918,752</u> | <u>603,808</u> | <u>3,288,877</u> | <u>5,157,075</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Receipts from Sales Tax Override | | | | 17,876 | 17,876 |
| Transfers-in from other funds | | | | 515,000 | 515,000 |
| Net cash provided/(used) by noncapital financing activities | <u>0</u> | <u>0</u> | <u>0</u> | <u>532,876</u> | <u>532,876</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and construction of capital assets | | (698,709) | | (5,458,864) | (6,157,573) |
| Principal paid on loans, bonds and capital leases | | (616,934) | | (1,629,248) | (2,246,182) |
| Interest paid on loans, bonds and capital leases | | (64,559) | | (1,203,250) | (1,267,809) |
| Proceeds from capital leases and loans | | | | 3,059,750 | 3,059,750 |
| Proceeds from sale of property and equipment | | 262,602 | | 61,570 | 324,172 |
| Proceeds from donation for capital project | | | | | |
| Net cash provided/(used) by capital and related financing activities | <u>0</u> | <u>(1,117,600)</u> | <u>0</u> | <u>(5,170,042)</u> | <u>(6,287,642)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest and dividends on investments | 1,041 | 6,199 | 5,237 | 5,076 | 17,553 |
| Net cash provided by investing activities | <u>1,041</u> | <u>6,199</u> | <u>5,237</u> | <u>5,076</u> | <u>17,553</u> |
| Net increase/(decrease) in cash and cash equivalents | (653,321) | 807,351 | 609,045 | (1,343,213) | (580,138) |
| Cash and cash equivalents-beginning of year | 1,013,967 | 6,800,241 | 5,356,446 | 9,869,938 | 23,040,592 |
| Cash and cash equivalents-end of year | <u>\$360,646</u> | <u>\$7,607,592</u> | <u>\$5,965,491</u> | <u>\$8,526,725</u> | <u>\$22,460,454</u> |
| Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities: | | | | | |
| Operating income/(loss) | (\$539,688) | (\$1,618) | (\$956,736) | \$1,097,971 | (\$400,071) |
| Adjustments to reconcile operating income to net cash provided/(used) by operating activities: | | | | | |
| Depreciation/amortization expense | | 1,783,367 | | 2,438,336 | 4,221,703 |
| (Increase)/decrease in accounts receivable | (111,120) | 0 | 38,475 | (61,410) | (134,055) |
| (Increase)/decrease in due from other governments | | | | 74,543 | 74,543 |
| (Increase)/decrease in inventories | | 14,000 | | | 14,000 |
| (Increase)/decrease in prepaid items | | | | | |
| Increase/(decrease) in accounts payable | (3,554) | 120,858 | 295,069 | (251,787) | 160,586 |
| Increase/(decrease) in accrued compensated absences | | 2,145 | (89,000) | (8,776) | (95,631) |
| Increase/(decrease) in claims and judgments payable | | | 1,316,000 | | 1,316,000 |
| Increase/(decrease) in deposits | | | | | |
| Total adjustments | <u>(114,674)</u> | <u>1,920,370</u> | <u>1,560,544</u> | <u>2,190,906</u> | <u>5,557,146</u> |
| Net cash provided/(used) by operating activities | <u>(654,362)</u> | <u>\$1,918,752</u> | <u>\$603,808</u> | <u>\$3,288,877</u> | <u>\$5,157,075</u> |

Noncash investing, capital, and financing activities:

During the year the Fleet Maintenance Fund, an internal service fund, received \$10,609 in donated assets.

Fiduciary Funds

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

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

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

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

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

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

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

City of Clovis
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2013

| | Agency Funds | | | | | | Total |
|----------------------------|-------------------------------|--------------------------|------------------------------------|-------------------------------------|--------------------------------------|---------------------|--------------------|
| | Senior Citizen Memorial | Blackhorse Assessment | Payroll Tax and Withholdings | Temperance Barstow Assessment | Shepherd Temperance Assessment | Asset Forfeiture | |
| ASSETS | | | | | | | |
| Cash and investments | \$46,875 | \$85,313 | \$1,518,261 | \$183,105 | \$224,860 | \$292,214 | \$2,350,628 |
| Cash with agent-restricted | | | | 178,478 | 307,881 | | 486,359 |
| Receivables | 29 | 2,220 | 7,203 | 988 | 978 | 208 | 11,626 |
| Total assets | <u>\$46,904</u> | <u>\$87,533</u> | <u>\$1,525,464</u> | <u>\$362,571</u> | <u>\$533,719</u> | <u>\$292,422</u> | <u>\$2,848,613</u> |
| LIABILITIES | | | | | | | |
| Accrued payroll | | | \$1,525,464 | | | | \$1,525,464 |
| Agency funds payable | \$46,904 | \$87,533 | | \$362,571 | \$533,719 | \$292,422 | 1,323,149 |
| Total liabilities | <u>\$46,904</u> | <u>\$87,533</u> | <u>\$1,525,464</u> | <u>\$362,571</u> | <u>\$533,719</u> | <u>\$292,422</u> | <u>\$2,848,613</u> |

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City of Clovis
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|------------------------------------|------------------------------|--------------------|-------------------|---------------------------|
| Senior Citizen Memorial | | | | |
| Assets | | | | |
| Cash and investments | \$45,861 | \$1,189 | \$175 | \$46,875 |
| Receivables | 39 | 139 | 149 | 29 |
| Total assets | <u>\$45,900</u> | <u>\$1,328</u> | <u>\$324</u> | <u>\$46,904</u> |
| Liabilities | | | | |
| Agency funds payable | <u>\$45,900</u> | <u>\$1,328</u> | <u>\$324</u> | <u>\$46,904</u> |
| Total liabilities | <u>\$45,900</u> | <u>\$1,328</u> | <u>\$324</u> | <u>\$46,904</u> |
| Blackhorse Assessment | | | | |
| Assets | | | | |
| Cash and investments | \$76,499 | \$62,846 | \$54,032 | \$85,313 |
| Receivables | 1,200 | 2,384 | 1,364 | 2,220 |
| Total assets | <u>\$77,699</u> | <u>\$65,230</u> | <u>\$55,396</u> | <u>\$87,533</u> |
| Liabilities | | | | |
| Agency funds payable | <u>\$77,699</u> | <u>\$65,230</u> | <u>\$55,396</u> | <u>\$87,533</u> |
| Total liabilities | <u>\$77,699</u> | <u>\$65,230</u> | <u>\$55,396</u> | <u>\$87,533</u> |
| Payroll Tax and Withholding | | | | |
| Assets | | | | |
| Cash and investments | \$150,792 | \$1,518,261 | \$150,792 | \$1,518,261 |
| Receivables | 0 | 15,790 | 8,587 | 7,203 |
| Total assets | <u>\$150,792</u> | <u>\$1,534,051</u> | <u>\$159,379</u> | <u>\$1,525,464</u> |
| Liabilities | | | | |
| Accrued Payroll | <u>\$150,792</u> | <u>\$1,534,051</u> | <u>\$159,379</u> | <u>\$1,525,464</u> |
| Total liabilities | <u>\$150,792</u> | <u>\$1,534,051</u> | <u>\$159,379</u> | <u>\$1,525,464</u> |

Temperance/Barstow Assessment

Assets

| | | | | |
|----------------------------|------------------|-----------------|-----------------|------------------|
| Cash and investments | \$175,801 | \$87,955 | \$80,651 | \$183,105 |
| Cash with agent-restricted | 178,460 | 18 | | 178,478 |
| Receivables | 383 | 1,215 | 610 | 988 |
| Total assets | <u>\$354,644</u> | <u>\$89,188</u> | <u>\$81,261</u> | <u>\$362,571</u> |

Liabilities

| | | | | |
|----------------------|------------------|-----------------|-----------------|------------------|
| Agency funds payable | <u>\$354,644</u> | <u>\$89,188</u> | <u>\$81,261</u> | <u>\$362,571</u> |
| Total liabilities | <u>\$354,644</u> | <u>\$89,188</u> | <u>\$81,261</u> | <u>\$362,571</u> |

Shepherd/Temperance Assessment

Assets

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Cash and investments | \$210,801 | \$126,700 | \$112,641 | \$224,860 |
| Cash with agent-restricted | 307,850 | 31 | | 307,881 |
| Receivables | 1,349 | 1,153 | 1,524 | 978 |
| Total assets | <u>\$520,000</u> | <u>\$127,884</u> | <u>\$114,165</u> | <u>\$533,719</u> |

Liabilities

| | | | | |
|----------------------|------------------|------------------|------------------|------------------|
| Agency funds payable | <u>\$520,000</u> | <u>\$127,884</u> | <u>\$114,165</u> | <u>\$533,719</u> |
| Total liabilities | <u>\$520,000</u> | <u>\$127,884</u> | <u>\$114,165</u> | <u>\$533,719</u> |

Asset Forfeiture

Assets

| | | | | |
|----------------------|------------------|----------------|-----------------|------------------|
| Cash and investments | \$324,248 | \$5,083 | \$37,117 | \$292,214 |
| Receivables | 272 | 994 | 1,058 | 208 |
| Total assets | <u>\$324,520</u> | <u>\$6,077</u> | <u>\$38,175</u> | <u>\$292,422</u> |

Liabilities

| | | | | |
|----------------------|------------------|----------------|-----------------|------------------|
| Agency funds payable | <u>\$324,520</u> | <u>\$6,077</u> | <u>\$38,175</u> | <u>\$292,422</u> |
| Total liabilities | <u>\$324,520</u> | <u>\$6,077</u> | <u>\$38,175</u> | <u>\$292,422</u> |

Grand Total All Agency Funds

Assets

| | | | | |
|----------------------------|--------------------|--------------------|------------------|--------------------|
| Cash and investments | \$984,002 | \$1,802,034 | \$435,408 | \$2,350,628 |
| Cash with agent-restricted | 486,310 | 49 | 0 | 486,359 |
| Receivables | 3,243 | 21,675 | 13,292 | 11,626 |
| Total assets | <u>\$1,473,555</u> | <u>\$1,823,758</u> | <u>\$448,700</u> | <u>\$2,848,613</u> |

Liabilities

| | | | | |
|----------------------|--------------------|--------------------|------------------|--------------------|
| Accrued payroll | \$150,792 | \$1,534,051 | \$159,379 | \$1,525,464 |
| Agency funds payable | 1,322,763 | 289,707 | 289,321 | 1,323,149 |
| Total liabilities | <u>\$1,473,555</u> | <u>\$1,823,758</u> | <u>\$448,700</u> | <u>\$2,848,613</u> |

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Statistical Section

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

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Statistical Section

| Contents | Page |
|--|-------------|
| Financial Trends | 101 |
| 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 | 109 |
| These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax. | |
| Debt Capacity | 113 |
| 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 | 119 |
| 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 | 122 |
| 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,

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 173,735 | \$ 204,308 | \$ 240,241 | \$ 294,905 | \$ 375,445 | \$ 394,479 | \$ 414,755 | \$ 436,785 | \$ 469,871 | \$ 481,729 |
| Restricted | 19,396 | 22,187 | 26,196 | 29,022 | 39,670 | 38,672 | 35,940 | 33,283 | 21,302 | 19,810 |
| Unrestricted | <u>17,530</u> | <u>25,016</u> | <u>25,143</u> | <u>17,918</u> | <u>8,968</u> | <u>11,485</u> | <u>13,991</u> | <u>16,121</u> | <u>13,688</u> | <u>16,070</u> |
| Total net position | <u>\$ 210,661</u> | <u>\$ 251,511</u> | <u>\$ 291,580</u> | <u>\$ 341,845</u> | <u>\$ 424,083</u> | <u>\$ 444,636</u> | <u>\$ 464,686</u> | <u>\$ 486,189</u> | <u>\$ 504,861</u> | <u>\$ 517,609</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 71,643 | \$ 75,486 | \$ 82,793 | \$ 94,552 | \$ 105,729 | \$ 107,645 | \$ 107,065 | \$ 112,383 | \$ 125,253 | \$ 130,123 |
| Restricted | 4,734 | 4,905 | 5,307 | 4,940 | 7,174 | 8,370 | 7,706 | 5,269 | 5,292 | 4,794 |
| Unrestricted | <u>36,167</u> | <u>43,880</u> | <u>48,198</u> | <u>52,680</u> | <u>53,724</u> | <u>50,645</u> | <u>43,031</u> | <u>44,194</u> | <u>38,660</u> | <u>51,584</u> |
| Total net position | <u>\$ 112,544</u> | <u>\$ 124,271</u> | <u>\$ 136,298</u> | <u>\$ 152,172</u> | <u>\$ 166,627</u> | <u>\$ 166,660</u> | <u>\$ 157,802</u> | <u>\$ 161,846</u> | <u>\$ 169,205</u> | <u>\$ 186,501</u> |
| Total Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 245,378 | \$ 279,794 | \$ 323,034 | \$ 389,457 | \$ 481,174 | \$ 502,124 | \$ 521,820 | \$ 549,168 | \$ 595,124 | \$ 611,852 |
| Restricted | 24,130 | 27,092 | 31,503 | 33,961 | 46,844 | 47,042 | 43,646 | 38,552 | 26,594 | 24,604 |
| Unrestricted | <u>53,697</u> | <u>68,896</u> | <u>73,341</u> | <u>70,598</u> | <u>62,692</u> | <u>62,130</u> | <u>57,022</u> | <u>60,315</u> | <u>52,348</u> | <u>67,654</u> |
| Total net position | <u>\$ 323,205</u> | <u>\$ 375,782</u> | <u>\$ 427,878</u> | <u>\$ 494,016</u> | <u>\$ 590,710</u> | <u>\$ 611,296</u> | <u>\$ 622,488</u> | <u>\$ 648,035</u> | <u>\$ 674,066</u> | <u>\$ 704,110</u> |

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

| | For the Fiscal Year Ended June 30, | | | | | | | | | |
|--|------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 3,691 | \$ 3,697 | \$ 4,668 | \$ 5,319 | \$ 5,495 | \$ 5,265 | \$ 4,282 | \$ 4,684 | \$ 4,952 | \$ 5,948 |
| Public safety | 26,147 | 25,793 | 31,499 | 34,586 | 36,476 | 35,238 | 31,345 | 33,331 | 35,185 | 37,106 |
| Transportation | 8,296 | 9,715 | 6,658 | 7,932 | 7,982 | 8,886 | 10,123 | 9,869 | 10,803 | 11,160 |
| Community development | 8,775 | 9,370 | 10,377 | 11,531 | 11,437 | 11,065 | 11,289 | 10,931 | 8,925 | 930 |
| Cultural and recreation | 3,269 | 3,448 | 5,673 | 4,520 | 4,955 | 5,786 | 4,659 | 5,585 | 5,435 | 5,790 |
| Special assessment | 133 | 109 | 81 | 48 | - | - | - | - | - | - |
| Total governmental activities expenses | <u>50,311</u> | <u>52,132</u> | <u>58,956</u> | <u>63,936</u> | <u>66,345</u> | <u>66,240</u> | <u>61,698</u> | <u>64,400</u> | <u>65,300</u> | <u>60,934</u> |
| Business-type activities: | | | | | | | | | | |
| Refuse | 9,740 | 10,646 | 10,849 | 10,997 | 12,207 | 12,400 | 13,793 | 13,097 | 13,617 | 14,057 |
| Sewer | 9,106 | 11,986 | 10,684 | 11,210 | 15,054 | 15,159 | 19,631 | 17,139 | 18,207 | 17,555 |
| Water | 11,838 | 11,707 | 13,175 | 13,087 | 13,672 | 13,775 | 14,098 | 13,352 | 14,114 | 14,587 |
| Transit | 2,184 | 2,300 | 2,618 | 2,678 | 3,397 | 3,897 | 3,980 | 4,226 | 4,419 | 4,749 |
| Planning & Development Services | - | - | - | - | - | - | - | - | - | 6,826 |
| Street Cleaning | 675 | 674 | 862 | 871 | 963 | 877 | 944 | - | - | - |
| Total business-type activities expenses | <u>33,543</u> | <u>37,313</u> | <u>38,188</u> | <u>38,843</u> | <u>45,293</u> | <u>46,108</u> | <u>52,446</u> | <u>47,814</u> | <u>50,357</u> | <u>57,774</u> |
| Total primary government expenses | <u>83,854</u> | <u>89,445</u> | <u>97,144</u> | <u>102,779</u> | <u>111,638</u> | <u>112,348</u> | <u>114,144</u> | <u>112,214</u> | <u>115,657</u> | <u>118,708</u> |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | 1,565 | 2,040 | 2,537 | 3,064 | 3,374 | 3,338 | 3,005 | 3,765 | 3,224 | 4,271 |
| Public Safety | 1,294 | 1,277 | 1,648 | 2,231 | 2,563 | 2,658 | 1,906 | 2,094 | 2,071 | 1,700 |
| Transportation | 24,047 | 31,398 | 4,893 | 5,383 | 7,398 | 8,872 | 6,558 | 7,637 | 8,586 | 6,818 |
| Community development | 8,600 | 8,348 | 9,065 | 9,178 | 8,370 | 7,348 | 6,735 | 6,153 | 7,961 | 578 |
| Cultural and recreation | 3,730 | 6,199 | 5,627 | 5,496 | 5,204 | 4,217 | 4,349 | 4,171 | 4,025 | 4,509 |
| Special assessment | 203 | 219 | 223 | 132 | - | - | - | - | - | - |
| Operating grants and contributions | 593 | 807 | 836 | 626 | 581 | 737 | 1,115 | 1,524 | 1,963 | 1,100 |
| Capital grants and contributions | 2,886 | 2,666 | 32,044 | 41,644 | 73,664 | 16,330 | 19,652 | 21,427 | 22,262 | 15,859 |
| Total governmental activities program revenues | <u>42,918</u> | <u>52,954</u> | <u>56,873</u> | <u>67,754</u> | <u>101,154</u> | <u>43,500</u> | <u>43,320</u> | <u>46,771</u> | <u>50,092</u> | <u>34,835</u> |

Business-type activities:

Charges for services:

| | | | | | | | | | | |
|--|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|----------------|----------------|
| Community Sanitation | 9,005 | 11,388 | 12,996 | 13,981 | 15,060 | 15,901 | 16,405 | 16,592 | 16,576 | 17,784 |
| Sewer | 16,776 | 16,903 | 16,478 | 16,594 | 16,881 | 9,607 | 9,265 | 14,027 | 16,295 | 18,340 |
| Water | 14,688 | 16,517 | 14,572 | 16,242 | 18,784 | 10,358 | 10,870 | 13,874 | 16,550 | 21,243 |
| Transit | 2,158 | 2,402 | 2,658 | 3,626 | 3,658 | 4,254 | 3,535 | 3,841 | 3,950 | 4,361 |
| Planning & Development Services | - | - | - | - | - | - | - | - | - | 7,720 |
| Operating grants and contributions | 21 | - | - | - | - | - | - | - | 48 | 102 |
| Capital grants and contributions | 2,031 | 21 | 45 | 70 | 25 | 3,534 | 2,800 | 3,177 | 4,829 | 4,639 |
| Total business-type activities program revenues | 44,679 | 47,231 | 46,749 | 50,513 | 54,408 | 43,654 | 42,875 | 51,511 | 58,248 | 74,189 |
| Total primary government program revenues | 87,597 | 100,185 | 103,622 | 118,267 | 155,562 | 87,154 | 86,195 | 98,282 | 108,340 | 109,024 |

Net revenues (expenses):

| | | | | | | | | | | |
|--------------------------------------|--------------|---------------|--------------|---------------|---------------|-----------------|-----------------|-----------------|----------------|----------------|
| Governmental activities | (7,393) | 822 | (2,083) | 3,818 | 34,809 | (22,740) | (18,378) | (17,629) | (15,208) | (26,099) |
| Business-type activities | 11,136 | 9,918 | 8,561 | 11,670 | 9,115 | (2,454) | (9,571) | 3,697 | 7,891 | 16,415 |
| Total net revenues (expenses) | 3,743 | 10,740 | 6,478 | 15,488 | 43,924 | (25,194) | (27,949) | (13,932) | (7,317) | (9,684) |

General revenues and other changes in net assets:

Governmental activities:

Taxes:

| | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Property taxes | 7,808 | 8,649 | 16,178 | 18,719 | 21,175 | 22,093 | 19,944 | 20,159 | 15,294 | 17,961 |
| Sales tax | 15,877 | 17,223 | 19,233 | 19,067 | 18,174 | 14,837 | 12,406 | 13,121 | 13,853 | 15,049 |
| Business Lic/Franchise | 2,747 | 3,049 | 3,307 | 3,570 | 4,054 | 3,992 | 4,045 | 4,081 | 4,184 | 4,386 |
| Other taxes | 3,444 | 3,931 | 957 | 1,134 | 790 | 620 | 1,163 | 1,602 | 1,740 | 1,935 |
| Grants and contributions not restricted | 3,331 | 6,136 | 684 | 741 | 512 | 536 | 446 | 628 | 190 | 175 |
| Unrestricted investment earnings | 1,070 | 1,382 | 2,575 | 3,358 | 2,845 | 1,291 | 473 | 475 | 148 | 61 |
| Transfers | (114) | (342) | (782) | (145) | (120) | (77) | (49) | (49) | 727 | (720) |
| Total governmental activities | 34,163 | 40,028 | 42,152 | 46,444 | 47,430 | 43,292 | 38,428 | 40,017 | 36,136 | 38,847 |

Business-type activities:

| | | | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Unrestricted investment earnings | 1,312 | 1,466 | 2,685 | 4,058 | 5,220 | 2,410 | 664 | 298 | 195 | 161 |
| Transfers | 114 | 342 | 782 | 145 | 120 | 77 | 49 | 49 | (727) | 720 |
| Total business-type activities | 1,426 | 1,808 | 3,467 | 4,203 | 5,340 | 2,487 | 713 | 347 | (532) | 881 |
| Total primary government | 35,589 | 41,836 | 45,619 | 50,647 | 52,770 | 45,779 | 39,141 | 40,364 | 35,604 | 39,728 |

Extraordinary Item-Dissolution of CCDA

(2,257)

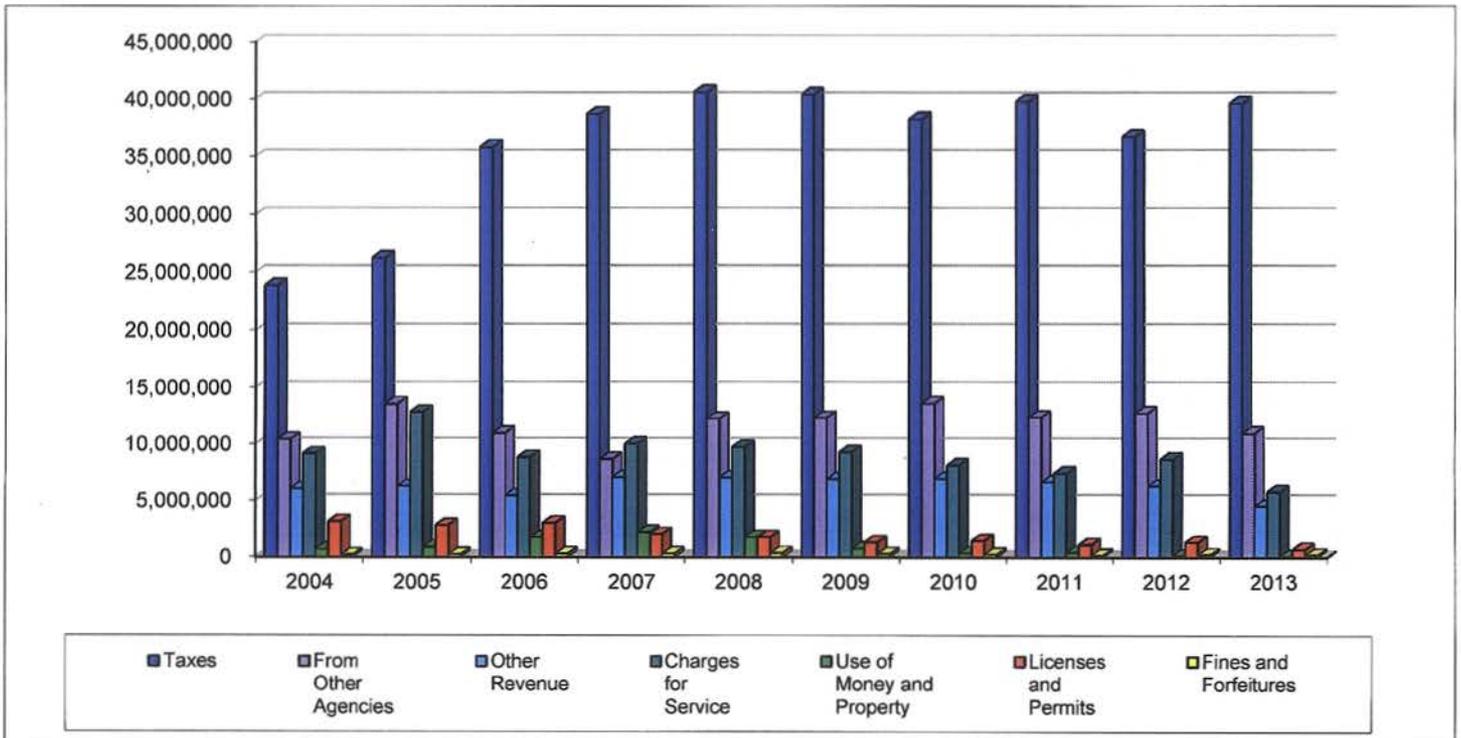
Changes in net assets:

| | | | | | | | | | | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Governmental activities | 26,770 | 40,850 | 40,069 | 50,262 | 82,239 | 20,552 | 20,050 | 22,388 | 18,671 | 12,748 |
| Business-type activities | 12,562 | 11,726 | 12,028 | 15,873 | 14,455 | 33 | (8,858) | 4,044 | 7,359 | 17,296 |
| Total primary government | \$39,332 | \$52,576 | \$52,097 | \$66,135 | \$96,694 | \$20,585 | \$11,192 | \$26,432 | \$26,030 | \$30,044 |

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

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

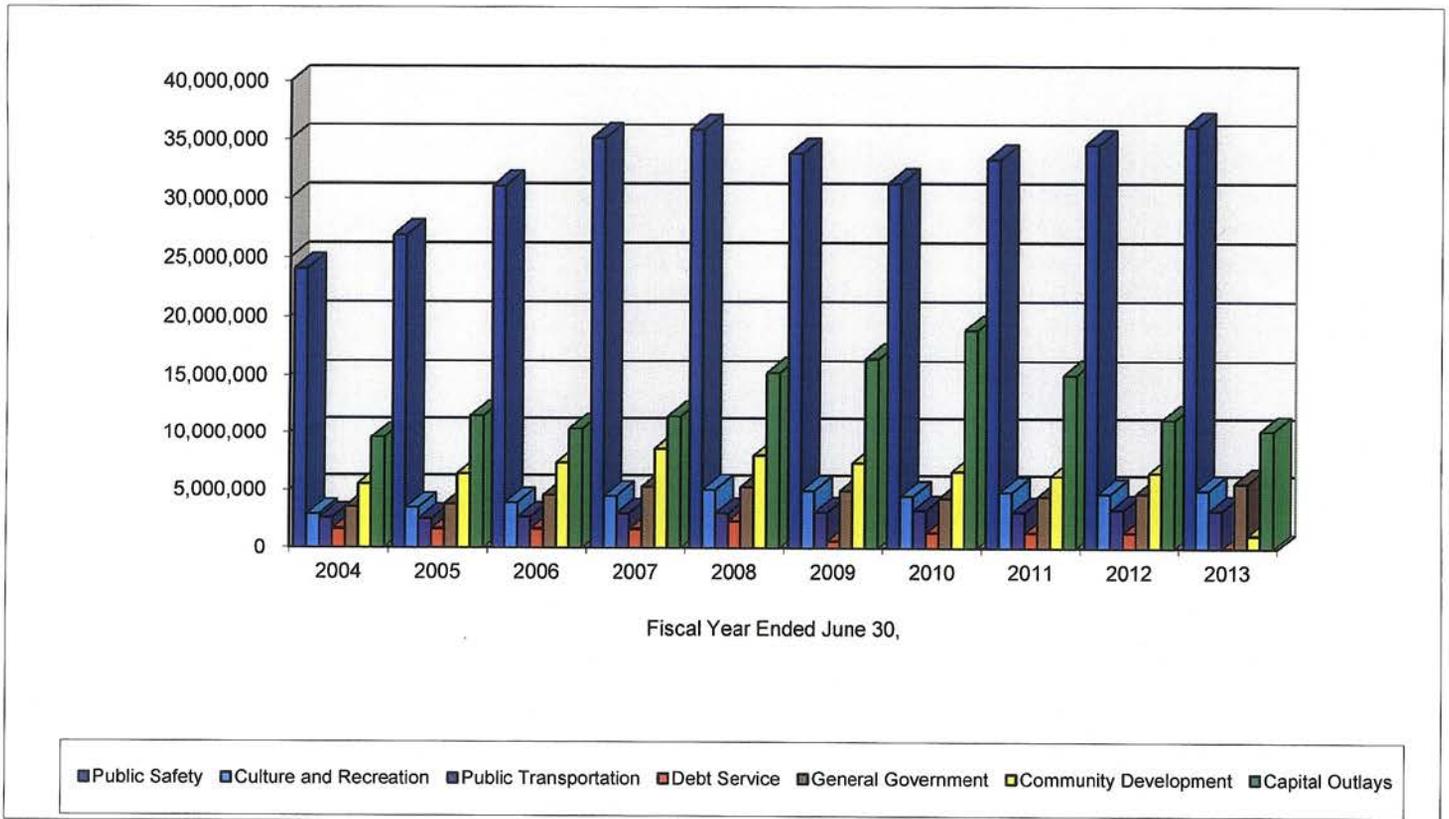
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



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

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

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



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

(modified accrual basis of accounting)

| | For the Fiscal Year Ended June 30, | | | |
|--|------------------------------------|----------------------|---------------------|---------------------|
| | 2004 | 2005 | 2006 | 2007 |
| Revenues: | | | | |
| Property taxes | \$ 8,011,258 | \$ 8,867,480 | \$ 16,444,472 | \$ 19,083,256 |
| Sales taxes | 9,634,234 | 10,190,462 | 11,707,495 | 11,350,453 |
| Business license/Franchise | 2,747,359 | 3,048,661 | 3,307,514 | 3,570,363 |
| Other taxes | 3,480,012 | 4,122,261 | 4,364,358 | 4,703,650 |
| Licenses and permits | 3,187,377 | 2,848,845 | 3,054,428 | 2,050,759 |
| Fines and forfeitures | 199,677 | 246,111 | 298,091 | 306,592 |
| Use of money and property | 701,924 | 890,843 | 1,762,543 | 2,245,415 |
| From other agencies | 10,452,635 | 13,623,863 | 10,988,153 | 8,698,857 |
| Charges for current services | 9,171,410 | 12,915,218 | 8,855,189 | 10,045,798 |
| Other revenues | 6,077,956 | 6,313,457 | 5,499,742 | 7,120,738 |
| Total revenues | <u>53,663,842</u> | <u>63,067,201</u> | <u>66,281,985</u> | <u>69,175,881</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 3,542,824 | 3,798,831 | 4,562,085 | 5,293,459 |
| Public safety | 24,090,704 | 26,884,832 | 31,075,548 | 35,131,624 |
| Transportation | 2,638,198 | 2,535,611 | 2,695,872 | 3,011,329 |
| Community development | 5,547,459 | 6,403,121 | 7,343,255 | 8,601,267 |
| Cultural and recreation | 2,933,512 | 3,471,047 | 3,914,096 | 4,482,704 |
| Debt service: | | | | |
| Principal | 970,297 | 1,012,195 | 1,065,042 | 1,111,939 |
| Interest and fiscal charges | 713,837 | 662,110 | 609,302 | 555,706 |
| Bond issue costs | | | | |
| Capital outlays | 4,596,539 | 4,974,680 | 6,203,149 | 8,325,576 |
| Total expenditures | <u>45,033,370</u> | <u>49,742,427</u> | <u>57,468,349</u> | <u>66,513,604</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>8,630,472</u> | <u>13,324,774</u> | <u>8,813,636</u> | <u>2,662,277</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 1,004,694 | 1,338,300 | 1,615,000 | 1,624,000 |
| Transfers out | (1,602,875) | (1,780,140) | (1,747,000) | (1,194,000) |
| Issuance of bonds | | | | |
| Bond discount | | | | |
| Payment to bond escrow agent | | | | |
| Total other financing sources (uses) | <u>(598,181)</u> | <u>(441,840)</u> | <u>(132,000)</u> | <u>430,000</u> |
| Extraordinary item-Dissolution of CCDA | | | | |
| Net change in Fund balances | <u>\$ 8,032,291</u> | <u>\$ 12,882,934</u> | <u>\$ 8,681,636</u> | <u>\$ 3,092,277</u> |
| Debt service as a percentage of noncapital expenditures | 4.3% | 3.9% | 3.4% | 3.0% |

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

(modified accrual basis of accounting)

| For the Fiscal Year Ended June 30, | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|------------------------|---------------------|
| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| \$ 21,482,384 | \$ 22,509,936 | \$ 20,425,109 | \$ 20,764,779 | \$ 16,653,534 | \$ 17,961,308 |
| 14,266,968 | 12,993,878 | 12,404,059 | 13,329,533 | 14,076,648 | 15,284,968 |
| 4,054,455 | 3,992,374 | 4,054,563 | 4,080,924 | 4,183,484 | 4,331,760 |
| 789,719 | 884,899 | 1,349,128 | 1,601,673 | 1,801,884 | 2,033,716 |
| 1,763,279 | 1,302,368 | 1,454,196 | 1,113,238 | 1,305,849 | 688,001 |
| 352,647 | 275,406 | 240,622 | 166,010 | 208,227 | 192,636 |
| 1,776,955 | 778,310 | 371,328 | 433,979 | 125,071 | 83,549 |
| 12,284,310 | 12,364,635 | 13,649,374 | 12,418,299 | 12,799,825 | 10,963,343 |
| 9,740,854 | 9,305,542 | 8,129,216 | 7,432,331 | 8,676,798 | 5,819,507 |
| 7,073,402 | 6,925,095 | 6,969,861 | 6,671,487 | 6,318,419 | 4,554,963 |
| <u>73,584,973</u> | <u>71,332,443</u> | <u>69,047,456</u> | <u>68,012,253</u> | <u>66,149,739</u> | <u>61,913,751</u> |
| 5,275,513 | 4,979,945 | 4,317,898 | 4,468,062 | 4,726,595 | 5,620,526 |
| 35,837,948 | 33,824,405 | 31,289,958 | 33,303,647 | 34,576,576 | 36,043,170 |
| 3,030,319 | 3,110,287 | 3,288,404 | 3,134,317 | 3,333,681 | 3,256,789 |
| 7,991,154 | 7,348,048 | 6,622,952 | 6,223,288 | 6,514,706 | 1,150,395 |
| 5,059,317 | 4,970,931 | 4,496,927 | 4,843,250 | 4,719,477 | 5,024,870 |
| 1,164,786 | | 530,000 | 550,000 | 575,000 | |
| 516,771 | 642,966 | 831,979 | 814,129 | 789,378 | |
| 663,028 | | | | | |
| <u>13,469,244</u> | <u>13,841,599</u> | <u>14,095,728</u> | <u>11,574,183</u> | <u>9,465,085</u> | <u>9,966,973</u> |
| <u>73,008,080</u> | <u>68,718,181</u> | <u>65,473,846</u> | <u>64,910,876</u> | <u>64,700,498</u> | <u>61,062,723</u> |
| 576,893 | 2,614,262 | 3,573,610 | 3,101,377 | 1,449,241 | 851,028 |
| 899,000 | 862,175 | 1,350,000 | 1,388,000 | 1,531,696 | 30,000 |
| (1,269,000) | (852,175) | (1,399,000) | (2,487,000) | (1,599,696) | (1,265,000) |
| 19,100,000 | | | | | |
| (233,214) | | | | | |
| (7,162,780) | | | | | |
| <u>11,334,006</u> | <u>10,000</u> | <u>(49,000)</u> | <u>(1,099,000)</u> | <u>(68,000)</u> | <u>(1,235,000)</u> |
| | | | | (11,551,717) | |
| <u>\$ 11,910,899</u> | <u>\$ 2,624,262</u> | <u>\$ 3,524,610</u> | <u>\$ 2,002,377</u> | <u>\$ (10,170,476)</u> | <u>\$ (383,972)</u> |

4.1%

1.2%

2.7%

2.6%

2.5%

0.0%

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

General Fund

| Fiscal Year Ended June 30, | Nonspendable | Restricted | Assigned | Unassigned | Total |
|---|---------------------|-------------------|-----------------|-------------------|--------------|
| 2004 | - | 631,991 | 4,393,599 | 2,293,424 | 7,319,014 |
| 2005 | - | 903,576 | 5,787,142 | 4,180,052 | 10,870,770 |
| 2006 | - | 1,676,595 | 6,550,258 | 3,178,619 | 11,405,472 |
| 2007 | - | 2,359,832 | 5,657,082 | 1,440,184 | 9,457,098 |
| 2008 | 855,000 | 3,236,197 | 4,138,000 | 147,846 | 8,377,043 |
| 2009 | 855,000 | 3,373,603 | 3,525,000 | 1,576,248 | 9,329,851 |
| 2010 | 855,000 | 3,278,491 | 5,320,000 | 1,209,788 | 10,663,279 |
| 2011 | 855,000 | 2,984,719 | 6,565,000 | 544,966 | 10,949,685 |
| 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 |

All Other Governmental Funds

| Fiscal Year Ended June 30, | Nonspendable | Restricted | Assigned | Unassigned | Total |
|---|---------------------|-------------------|-----------------|-------------------|--------------|
| 2004 | 5,181,872 | 13,414,689 | 697,979 | | 19,294,540 |
| 2005 | 5,207,879 | 14,355,534 | 2,559,544 | | 22,122,957 |
| 2006 | 6,341,149 | 18,344,090 | 1,419,476 | | 26,104,715 |
| 2007 | 6,204,553 | 19,772,849 | 2,036,191 | | 28,013,593 |
| 2008 | 7,240,974 | 29,791,170 | 2,187,000 | | 39,219,144 |
| 2009 | 9,075,743 | 25,491,786 | 3,739,000 | | 38,306,529 |
| 2010 | 11,082,808 | 22,186,756 | 2,498,000 | | 35,767,564 |
| 2011 | 9,010,607 | 20,907,638 | 3,187,900 | | 33,106,145 |
| 2012 | 6,850,436 | 10,683,943 | 3,261,970 | | 20,796,349 |
| 2013 | 7,155,675 | 8,795,952 | 3,360,040 | (8,085) | 19,303,582 |

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

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

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

Source: Fresno County Auditor Controller/Treasurer Tax Collector

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

| <u>Fiscal Year Ended June 30,</u> | <u>City of Clovis</u> | <u>Clovis Unified School District Bond</u> | <u>State Center General Obligation Bond</u> | <u>County Wide</u> | <u>Total</u> |
|---|---------------------------|--|---|--------------------|--------------|
| 2004 | 0.000000 | 0.197500 | 0.015644 | 1.000000 | 1.213144 |
| 2005 | 0.000000 | 0.197500 | 0.014372 | 1.000000 | 1.211872 |
| 2006 | 0.000000 | 0.197500 | 0.005886 | 1.000000 | 1.203386 |
| 2007 | 0.000000 | 0.197500 | 0.005038 | 1.000000 | 1.202538 |
| 2008 | 0.000000 | 0.197500 | 0.015618 | 1.000000 | 1.213118 |
| 2009 | 0.000000 | 0.197488 | 0.000594 | 1.000000 | 1.198082 |
| 2010 | 0.000000 | 0.197500 | 0.013294 | 1.000000 | 1.210794 |
| 2011 | 0.000000 | 0.186740 | 0.010050 | 1.000000 | 1.196790 |
| 2012 | 0.000000 | 0.155352 | 0.007070 | 1.000000 | 1.162422 |
| 2013 | 0.000000 | 0.155350 | 0.009358 | 1.000000 | 1.164708 |

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

Source: Fresno County Auditor Controller/Treasurer Tax Collector

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

(in thousands)

| Taxpayer | 2013 | | | 2006 | | |
|--|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value |
| Fresno Community Hospital & Med CTR | \$148,987 | 1 | 2.09% | - | - | 0 |
| Prindiville Dennis Trustee | 43,317 | 2 | 0.61% | \$55,564 | 1 | 1.02% |
| Pelco | 42,466 | 3 | 0.60% | 41,931 | 2 | 0.77% |
| BRE Throne Clovis Commons LLC | 32,997 | 4 | 0.46% | - | - | 0.00% |
| Copper Beech Townhome Communities | 19,000 | 5 | 0.27% | - | - | 0.00% |
| Brown Garold C Family LTD Partnership | 18,829 | 6 | 0.26% | - | - | 0.00% |
| Kaiser Foundation Health Plan Inc | 17,033 | 7 | 0.24% | 17,088 | 7 | 0.31% |
| Burgess Smith & Wathen Partnership VII | 15,948 | 8 | 0.22% | - | - | 0.00% |
| Winco Foods LLC | 15,207 | 9 | 0.21% | 13,525 | 9 | 0.25% |
| GSF Sunnyside Clovis Investors L P | 14,088 | 10 | 0.20% | - | - | 0.00% |
| Save Mart Supermarkets | - | - | 0.00 | 26,075 | 3 | 0.48% |
| Anlin Industries | - | - | 0.00 | 21,234 | 4 | 0.39% |
| Vons Companies Inc | - | - | 0.00 | 20,162 | 5 | 0.37% |
| Clovis I LLC | - | - | 0.00 | 18,018 | 6 | 0.33% |
| Clovis Coventry Place LP | - | - | 0.00 | 15,396 | 8 | 0.28% |
| Fletcher K LLC | - | - | 0.00 | 12,693 | 10 | 0.23% |
| | \$367,872 | | 5.16% | 241,686 | | 4.43% |

Source: City of Clovis-GIS
Fresno County Assessor

Notes: Information prior to 2006 not available

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

| Fiscal Year Ended <u>June 30,</u> | Total Tax <u>Levy</u> | Current Tax <u>Collections</u> | Percent of Current Taxes <u>Collected</u> | Delinquent Tax <u>Collections</u> | Total Tax <u>Collections</u> | Ratio of Total Tax Collections to Total <u>Tax Levy</u> | Current Delinquent <u>Taxes</u> | Ratio of Current Delinquent Taxes to Total <u>Tax Levy</u> |
|--|--------------------------------------|---|--|--|---|--|--|---|
| 2004 | 5,076,572 | 4,741,762 | 93.4 | 111,142 | 4,852,904 | 95.6 | 127,016 | 2.502 |
| 2005 | 5,281,724 | 5,025,680 | 95.2 | 218,630 | 5,244,310 | 99.3 | 108,909 | 2.062 |
| 2006 | 7,666,490 | 7,317,096 | 95.4 | 294,230 | 7,611,326 | 99.3 | 183,536 | 2.394 |
| 2007 | 9,146,452 | 8,732,938 | 95.5 | 170,287 | 8,903,225 | 97.3 | 320,583 | 3.505 * |
| 2008 | 10,136,188 | 9,745,493 | 96.1 | 342,395 | 10,087,888 | 99.5 | 463,224 | 4.570 * |
| 2009 | 9,853,029 | 9,353,774 | 94.9 | 385,460 | 9,739,234 | 98.8 | 382,987 | 3.887 * |
| 2010 | 9,510,716 | 8,756,447 | 92.1 | 274,402 | 9,030,849 | 95.0 | 307,101 | 3.229 * |
| 2011 | 9,158,780 | 8,702,520 | 95.0 | 448,065 | 9,150,585 | 99.9 | 243,624 | 2.660 * |
| 2012 | 9,176,983 | 8,787,604 | 95.8 | 298,162 | 9,085,766 | 99.0 | 185,100 | 2.017 * |
| 2013 | 9,209,497 | 8,867,999 | 96.3 | 270,584 | 9,138,583 | 99.2 | 150,299 | 1.632 * |

Notes: Amounts include only General Fund tax collections.

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

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

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

| Fiscal Year Ended June 30, | Tax Allocation Bonds (1) | Special Assessment Bonds (1) | Lease Revenue Bonds (1) | Revenue Bonds (1) | Capital Leases (1) | Loans/Contracts Payable (1) | Total | Debt Per AV | Debt Per Capita |
|-----------------------------------|---------------------------------|-------------------------------------|--------------------------------|--------------------------|---------------------------|------------------------------------|--------------|--------------------|------------------------|
| Governmental Activities | | | | | | | | | |
| 2004 | 8,865,000 | 2,435,000 | 717,734 | 31,953,264 | 4,447,541 | 679,971 | 49,098,510 | 0.013 | 607 |
| 2005 | 8,470,000 | 1,870,000 | 550,926 | 30,614,977 | 3,650,073 | 649,006 | 45,804,982 | 0.010 | 533 |
| 2006 | 8,055,000 | 1,275,000 | 374,649 | 29,221,690 | 3,362,423 | 2,617,076 | 44,905,838 | 0.008 | 499 |
| 2007 | 7,625,000 | 650,000 | 192,060 | 22,773,404 | 8,565,039 | 1,917,486 | 41,722,989 | 0.006 | 452 |
| 2008 | 18,203,757 | 0 | 0 | 26,260,117 | 8,686,869 | 1,209,646 | 54,360,389 | 0.007 | 577 |
| 2009 | 18,233,657 | 0 | 0 | 16,283,638 | 7,585,655 | 515,201 | 42,618,151 | 0.006 | 448 |
| 2010 | 17,733,557 | 0 | 0 | 15,683,638 | 7,140,369 | 1,346,309 | 41,903,873 | 0.006 | 433 |
| 2011 | 17,213,457 | 0 | 0 | 15,082,836 | 10,123,390 | 1,309,095 | 43,728,778 | 0.006 | 450 |
| 2012 | 0 | 0 | 0 | 14,447,032 | 10,099,702 | 2,343,196 | 26,889,930 | 0.004 | 273 |
| 2013 | 0 | 0 | 0 | 13,786,231 | 11,740,045 | 2,198,243 | 27,724,519 | 0.004 | 277 |
| Business-type Activities | | | | | | | | | |
| 2004 | 0 | 0 | 203,365 | 67,276,403 | 58,433 | 20,933,986 | 88,472,187 | 0.023 | 1,094 |
| 2005 | 0 | 0 | 156,101 | 89,773,964 | 48,539 | 19,772,172 | 109,750,776 | 0.024 | 1,276 |
| 2006 | 0 | 0 | 106,154 | 91,959,592 | 38,333 | 18,552,518 | 110,656,597 | 0.020 | 1,231 |
| 2007 | 0 | 0 | 56,347 | 157,971,292 | 27,804 | 17,268,807 | 175,324,250 | 0.027 | 1,900 |
| 2008 | 0 | 0 | 0 | 156,157,035 | 16,942 | 17,194,949 | 173,368,926 | 0.023 | 1,839 |
| 2009 | 0 | 0 | 0 | 157,308,932 | 5,735 | 15,815,472 | 173,130,139 | 0.023 | 1,820 |
| 2010 | 0 | 0 | 0 | 155,265,239 | 0 | 14,359,233 | 169,624,472 | 0.023 | 1,751 |
| 2011 | 0 | 0 | 0 | 153,136,546 | 0 | 12,818,719 | 165,955,265 | 0.023 | 1,707 |
| 2012 | 0 | 0 | 0 | 149,682,848 | 0 | 11,181,113 | 160,863,961 | 0.022 | 1,631 |
| 2013 | 0 | 0 | 0 | 146,013,411 | 0 | 10,503,598 | 156,517,009 | 0.022 | 1,565 |
| Total Primary Government | | | | | | | | | |
| 2004 | 8,865,000 | 2,435,000 | 921,099 | 99,229,667 | 4,505,974 | 21,613,957 | 137,570,697 | 0.036 | 1,701 |
| 2005 | 8,470,000 | 1,870,000 | 707,027 | 120,388,941 | 3,698,612 | 20,421,178 | 155,555,758 | 0.034 | 1,808 |
| 2006 | 8,055,000 | 1,275,000 | 480,803 | 121,181,282 | 3,400,756 | 21,169,594 | 155,562,435 | 0.029 | 1,730 |
| 2007 | 7,625,000 | 650,000 | 248,407 | 180,744,696 | 8,592,843 | 19,186,293 | 217,047,239 | 0.033 | 2,352 |
| 2008 | 18,203,757 | 0 | 0 | 182,417,152 | 8,703,811 | 18,404,595 | 227,729,315 | 0.030 | 2,416 |
| 2009 | 18,233,657 | 0 | 0 | 173,592,570 | 7,591,390 | 16,330,673 | 215,748,290 | 0.028 | 2,268 |
| 2010 | 17,733,557 | 0 | 0 | 170,948,877 | 7,140,369 | 15,705,542 | 211,528,345 | 0.029 | 2,184 |
| 2011 | 17,213,457 | 0 | 0 | 168,219,382 | 10,123,390 | 14,127,814 | 209,884,043 | 0.029 | 2,157 |
| 2012 | 0 | 0 | 0 | 164,129,880 | 10,099,702 | 13,524,309 | 187,753,891 | 0.026 | 1,904 |
| 2013 | 0 | 0 | 0 | 159,799,642 | 11,740,045 | 12,701,841 | 184,241,528 | 0.026 | 1,843 |

(1) Presented net of original issuance discounts and premiums
Source: City of Clovis Finance Department

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

| Fiscal Year | Estimated | Assessed | Gross Bonded | Less Debt | Net | Ratio of Net | Net |
|------------------------|--------------------------|-------------------------|------------------------|----------------------------|---------------------------|------------------------------|--------------------------|
| Ended | Population | Valuation | Debt (1) | Service Fund | Bonded Debt | Bonded Debt to | Bonded Debt |
| <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> |
| 2004 | 80,884 | 3,869,074,455 | 0 | 0 | 0 | 0.00% | 0 |
| 2005 | 86,015 | 4,617,210,695 | 0 | 0 | 0 | 0.00% | 0 |
| 2006 | 89,924 | 5,457,353,218 | 0 | 0 | 0 | 0.00% | 0 |
| 2007 | 92,269 | 6,528,272,358 | 0 | 0 | 0 | 0.00% | 0 |
| 2008 | 94,278 | 7,584,996,850 | 0 | 0 | 0 | 0.00% | 0 |
| 2009 | 95,128 | 7,648,051,336 | 0 | 0 | 0 | 0.00% | 0 |
| 2010 | 96,868 | 7,355,168,000 | 0 | 0 | 0 | 0.00% | 0 |
| 2011 | 97,218 | 7,312,356,489 | 0 | 0 | 0 | 0.00% | 0 |
| 2012 | 98,611 | 7,234,710,509 | 0 | 0 | 0 | 0.00% | 0 |
| 2013 | 99,983 | 7,124,457,493 | 0 | 0 | 0 | 0.00% | 0 |

(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 <u>June 30,</u> | <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> |
|--|-------------------------|------------------------|--------------------------------------|---|--|
| 2004 | 0 | 0 | 0 | 50,002,721 | 0.0 |
| 2005 | 0 | 0 | 0 | 56,245,188 | 0.0 |
| 2006 | 0 | 0 | 0 | 61,633,525 | 0.0 |
| 2007 | 0 | 0 | 0 | 69,645,377 | 0.0 |
| 2008 | 0 | 0 | 0 | 74,793,483 | 0.0 |
| 2009 | 0 | 0 | 0 | 71,302,250 | 0.0 |
| 2010 | 0 | 0 | 0 | 70,203,993 | 0.0 |
| 2011 | 0 | 0 | 0 | 68,403,474 | 0.0 |
| 2012 | 0 | 0 | 0 | 66,402,834 | 0.0 |
| 2013 | 0 | 0 | 0 | 61,301,215 | 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, 2013

2012-2013 Assessed Valuation: \$7,226,060,793

| <u>Direct and Overlapping Debt:</u> | <u>% Applicable*</u> | <u>Debt</u> |
|--|----------------------|-----------------|
| <u>Direct Debt:</u> | | |
| City of Clovis Capital Leases | 100.00% | \$ 11,740,045 |
| City of Clovis Loans Payable | 100.00% | 2,198,243 |
| Total Net Direct Debt | | 13,938,288 |
| <u>Direct Bonded Debt:</u> | | |
| City of Clovis 1915 Act Bonds | 100.00% | \$ 950,000 |
| City of Clovis Revenue Bonds | 100.00% | 13,786,231 |
| Total Net Direct Bonded Debt | | 14,736,231 |
| Total Net Direct and Direct Bonded Debt | | \$ 28,674,519 |
| <u>Overlapping Bonded Debt:</u> | | |
| Fresno County General Fund Obligations | 12.354% | \$ 8,720,689 |
| Fresno County Pension Obligations | 12.354% | 54,342,497 |
| State Center Community College District | 11.382% | 11,879,393 |
| Clovis Unified School District | 38.920% | 98,982,503 |
| Clovis Unified School District Certificates of Participation | 38.920% | 10,523,968 |
| Fresno Unified School District | 2.285% | 8,594,868 |
| Fresno Unified School District General Fund Obligations | 2.285% | 529,092 |
| Total Gross Overlapping Bonded Debt | | 193,573,010 |
| <u>Overlapping Tax Increment Debt:</u> | 100.00% | \$ 16,850,000 |
| Total Net Direct and Overlapping Bonded Debt | | 239,097,529 (1) |
| Total Net Direct and Overlapping Bonded Debt | | \$239,097,529 |

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

Ratios to Assessed Valuation:

| | |
|---|-------|
| Total Overlapping Tax and Assessment Debt | 1.67% |
| Total Direct and Direct Bonded Debt | 0.40% |
| Combined Total Debt | 3.31% |

Ratios to Redevelopment Incremental Valuation \$581,363,352

| | |
|--------------------------------------|-------|
| Total Overlapping Tax Increment Debt | 2.90% |
|--------------------------------------|-------|

Share of Authorized and Unsold Bonds:

| | |
|----------------|--------------|
| City of Clovis | \$ 2,000,000 |
|----------------|--------------|

Source: California Municipal Statistics & City of Clovis

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

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

| <u>Fiscal Year Ended June 30,</u> | <u>Debt Limit</u> | <u>Total Net Debt Applicable to Limit</u> | <u>Legal Debt Margin</u> | <u>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</u> |
|---|-------------------|---|------------------------------|---|
| 2004 | \$ 593,966,258 | \$0 | \$ 593,966,258 | 0% |
| 2005 | 706,229,219 | 0 | 706,229,219 | 0 |
| 2006 | 832,961,628 | 0 | 832,961,628 | 0 |
| 2007 | 994,056,384 | 0 | 994,056,384 | 0 |
| 2008 | 1,152,760,927 | 0 | 1,152,760,927 | 0 |
| 2009 | 1,162,620,920 | 0 | 1,162,620,920 | 0 |
| 2010 | 1,118,920,980 | 0 | 1,118,920,980 | 0 |
| 2011 | 1,112,600,128 | 0 | 1,112,600,128 | 0 |
| 2012 | 1,100,847,550 | 0 | 1,100,847,550 | 0 |
| 2013 | 1,083,909,119 | 0 | 1,083,909,119 | 0 |

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2011

Assessed Valuations:

| | |
|--------------------------|--------------------|
| Assessed Value | \$7,124,457,493 |
| Add back exempt property | <u>101,603,300</u> |

Total Assessed Value \$7,226,060,793

Legal Debt Margin:

Debt Limitation-15 percent of total assessed value \$1,083,909,119

Debt applicable to Limitation:

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

Total debt applicable to Limitation 0

Legal Debt Margin: \$1,083,909,119

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

REFUSE DISPOSAL FUND

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

SEWER SERVICE FUND

| Fiscal Year Ended <u>June 30,</u> | Gross Revenues (4) | Operating Expenses (2) | Net Revenue | Debt Service Requirements (3) | | | Coverage |
|---|-----------------------|---------------------------|-------------------------------|-------------------------------|-----------|-----------|----------|
| | | | Available for Debt Service | Principal | Interest | Total | |
| 2004 | 17,356,735 | 5,581,386 | 11,775,349 | 100,000 | 770,873 | 870,873 | 13.52 |
| 2005 | 17,701,122 | 8,587,003 | 9,114,119 | 105,000 | 860,138 | 965,138 | 9.44 |
| 2006 | 16,637,445 | 5,513,294 | 11,124,151 | 110,000 | 2,137,772 | 2,247,772 | 4.95 |
| 2007 | 16,886,582 | 5,104,538 | 11,782,044 | 115,000 | 2,857,535 | 2,972,535 | 3.96 |
| 2008 | 15,988,470 | 6,561,113 | 9,427,357 | 120,000 | 5,323,098 | 5,443,098 | 1.73 |
| 2009 | 11,225,176 | 5,504,389 | 5,720,787 | 125,000 | 5,197,580 | 5,322,580 | 1.07 |
| 2010 | 9,633,733 | 9,213,349 | 420,384 | 130,000 | 5,206,043 | 5,336,043 | 0.08 |
| 2011 | 14,193,351 | 6,819,675 | 7,373,676 | 140,000 | 5,199,784 | 5,339,784 | 1.38 |
| 2012 | 16,378,861 | 7,806,516 | 8,572,345 | 145,000 | 5,162,329 | 5,307,329 | 1.62 |
| 2013 | 18,420,785 | 7,329,635 | 11,091,150 | 150,000 | 5,081,716 | 5,231,716 | 2.12 |

WATER SERVICE FUND

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

(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 | Fresno County Population | City Population as % of County Population | Fresno County Unemployment Rate |
|---|----------------------------|-----------------|-------------------------------------|--|--|
| 2004 | 80,884 | 6.43 | 862,260 | 9.38 | 12.70 |
| 2005 | 86,015 | 6.34 | 883,537 | 9.74 | 8.40 |
| 2006 | 89,924 | 4.54 | 899,514 | 10.00 | 6.50 |
| 2007 | 92,269 | 2.61 | 917,515 | 10.06 | 8.10 |
| 2008 | 94,278 | 2.18 | 931,098 | 10.13 | 9.70 |
| 2009 | 95,128 | 0.90 | 942,298 | 10.10 | 15.30 |
| 2010 | 96,868 | 1.83 | 953,761 | 10.16 | 16.00 |
| 2011 | 97,218 | 0.36 | 940,220 | 10.34 | 16.80 |
| 2012 | 98,611 | 1.43 | 945,711 | 10.43 | 15.20 |
| 2013 | 99,983 | 1.39 | 952,166 | 10.50 | 12.30 |

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 | 2013 | | | 2004 | | |
|--------------------------------|--------------------------------|-------------|---|--------------------------------|-------------|--|
| | Number of Employees | Rank | Percent of Total Employment* | Number of Employees | Rank | Percent of Total Employment |
| Clovis Unified School District | 5,300 | 1 | 12.05% | 5,182 | 1 | 12.67 |
| Clovis Community Hospital | 1,338 | 2 | 3.04 | 787 | 3 | 1.92 |
| Pelco | 1,102 | 3 | 2.50 | 1,491 | 2 | 3.65 |
| Wawona Frozen Foods | 915 | 4 | 2.08 | - | - | - |
| City of Clovis | 689 | 5 | 1.57 | 610 | 4 | - |
| Wal-Mart | 672 | 6 | 1.53 | 391 | 5 | 0.96 |
| Target | 405 | 7 | 0.92 | - | - | - |
| Savemart | 250 | 8 | 0.57 | 331 | 6 | 0.81 |
| Costco | 227 | 9 | 0.52 | 208 | 10 | - |
| Anlin Industries | 202 | 10 | 0.46 | 281 | 8 | - |
| Pacific Bell | - | - | - | 306 | 7 | 0.75 |
| Von's | - | - | - | 245 | 9 | 0.60 |

* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2013.

Source: Employment Development Department

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

| <u>Function</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>Governmental Activities</u> | | | | | | | | | | |
| General Government | 23.250 | 26.050 | 29.050 | 30.750 | 29.750 | 35.700 | 24.100 | 36.550 | 38.050 | 39.050 |
| Public Safety | | | | | | | | | | |
| Police | 141.000 | 146.000 | 158.000 | 170.000 | 174.000 | 151.000 | 146.000 | 146.000 | 148.000 | 152.000 |
| Fire | 61.000 | 65.000 | 71.000 | 76.000 | 76.000 | 65.000 | 60.500 | 66.500 | 64.500 | 66.000 |
| Transportation | 13.600 | 13.600 | 13.700 | 13.800 | 13.500 | 13.550 | 13.500 | 13.800 | 13.800 | 14.800 |
| Community Development | 58.250 | 60.250 | 65.250 | 67.250 | 62.250 | 46.250 | 52.250 | 41.500 | 40.000 | 0.500 |
| Culture & Recreation | 25.475 | 26.475 | 32.475 | 37.225 | 43.525 | 31.025 | 30.500 | 30.500 | 28.100 | 23.100 |
| Internal Service | 30.950 | 31.150 | 33.050 | 34.950 | 38.450 | 26.000 | 26.525 | 26.525 | 26.525 | 26.525 |
| Total Governmental Activities | <u>353.525</u> | <u>368.525</u> | <u>402.525</u> | <u>429.975</u> | <u>436.475</u> | <u>368.525</u> | <u>353.375</u> | <u>361.375</u> | <u>358.975</u> | <u>321.975</u> |
| <u>Business-Type Activities</u> | | | | | | | | | | |
| Refuse | 36.050 | 35.200 | 37.400 | 37.610 | 39.610 | 39.460 | 39.610 | 41.860 | 41.860 | 41.860 |
| Sewer | 9.300 | 9.300 | 9.650 | 10.750 | 11.000 | 10.850 | 10.750 | 11.250 | 11.250 | 11.250 |
| Water | 24.250 | 30.100 | 30.550 | 32.750 | 34.750 | 34.550 | 34.350 | 34.600 | 34.600 | 34.600 |
| Street Cleaning | 4.750 | 4.750 | 5.750 | 5.790 | 5.840 | 5.790 | 4.790 | 4.790 | 4.790 | 4.790 |
| Transit | 17.125 | 17.125 | 17.125 | 19.125 | 22.325 | 22.825 | 22.125 | 22.125 | 22.525 | 22.525 |
| Planning & Dev Svcs* | | | | | | | | | | 37.000 |
| Total Business-Type Activities | <u>91.475</u> | <u>96.475</u> | <u>100.475</u> | <u>106.025</u> | <u>113.525</u> | <u>113.475</u> | <u>111.625</u> | <u>114.625</u> | <u>115.025</u> | <u>152.025</u> |
| Total Full-Time Employees | <u>445.000</u> | <u>465.000</u> | <u>503.000</u> | <u>536.000</u> | <u>550.000</u> | <u>482.000</u> | <u>465.000</u> | <u>476.000</u> | <u>474.000</u> | <u>474.000</u> |

Source: City of Clovis

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

Internal Service Functions have been included in Governmental Activities.

*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>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire: | | | | | | | | | | |
| Fire stations | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Public utilities: | | | | | | | | | | |
| Streets (miles) | 345 | 353 | 361 | 369 | 313 | 315 | 315 | 359 | 362 | 369 |
| Streetlights | 7,113 | 7,311 | 7,744 | 8,391 | 8,929 | 8,930 | 8,938 | 9,567 | 9,576 | 9,587 |
| Cultural and recreation: | | | | | | | | | | |
| Parks | 45 | 45 | 46 | 46 | 50 | 51 | 53 | 54 | 55 | 58 |
| Community centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | | | | | | |
| Water mains (miles) | 384 | 403 | 421 | 440 | 459 | 469 | 475 | 479 | 484 | 490 |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | 285 | 300 | 310 | 330 | 342 | 349 | 352 | 356 | 358 | 361 |

Source: City of Clovis

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Arrests | 4,422 | 4,162 | 5,521 | 5,168 | 4,761 | 4,674 | 4,396 | 4,503 | 4,612 | 4,936 |
| Parking citations issued | 2,736 | 2,054 | 2,810 | 2,501 | 1,596 | 1,414 | 878 | 797 | 513 | 972 |
| Fire: | | | | | | | | | | |
| Number of emergency calls | 5,813 | 6,722 | 6,994 | 6,184 | 6,492 | 9,139 | 8,135 | 6,970 | 8,945 | 9,958 |
| Parks and recreation: | | | | | | | | | | |
| Number of recreation classes | 142 | 154 | 189 | 305 | 270 | 97 | 63 | 86 | 93 | 94 |
| Number of facility rentals | 5 | 5 | 5 | 5 | 5 | 18 | 18 | 18 | 13 | 13 |
| Water: | | | | | | | | | | |
| New connections | 1,377 | 1,018 | 1,185 | 1,005 | 573 | 353 | 325 | 543 | 282 | 793 |
| Average daily consumption (thousands of gallons) | 21,738 | 20,945 | 23,253 | 25,416 | 25,521 | 24,930 | 22,889 | 21,918 | 22,453 | 23,917 |
| Sewer: | | | | | | | | | | |
| New connections | 1,377 | 1,018 | 1,185 | 1,005 | 573 | 353 | 350 | 352 | 425 | 667 |
| Average daily sewage treatment (thousands of gallons) | 6,937 | 7,017 | 7,088 | 7,210 | 7,365 | 7,397 | 7,279 | 7,269 | 6,996 | 6,914 |

Source: City of Clovis

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Valuation (in Thousands) | | | | | | | | | | |
| Residential | \$419,823 | \$325,085 | \$299,916 | \$189,387 | \$126,584 | \$115,217 | \$118,545 | \$99,320 | \$110,041 | \$136,224 |
| Non-residential | 55,689 | 88,842 | 81,513 | 85,670 | 81,666 | 75,262 | 74,849 | 31,386 | 45,056 | 60,451 |
| Total | \$475,512 | \$413,927 | \$381,429 | \$275,057 | \$208,250 | \$190,479 | \$193,394 | \$130,706 | \$155,097 | \$196,675 |
| | | | | | | | | | | |
| New Dwelling Units | | | | | | | | | | |
| Single Family | 1,542 | 1,144 | 954 | 688 | 408 | 431 | 474 | 370 | 378 | 501 |
| Multiple Family | 490 | 105 | 302 | 30 | 116 | 16 | 0 | 60 | 100 | 60 |
| Total | 2032 | 1249 | 1256 | 718 | 524 | 447 | 474 | 430 | 478 | 561 |

Source: City of Clovis Building Department

**CITY OF CLOVIS
MISCELLANEOUS STATISTICS
JUNE 30, 2013**

| | |
|--|-------------------|
| Date of Incorporation | February 27, 1912 |
| Form of Government | Council/Manager |
| Number of Employees (full-time and part-time) | 689 |
| Area (square miles) | 23.42 |
| Miles of Streets | |
| Number of Street Lights | 9,587 |
| Fire Protection: | |
| Number of Stations | 5 |
| Number of Firefighters and Officers | 60 |
| Police Protection: | |
| Number of Police Officers and Other Sworn Personnel | 96 |
| Water Department: | |
| Number of Water Services | 31,930 |
| Miles of Water Mains | 490 |
| Sewers: | |
| Miles of Sanitary Sewers | 361 |

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**INDEPENDENT AUDITOR'S 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2013.

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 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.

Handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive style with a large, stylized initial "P" and "M".

San Diego, California
November 21, 2013



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Program

We have audited the City of Clovis, California's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

To the Honorable Mayor and Members of City Council
of the City of Clovis
Clovis, California
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Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

RUN & Mc GEADY LLP

San Diego, California
November 21, 2013

City of Clovis
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

| 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> | | | |
| Community Development Block Grant - Entitlement | 14.218 | N/A | \$ 524,704 |
| <i>Pass-Through State Housing and Community Development:</i> | | | |
| Neighborhood Stabilization Program | 14.228 | 09-NSP1-6251 | 61,074 |
| Neighborhood Stabilization Program (FY11/12) | 14.228 | 09-NSP1-6251 | 10,051 |
| Total U.S. Department of Housing and Urban Development | | | 595,829 |
| U.S. Department of Justice | | | |
| <i>Direct Programs:</i> | | | |
| Bulletproof Vest Partnership Program | 16.607 | N/A | 4,867 |
| Public Safety Partnership and Community Policing Grants | 16.710 | N/A | 179,423 |
| JAG Program Cluster: | | | |
| Justice Assistance Grant Program | 16.738 | N/A | 13,912 |
| <i>Pass-Through City of Fresno:</i> | | | |
| Justice Assistance Grant Program | 16.738 | 2009-DJ-BX-0571 | 5,196 |
| Justice Assistance Grant Program | 16.804 | 2009-SB-B9-0686 | 21,393 |
| JAG Program Cluster | | | 40,501 |
| Total U.S. Department of Justice | | | 224,791 |
| U.S. Department of Labor | | | |
| <i>Pass-Through Workforce Investment Corporation:</i> | | | |
| Workforce Investment Board - WIA Youth Activities | 17.259 | 340 | 301,745 |
| Total U.S. Department of Labor | | | 301,745 |
| U.S. Department of Transportation | | | |
| <i>Pass-Through State Department of Transportation:</i> | | | |
| Highway Planning and Construction | 20.205 | 06-5208 | 985,408 |
| <i>Pass-Through CA Office of Traffic Safety:</i> | | | |
| State and Community Highway Safety | 20.600 | N/A | 204,271 |
| Total U.S. Department of Transportation | | | 1,189,679 |
| U.S. Department of Health and Human Services | | | |
| <i>Pass-Through Fresno-Madera Area Agency on Aging:</i> | | | |
| Special Programs for the Aging, Title III, Part C | 93.045 | 960051 | 9,143 |
| Total U.S. Department of Health and Human Services | | | 9,143 |
| U.S. Department of Homeland Security | | | |
| <i>Direct Programs:</i> | | | |
| Assistance to Firefighters | 97.044 | N/A | 233,351 |
| Staffing for Adequate Fire and Emergency Response | 97.083 | N/A | 318,483 |
| <i>Pass-Through County of Fresno:</i> | | | |
| Homeland Security Program (SHSP) | 97.073 | 01900000 | 66,569 |
| Total U.S. Department of Homeland Security | | | 618,403 |
| Total Expenditures of Federal Awards | | | \$ 2,939,590 |

See Notes to Schedule of Expenditures of Federal Awards.

City of Clovis
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Schedule of Expenditures of Federal Awards

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

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

City of Clovis
Schedule of Findings and Questioned Costs
For the year ended June 30, 2013

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Types of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be reported in
 Accordance with section 510(a) of OMB Circular A-133 Yes

Identification of major programs:

| | Federal CFDA Number | Federal Expenditures |
|---|------------------------|-------------------------|
| Major Programs: | | |
| Community Development Block Grant - Entitlement | 14.218 | \$ 524,704 |
| Highway Planning and Construction | 20.205 | 985,408 |
| Total Major Program Expenditures | | \$ 1,510,112 |
| Total Expenditures of Federal Awards | | \$ 2,939,590 |
| Percentage of Total Expenditures of Federal Awards | | 51.37% |

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

Auditee qualified as low-risk auditee under
 section 530 of OMB Circular A-133? No

SECTION II – FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINANCIAL STATEMENT FINDINGS

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

B. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted for the year ended June 30, 2012.

City of Clovis
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2013

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

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

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

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

Findings: SA 2012-01 Davis-Bacon Act

Information on the Federal Program:

State Energy Program (ARRA) (CFDA Number 81.041, U.S. Department of Energy)

Criteria or Specific Requirements:

TITLE 29—LABOR, PART 5—LABOR STANDARDS PROVISIONS APPLICABLE TO CONTRACTS COVERING FEDERALLY FINANCED AND ASSISTED CONSTRUCTION, Subpart A—Davis- Bacon and Related Acts Provisions and Procedures, Section 5.5—Contract provisions and related matters

Condition:

During our testing of the City's compliance with Davis–Bacon Act, we noted that the City does not require the contractors to submit certified payrolls. While the City has hired contractors approved by the State, the requirement expressly states that the certified payrolls are to be submitted to the City on a weekly basis. The City was unaware that the requirement expressly stated that they must receive the certified payrolls.

Questioned Costs:

No specific questioned costs identified.

Context and Effect:

Because the contracts with contractors and subcontractors do not adhere to the requirements of the Davis-Bacon Act, the City is not in compliance with the requirement.

Cause:

The City did not include the requirement that contractors and subcontractors must comply with the Davis-Bacon Act as a part of its contracts with contractors and subcontractors.

Recommendation:

The City should revise its current practice to require that certified payrolls be submitted to them on a weekly basis per the Davis–Bacon requirement.

Current Status:

Fully Corrected



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE BASIC
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 accompanying basic financial statements of the City of Clovis, California (the "City"), as of and for the year ended June 30, 2013, and have issued our report thereon dated November 21, 2013.

Compliance and Other Matters

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

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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 "Paul J. McGeady LLP". The signature is written in a cursive style with a large, stylized "P" and "M".

San Diego, California
November 21, 2013



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**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES
APPLIED TO THE APPROPRIATIONS LIMIT**

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, 2013, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings were described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ended June 30, 2013, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

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

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

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

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

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

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

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

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

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

RUN & Mc Geady LLP

San Diego, California
November 21, 2013

City of Clovis
Appropriations Limit Schedule
For the year ended June 30, 2013

| | <u>Amount</u> | <u>Source</u> |
|------------------------------------|------------------------------|-----------------------------|
| A. Appropriations Limit FY 2011-12 | \$ 159,894,127 | Prior Year |
| B. Calculation Factors: | | |
| Population increase % | 1.0182 | State Department of Finance |
| Inflation increase % | 1.0377 | State Department of Finance |
| Total adjustment % | 1.0566 | B1*B2 |
| C. Annual Adjustment Increase | 9,047,791 | A*(B3-1) |
| D. Other Adjustments: | | |
| Loss responsibility (-) | - | N/A |
| Transfer to private (-) | - | N/A |
| Transfer to fee (-) | - | N/A |
| Assumed responsibility (+) | - | N/A |
| E. Total Adjustments | <u>9,047,791</u> | (C+D) |
| F. Appropriations Limit FY 2012-13 | <u><u>\$ 168,941,918</u></u> | (A+E) |

City of Clovis
Notes to Appropriations Limit Schedule
For the year ended June 30, 2013

1. PURPOSE OF LIMITED PROCEDURES REVIEW

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

2. METHOD OF CALCULATION

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

3. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for the year 2012-2013 represents the annual percentage change in the 4th quarter per capita personal income.

4. POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the county where the jurisdiction is located. The factor adopted by the City for the year 2012-2013 represents the annual percentage change in population for the City.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustments for the year ended June 30, 2013.