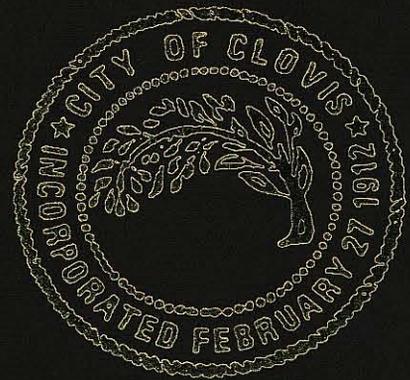


CITY OF

CLOVIS

CALIFORNIA



*Comprehensive
Annual
Financial
Report*

For the Fiscal Year ended
June 30, 2010

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

**CITY OF CLOVIS
CALIFORNIA**



HARRY ARMSTRONG, MAYOR

**JOSE FLORES, MAYOR PRO-TEM
LYNNE ASHBECK, COUNCILMEMBER
NATHAN F. MAGSIG, COUNCILMEMBER
ROBERT WHALEN, COUNCILMEMBER**

KATHLEEN MILLISON, CITY MANAGER

Prepared by City of Clovis Finance Department

Robert Woolley, Finance Director

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CITY OF CLOVIS

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

December 6, 2010

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, 2010.

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's 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's 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's financial statements have been audited by Caporicci & Larson, Inc., A Subsidiary of Marcum 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, 2010, 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's financial statements for the fiscal year ended June 30, 2010, 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's 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 96,868.

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. Some community development services are provided through a legally separate Redevelopment Agency, which functions, in essence, as a department of the City of Clovis and therefore has been included as an integral part of the City of Clovis's financial statements. Additional information on the Clovis Community Development Agency can be found in Note I.A. in the notes to the financial statements.

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 74.

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 continues to be effected by the economic slowdown and will take some time to recover. Property values continue to trend lower when compared to the previous year. Sales taxes on the other hand are slowly picking up and are expected to grow at 5% during the next year. Building activity continues to be slower than the 10 year average. There has been a renewed interest in commercial construction, property valuations appear to be leveling off and even showing a slight increase, home builders are retooling their product lines to include smaller, energy efficient, and more affordable homes to better meet current market conditions. The City's unemployment rate still ranks one of the lowest in the area, lower than the national average and much lower than the State of California average.

The City experienced a 1.83% growth in population in 2010 compared to previous ten year average growth of 3.31%. The City has three major retail centers and several automobile dealerships that anchor the sales tax base. In September of 2010 Kohls opened a new store at the Sierra Vista Mall and became the new anchor store replacing Mervyns. Kohls brings more jobs and renewed growth at the mall and it is expected to boost sales tax generation. Clovis has the highest per capita taxable spending in Fresno County. These rankings illustrate the importance of Clovis as a regional marketing location. 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 2,000. There are over 10,500 jobs generated by the top ten employers. The City continues to market 187 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 953,000. The anticipated growth in population of the Metropolitan Area is approximately 1.4%, with Clovis estimated to grow by the same. There are approximately 454,500 jobs in Fresno County. The countywide unemployment rate is about 15.2%, not seasonally adjusted, which is the highest this rate has been in several years. Normally the area experiences

higher rates since Fresno County has a high agricultural employment sector. The City of Clovis has an unemployment rate of about 8.2% with 40,600 employed out of a workforce of 44,200.

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 has been established and is meeting on a regular basis to discuss the alternatives.

Part of the current plan has been the construction of a wastewater treatment plant to serve the needs of the new growth area. The plant is expected to serve initially the new residents of the planned Southeast Urban Village. The wastewater treatment plant also recycles reusable water and disinfects over 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. Construction will begin during 2011 on a new landfill cell liner to help manage the current landfill needs and prepare for future growth. The City is well positioned in terms of infrastructure to meet the demands of a growing city when development returns to normal levels.

To finance the current growth, the City has in place a variety of user and developer fees to pay for streets, parks, water wells and lines, and sewer lines. The City reviews these fees on an annual basis to assure that the fee structure is in line with the cost of construction. The Water Fund has planned increases of 15% per year for water rates for the next two years and a 5% increase programmed for 2012. The Sewer Fund has planned increases of 8%, 14%, 6%, 5%, 4% over the next 5 years respectively with annual increases of 3% starting in 2015 and beyond. The Community Sanitation Fund has a planned rate increase for 2010 of 2%, with 4% increases programmed thereafter. When larger Community Improvement Projects occur, the City will seek to secure bond financing or capital lease purchase financing when available.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, corporate bonds, government securities, money market accounts and the Local Agency Investment Pool (LAIF). The maturities of the investments range from overnight to 3 years, with an average maturity of 31 months. The average yield on investments was 1.54 percent. Investment income includes appreciation or declines in the fair value of investments. Changes in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk management. The city is self insured in general liability, automobile liability, workers' compensation and dental/vision insurance. The City purchases medical insurance for employees and dependents from Health Maintenance Organizations (HMO), which relies on a per capita fee for full funding. Additional information on the City's risk management activity can be found in Note V.A. of the notes to the financial statements.

Pension benefits. The City of Clovis contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for both safety members and miscellaneous members. Plan participants contribute an amount established by state statute and the city contributes an amount established by PERS. Each year the employer rate is actuarially determined and includes a portion for any unfunded liability. The City currently contributes 100% of the annual required contribution as determined by PERS. As a result of market losses the City has an unfunded liability in both the safety plan and the miscellaneous plan. Additional information on the City's pension plan can be found in Note V.F. in the notes to the financial statements.

Awards and Acknowledgements

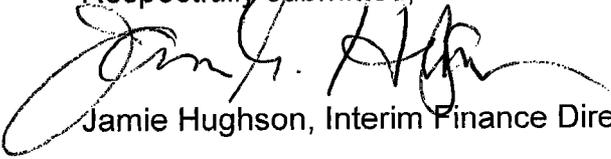
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clovis for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the twenty-second consecutive year that the City has 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, 2009 and has submitted and expects to receive the award for the annual budget document dated July 1, 2010 as well. 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 Bill Casarez, Barbara Melendez, Jay Schengel, and Susan Evans.

Respectfully submitted,


Jamie Hughson, Interim Finance Director

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, 2009

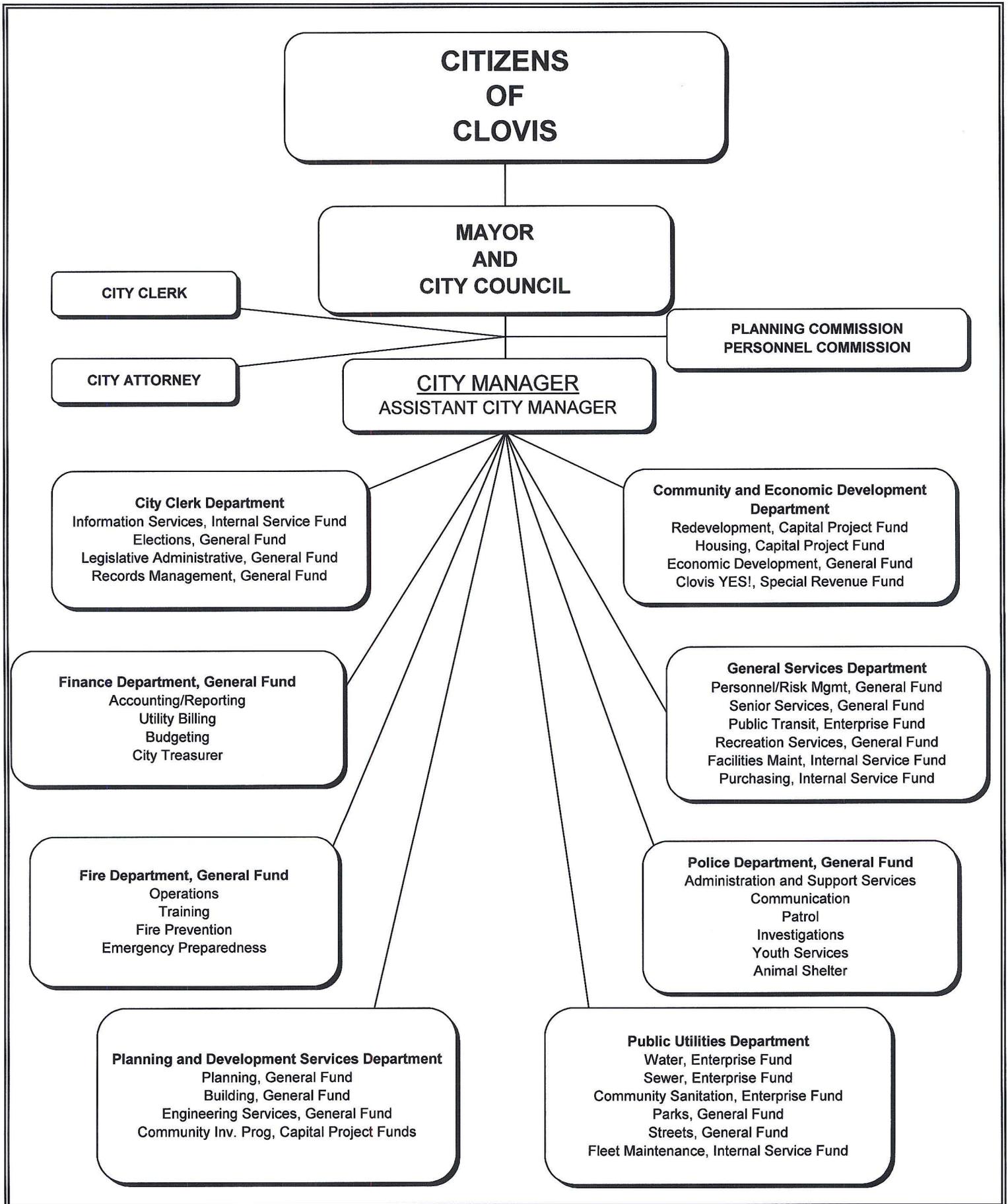
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF CLOVIS ORGANIZATION CHART



**CITY OF CLOVIS
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2010**

<u>Title</u>	<u>Name</u>
<i>City Manager</i>	<i>Kathleen Millison*</i>
<i>Assistant City Manager/City Clerk</i>	<i>John Holt</i>
<i>Public Utilities Director</i>	<i>Michael Leonardo</i>
<i>Finance Director/City Treasurer</i>	<i>Robert Woolley*</i>
<i>Police Chief</i>	<i>Janet Davis</i>
<i>Fire Chief</i>	<i>Rick Bennett</i>
<i>Planning & Development Services Director</i>	<i>Dwight Kroll</i>
<i>General Services Director</i>	<i>Robert Ford</i>
<i>Community & Economic Development Director</i>	<i>Tina Sumner</i>

**As of October 2, 2010 the Interim City Manager is Robert Woolley and the Interim Finance Director/City Treasurer is Jamie Hughson*

INDEPENDENT AUDITORS' REPORT

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

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 (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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, 2010, the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2010 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 grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis and the Public Employees Retirement System Schedule of Funding Progress, is not required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. In addition, 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 basic financial statements of the City. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
November 30, 2010

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, 2010. 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 \$623 million, which is 2% greater than 2009. Of this amount, \$57 million, 9% less than 2009, is in unrestricted net assets, which is available to meet the City's ongoing commitments to citizens and creditors.

The City's governmental funds ended the year with a combined fund balance of \$46.6 million, which is 2% less than the fund balance at June 30, 2009. Of this balance, \$21.6 million is unreserved and is therefore available for spending, within the restrictions of the individual funds, at the City's discretion.

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 \$10.7 million, which represents a net increase of \$1.3 million from the previous year. The unreserved undesignated balance of \$1.2 million is available for carryover to fund future general fund expenditures.

During the year a rate increase was implemented for the refuse operation to address the continuing need for improvements at the landfill.

During the year a rate increase was implemented for the water operation to cover the increasing costs of providing water to City customers. Costs have increased substantially due primarily to the complexity of the City's water system and general cost increases. The last water rate increase was in 1991.

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 and its component unit, the Clovis Community Development Agency, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Assets 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.

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed in the most recent fiscal year. All changes of net assets 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, federal and state grants and development fees. The Clovis Community Development Agency, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included under government activities as an integral part of the City.

Business-type Activities: The City charges fees to customers to cover the costs of services provided. The City's utilities, water, sewer, refuse, street cleaning, and transportation (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 governments 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 twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund, Local Transportation Fund, and Community Development Fund, all of which are considered to be major funds. Data from the other nine 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, risk management 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 page 44 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 45-71 of this report.

Government-wide Financial Analysis

Below is a table showing the City's net assets for the fiscal year ended June 30, 2010, with comparative data for the fiscal year ended June 30, 2009.

City of Clovis' Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$84,824,751	\$ 82,850,400	\$ 59,284,904	\$ 74,285,318	\$ 144,109,655	\$ 157,135,718
Capital and intangible assets	455,832,055	436,229,797	281,933,288	281,378,726	737,765,343	717,608,523
Total assets	540,656,806	519,080,197	341,218,192	355,664,044	881,874,998	874,744,241
Long-term liabilities outstanding	65,792,154	66,242,819	173,319,986	176,510,522	239,112,140	242,753,341
Other liabilities	10,178,691	8,201,456	10,096,324	12,493,548	20,275,015	20,695,004
Total liabilities	75,970,845	74,444,275	183,416,310	189,004,070	259,387,155	263,448,345
Net assets:						
Invested in capital assets, net of related debt	414,755,478	394,478,789	107,064,972	107,644,761	521,820,450	502,123,550
Restricted	35,940,788	38,672,599	7,705,960	8,369,783	43,646,748	47,042,382
Unrestricted	13,989,695	11,484,534	43,030,950	50,645,430	57,020,645	62,129,964
Total net assets	\$ 464,685,961	\$ 444,635,922	\$ 157,801,882	\$ 166,659,974	\$ 622,487,843	\$ 611,295,896

As of June 30, 2010, the City's government-wide total assets exceeded liabilities (net assets) by \$623 million. Governmental activities finished the year with a positive net asset balance of \$465 million, an increase of \$20 million, or 5% over 2009. Business-type activities finished the year with a positive balance of \$158 million, a decrease of \$9 million, or 5% over 2009. Net assets, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net assets, \$522 million or 84% is the City's 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 \$20 million, offset by a decrease in restricted assets

of \$3 million and a decrease in unrestricted assets of \$5 million, accounting for the increase in total net assets of \$12 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 increase in net assets.

Almost 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 amount to \$44 million or 7% 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 \$57 million or 9% of the total net assets, which is a decrease of \$5 million or 8% from the previous year. Governmental activities account for \$14 million or 25% of the total unrestricted net assets and increased \$3 million or 22% compared to last year. Business-type activities account for \$43 million or 76% of the total and decreased from last year \$8 million or 15% and can only be used to finance the continuing operations of the water, community sanitation, sewer disposal, and transit operations.

Governmental activities. Governmental activities account for \$465 million or 75% of the total Government-wide net assets. This is an increase of \$20 million or 5% over June 30, 2009. Donated and constructed assets increased by \$20 million while the amounts available for debt service, street and road construction and community development decreased by \$3 million. Additionally the amount accumulated during the year for normal activities increased by \$3 million.

The following lists key components of this increase:

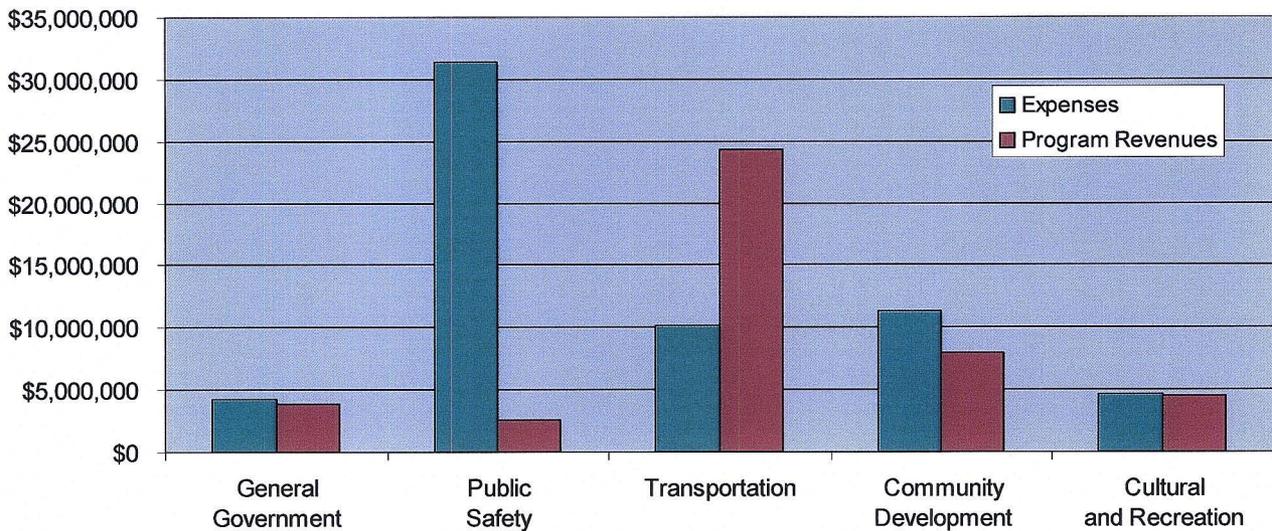
**City of Clovis'
Changes in Net Assets**

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 22,553,260	\$ 26,432,831	\$ 40,074,627	\$ 40,119,758	\$ 62,627,887	\$ 66,552,589
Operating grants and contributions	1,115,230	736,797	-	-	1,115,230	736,797
Capital grants and contributions	19,651,978	16,330,434	2,800,152	3,534,187	22,452,130	19,864,621
General revenues:						
Property taxes	19,943,975	22,092,557			19,943,975	22,092,557
Sales taxes	12,406,210	14,837,209			12,406,210	14,837,209
Business Lic/Franchise	4,044,563	3,992,374			4,044,563	3,992,374
Other taxes	1,162,948	620,008			1,162,948	620,008
Grants and contributions not restricted to specific programs	445,797	535,757			445,797	535,757
Unrestricted investment earnings	473,327	1,291,332	664,483	2,410,050	1,137,810	3,701,382
Total revenues	81,797,288	86,869,299	43,539,262	46,063,995	125,336,550	132,933,294
Expenses:						
General government	4,282,225	5,264,691			4,282,225	5,264,691
Public safety	31,345,252	35,237,787			31,345,252	35,237,787
Transportation	10,122,865	8,886,096			10,122,865	8,886,096
Community development	11,289,050	11,064,761			11,289,050	11,064,761
Cultural and recreation	4,658,857	5,786,519			4,658,857	5,786,519
Community Sanitation			14,737,435	13,276,984	14,737,435	13,276,984
Sewer			19,630,699	15,159,346	19,630,699	15,159,346
Water			14,098,516	13,774,760	14,098,516	13,774,760
Transit			3,979,704	3,896,727	3,979,704	3,896,727
Total expenses	61,698,249	66,239,854	52,446,354	46,107,817	114,144,603	112,347,671
Increase in net assets before transfers	20,099,039	20,629,445	(8,907,092)	(43,822)	11,191,947	20,585,623
Transfers	(49,000)	(77,000)	49,000	77,000	0	0
Increase/(decrease) in net assets	20,050,039	20,552,445	(8,858,092)	33,178	11,191,947	20,585,623
Net assets – beginning	444,635,922	424,083,477	166,659,974	166,626,796	611,295,896	590,710,273
Net assets – ending	\$ 464,685,961	\$ 444,635,922	\$ 157,801,882	\$ 166,659,974	\$ 622,487,843	\$ 611,295,896

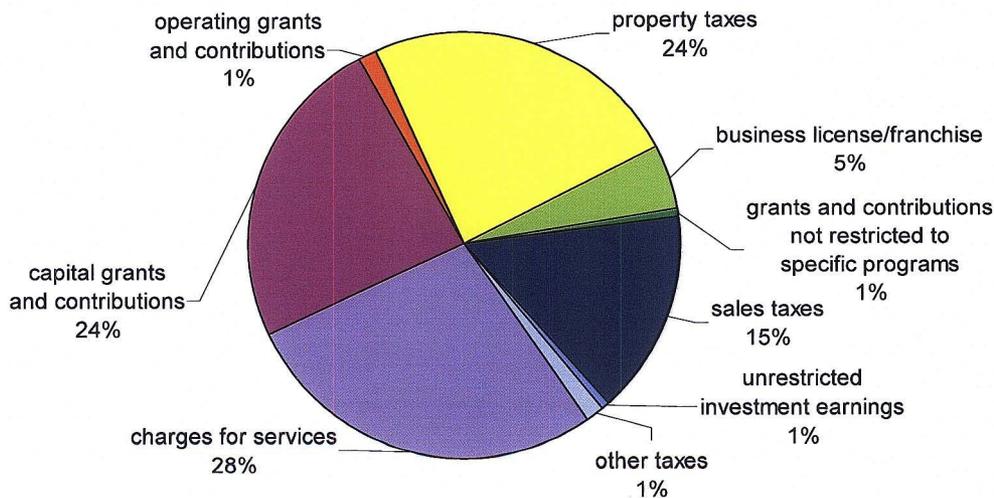
Total governmental revenues for the year were \$82 million, which is \$5 million or 6% less than in 2009. Charges for services at \$23 million in 2010 accounted for 28% of the total revenue and are \$4 million or 15% less than 2009. Capital grants and contributions increased \$3 million from the previous year, due to additional grant funding becoming available from federal stimulus grants. Taxes, which include property, sales, business license/franchise, and other taxes, account for \$38 million or 46% of the City's governmental activities revenue. While property taxes experienced a small increase, total taxes declined compared to the previous year as a result of reduced sales taxes. Sales taxes declined due to the loss of two major retail stores, Gottschalks and Mervyns, from the Sierra Vista Mall as well as a decline in auto sales and construction materials.

Total governmental expenses for the year were \$62 million, a decrease of \$5 million or 7% from 2009. Public Safety expenses decreased \$4 million or 11%, General government and expenses decreased \$1 million or 19%, Transportation expenses increased \$1 million or 14% due to additional grant funding becoming available, and Cultural and Recreation expenses decreased \$1 million or 19% from 2009. Staffing reductions and salary and benefit reductions including furloughs were primarily responsible for the savings. Public Safety, which includes police and fire, accounts for \$31 million or 51% of the total governmental activities expenses. Cultural and recreation expenses were \$5 million or 8%, Transportation expenses were \$10 million or 16%, Community development expenses were \$11 million or 18%, and General government expenses were \$5 million or 7% of the total expenses.

Expenses and Program Revenues-Governmental Activities



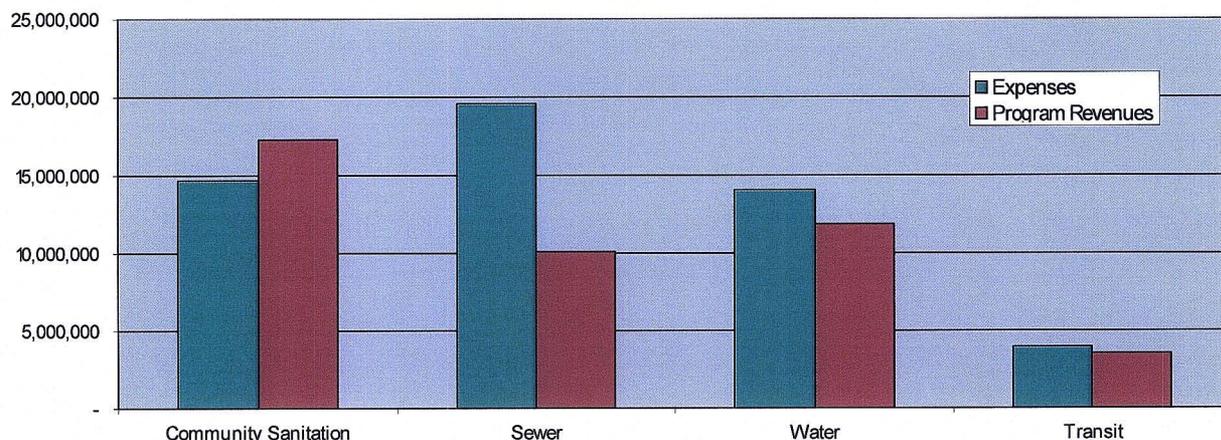
Revenues by Source-Governmental Activities



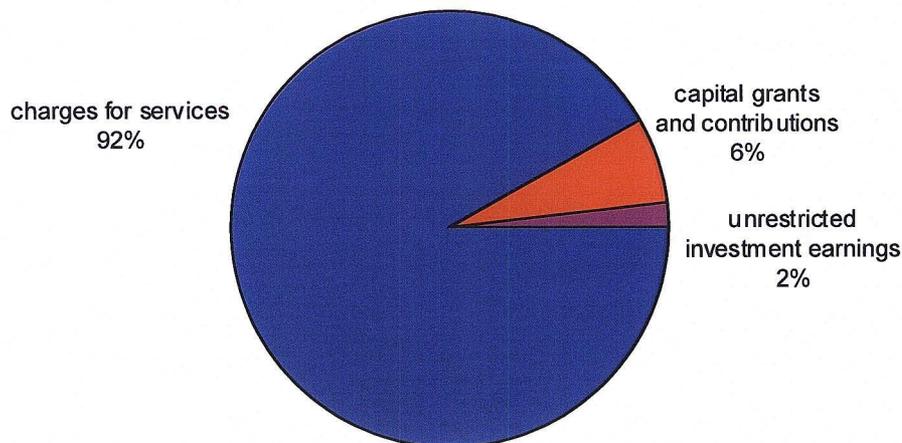
Program revenues that include charges for services and grants specific to certain programs account for \$43 million or 53% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of "general" revenues such as taxes, interest, and unrestricted grants and contributions.

Business-type Activities. Business-type activities account for \$158 million or 25% of the total Government-wide net assets. This is a decrease of \$9 million or 5% from June 30, 2009. The component, "Invested in Capital Assets" accounts for \$107 million or 68% of the total net assets and is nearly the same from 2009. The amount restricted for debt service represents \$8 million or 5% of the total net assets and decreased \$1 million from 2009. The amount in "Unrestricted Net Assets," \$43 million or 27% of total net assets, decreased \$8 million compared to 2009. Charges for current services were \$40 million or 92% percent of the total business-type activity revenue and decreased slightly from 2009. Investment earnings provided \$1 million in revenues and were down over the previous year as a result of bond proceeds being spent and lower interest rates. Capital grants and contributions of \$3 million represent one-time grant money for the replacement of older refuse trucks with new fuel efficient, low emissions vehicles and contributions of sewer and water mains from developers.

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 and as a result in a given year, as is the case for 2009, revenues may not be sufficient to cover total expenses which indicates the use of accumulated excess revenues from prior years. 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. All of the City's governmental funds ended the year with positive fund balances, with the exception of the Workforce Investment Fund. The ending fund balance for all funds is \$46.6 million, which is \$1.0 million less than the previous year. Of the total fund balance, \$21.6 million or 46% is unreserved, 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 committed for the following: (in millions)

Encumbrances/Reappropriations	\$3.2
Debt service	2.0
Long-term Receivables	6.6
Assets held for resale	5.3
Landscape Maintenance	3.2
Parking and Business Improvement	0.1
Law Enforcement	<0.1

The general fund is the chief operating fund of the City. As of June 30, 2010, the *total* fund balance (including all reserves and designations) of the general fund was \$10.7 million, up \$1.3 million from June 30, 2009. The total fund balance of \$10.7 million includes reserved balances of \$4.8 million, designated balances of \$4.7 million and unreserved undesignated balances of \$1.2 million.

The general fund *reserved* balances of \$4.8 million and is nearly the same as June 30, 2009. The *designated* balance for unforeseen expenditures increased by \$1.7 million from \$3.0 million to \$4.7 million, and was increased primarily through the use of one-time revenue received in 2009. This was done in order to reach the 10% minimum reserve as recommended by the Council's financial policy. The *unreserved undesignated* fund balance decreased \$0.4 million from \$1.6 million to \$1.2 million from June 30, 2009. The unreserved undesignated portion of \$1.2 million is the amount carried over to fund future services and was the result of expenditure savings in the police department.

Revenues exceeded expenditures by \$1.4 million excluding the landscape maintenance where expenditures exceeded revenues by \$0.1 million. Some general fund revenues came in slightly higher than budgeted; they were "Property Taxes," \$0.2 million; and "Business license/Franchise," \$0.2 million. Other general fund revenues came in under budgeted amounts, they were "Sales Taxes," \$0.1 million; "Other taxes," \$0.1 million; "Licenses and Permits," \$0.1 million, "From other Agencies," \$0.3 million; "Charges for services," \$0.3 million and "Other revenues," \$0.3 million. The increase in property tax was the result of the county's delay of collection of supplemental taxes. The increase in "business license/franchise" revenue is the continuing benefit of a search for unlicensed businesses during 2008. The decrease in From Other Agencies represents some grant funding for public safety operations being carried over for next year, the decrease in Other revenues represents lower departmental administrative charges.

Several departments experienced expenditure savings including "Attorney," \$0.1 million, "Manager," \$0.1 million, "Finance," \$0.2 million, "Police," \$1.4 million, "Fire," \$0.2 million, "Public Utilities," \$0.4 million, and "Planning and Development Services," \$0.3 million. Most of the expenditure savings in the departments were savings achieved by staffing reductions, decreases in salaries and benefits, savings in services and supplies or postponed capital expenditures. Most savings attributed to "projects" that were not commenced before the end of the fiscal year, but are included in the "Reserve for Encumbrances" amount and will be reappropriated 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 the added workload due to Federal economic stimulus funded projects from 2009 which resulted in other non stimulus funded projects carrying over into the next fiscal year. The ending fund balance of \$7.2 million is \$2.6 million less than June 30, 2009.

The Community Development fund shows a \$0.2 million increase in fund balance and is the result expenditure savings. Included in the ending fund balance of \$22.7 million are amounts reserved for "Encumbrances/reappropriations", "Assets held for resale", and "Long-term receivables" totaling \$11.2 million with just under \$11.5 million in "Unreserved" which is available to community development projects.

The Workforce Investment Board deficit of \$13,285 represents the difference between the actual cost of operating the program and grant funds available for reimbursement. The deficit will be eliminated by a transfer from the general fund in fiscal year 10/11.

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 \$5.6 million. This deficit balance is attributable to the liability of workers' compensation program claims. The current liability

for workers' compensation claims is \$9.1 million. The City funds the current year workers' compensation expenditures with charges to City programs. The City has also funded approximately \$2 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:

- \$ 33,000 Various Departments-Reappropriations of projects approved in the previous fiscal year but not commenced prior to fiscal year end
- \$1,137,000 Police Department-Purchase of 911 equipment and various grant expenditures offset by additional revenues
- \$ 184,000 General Services Department-additional costs for services to seniors and recreation that were almost entirely offset by additional revenues
- \$ 202,000 Planning and Development Department-additional costs as a result of General Plan update and new building permits system

The budget variances were the result of additional grants awarded during the year to the Police Department, increases to services to seniors and recreation due to donations and additional revenue, and the need to update the General Plan and building permits system.

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, 2010, amounts to \$739 million (net of depreciation/amortization) an increase of \$21 million over 2009. 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	\$ 13 million
Sewer system improvements	5 million
Landfill improvements	1 million
Community sanitation equipment	1 million

During the year the City finalized construction on the sewer treatment-water reuse facility, made improvements to the City owned landfill, replaced diesel powered refuse trucks with compressed natural gas trucks and numerous roads were constructed and/or improved.

Additional information on the City's capital assets can be found in note IV.E on page 56.

CITY OF CLOVIS'
Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 193,107,014	\$ 184,988,966	\$ 35,149,336	\$ 33,634,856	\$ 228,256,350	\$ 218,623,822
Buildings and improvements	82,769,254	80,903,075	216,681,508	216,083,825	299,450,762	296,986,900
Machinery and equipment	12,406,650	13,117,209	3,155,119	3,767,426	15,561,769	16,884,635
Road network	167,549,137	157,220,547	-	-	167,549,137	157,220,547
Intangibles	-	-	27,892,619	27,892,619	27,892,619	27,892,619
Total	\$ 455,832,055	\$ 436,229,797	\$ 282,878,582	\$ 281,378,726	\$ 738,710,637	\$ 717,608,523

Long-term Debt. The City's long-term debt as of June 30, 2010, was \$211 million with governmental activities accounting for \$44 million or 21% and business-type activities accounting for \$167 million or 79%.

CITY OF CLOVIS'
Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Tax allocation bonds	\$ 18,570,000	\$ 19,100,000			\$ 18,570,000	\$ 19,100,000
Capital leases	7,174,582	7,621,135	\$ 5,735	\$ 5,735	7,180,317	7,626,870
Loans payable	1,352,424	521,871	-	-	1,352,424	521,871
Revenue bonds	16,610,000	16,610,000	152,510,000	154,520,000	169,120,000	171,130,000
Contracts payable			14,359,233	15,815,472	14,359,233	15,815,472
Total	\$ 43,707,006	\$ 43,853,006	\$ 166,874,968	\$ 170,341,207	\$ 210,581,974	\$ 214,194,213

General obligation debt are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statues limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Clovis' debt limit is \$1.1 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 10/11 fiscal year, the City was able to increase general fund safety expenditures by \$0.9 million to take advantage of the Staffing for Adequate Fire and Emergency Response (SAFER) grant funding for 6 additional firefighters. The City's various employee groups

provided \$0.8 million in salary and benefit concessions, bringing the City's general fund into structural balance whereby current year expenditures are within current year revenues.

With the State budget in place, while precarious, no additional local government taking exists. Also, the November election again contained local government revenue protections which passed with overwhelming voter support.

The local economy continues to be effected by the current recession. Property values are expected to remain slightly less than last year with slow growth bringing revenue up to the same level. Taxable sales are projected to trend higher by 5% compared to the previous year. Building activity, both housing and commercial, is projected to be substantially slower than the 10 year average. Home builders are also retooling their product lines to better meet current market conditions. As residential construction activity continues to be restrained, population growth and those revenues received based on a population basis, will also be negatively impacted. The results of the 2010 census could also have an impact on those revenues.

Total city-wide expenditures, excluding capital expenditures, were projected to decrease approximately 3.5%. Materials and supplies and capital outlays accounted for the largest portion of this decrease. While there were no negotiated salary increases included in the budget, the budget did reflect the costs of normal step increases. Expenditures in the 2010-2011 General Fund budget were increased by 1.7% while revenues were projected to increase by 1.1%.

At 6/30/10 the General Fund has a designation of \$4.7 million or 9.0% of budgeted expenditures set aside for unforeseen expenditures.

The Community Sanitation Fund has a planned rate increase of 2%, the Water Fund has a planned increase of 15% and the Sewer Fund will see an 8% increase in August of the new fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Clovis' finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Clovis, 1033 Fifth Street, Clovis, CA, 93612.

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City of Clovis
Statement of Net Assets
June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$59,932,620	\$43,414,170	\$103,346,790
Receivables	9,943,414	6,751,787	16,695,201
Internal balances	(673,375)	673,375	0
Due from other governments	7,973,853	739,612	8,713,465
Inventories	506,000		506,000
Assets held for resale	5,301,179		5,301,179
Restricted assets:			
Cash and investments	1,841,060	7,705,960	9,547,020
Capital assets (net of accumulated depreciation):			
Land	193,107,014	35,149,336	228,256,350
Buildings and improvements	82,769,254	216,681,508	299,450,762
Machinery and equipment	12,406,650	3,155,119	15,561,769
Road network	167,549,137		167,549,137
Intangible assets (net of accumulated amortization)		26,947,325	26,947,325
Total assets	<u>540,656,806</u>	<u>341,218,192</u>	<u>881,874,998</u>
LIABILITIES			
Accounts payable	6,035,635	9,687,528	15,723,163
Unearned revenue	4,143,056	408,796	4,551,852
Noncurrent liabilities:			
Due within one year	2,891,253	4,745,356	7,636,609
Due in more than one year	62,900,901	168,574,630	231,475,531
Total liabilities	<u>75,970,845</u>	<u>183,416,310</u>	<u>259,387,155</u>
NET ASSETS			
Invested in capital assets, net of related debt	414,755,478	107,064,972	521,820,450
Restricted for:			
Debt service	1,982,672	7,705,960	9,688,632
Streets and roads	11,335,812		11,335,812
Community development	22,622,304		22,622,304
Unrestricted	13,989,695	43,030,950	57,020,645
Total net assets	<u>\$464,685,961</u>	<u>\$157,801,882</u>	<u>\$622,487,843</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, 2010

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	\$4,282,225	\$3,005,414	\$1,500	\$833,431	(\$441,880)		(\$441,880)
Public safety	31,345,252	1,906,017	641,161	28,419	(28,769,655)		(28,769,655)
Transportation	10,122,865	6,557,223		17,795,831	14,230,189		14,230,189
Community development	11,289,050	6,735,362	444,753	847,486	(3,261,449)		(3,261,449)
Cultural and recreation	4,658,857	4,349,244	27,816	146,811	(134,986)		(134,986)
Total governmental activities	<u>61,698,249</u>	<u>22,553,260</u>	<u>1,115,230</u>	<u>19,651,978</u>	<u>(18,377,781)</u>	<u>0</u>	<u>(18,377,781)</u>
Business-type activities:							
Community sanitation	14,737,435	16,404,690		920,100		\$2,587,355	2,587,355
Sewer	19,630,699	9,264,729		834,497		(9,531,473)	(9,531,473)
Water	14,098,516	10,870,053		1,045,555		(2,182,908)	(2,182,908)
Transit	3,979,704	3,535,155				(444,549)	(444,549)
Total business-type activities	<u>52,446,354</u>	<u>40,074,627</u>	<u>0</u>	<u>2,800,152</u>	<u>0</u>	<u>(9,571,575)</u>	<u>(9,571,575)</u>
Total primary government	<u>\$114,144,603</u>	<u>\$62,627,887</u>	<u>\$1,115,230</u>	<u>\$22,452,130</u>	<u>(18,377,781)</u>	<u>(9,571,575)</u>	<u>(27,949,356)</u>
General revenues:							
Property taxes					19,943,975		19,943,975
Sales taxes					12,406,210		12,406,210
Business License/Franchise Fees					4,044,563		4,044,563
Other taxes					1,162,948		1,162,948
Grants and contributions not restricted to specific programs					445,797		445,797
Unrestricted investment earnings					473,327	664,483	1,137,810
Transfers					(49,000)	49,000	0
Total general revenues and transfers					<u>38,427,820</u>	<u>713,483</u>	<u>39,141,303</u>
Change in net assets					20,050,039	(8,858,092)	11,191,947
Net assets-beginning					444,635,922	166,659,974	611,295,896
Net assets-ending					<u>\$464,685,961</u>	<u>\$157,801,882</u>	<u>\$622,487,843</u>

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

**City of Clovis
Balance Sheet
Governmental Funds
June 30, 2010**

	General	Local Transportation	Community Development	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$9,559,127	\$15,152,214	\$12,880,973	\$4,435,895	\$42,028,209
Cash with agents-restricted		210,645		1,065,555	1,276,200
Receivables	1,618,065	284,961	7,399,334	69,510	9,371,870
Due from other funds	50,000	199,000			249,000
Due from other governments	3,163,798	2,981,611	315,435	443,993	6,904,837
Assets held for resale			5,301,179		5,301,179
Total assets	\$14,390,990	\$18,828,431	\$25,896,921	\$6,014,953	\$65,131,295
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$1,199,499	\$1,230,201	\$861,523	\$38,299	\$3,329,522
Due to other funds				50,000	50,000
Due to other governments	164,232				164,232
Deposits and other liabilities	901,140	7,722,817	2,380,485	9,200	11,013,642
Deferred revenue	1,462,840	2,647,607	32,609		4,143,056
Total Liabilities	3,727,711	11,600,625	3,274,617	97,499	18,700,452
Fund balances:					
Reserved for:					
Encumbrances/Reappropriations	668,000	2,137,000	193,000	168,000	3,166,000
Debt service		210,645		1,748,104	1,958,749
Long-term receivables	855,000		5,781,629		6,636,629
Assets held for resale			5,301,179		5,301,179
Landscape Maintenance	3,187,716				3,187,716
Parking and Business Improvement	90,286				90,286
Law enforcement	489				489
Unreserved, designated for contingencies	4,652,000				4,652,000
Unreserved, reported in:					
General fund	1,209,788				1,209,788
Special revenue funds		4,880,161		60,344	4,940,505
Capital projects funds			11,346,496	3,941,006	15,287,502
Total fund balances	10,663,279	7,227,806	22,622,304	5,917,454	46,430,843
Total liabilities and fund balances	\$14,390,990	\$18,828,431	\$25,896,921	\$6,014,953	

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

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. (Net of \$79,497,236 of internal service fund capital assets)	376,334,819
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 assets. (Net of \$1,872,375 allocated to business-type activities)	62,600,428
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(20,680,129)
Net Assets of Governmental Activities	\$464,685,961

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, 2010

	<u>General</u>	<u>Local Transportation</u>	<u>Community Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property taxes	\$16,364,731		\$4,060,378		\$20,425,109
Sales taxes	12,404,059				12,404,059
Business license/Franchise fee	4,054,563				4,054,563
Other taxes	1,349,128				1,349,128
Licenses and permits	1,454,196				1,454,196
Fines and forfeitures	240,622				240,622
Use of money and property	91,714	\$122,240	115,599	\$41,775	371,328
From other agencies	2,994,856	8,746,149	992,619	915,750	13,649,374
Charges for current services	5,341,976	1,757,687		1,029,553	8,129,216
Other revenues	6,441,567	35,486	490,270	2,538	6,969,861
Total revenue	<u>50,737,412</u>	<u>10,661,562</u>	<u>5,658,866</u>	<u>1,989,616</u>	<u>69,047,456</u>
EXPENDITURES					
Current:					
General government	4,317,898				4,317,898
Public safety	31,289,958				31,289,958
Transportation	3,288,404				3,288,404
Community development	6,010,797			612,155	6,622,952
Cultural and recreation	4,496,927				4,496,927
Debt service:					
Principal				530,000	530,000
Interest and fiscal charges				831,979	831,979
Capital outlays		13,291,288	4,252,689	1,281,898	18,825,875
Total expenditures	<u>49,403,984</u>	<u>13,291,288</u>	<u>4,252,689</u>	<u>3,256,032</u>	<u>70,203,993</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,333,428</u>	<u>(2,629,726)</u>	<u>1,406,177</u>	<u>(1,266,416)</u>	<u>(1,156,537)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0		0	1,350,000	1,350,000
Transfers Out	0		(1,350,000)	(49,000)	(1,399,000)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(1,350,000)</u>	<u>1,301,000</u>	<u>(49,000)</u>
Net change in fund balances	1,333,428	(2,629,726)	56,177	34,584	(1,205,537)
Fund balances-beginning	9,329,851	9,857,532	22,566,127	5,882,870	47,636,380
Fund balances-ending	<u>\$10,663,279</u>	<u>\$7,227,806</u>	<u>\$22,622,304</u>	<u>\$5,917,454</u>	<u>\$46,430,843</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, 2010**

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)	(\$1,205,537)
<p>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.</p>	7,217,493
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.</p>	12,653,079
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resource of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	500,100
<p>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.</p>	(449,120)
<p>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 \$21,661 allocated to business-type activities.</p>	1,334,024
Change in net assets of governmental activities (page 31)	<hr style="border: 0.5px solid black;"/> <u><u>\$20,050,039</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$16,160,000	\$16,160,000	\$16,364,731	\$204,731
Sales taxes	12,455,000	12,455,000	12,404,059	(50,941)
Business license/Franchise fee	3,900,000	3,900,000	4,054,563	154,563
Other taxes	1,484,000	1,484,000	1,349,128	(134,872)
Licenses and permits	1,428,000	1,580,000	1,454,196	(125,804)
Fines and forfeitures	225,000	225,000	240,622	15,622
Use of money and property	76,000	76,000	91,714	15,714
From other agencies	2,457,000	3,340,200	2,994,856	(345,344)
Charges for current services	5,517,000	5,597,000	5,341,976	(255,024)
Other revenues	6,472,000	6,709,500	6,441,567	(267,933)
Total revenues	50,174,000	51,526,700	50,737,412	(789,288)
EXPENDITURES				
Council	227,300	227,300	224,816	2,484
Clerk	182,000	181,800	175,606	6,194
Attorney	746,000	746,000	678,285	67,715
Manager	1,114,073	1,119,172	976,352	142,820
General services	912,700	1,096,600	1,094,379	2,221
Finance/Treasurer	2,053,404	2,053,604	1,832,203	221,401
Police	21,368,093	22,504,793	21,092,500	1,412,293
Fire	10,375,750	10,403,750	10,197,459	206,291
Public utilities	7,486,723	7,486,723	7,121,587	365,136
Planning and development services	6,152,095	6,354,095	6,010,797	343,298
Total expenditures	50,618,138	52,173,837	49,403,984	2,769,853
Excess (deficiency) of revenues over expenditures	(444,138)	(647,137)	1,333,428	1,980,565
Fund balances-beginning	9,329,851	9,329,851	9,329,851	
Fund balances-ending	\$8,885,713	\$8,682,714	\$10,663,279	\$1,980,565

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, 2010

	<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	\$160,000	\$160,000	\$122,240	(\$37,760)
From other agencies	7,045,000	10,995,000	8,746,149	(2,248,851)
Charges for services	282,000	282,000	1,757,687	1,475,687
Other revenues	0	0	35,486	35,486
Total revenues	<u>7,487,000</u>	<u>11,437,000</u>	<u>10,661,562</u>	<u>(775,438)</u>
EXPENDITURES				
Capital Outlay	13,561,162	26,526,162	13,291,288	13,234,874
Total expenditures	<u>13,561,162</u>	<u>26,526,162</u>	<u>13,291,288</u>	<u>13,234,874</u>
Excess (deficiency) of revenues over expenditures	(6,074,162)	(15,089,162)	(2,629,726)	12,459,436
Fund balances-beginning	9,857,532	9,857,532	9,857,532	
Fund balances-ending	<u><u>\$3,783,370</u></u>	<u><u>(\$5,231,630)</u></u>	<u><u>\$7,227,806</u></u>	<u><u>\$12,459,436</u></u>

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

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City of Clovis
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit	Totals	
ASSETS						
Current assets:						
Cash and investments	\$6,762,579	\$21,472,718	\$15,178,084	\$789	\$43,414,170	\$17,904,411
Receivables	3,090,176	1,469,564	2,187,009	5,038	6,751,787	571,544
Due from other funds		2,500,000			2,500,000	1,000,000
Due from other governments			1,909	737,703	739,612	1,069,016
Inventories					0	506,000
Total current assets	<u>9,852,755</u>	<u>25,442,282</u>	<u>17,367,002</u>	<u>743,530</u>	<u>53,405,569</u>	<u>21,050,971</u>
Noncurrent assets:						
Restricted cash and investments:						
Cash with fiscal agent-bond accounts	898,041	6,807,916	3		7,705,960	564,860
Total restricted assets	<u>898,041</u>	<u>6,807,916</u>	<u>3</u>	<u>0</u>	<u>7,705,960</u>	<u>564,860</u>
Capital assets:						
Land	17,088,788	4,287,312	13,773,236		35,149,336	9,415,037
Buildings and improvements	1,971,539	149,333,088	98,127,329		249,431,956	72,202,748
Machinery and equipment	2,144,879	511,951	1,017,132	4,005,413	7,679,375	30,556,793
Less accumulated depreciation	(1,623,807)	(16,204,082)	(17,380,016)	(2,066,799)	(37,274,704)	(32,677,342)
Total capital assets (net of accumulated depreciation)	<u>19,581,399</u>	<u>137,928,269</u>	<u>95,537,681</u>	<u>1,938,614</u>	<u>254,985,963</u>	<u>79,497,236</u>
Intangible assets		33,196,640	4,615,072		37,811,712	
Less accumulated amortization		(10,324,374)	(540,013)		(10,864,387)	
Total intangible assets (net of accumulated amortization)	<u>0</u>	<u>22,872,266</u>	<u>4,075,059</u>	<u>0</u>	<u>26,947,325</u>	<u>0</u>
Total noncurrent assets	<u>20,479,440</u>	<u>167,608,451</u>	<u>99,612,743</u>	<u>1,938,614</u>	<u>289,639,248</u>	<u>80,062,096</u>
Total assets	<u>30,332,195</u>	<u>193,050,733</u>	<u>116,979,745</u>	<u>2,682,144</u>	<u>343,044,817</u>	<u>101,113,067</u>

	Business-Type Activities-Enterprise Funds					Governmental
	Community Sanitation	Sewer Disposal	Water	Transit	Totals	Activities Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	839,835	6,109,191	2,726,039	12,463	9,687,528	2,375,820
Claims and judgements payable					0	9,176,000
Due to other funds	3,500,000			199,000	3,699,000	
Accrued compensated absences	219,812	69,316	162,978	106,226	558,332	837,059
Deposits and other liabilities		4,661	992,381		997,042	81,070
Unearned revenue		266,400		142,396	408,796	
Capital leases-current					0	888,758
Loans payable-current					0	134,595
Revenue bonds-current	515,000	140,000	1,440,000		2,095,000	620,000
Contracts payable-current		1,540,514			1,540,514	
Total current liabilities	<u>5,074,647</u>	<u>8,130,082</u>	<u>5,321,398</u>	<u>460,085</u>	<u>18,986,212</u>	<u>14,113,302</u>
Noncurrent liabilities:						
Capital leases					0	6,251,610
Loans payable					0	1,211,714
Revenue bonds (net of deferred amount on refunding and discount/premium)	4,948,908	110,060,225	38,161,106		153,170,239	15,063,638
Contracts payable		12,818,719			12,818,719	
Landfill closure	2,140,140				2,140,140	
Total noncurrent liabilities	<u>7,089,048</u>	<u>122,878,944</u>	<u>38,161,106</u>	<u>0</u>	<u>168,129,098</u>	<u>22,526,962</u>
Total liabilities	<u>12,163,695</u>	<u>131,009,026</u>	<u>43,482,504</u>	<u>460,085</u>	<u>187,115,310</u>	<u>36,640,264</u>
NET ASSETS						
Invested in capital assets, net of related debt	13,219,450	31,895,277	60,011,631	1,938,614	107,064,972	58,026,591
Restricted for debt service	898,041	6,807,916	3		7,705,960	564,860
Unrestricted	4,051,009	23,338,514	13,485,607	283,445	41,158,575	5,881,352
Total net assets	<u>\$18,168,500</u>	<u>\$62,041,707</u>	<u>\$73,497,241</u>	<u>\$2,222,059</u>	<u>155,929,507</u>	<u>\$64,472,803</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					1,872,375	
Net assets of business-type activities					<u>\$157,801,882</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, 2010

	<u>Business-Type Activities-Enterprise Funds</u>					<u>Governmental Activities Internal Service Funds</u>
	<u>Community Sanitation</u>	<u>Sewer Disposal</u>	<u>Water</u>	<u>Transit</u>	<u>Totals</u>	
Operating revenues:						
Charges for services	\$16,380,673	\$9,261,864	\$10,512,825	\$1,192,032	\$37,347,394	\$30,912,126
From other agencies					0	1,816,740
Other revenues	24,017	2,865	356,164		383,046	317,471
Total operating revenues	<u>16,404,690</u>	<u>9,264,729</u>	<u>10,868,989</u>	<u>1,192,032</u>	<u>37,730,440</u>	<u>33,046,337</u>
Operating expenses:						
Salaries and benefits	3,774,353	906,282	2,830,761	2,187,048	9,698,444	3,364,360
Services, materials and supplies	7,754,446	6,499,767	5,380,766	974,393	20,609,372	22,255,597
Administration	1,673,300	1,807,300	1,878,982	446,500	5,806,082	982,851
Depreciation/amortization	182,196	4,448,758	2,262,694	375,593	7,269,241	3,994,269
Total operating expenses	<u>13,384,295</u>	<u>13,662,107</u>	<u>12,353,203</u>	<u>3,983,534</u>	<u>43,383,139</u>	<u>30,597,077</u>
Operating income (loss)	<u>3,020,395</u>	<u>(4,397,378)</u>	<u>(1,484,214)</u>	<u>(2,791,502)</u>	<u>(5,652,699)</u>	<u>2,449,260</u>
Nonoperating revenues (expenses):						
Interest income	115,415	369,004	180,064	0	664,483	154,112
Interest expense	(385,381)	(5,984,081)	(1,773,549)		(8,143,011)	(1,188,369)
Sales tax override					0	2,151
State transit assistance				2,343,011	2,343,011	0
Gain (loss) on sale of capital assets	(19,870)	(1,895)	1,064	112	(20,589)	(61,469)
Total nonoperating revenue (expense)	<u>(289,836)</u>	<u>(5,616,972)</u>	<u>(1,592,421)</u>	<u>2,343,123</u>	<u>(5,156,106)</u>	<u>(1,093,575)</u>
Income before contributions and transfers	2,730,559	(10,014,350)	(3,076,635)	(448,379)	(10,808,805)	1,355,685
Capital contributions-development fees		834,497	1,045,555		1,880,052	0
Transfers in	49,000				49,000	0
Transfer out					0	0
Changes in net assets	<u>2,779,559</u>	<u>(9,179,853)</u>	<u>(2,031,080)</u>	<u>(448,379)</u>	<u>(8,879,753)</u>	<u>1,355,685</u>
Total net assets-beginning	<u>15,388,941</u>	<u>71,221,560</u>	<u>75,528,321</u>	<u>2,670,438</u>		<u>63,117,118</u>
Total net assets-ending	<u>\$18,168,500</u>	<u>\$62,041,707</u>	<u>\$73,497,241</u>	<u>\$2,222,059</u>		<u>\$64,472,803</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>21,661</u>	
Change in net assets of business-type activities (page 31)					<u>(\$8,858,092)</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, 2010

	<u>Business-Type Activities-Enterprise Funds</u>					<u>Governmental Activities- Internal Service Funds</u>
	<u>Community Sanitation</u>	<u>Sewer Disposal</u>	<u>Water</u>	<u>Transit</u>	<u>Totals</u>	
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$16,113,496	\$9,298,649	\$10,377,583	\$1,191,022	\$36,980,750	\$31,424,726
Payments to suppliers	(9,394,760)	(10,727,733)	(7,183,261)	(1,422,588)	(28,728,342)	(22,062,436)
Payments to employees	(3,740,378)	(896,652)	(2,825,897)	(2,200,127)	(9,663,054)	(3,341,484)
Other operating revenues	24,017	2,865	356,164		383,046	1,950,342
Net cash provided/(used) by operating activities	<u>3,002,375</u>	<u>(2,322,871)</u>	<u>724,589</u>	<u>(2,431,693)</u>	<u>(1,027,600)</u>	<u>7,971,148</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Loans from/(to) other funds	(1,500,000)			199,000	(1,301,000)	
Repayment of loans from/(to) other funds		1,500,000			1,500,000	
Receipts from Sales Tax Override					0	2,151
Transfers-in from other funds	49,000				49,000	
Transportation funding-State				2,134,403	2,134,403	
Net cash provided/(used) by noncapital financing activities	<u>(1,451,000)</u>	<u>1,500,000</u>	<u>0</u>	<u>2,333,403</u>	<u>2,382,403</u>	<u>2,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(796,549)	(4,629,845)	(549,777)		(5,976,171)	(3,828,802)
Principal paid on loans, bonds, and capital leases	(449,937)	(1,586,239)	(1,390,000)		(3,426,176)	(1,083,201)
Interest paid on loans, bonds and capital leases	(416,432)	(6,004,466)	(1,857,237)		(8,278,135)	(1,177,392)
Proceeds from sale of capital assets	8,930	225	2,564	112	11,831	41,378
Net cash provided/(used) by capital and related financing activities	<u>(1,653,988)</u>	<u>(12,220,325)</u>	<u>(3,794,450)</u>	<u>112</u>	<u>(17,668,651)</u>	<u>(6,048,017)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments	124,880	369,004	224,350	964	719,198	154,112
Net cash provided by investing activities	<u>124,880</u>	<u>369,004</u>	<u>224,350</u>	<u>964</u>	<u>719,198</u>	<u>154,112</u>
Net increase/(decrease) in cash and cash equivalents	22,267	(12,674,192)	(2,845,511)	(97,214)	(15,594,650)	2,079,394
Cash and cash equivalents-beginning of year	7,638,353	40,954,826	18,023,598	98,003	66,714,780	16,389,877
Cash and cash equivalents-end of year	<u>\$7,660,620</u>	<u>\$28,280,634</u>	<u>\$15,178,087</u>	<u>\$789</u>	<u>\$51,120,130</u>	<u>\$18,469,271</u>

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

Operating income/(loss)	\$3,020,395	(\$4,397,378)	(\$1,484,214)	(\$2,791,502)	(\$5,652,699)	\$2,449,260
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation/amortization expense	182,196	4,448,758	2,262,694	375,593	7,269,241	3,994,269
Landfill closure expense	141,500				141,500	
(Increase)/decrease in accounts receivable	(267,177)	66,385	(273,483)	(1,010)	(475,285)	510,517
(Increase)/decrease in due from other governments	0				0	(181,786)
(Increase)/decrease in inventory						59,000
Increase/(decrease) in accounts payable	(108,514)	(2,420,666)	76,487	(1,695)	(2,454,388)	760,012
Increase/(decrease) in accrued compensated absences	33,975	9,630	4,864	(13,079)	35,390	22,876
Increase/(decrease) in unearned revenue		(29,600)			(29,600)	0
Increase/(decrease) in claims and judgments payable						357,000
Increase/(decrease) in deposits		0	138,241		138,241	
Total adjustments	(18,020)	2,074,507	2,208,803	359,809	4,625,099	5,521,888
Net cash provided/(used) by operating activities	\$3,002,375	(\$2,322,871)	\$724,589	(\$2,431,693)	(\$1,027,600)	\$7,971,148

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

A receivable and a loan payable for \$867,200 was booked in General Services for proceeds not yet received from a State loan.
 During the year the Sewer Disposal Fund, an enterprise fund, received \$834,497 in donated assets.
 During the year the Water Fund, an enterprise fund, received \$1,045,555 in donated assets.

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

City of Clovis
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$2,207,430
Cash with agent-restricted	486,165
Receivables	13,576
Total assets	<u><u>\$2,707,171</u></u>
LIABILITIES	
Accrued payroll	\$1,269,188
Agency funds payable	1,437,983
Total liabilities	<u><u>\$2,707,171</u></u>

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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.

Blended component units. The Clovis Community Development Agency was established by the Clovis City Council in November 1981 to handle the City's redevelopment activities. The Council at that time established itself as the Agency Board and appointed the City Manager as the agency's Executive Director. City staff provides all support services and charges these services back to the agency on a revenue/expenditure basis. The annual budget for the agency is approved by the City Council sitting as the Agency Board. The City is not obligated for any of the agency's debt but will advance cash to the agency to cover temporary shortfalls, if any. Separate financial statements of the Clovis Community Development Agency may be obtained from the City of Clovis, 1033 Fifth St., Clovis, CA 93612.

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

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

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

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

The 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 are the only fiduciary funds the City reports. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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 community development fund accounts for the resources and capital projects within the Clovis redevelopment project areas.

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 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.

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-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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, 2010

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 for 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 assets 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.

In accordance with Governmental Accounting Standards Board (GASB) Statement Number 31, "*Accounting and Financial Reporting for Certain Investment Pools*", 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 US 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 Certificates of Participation, 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 enterprise funds

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

(utilities) include an estimated amount for services rendered but not yet billed as of June 30, 2010, determined by prorating the July 2010 bi-monthly billing.

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

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 assets, 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 assets.

4. Inventories

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method.

5. Assets held for resale

Land and improvements held by the Clovis Community Development Agency for the purpose of improving and reselling are accounted for in this account. The primary purpose of redevelopment agencies is the development or redevelopment of blighted properties. This is accomplished by buying, improving and reselling parcels of land. 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 for all assets, and an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date donated. Intangible assets are valued at historical cost.

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

Intangible assets include the purchase of sewer capacity rights and water entitlement rights. The City purchased sewer capacity rights from the City of Fresno at the Fresno Regional Waste Water Treatment Plant. The total amount of \$22,872,266 is reported in the City's Sewer Disposal Fund. The City has purchased water entitlement rights from the Fresno Irrigation District for surface water. The total amount of \$4,075,059 is reported in the City's Water 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. The total amount of \$12,653,079 is reported in the government-wide statement of activities.

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, 2010

Amortization of intangibles is computed over 40 years using the straight-line method, half-year convention.

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 assets 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 assets. 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 equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Net assets

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

11. Use of estimates

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

12. Implementation of New GASB Pronouncements

The City adopted a new accounting standard in order to conform to Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 establishes accounting and reporting requirements for intangible assets in order to reduce inconsistencies that arise when

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

determining whether and when intangible assets should be considered capital assets for financial reporting purposes, thereby enhancing the comparability of the accounting and reporting of such assets among state and local governments.

The City adopted a new accounting standard in order to conform to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts.

13. Proposition 1A borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu of sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Clovis was \$1,635,625.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint power authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercise its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

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 assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. 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 (\$20,680,129) difference are as follows:

Tax allocation bonds payable (net of \$836,442 discount)	\$ (17,733,558)
Accrued interest payable	(330,292)
Accrued compensated absences (net of \$837,059 reported in Internal Service Funds)	<u>(2,616,279)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (20,680,129)</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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 assets 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 \$7,217,493 difference are as follows:

Capital outlay	\$ 14,095,728
Depreciation expense (net of \$3,994,269 reported in Internal Service Funds)	<u>(6,878,235)</u>
 Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net assets-governmental activities</i>	 <u>\$ 7,217,493</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." The \$12,653,079 difference represents donated capital assets, which increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Another element of that reconciliation states that "The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The \$500,100 represents the net of long-term debt principal repayments and the issuance of long-term debt.

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 (\$449,120) difference are as follows:

Compensated absences	\$ (263,000)
Accrued interest	<u>(186,120)</u>
 Net adjustment to decrease <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net assets-governmental activities</i>	 <u>\$ (449,120)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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 assets of \$5,626,355 as of June 30, 2010. 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 \$13,285 as of June 30, 2010 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 2010/11.

IV. Detailed notes on all funds

A. Cash and investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 103,346,790
Cash and investments held by bond trustee	9,547,020
Fiduciary funds:	
Cash and investments	2,207,430
Cash and investments held by bond trustee	<u>486,165</u>
Total cash and investments	<u>\$ 115,587,405</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 8,815
Demand deposits with financial institutions - Demand Deposits	3,800,248
Investments	<u>111,778,342</u>
Total cash and investments	<u>\$ 115,587,405</u>

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

<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

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.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Money Market	\$ 10,014,585	N/A
U.S. Agency Securities	42,152,925	2.60
Local Agency Investment Fund (LAIF)	35,481,246	N/A
Held by Bond Trustee:		
Money Market Funds	<u>24,129,586</u>	N/A
Total	<u>\$ 111,778,342</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).

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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 Legal</u>	<u>Ratings as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Money Market	\$ 10,014,585	N/A		\$ 10,014,585
U.S. Agency Securities	42,152,925	N/A	\$ 42,152,925	
LAIF	35,481,246	N/A		35,481,246
Held by Bond Trustee:				
Money Market Funds	<u>24,129,586</u>	N/A		<u>24,129,586</u>
Total	<u>\$ 111,778,342</u>		<u>\$ 42,152,925</u>	<u>\$ 69,625,417</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	\$21,035,378
FHLB	Federal Agency Securities	12,035,625
FHLMC	Federal Agency Securities	3,052,860
FFCB	Federal Agency Securities	6,029,062

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 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, 2010, 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, 2010, 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, 2010 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.

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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, 2010, the City had \$35,481,246 invested in LAIF, which had invested 5.42% of the pool investment funds in Structured Notes and Asset-Backed Securities. Fair value of LAIF was calculated by applying a factor of 1.001643776 to total investments held by LAIF.

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

B. Property taxes

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

C. Receivables

Receivables as of June 30, 2010 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	General	Local Transportation	Community Development	Community Sanitation	Sewer Disposal	Water	Transit	Nonmajor & Other Funds
Interest	\$ 25,165	\$ 48,964	\$ 10,202	\$ 37,686	\$ 64,925	\$ 54,844		\$ 62,370
Taxes	542,965							
Accounts	1,049,935	235,997	7,389,132	3,052,490	1,404,639	2,132,165	\$ 5,038	578,684
	<u>\$ 1,618,065</u>	<u>\$ 284,961</u>	<u>\$ 7,399,334</u>	<u>\$ 3,090,176</u>	<u>\$ 1,469,564</u>	<u>\$ 2,187,009</u>	<u>\$ 5,038</u>	<u>\$ 641,054</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, 2010, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Self Insurance Fund	Community Sanitation Fund	bond covenants	\$ 1,000,000
Sewer Disposal Fund	Community Sanitation Fund	bond covenants	2,500,000
Local Transportation	Transit Fund	temporary cash loan	199,000
General Fund	Housing & Community Dev	temporary cash loan	9,000
General Fund	Workforce Investment	temporary cash loan	<u>41,000</u>
	Total interfund receivables/payables		<u>\$ 3,749,000</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	\$ 49,000
Debt Service Fund	Capital Project Fund	debt service	<u>1,350,000</u>
	Total transfers		<u>\$ 1,399,000</u>

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Notes to Financial Statements
June 30, 2010

E. Capital assets and intangible assets

Capital activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 184,988,966	\$ 8,118,048		\$ 193,107,014
Capital assets, being depreciated:				
Buildings and improvements	96,560,181	4,467,688		101,027,869
Machinery and equipment	31,698,171	1,725,973	\$ (975,484)	32,448,660
Road network	205,551,419	16,265,899		221,817,318
Total capital assets being depreciated	<u>333,809,771</u>	<u>22,459,560</u>	<u>(975,484)</u>	<u>355,293,847</u>
Less accumulated depreciation for				
Buildings and improvements	(15,657,106)	(2,601,509)		(18,258,615)
Machinery and equipment	(18,580,962)	(2,333,686)	872,638	(20,042,010)
Road network	(48,330,872)	(5,937,309)		(54,268,181)
Total accumulated depreciation	<u>(82,568,940)</u>	<u>(10,872,504)</u>	<u>872,638</u>	<u>(92,568,806)</u>
Total capital assets, being depreciated, net	<u>251,240,831</u>	<u>11,587,056</u>	<u>(102,846)</u>	<u>262,725,041</u>
Governmental activities capital assets, net	<u>\$ 436,229,797</u>	<u>\$ 19,705,104</u>	<u>\$ (102,846)</u>	<u>\$ 455,832,055</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 33,634,856	\$ 1,514,480		\$ 35,149,336
Capital assets, being depreciated:				
Buildings and improvements	243,142,670	6,289,286		249,431,956
Machinery and equipment	7,964,784	52,457	\$ (337,866)	7,679,375
Total capital assets being depreciated	<u>251,107,454</u>	<u>6,341,743</u>	<u>(337,866)</u>	<u>257,111,331</u>
Less accumulated depreciation for				
Buildings and improvements	(27,058,845)	(5,691,603)		(32,750,448)
Machinery and equipment	(4,197,358)	(632,344)	305,446	(4,524,256)
Total accumulated depreciation	<u>(31,256,203)</u>	<u>(6,323,947)</u>	<u>305,446</u>	<u>(37,274,704)</u>
Total capital assets, being depreciated, net	<u>219,851,251</u>	<u>17,796</u>	<u>(32,420)</u>	<u>219,836,627</u>
Intangible assets, being amortized	37,811,712			37,811,712
Less accumulated amortization	(9,919,093)	(945,294)		(10,864,387)
Business-type activities intangible assets, net	<u>27,892,619</u>	<u>(945,294)</u>	<u>0</u>	<u>26,947,325</u>
Business-type activities capital assets, net	<u>\$ 281,378,726</u>	<u>\$ 586,982</u>	<u>\$ (32,420)</u>	<u>\$ 281,933,288</u>

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Notes to Financial Statements
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Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:	
General government	\$ 80,786
Public safety	146,058
Transportation	6,012,696
Cultural and recreation	580,169
Community development	58,526
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	3,994,269
Total governmental activities depreciation expense	\$ 10,872,504
Business-type activities depreciation/amortization:	
Community Sanitation	\$ 182,196
Sewer	4,448,758
Water	2,262,694
Transit	375,593
Total business type activities depreciation/amortization expense	\$ 7,269,241

F. Long-term debt

The following is a summary of long-term debt for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Classification	
					Due in One Year	Due in more than One Year
Governmental Activities:						
Tax allocation bonds	\$ 19,100,000		\$ (530,000)	\$ 18,570,000	\$ 550,000	\$ 18,020,000
Revenue bonds	16,610,000		(600,000)	16,010,000	620,000	15,390,000
Less deferred amounts:						
Discounts	(1,211,903)		49,098	(1,162,805)		(1,162,805)
Total bonds payable	34,498,097	0	(1,080,902)	33,417,195	1,170,000	32,247,195
Capital leases	7,621,135	\$ 570,342	(1,016,895)	7,174,582	888,758	6,285,824
Discounts	(35,480)		1,267	(34,213)		(34,213)
Total capital leases	7,585,655	570,342	(1,015,628)	7,140,369	888,758	6,251,611
Loans payable	521,871	867,200	(36,647)	1,352,424	134,595	1,217,829
Less deferred amounts:						
Discounts	(6,670)		555	(6,115)		(6,115)
Total loans payable	515,201	867,200	(36,092)	1,346,309	134,595	1,211,714
Claims and judgments	8,819,000	3,240,089	(2,883,089)	9,176,000		9,176,000
Compensated absences	3,167,462	2,452,171	(2,166,295)	3,453,338	697,900	2,755,438
Deposits and other liabilities	11,657,404	3,032,903	(3,431,364)	11,258,943		11,258,943
Total governmental activities	\$ 66,242,819	\$ 10,162,705	\$(10,613,370)	\$ 65,792,154	\$ 2,891,253	\$ 62,900,901

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Notes to Financial Statements
June 30, 2010

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Classification	
					Due in One Year	Due in more than One Year
Business-Type Activities:						
Revenue bonds	\$154,520,000		\$ (2,010,000)	\$152,510,000	\$ 2,095,000	\$ 150,415,000
Less deferred amounts:						
Deferred refunding	(227,223)		75,742	(151,481)		(151,481)
(Discounts)/premiums	3,016,155		(109,435)	2,906,720		2,906,720
Total bonds payable	157,308,932	0	(2,043,693)	155,265,239	2,095,000	153,170,239
Capital leases	5,735		(5,735)	0		0
Contracts payable	15,815,472		(1,456,239)	14,359,233	1,540,514	12,818,719
Landfill closure	1,998,640	\$ 141,500		2,140,140		2,140,140
Compensated absences	522,942	504,941	(469,551)	558,332	112,800	445,532
Deposits and other liabilities	858,801	723,411	(585,170)	997,042	997,042	0
Total business-type activities	\$176,510,522	\$ 1,369,852	\$ (4,560,388)	\$ 173,319,986	\$ 4,745,356	\$ 168,574,630

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 \$837,059 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, accrued compensated absences are generally liquidated by the general fund.

Governmental activities long-term debt

1. Tax allocation bonds

Tax Allocation Bonds at June 30, 2010, consisted of the following:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Classification	
					Due in One Year	Due in more than One Year
2008 Tax allocation bonds	\$ 19,100,000		\$ (530,000)	\$ 18,570,000	\$ 550,000	\$ 18,020,000
Total tax allocation bonds	\$ 19,100,000	\$ 0	\$ (530,000)	\$ 18,570,000	\$ 550,000	\$ 18,020,000

2008 Tax allocation bonds

The Clovis Community Development Agency issued tax allocation bonds in the amount of \$19,100,000 in April 2008. The net proceeds of \$18,204,140 (after the original issue discount of \$233,214 and payment of \$662,646 in underwriting fees, insurance, and other issuance costs) from the bonds were used to aid in the financing of the Agency's projects and to refund the \$7,170,000 aggregate principal amount outstanding on the Agency's 1996 tax allocation bonds. The aggregate debt service payments of the new debt are \$21,290,161 more 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 \$590,000. The City has pledged a portion of future property tax increment revenue to repay these bonds.

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.

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Notes to Financial Statements
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Annual debt service requirements to maturity for the 2008 Tax Allocation Bonds are as follows:

Year ending June 30,	Principal	Interest	Total
2011	\$ 550,000	\$ 798,104	\$ 1,348,104
2012	575,000	775,604	1,350,604
2013	595,000	755,179	1,350,179
2014	610,000	736,341	1,346,341
2015	630,000	715,798	1,345,798
2016-2020	3,545,000	3,169,929	6,714,929
2021-2025	4,405,000	2,295,896	6,700,896
2026-2030	5,495,000	1,173,597	6,668,597
2031-2035	1,260,000	370,025	1,630,025
2036-2038	905,000	65,668	970,668
Total	<u>\$ 18,570,000</u>	<u>\$ 10,856,141</u>	<u>\$ 29,426,141</u>

2. 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, 2010, for the Temperance Barstow District is \$676,128 including interest of \$161,128 and for the 2000-1 Shepherd Temperance District is \$1,253,357 including interest of \$373,357.

3. Revenue bonds

Revenue bonds at June 30, 2010, consisted of the following:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Classification	
					Due in One Year	Due in more than One Year
2001 corp yard revenue bonds	\$ 16,610,000		\$ (600,000)	\$ 16,010,000	\$ 620,000	\$ 15,390,000
Total revenue bonds	<u>\$ 16,610,000</u>	<u>\$ 0</u>	<u>\$ (600,000)</u>	<u>\$ 16,010,000</u>	<u>\$ 620,000</u>	<u>\$ 15,390,000</u>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2010:

Land, structures and equipment	\$ 39,666,621
Less accumulated depreciation	<u>(7,628,982)</u>
Total	<u>\$ 32,037,639</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.

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

Year ending June 30,	Principal	Interest	Total
2011	\$ 620,000	\$ 804,042	\$ 1,424,042
2012	655,000	773,041	1,428,041
2013	680,000	744,876	1,424,876
2014	710,000	714,956	1,424,956
2015	750,000	679,456	1,429,456
2016-2020	4,340,000	2,784,282	7,124,282
2021-2025	5,600,000	1,530,750	7,130,750
2026-2027	2,655,000	200,750	2,855,750
Total	\$ 16,010,000	\$ 8,232,153	\$ 24,242,153

4. Capital leases

Capital leases at June 30, 2010, consisted of the following:

				Classification		
	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due in One Year	Due in more than One Year
2000 fire station capital lease	\$ 748,807		\$ (113,565)	\$ 635,242	\$ 120,093	\$ 515,149
2002 equipment capital lease	395,140		(263,962)	131,178	51,052	80,126
2006 police vehicle capital lease	211,891		(103,858)	108,033	108,033	0
2007 fire station #1 capital lease	5,293,166		(333,815)	4,959,351	347,301	4,612,050
2008 fire truck capital lease	972,131		(148,826)	823,305	153,870	669,435
2010 police vehicle capital lease	0	\$ 570,342	(52,869)	517,473	108,409	409,064
Total capital leases	\$ 7,621,135	\$ 570,342	\$ (1,016,895)	\$ 7,174,582	\$ 888,758	\$ 6,285,824

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 March 2015. 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, 2010:

Land, structures and equipment	\$ 7,388,880
Less accumulated depreciation	<u>(3,688,017)</u>
Total	<u>\$ 3,700,863</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, 2010, was \$635,242.

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The annual debt service requirements for the 2000 Capital Lease for fire station outstanding at June 30, 2010, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 120,093	\$ 32,485	\$ 152,578
2012	126,996	25,582	152,578
2013	134,295	18,283	152,578
2014	142,014	10,564	152,578
2015	111,844	2,589	114,433
Total	\$ 635,242	\$ 89,503	\$ 724,745

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 balance outstanding as of June 30, 2010, was \$131,178.

The annual debt service requirements for the 2002 Capital Lease for equipment outstanding at June 30, 2010, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 51,052	\$ 4,326	\$ 55,378
2012	52,933	2,446	55,379
2013	27,193	497	27,690
Total	\$ 131,178	\$ 7,269	\$ 138,447

2006 Capital lease for police vehicles

In May 2006, the City entered into a capital lease agreement with Banc of America, to lease eleven police vehicles. The purchase price of the equipment was \$500,000 and is payable over a period of sixty months. Semi-annual payments on the contract are \$55,634. The effective interest rate on the contract is 4.0% per annum. The balance outstanding as of June 30, 2010, was \$108,033.

The annual debt service requirements for the 2006 Capital Lease for police vehicles outstanding at June 30, 2010, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 108,033	\$ 3,235	\$ 111,268
Total	\$ 108,033	\$ 3,235	\$ 111,268

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, 2010, was \$4,959,351.

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Notes to Financial Statements
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The annual debt service requirements for the 2007 Capital Lease for fire station #1 outstanding at June 30, 2010, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2011	\$ 347,301	\$ 194,935	\$ 542,236
2012	361,332	180,905	542,237
2013	375,930	166,307	542,237
2014	391,117	151,119	542,236
2015	406,919	135,318	542,237
2016-2020	2,294,878	416,305	2,711,183
2021	781,874	31,480	813,354
Total	<u>\$ 4,959,351</u>	<u>\$ 1,276,369</u>	<u>\$ 6,235,720</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, 2010, was \$823,305.

The annual debt service requirements for the 2008 Capital Lease for fire truck outstanding at June 30, 2010, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2011	\$ 153,870	\$ 26,391	\$ 180,261
2012	159,086	21,176	180,262
2013	164,478	15,784	180,262
2014	170,053	10,209	180,262
2015	175,818	4,444	180,262
Total	<u>\$ 823,305</u>	<u>\$ 78,004</u>	<u>\$ 901,309</u>

2010 Capital lease for police vehicles

In August 2009, the City entered into a capital lease agreement with Banc of America, to lease fifteen police vehicles. The purchase price of the equipment was \$570,342 and is payable over a period of sixty months. Semi-annual payments on the contract are \$62,414. The effective interest rate on the contract is 3.35% per annum. The balance outstanding as of June 30, 2010, was \$517,473.

The annual debt service requirements for the 2009 Capital Lease for police vehicles outstanding at June 30, 2010, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2011	\$ 108,409	\$ 16,420	\$ 124,829
2012	112,067	12,762	124,829
2013	115,850	8,979	124,829
2014	119,760	5,069	124,829
2015	61,387	1,028	62,415
Total	<u>\$ 517,473</u>	<u>\$ 44,258</u>	<u>\$ 561,731</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

5. Loans payable

Loans payable at June 30, 2010, consisted of the following:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Classification	
					Due in One Year	Due in more than One Year
R&T Park loan payable	\$ 521,871		\$ (36,647)	\$ 485,224	\$ 37,768	\$ 447,456
California Energy payable		\$ 867,200		867,200	96,827	770,373
Total loans payable	\$ 521,871	\$ 867,200	\$ (36,647)	\$ 1,352,424	\$ 134,595	\$ 1,217,829

The following is an analysis of the assets acquired with the proceeds as of June 30, 2010:

Buildings and improvements	\$ 5,446,360
Less accumulated depreciation	<u>(132,662)</u>
Total	<u>\$ 5,313,698</u>

Research and Technology Park loan payable

In September 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 lease.

The annual debt service requirements for the Research and Technology Park loan payable outstanding at June 30, 2010, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 37,768	\$ 14,270	\$ 52,038
2012	38,924	13,097	52,021
2013	40,115	11,887	52,002
2014	41,343	10,641	51,984
2015	42,608	9,357	51,965
2016-2020	233,412	26,098	259,510
2021	51,054	780	51,834
Total	<u>\$ 485,224</u>	<u>\$ 86,130</u>	<u>\$ 571,354</u>

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.

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Notes to Financial Statements
June 30, 2010

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2010, are as follows:

Year ending June 30,	Principal	Interest	Total
2011	\$ 96,827	\$ 10,051	\$ 106,878
2012	99,401	7,476	106,877
2013	100,418	6,460	106,878
2014	101,424	5,453	106,877
2015	102,441	4,437	106,878
2016-2019	366,689	7,382	374,071
Total	<u>\$ 867,200</u>	<u>\$ 41,259</u>	<u>\$ 908,459</u>

Business-type activities long-term debt

1. Revenue bonds

Revenue bonds at June 30, 2010, consisted of the following:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Classification	
					Due in One Year	Due in more than One Year
1998 sewer revenue bonds	\$ 14,310,000		\$ (130,000)	\$ 14,180,000	\$ 140,000	\$ 14,040,000
1998 refuse revenue bonds	6,160,000		(490,000)	5,670,000	515,000	5,155,000
2003 water revenue bonds	39,775,000		(1,390,000)	38,385,000	1,440,000	36,945,000
2005 wastewater revenue bonds	25,735,000			25,735,000		25,735,000
2007 wastewater revenue bonds	68,540,000			68,540,000		68,540,000
Total revenue bonds	<u>\$ 154,520,000</u>	<u>\$ 0</u>	<u>\$ (2,010,000)</u>	<u>\$152,510,000</u>	<u>\$2,095,000</u>	<u>\$150,415,000</u>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2010:

Land, structures and equipment	\$ 139,637,053
Less accumulated depreciation	<u>(13,405,093)</u>
Total	<u>\$ 126,231,960</u>

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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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>
2011	\$ 140,000	\$ 735,585	\$ 875,585
2012	145,000	729,027	874,027
2013	150,000	722,057	872,057
2014	425,000	707,870	1,132,870
2015	445,000	686,120	1,131,120
2016-2020	2,615,000	3,041,113	5,656,113
2021-2025	3,400,000	2,243,800	5,643,800
2026-2029	6,860,000	736,580	7,596,580
Total	\$ 14,180,000	\$ 9,602,152	\$ 23,782,152

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>
2011	\$ 515,000	\$ 270,625	\$ 785,625
2012	540,000	244,250	784,250
2013	565,000	216,625	781,625
2014	595,000	187,625	782,625
2015	625,000	157,125	782,125
2016-2019	2,830,000	291,750	3,121,750
Total	\$ 5,670,000	\$ 1,368,000	\$ 7,038,000

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>
2011	\$ 1,440,000	\$ 1,803,588	\$ 3,243,588
2012	1,495,000	1,753,187	3,248,187
2013	1,555,000	1,693,387	3,248,387
2014	1,600,000	1,642,850	3,242,850
2015	1,670,000	1,578,850	3,248,850
2016-2020	9,585,000	6,647,750	16,232,750
2021-2025	12,205,000	4,021,200	16,226,200
2026-2028	8,835,000	898,000	9,733,000
Total	\$ 38,385,000	\$ 20,038,812	\$ 58,423,812

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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>	Principal	Interest	Total
2011	\$ 0	\$ 1,281,921	\$ 1,281,921
2012	310,000	1,276,961	1,586,961
2013	320,000	1,266,641	1,586,641
2014	70,000	1,259,881	1,329,881
2015	75,000	1,257,169	1,332,169
2016-2020	420,000	6,241,403	6,661,403
2021-2025	1,625,000	6,115,769	7,740,769
2026-2030	4,630,000	5,427,975	10,057,975
2031-2035	14,845,000	2,793,719	17,638,719
2036	3,440,000	86,000	3,526,000
Total	<u>\$ 25,735,000</u>	<u>\$ 27,007,439</u>	<u>\$ 52,742,439</u>

2007 wastewater revenue bonds

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

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

<u>Year ending June 30,</u>	Principal	Interest	Total
2011	\$ 0	\$ 3,184,850	\$ 3,184,850
2012	930,000	3,166,250	4,096,250
2013	970,000	3,128,250	4,098,250
2014	1,275,000	3,076,975	4,351,975
2015	1,340,000	3,011,600	4,351,600
2015-2020	7,725,000	14,004,312	21,729,312
2021-2025	9,875,000	11,881,662	21,756,662
2026-2030	15,010,000	8,686,488	23,696,488
2031-2035	10,150,000	5,967,225	16,117,225
2036-2039	21,265,000	2,208,938	23,473,938
Total	<u>\$ 68,540,000</u>	<u>\$ 58,316,550</u>	<u>\$ 126,856,550</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

2. Capital leases

Capital leases at June 30, 2010, consisted of the following:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Classification	
					Due in One Year	Due in more than One Year
2002 equipment capital lease	\$ 5,735		\$ (5,735)	\$ 0		\$ 0
Total capital leases	<u>\$ 5,735</u>	<u>\$ 0</u>	<u>\$ (5,735)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The City has entered into multiple lease agreements for financing the acquisition of a fire station, fire trucks, fire equipment (non-capitalized), communication equipment (non-capitalized), refuse replacement trucks, police vehicles, and new and replacement landfill equipment. These lease agreements qualify as capital leases for accounting purposes. These leases have interest rates varying from 3.04% to 8.25% and the final payment on these leases is scheduled for March 2015. The following is an analysis of the land and structures and equipment leased as of June 30, 2010:

Land, structures and equipment	\$ 72,658
Less accumulated depreciation	<u>(48,750)</u>
Total	<u>\$ 23,908</u>

2002 Capital lease for equipment

In November 2002, the City entered into a capital lease agreement with Suntrust Leasing, to lease a fire truck, landfill equipment, and refuse equipment. The purchase price of the equipment was \$72,706 and is payable over a period of one hundred and twenty months. Semi-annual payments on the contract are \$5,825. The effective interest rate on the contract is 5.2% per annum. The final payment was made in November 2009.

3. Contracts payable

Contracts payable at June 30, 2010, consisted of the following:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Classification	
					Due in One Year	Due in more than One Year
1993 waste water renovation	\$ 12,985,472		\$ (566,239)	\$ 12,419,233	\$ 600,514	\$ 11,818,719
1995 waste water expansion	2,830,000		(890,000)	1,940,000	940,000	1,000,000
Total contracts payable	<u>\$ 15,815,472</u>	<u>\$ 0</u>	<u>\$ (1,456,239)</u>	<u>\$ 14,359,233</u>	<u>\$ 1,540,514</u>	<u>\$ 12,818,719</u>

1993 waste water renovation

The City has entered into contracts with the City of Fresno to participate 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 \$14,514,844 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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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

<u>Year ending June 30,</u>	Principal	Interest	Total
2011	\$ 600,514	\$ 638,837	\$ 1,239,351
2012	637,606	600,146	1,237,752
2013	677,515	559,048	1,236,563
2014	720,241	515,368	1,235,609
2015	764,846	468,959	1,233,805
2015-2019	4,513,481	1,657,100	6,170,581
2020-2024	4,505,030	422,456	4,927,486
Total	<u>\$ 12,419,233</u>	<u>\$ 4,861,914</u>	<u>\$ 17,281,147</u>

1995 waste water expansion

The 1995 contract is for the City's share of the 1995 expansion of the Fresno Clovis Regional Wastewater Treatment Plant. The underlying City of Fresno 1995 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 2011. The City's \$9,187,339 share of the expansion of the Plant is capitalized as an intangible asset in the Sewer Service Fund, an enterprise fund, as disclosed in Note I. D. 6.

The 1995 waste water renovation contract debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2011	\$ 940,000	\$ 78,200	\$ 1,018,200
2012	1,000,000	25,000	1,025,000
Total	<u>\$ 1,940,000</u>	<u>\$ 103,200</u>	<u>\$ 2,043,200</u>

G. Landfill closure

The City has recorded a liability for landfill closure in the Community Sanitation Fund, an enterprise fund, in accordance with GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. 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 City is currently estimating that the capacity of the landfill used is approximately 26%, the estimated remaining life is approximately 37 years and the estimated remaining cost to be recognized is \$11,369,165. These estimates are based on a closure and postclosure maintenance plan. The estimates have been adjusted for inflation and other factors such as technology and laws and regulations. At June 30, 2010 the estimated Landfill Closure liability was \$2,140,140.

H. Conduit Debt

The City has issued Multi-Family Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of multi-family housing units. The bonds are secured by the properties financed and are payable solely from revenue received from the operation of the facilities. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County, or the State, and accordingly have not been reported in the accompanying financial statements.

As of June 30, 2010, the aggregate principal amount payable on the bonds was \$6.1 Million.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

V. Other information

A. Self insurance

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

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

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

Incurred but not reported claims have been accrued as a liability for the workers' compensation and dental programs as required in the amount of \$5,202,960 based on previous claims experience and actuarial studies.

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

	Workers' Compensation	Dental	Total
Balance, 06/30/08	\$ 8,017,000	\$ 48,000	\$ 8,065,000
Claims provision	3,467,695	341,414	3,809,109
Claims paid	(2,713,695)	(341,414)	(3,055,109)
Balance, 06/30/09	8,771,000	48,000	8,819,000
Claims provision	2,874,598	365,491	3,240,089
Claims paid	(2,517,598)	(365,491)	(2,883,089)
Balance, 06/30/10	<u>\$ 9,128,000</u>	<u>\$ 48,000</u>	<u>\$ 9,176,000</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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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. Related party transactions

Due to the increased costs of the landfill reclamation project, the Community Sanitation Fund has borrowed funds to cover costs in order to be compliant with various bond covenants. As of June 30, 2010, an interfund payable is reflected in the Community Sanitation Fund for \$3,500,000. An interfund receivable is reflected in the Property and Liability Fund, an internal service fund, for \$1,000,000 and the Sewer Fund, a proprietary fund, for \$2,500,000. The interfund loans bear an interest rate equal to the City's investment interest rate earned on cash and other investments held at various financial institutions.

E. 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, 2010, these costs cannot be reasonably estimated.

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.

F. Subsequent events

In November 2010, the City entered into a capital lease agreement with California First National Bank Equipment Leasing to lease purchase a landfill compactor and equipment. The purchase price of the equipment was \$791,000 and is payable over a period of 5 years. Semi-annual payments on the contract are approximately \$85,000. The effective interest rate on the contract is 2.46% per annum.

Redevelopment Agency funds have been estimated for a takeaway by the State. This decision was litigated by the California Redevelopment Association and other parties with hope that this would be considered unconstitutional as was last year's takeaway. The court's decision is currently being appealed and the results have not yet been determined. The 09/10 payment was \$1.7 million and it is anticipated another \$0.3 million would need to be submitted if the ruling is not overturned.

The water fund has planned rate increases of 15% per year for the next two years and a rate increase of 5% in 2012. The last rate increase for the water fund was in 1991. The sewer fund has planned rate increases of 8%, 14%, 6%, 5%, and 4% respectively over the next 5 years with annual increases of 3% starting in 2015 and beyond. The combination of higher costs and a significant decline in development has necessitated water and sewer rate increases.

G. 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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2010

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 required to contribute 8% of their annual covered salary for miscellaneous members and 9% for public safety members. 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 2009/10 was 13.799% for miscellaneous members and 23.760% 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 2009/10, the City's annual pension cost of \$5,642,507 was equal to the City's required actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), compounded annually, and; (b) projected salary increase that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and 3.25% to 13.15% for safety members. Both (a) and (b) include an overall payroll growth component of 3.25% and an inflation component of 3.00%. 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, 2008 was 18 years for miscellaneous members and 30 years for safety members.

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:			
6/30/2008	\$ 3,074	100	0
6/30/2009	2,923	100	0
6/30/2010	2,607	100	0
Safety Plan:			
6/30/2008	\$ 3,305	100	0
6/30/2009	3,074	100	0
6/30/2010	3,036	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:						
6/30/2008	\$ 76,990	\$ 90,515	\$ 13,525	85.1%	\$ 20,920	64.6%
Safety Plan:						
6/30/2008	\$ 89,829	\$ 107,943	\$ 18,114	83.2%	\$ 14,811	122.3%

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>						
6/30/06	\$60,223	\$74,904	\$14,682	80.4%	\$19,142	76.7%
6/30/07	69,135	83,641	14,506	82.7	22,182	65.4
6/30/08	76,990	90,515	13,525	85.1	20,920	64.6
<u>Safety Plan</u>						
6/30/06	\$74,351	\$89,006	\$14,656	83.5%	\$12,331	118.9%
6/30/07	82,665	101,063	18,398	81.8	14,043	131.0
6/30/08	89,829	107,943	18,114	83.2	14,811	122.3

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 Users 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.

Clovis Community Development Agency Debt Service - This fund is used to account for the annual debt service for the Clovis Community Development Agency.

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, 2010

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
ASSETS				
Cash and investments	\$64,982	\$549	\$889	\$66,420
Cash with agents-restricted				
Receivables	223	29,098		29,321
Due from other governments			17,535	17,535
Total assets	<u>\$65,205</u>	<u>\$29,647</u>	<u>\$18,424</u>	<u>\$113,276</u>
LIABILITIES				
Accounts payable		\$1,932		\$1,932
Due to other funds		41,000	\$9,000	50,000
Deposits and other liabilities				
Total Liabilities	<u>0</u>	<u>42,932</u>	<u>9,000</u>	<u>51,932</u>
FUND BALANCES				
Reserved for:				
Encumbrances		1,000		1,000
Debt service				
Unreserved, undesignated	\$65,205	(14,285)	9,424	60,344
Total fund balances	<u>65,205</u>	<u>(13,285)</u>	<u>9,424</u>	<u>61,344</u>
Total liabilities and fund balances	<u>\$65,205</u>	<u>\$29,647</u>	<u>\$18,424</u>	<u>\$113,276</u>

City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

Community Development	Debt Service	Total	Park and Recreation	Capital Projects	Total	Total Nonmajor Governmental Funds
	1976 Fire and Sewer			Refuse Equipment		
\$281,116	\$399,964	\$681,080	\$2,690,730	\$997,665	\$3,688,395	\$4,435,895
1,065,555		1,065,555				1,065,555
182	1,287	1,469	35,315	3,405	38,720	69,510
			426,458		426,458	443,993
<u>\$1,346,853</u>	<u>\$401,251</u>	<u>\$1,748,104</u>	<u>\$3,152,503</u>	<u>\$1,001,070</u>	<u>\$4,153,573</u>	<u>\$6,014,953</u>
			\$36,367		\$36,367	\$38,299
			9,200		9,200	50,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>45,567</u>	<u>0</u>	<u>45,567</u>	<u>97,499</u>
			167,000		167,000	168,000
\$1,346,853	\$401,251	\$1,748,104	2,939,936	\$1,001,070	3,941,006	1,748,104
<u>1,346,853</u>	<u>401,251</u>	<u>1,748,104</u>	<u>3,106,936</u>	<u>1,001,070</u>	<u>4,108,006</u>	<u>4,001,350</u>
<u>\$1,346,853</u>	<u>\$401,251</u>	<u>\$1,748,104</u>	<u>\$3,152,503</u>	<u>\$1,001,070</u>	<u>\$4,153,573</u>	<u>\$6,014,953</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
REVENUES				
Use of money and property	\$724			\$724
From other agencies		\$519,375	\$98,879	618,254
Charges for current services				
Other revenues				
Total revenue	<u>724</u>	<u>519,375</u>	<u>98,879</u>	<u>618,978</u>
EXPENDITURES				
Current:				
Community development		522,524	89,631	612,155
Debt service:				
Principal				
Interest and fiscal charges				
Capital outlays				
Total expenditures	<u>0</u>	<u>522,524</u>	<u>89,631</u>	<u>612,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>724</u>	<u>(3,149)</u>	<u>9,248</u>	<u>6,823</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		0		0
Transfers Out				
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	724	(3,149)	9,248	6,823
Fund balances-beginning	<u>64,481</u>	<u>(10,136)</u>	<u>176</u>	<u>54,521</u>
Fund balances-ending	<u>\$65,205</u>	<u>(\$13,285)</u>	<u>\$9,424</u>	<u>\$61,344</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

<u>Community Development</u>	<u>Debt Service 1976 Fire and Sewer</u>	<u>Total</u>	<u>Park and Recreation</u>	<u>Capital Projects Refuse Equipment</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$47	\$4,191	\$4,238	\$25,728	\$11,085	\$36,813	\$41,775
			297,496		297,496	915,750
			952,624	76,929	1,029,553	1,029,553
			2,538		2,538	2,538
<u>47</u>	<u>4,191</u>	<u>4,238</u>	<u>1,278,386</u>	<u>88,014</u>	<u>1,366,400</u>	<u>1,989,616</u>
						612,155
530,000		530,000				530,000
831,979		831,979	1,281,898		1,281,898	1,281,898
<u>1,361,979</u>	<u>0</u>	<u>1,361,979</u>	<u>1,281,898</u>	<u>0</u>	<u>1,281,898</u>	<u>3,256,032</u>
(1,361,932)	4,191	(1,357,741)	(3,512)	88,014	84,502	(1,266,416)
1,350,000		1,350,000	0		0	1,350,000
		0		(49,000)	(49,000)	(49,000)
<u>1,350,000</u>	<u>0</u>	<u>1,350,000</u>	<u>0</u>	<u>(49,000)</u>	<u>(49,000)</u>	<u>1,301,000</u>
(11,932)	4,191	(7,741)	(3,512)	39,014	35,502	34,584
<u>1,358,785</u>	<u>397,060</u>	<u>1,755,845</u>	<u>3,110,448</u>	<u>962,056</u>	<u>4,072,504</u>	<u>5,882,870</u>
<u>\$1,346,853</u>	<u>\$401,251</u>	<u>\$1,748,104</u>	<u>\$3,106,936</u>	<u>\$1,001,070</u>	<u>\$4,108,006</u>	<u>\$5,917,454</u>

City of Clovis

**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Community Development Capital Project Fund
For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Property taxes	\$3,941,000	\$3,941,000	\$4,060,378	\$119,378
Use of money and property	7,000	7,000	115,599	108,599
From other agencies	768,000	2,887,000	992,619	(1,894,381)
Other revenues	443,000	443,000	490,270	47,270
Total revenues	<u>5,159,000</u>	<u>7,278,000</u>	<u>5,658,866</u>	<u>(1,619,134)</u>
EXPENDITURES				
Capital outlays	5,650,380	7,929,380	4,252,689	3,676,691
Total expenditures	<u>5,650,380</u>	<u>7,929,380</u>	<u>4,252,689</u>	<u>3,676,691</u>
Excess (deficiency) of revenues over expenditures	<u>(491,380)</u>	<u>(651,380)</u>	<u>1,406,177</u>	<u>2,057,557</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	0	0
Transfers Out	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>0</u>
Total other financing sources (uses)	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>0</u>
Net change in fund balances	(1,841,380)	(2,001,380)	56,177	2,057,557
Fund balances-beginning	22,566,127	22,566,127	22,566,127	
Fund balances-ending	<u>\$20,724,747</u>	<u>\$20,564,747</u>	<u>\$22,622,304</u>	<u>\$2,057,557</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, 2010

	<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	\$724	\$724
Total revenues	<u>0</u>	<u>0</u>	<u>724</u>	<u>724</u>
EXPENDITURES				
Capital Outlay	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	724	724
Fund balances-beginning	64,481	64,481	64,481	
Fund balances-ending	<u>\$64,481</u>	<u>\$64,481</u>	<u>\$65,205</u>	<u>\$724</u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
From other agencies	\$636,100	\$636,100	\$519,375	(\$116,725)
Total revenues	<u>636,100</u>	<u>636,100</u>	<u>519,375</u>	<u>(116,725)</u>
EXPENDITURES				
Community development	633,906	635,306	522,524	112,782
Total expenditures	<u>633,906</u>	<u>635,306</u>	<u>522,524</u>	<u>112,782</u>
Excess (deficiency) of revenues over expenditures	2,194	794	(3,149)	(3,943)
Fund balances-beginning	(10,136)	(10,136)	(10,136)	
Fund balances-ending	<u><u>(\$7,942)</u></u>	<u><u>(\$9,342)</u></u>	<u><u>(\$13,285)</u></u>	<u><u>(\$3,943)</u></u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
From other agencies	\$111,000	\$111,000	\$98,879	(\$12,121)
Total revenues	<u>111,000</u>	<u>111,000</u>	<u>98,879</u>	<u>(12,121)</u>
EXPENDITURES				
Community development	89,950	89,950	89,631	319
Total expenditures	<u>89,950</u>	<u>89,950</u>	<u>89,631</u>	<u>319</u>
Excess (deficiency) of revenues over expenditures	21,050	21,050	9,248	(11,802)
Fund balances-beginning	176	176	176	
Fund balances-ending	<u>\$21,226</u>	<u>\$21,226</u>	<u>\$9,424</u>	<u>(\$11,802)</u>

City of Clovis

**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Community Development Debt Service Fund
For the Year Ended June 30, 2010**

	<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	\$47	\$47
Total revenues	<u>0</u>	<u>0</u>	<u>47</u>	<u>47</u>
EXPENDITURES				
Debt service:				
Principal	530,000	530,000	530,000	0
Interest and fiscal charges	835,000	835,000	831,979	3,021
Total expenditures	<u>1,365,000</u>	<u>1,365,000</u>	<u>1,361,979</u>	<u>3,021</u>
Excess (deficiency) of revenues over expenditures	<u>(1,365,000)</u>	<u>(1,365,000)</u>	<u>(1,361,932)</u>	<u>3,068</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,350,000	1,350,000	1,350,000	0
Total other financing sources (uses)	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,350,000</u>	<u>0</u>
Net change in fund balances	(15,000)	(15,000)	(11,932)	3,068
Fund balances-beginning	1,358,785	1,358,785	1,358,785	
Fund balances-ending	<u><u>\$1,343,785</u></u>	<u><u>\$1,343,785</u></u>	<u><u>\$1,346,853</u></u>	<u><u>\$3,068</u></u>

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$0	\$0	\$4,191	\$4,191
Total revenues	0	0	4,191	4,191
EXPENDITURES				
Debt service:	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	4,191	4,191
Fund balances-beginning	397,060	397,060	397,060	
Fund balances-ending	\$397,060	\$397,060	\$401,251	\$4,191

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, 2010**

	<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	\$125,000	\$125,000	\$25,728	(\$99,272)
From other agencies	534,000	534,000	297,496	(236,504)
Charges for current services	700,000	700,000	952,624	252,624
Other revenues	0	0	2,538	2,538
Total revenues	<u>1,359,000</u>	<u>1,359,000</u>	<u>1,278,386</u>	<u>(80,614)</u>
EXPENDITURES				
Capital outlays	2,992,487	4,507,487	1,281,898	3,225,589
Total expenditures	<u>2,992,487</u>	<u>4,507,487</u>	<u>1,281,898</u>	<u>3,225,589</u>
Excess (deficiency) of revenues over expenditures	(1,633,487)	(3,148,487)	(3,512)	3,144,975
Fund balances-beginning	3,110,448	3,110,448	3,110,448	
Fund balances-ending	<u>\$1,476,961</u>	<u>(\$38,039)</u>	<u>\$3,106,936</u>	<u>\$3,144,975</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, 2010**

	<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	\$11,085	\$11,085
Charges for current services	0	0	76,929	76,929
Total revenues	<u>0</u>	<u>0</u>	<u>88,014</u>	<u>88,014</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>88,014</u>	<u>88,014</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(49,000)	(49,000)	(49,000)	0
Total other financing sources (uses)	<u>(49,000)</u>	<u>(49,000)</u>	<u>(49,000)</u>	<u>0</u>
Net change in fund balances	(49,000)	(49,000)	39,014	88,014
Fund balances-beginning	962,056	962,056	962,056	
Fund balances-ending	<u>\$913,056</u>	<u>\$913,056</u>	<u>\$1,001,070</u>	<u>\$88,014</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 Maintenance and Replacement 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 Government 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 Assets
Internal Service Funds
June 30, 2010

	Self Insurance	Fleet	Employee Benefits	General Services	Total
ASSETS					
Current assets:					
Cash and investments	\$352,982	\$5,873,362	\$4,610,362	\$7,067,705	\$17,904,411
Receivables	297,219	14,201	83,263	176,861	571,544
Due from other funds	1,000,000				1,000,000
Due from other governments				1,069,016	1,069,016
Inventories		506,000			506,000
Total current assets	<u>1,650,201</u>	<u>6,393,563</u>	<u>4,693,625</u>	<u>8,313,582</u>	<u>21,050,971</u>
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts				564,860	564,860
Total restricted assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>564,860</u>	<u>564,860</u>
Capital assets:					
Land				9,415,037	9,415,037
Buildings and improvements		940,271		71,262,477	72,202,748
Machinery and equipment		23,756,197		6,800,596	30,556,793
Less accumulated depreciation		(14,007,661)		(18,669,681)	(32,677,342)
Total capital assets (net of accumulated depreciation)	<u>0</u>	<u>10,688,807</u>	<u>0</u>	<u>68,808,429</u>	<u>79,497,236</u>
Total noncurrent assets	<u>0</u>	<u>10,688,807</u>	<u>0</u>	<u>69,373,289</u>	<u>80,062,096</u>
Total assets	<u>1,650,201</u>	<u>17,082,370</u>	<u>4,693,625</u>	<u>77,686,871</u>	<u>101,113,067</u>
LIABILITIES					
Current liabilities:					
Accounts payable	13,716	228,796	482,980	1,650,328	2,375,820
Claims and judgements payable			9,176,000		9,176,000
Accrued compensated absences		54,822	661,000	121,237	837,059
Deposits and other liabilities				81,070	81,070
Capital leases-current		262,279		626,479	888,758
Loans payable-current				134,595	134,595
Revenue bonds-current				620,000	620,000
Total current liabilities	<u>13,716</u>	<u>545,897</u>	<u>10,319,980</u>	<u>3,233,709</u>	<u>14,113,302</u>
Noncurrent liabilities:					
Capital leases		1,078,499		5,173,111	6,251,610
Loans payable				1,211,714	1,211,714
Revenue bonds (net of discount)				15,063,638	15,063,638
Total noncurrent liabilities	<u>0</u>	<u>1,078,499</u>	<u>0</u>	<u>21,448,463</u>	<u>22,526,962</u>
Total liabilities	<u>13,716</u>	<u>1,624,396</u>	<u>10,319,980</u>	<u>24,682,172</u>	<u>36,640,264</u>
NET ASSETS					
Invested in capital assets, net of related debt		10,469,959		47,556,632	58,026,591
Restricted for debt service				564,860	564,860
Unrestricted	1,636,485	4,988,015	(5,626,355)	4,883,207	5,881,352
Total net assets	<u>\$1,636,485</u>	<u>\$15,457,974</u>	<u>(\$5,626,355)</u>	<u>\$53,004,699</u>	<u>\$64,472,803</u>

City of Clovis
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

	Self Insurance	Fleet	Employee Benefits	General Services	Total
Operating revenues:					
Charges for services	\$1,521,944	\$6,367,360	\$15,356,347	\$7,666,475	\$30,912,126
From other agencies		920,100		896,640	1,816,740
Other revenues			\$45	317,426	317,471
Total operating revenues	<u>1,521,944</u>	<u>7,287,460</u>	<u>15,356,392</u>	<u>8,880,541</u>	<u>33,046,337</u>
Operating expenses:					
Salaries and benefits	146,539	1,243,815	243,479	1,730,527	3,364,360
Services, materials and supplies	1,050,222	2,678,936	14,926,743	3,599,696	22,255,597
Administration	18,400	785,700	36,500	142,251	982,851
Depreciation		1,664,272		2,329,997	3,994,269
Total operating expenses	<u>1,215,161</u>	<u>6,372,723</u>	<u>15,206,722</u>	<u>7,802,471</u>	<u>30,597,077</u>
Operating income (loss)	<u>306,783</u>	<u>914,737</u>	<u>149,670</u>	<u>1,078,070</u>	<u>2,449,260</u>
Nonoperating revenues (expenses):					
Interest income	17,521	39,336	40,113	57,142	154,112
Interest expense		(55,040)		(1,133,329)	(1,188,369)
Sales tax override				2,151	2,151
Gain (loss) on sale of capital assets		(58,500)		(2,969)	(61,469)
Total nonoperating revenue (expense)	<u>17,521</u>	<u>(74,204)</u>	<u>40,113</u>	<u>(1,077,005)</u>	<u>(1,093,575)</u>
Income before contributions and transfers	<u>324,304</u>	<u>840,533</u>	<u>189,783</u>	<u>1,065</u>	<u>1,355,685</u>
Capital contributions					0
Transfer out				0	0
Changes in net assets	<u>324,304</u>	<u>840,533</u>	<u>189,783</u>	<u>1,065</u>	<u>1,355,685</u>
Total net assets-beginning	<u>1,312,181</u>	<u>14,617,441</u>	<u>(5,816,138)</u>	<u>53,003,634</u>	<u>63,117,118</u>
Total net assets-ending	<u>\$1,636,485</u>	<u>\$15,457,974</u>	<u>(\$5,626,355)</u>	<u>\$53,004,699</u>	<u>\$64,472,803</u>

City of Clovis
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

	Self Insurance	Fleet	Employee Benefits	General Services	Total
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$1,229,926	\$7,290,652	\$15,369,654	\$7,534,494	\$31,424,726
Payments to suppliers	(1,065,886)	(3,509,264)	(14,549,559)	(2,937,727)	(22,062,436)
Payments to employees	(146,539)	(1,250,961)	(238,479)	(1,705,505)	(3,341,484)
Other operating revenues		920,100		1,030,242	1,950,342
Net cash provided/(used) by operating activities	<u>17,501</u>	<u>3,450,527</u>	<u>581,616</u>	<u>3,921,504</u>	<u>7,971,148</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from Sales Tax Override				2,151	2,151
Net cash provided/(used) by noncapital financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,151</u>	<u>2,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(1,418,234)		(2,410,568)	(3,828,802)
Principal paid on loans, bonds and capital leases		153,923		(1,237,124)	(1,083,201)
Interest paid on loans, bonds and capital leases		(55,040)		(1,122,352)	(1,177,392)
Proceeds from sale of property and equipment		40,846		532	41,378
Net cash provided/(used) by capital and related financing activities	<u>0</u>	<u>(1,278,505)</u>	<u>0</u>	<u>(4,769,512)</u>	<u>(6,048,017)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	17,521	39,336	40,113	57,142	154,112
Net cash provided by investing activities	<u>17,521</u>	<u>39,336</u>	<u>40,113</u>	<u>57,142</u>	<u>154,112</u>
Net increase/(decrease) in cash and cash equivalents	35,022	2,211,358	621,729	(788,715)	2,079,394
Cash and cash equivalents-beginning of year	317,960	3,662,004	3,988,633	8,421,280	16,389,877
Cash and cash equivalents-end of year	<u>\$352,982</u>	<u>\$5,873,362</u>	<u>\$4,610,362</u>	<u>\$7,632,565</u>	<u>\$18,469,271</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:					
Operating income/(loss)	\$306,783	\$914,737	\$149,670	\$1,078,070	\$2,449,260
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:					
Depreciation/amortization expense		1,664,272		2,329,997	3,994,269
(Increase)/decrease in accounts receivable	(292,018)	923,292	11,224	(131,981)	510,517
(Increase)/decrease in due from other governments			2,038	(183,824)	(181,786)
(Increase)/decrease in inventory		59,000			59,000
Increase/(decrease) in accounts payable	2,736	(103,628)	56,684	804,220	760,012
Increase/(decrease) in accrued compensated absences		(7,146)	5,000	25,022	22,876
Increase/(decrease) in claims and judgments payable			357,000		357,000
Total adjustments	<u>(289,282)</u>	<u>2,535,790</u>	<u>431,946</u>	<u>2,843,434</u>	<u>5,521,888</u>
Net cash provided/(used) by operating activities	<u>\$17,501</u>	<u>\$3,450,527</u>	<u>\$581,616</u>	<u>\$3,921,504</u>	<u>\$7,971,148</u>

Noncash investing, capital, and financing activities:

A receivable and a loan payable for \$867,200 was booked in General Services for proceeds not yet received from a State loan.

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 III 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, 2010

	Agency Funds						Total
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	
ASSETS							
Cash and investments	\$48,349	\$56,113	\$1,269,188	\$208,241	\$285,327	\$340,212	\$2,207,430
Cash with agent-restricted				178,407	307,758		486,165
Receivables	165	3,543		4,776	3,743	1,349	13,576
Total assets	<u>\$48,514</u>	<u>\$59,656</u>	<u>\$1,269,188</u>	<u>\$391,424</u>	<u>\$596,828</u>	<u>\$341,561</u>	<u>\$2,707,171</u>
LIABILITIES							
Accrued payroll			\$1,269,188				\$1,269,188
Agency funds payable	\$48,514	\$59,656		\$391,424	\$596,828	\$341,561	1,437,983
Total liabilities	<u>\$48,514</u>	<u>\$59,656</u>	<u>\$1,269,188</u>	<u>\$391,424</u>	<u>\$596,828</u>	<u>\$341,561</u>	<u>\$2,707,171</u>

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City of Clovis
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Senior Citizen Memorial				
Assets				
Cash and investments	\$47,250	\$1,180	\$81	\$48,349
Receivables	369	165	369	165
Total assets	<u>\$47,619</u>	<u>\$1,345</u>	<u>\$450</u>	<u>\$48,514</u>
Liabilities				
Agency funds payable	<u>\$47,619</u>	<u>\$1,345</u>	<u>\$450</u>	<u>\$48,514</u>
Total liabilities	<u>\$47,619</u>	<u>\$1,345</u>	<u>\$450</u>	<u>\$48,514</u>
Blackhorse Assessment				
Assets				
Cash and investments	\$47,973	\$60,212	\$52,072	\$56,113
Receivables	1,669	3,543	1,669	3,543
Total assets	<u>\$49,642</u>	<u>\$63,755</u>	<u>\$53,741</u>	<u>\$59,656</u>
Liabilities				
Agency funds payable	<u>\$49,642</u>	<u>\$63,755</u>	<u>\$53,741</u>	<u>\$59,656</u>
Total liabilities	<u>\$49,642</u>	<u>\$63,755</u>	<u>\$53,741</u>	<u>\$59,656</u>
Payroll Tax and Withholding				
Assets				
Cash and investments	\$1,484,407	\$1,269,188	\$1,484,407	\$1,269,188
Total assets	<u>\$1,484,407</u>	<u>\$1,269,188</u>	<u>\$1,484,407</u>	<u>\$1,269,188</u>
Liabilities				
Accrued Payroll	<u>\$1,484,407</u>	<u>\$1,269,188</u>	<u>\$1,484,407</u>	<u>\$1,269,188</u>
Total liabilities	<u>\$1,484,407</u>	<u>\$1,269,188</u>	<u>\$1,484,407</u>	<u>\$1,269,188</u>

Temperance/Barstow Assessment

Assets

Cash and investments	\$256,509	\$98,564	\$146,832	\$208,241
Cash with agent-restricted	178,321	86		178,407
Receivables	3,657	4,776	3,657	4,776
Total assets	<u>\$438,487</u>	<u>\$103,426</u>	<u>\$150,489</u>	<u>\$391,424</u>

Liabilities

Agency funds payable	<u>\$438,487</u>	<u>\$103,426</u>	<u>\$150,489</u>	<u>\$391,424</u>
Total liabilities	<u>\$438,487</u>	<u>\$103,426</u>	<u>\$150,489</u>	<u>\$391,424</u>

Shepherd/Temperance Assessment

Assets

Cash and investments	\$329,127	\$150,796	\$194,596	\$285,327
Cash with agent-restricted	307,610	148		307,758
Receivables	853	3,743	853	3,743
Total assets	<u>\$637,590</u>	<u>\$154,687</u>	<u>\$195,449</u>	<u>\$596,828</u>

Liabilities

Agency funds payable	<u>\$637,590</u>	<u>\$154,687</u>	<u>\$195,449</u>	<u>\$596,828</u>
Total liabilities	<u>\$637,590</u>	<u>\$154,687</u>	<u>\$195,449</u>	<u>\$596,828</u>

Asset Forfeiture

Assets

Cash and investments	\$297,153	\$108,575	\$65,516	\$340,212
Receivables	1,276	1,349	1,276	1,349
Total assets	<u>\$298,429</u>	<u>\$109,924</u>	<u>\$66,792</u>	<u>\$341,561</u>

Liabilities

Agency funds payable	<u>\$298,429</u>	<u>\$109,924</u>	<u>\$66,792</u>	<u>\$341,561</u>
Total liabilities	<u>\$298,429</u>	<u>\$109,924</u>	<u>\$66,792</u>	<u>\$341,561</u>

Grand Total All Agency Funds

Assets

Cash and investments	\$2,462,419	\$1,688,515	\$1,943,504	\$2,207,430
Cash with agent-restricted	485,931	234	0	486,165
Receivables	7,824	13,576	7,824	13,576
Total assets	<u>\$2,956,174</u>	<u>\$1,702,325</u>	<u>\$1,951,328</u>	<u>\$2,707,171</u>

Liabilities

Accrued payroll	\$1,484,407	\$1,269,188	\$1,484,407	\$1,269,188
Agency funds payable	1,471,767	433,137	466,921	1,437,983
Total liabilities	<u>\$2,956,174</u>	<u>\$1,702,325</u>	<u>\$1,951,328</u>	<u>\$2,707,171</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	99
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	107
These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax.	
Debt Capacity	111
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	117
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	120
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 ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)
(in thousands)

	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:										
Invested in capital assets, net of related debt	\$ 25,631	\$ 37,978	\$ 57,643	\$ 173,735	\$ 204,308	\$ 240,241	\$ 294,905	\$ 375,445	\$ 394,479	\$ 414,755
Restricted	14,156	14,625	18,383	19,396	22,187	26,196	29,022	39,670	38,672	35,940
Unrestricted	<u>14,113</u>	<u>18,968</u>	<u>19,573</u>	<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>
Total net assets	<u>\$ 53,900</u>	<u>\$ 71,571</u>	<u>\$ 95,599</u>	<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>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 36,884	\$ 44,177	\$ 59,628	\$ 71,643	\$ 75,486	\$ 82,793	\$ 94,552	\$ 105,729	\$ 107,645	\$ 107,065
Restricted	3,156	3,022	4,868	4,734	4,905	5,307	4,940	7,174	8,370	7,706
Unrestricted	<u>39,896</u>	<u>41,419</u>	<u>35,487</u>	<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>
Total net assets	<u>\$ 79,936</u>	<u>\$ 88,618</u>	<u>\$ 99,983</u>	<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>
Total Primary government:										
Invested in capital assets, net of related debt	\$ 62,515	\$ 82,155	\$ 117,271	\$ 245,378	\$ 279,794	\$ 323,034	\$ 389,457	\$ 481,174	\$ 502,124	\$ 521,820
Restricted	17,312	17,647	23,251	24,130	27,092	31,503	33,961	46,844	47,042	43,646
Unrestricted	<u>54,009</u>	<u>60,387</u>	<u>55,060</u>	<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>
Total net assets	<u>\$ 133,836</u>	<u>\$ 160,189</u>	<u>\$ 195,582</u>	<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>

CITY OF CLOVIS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS

(accrual basis of accounting)
(in thousands)

For the Fiscal Year Ended June 30,

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses:										
Governmental activities:										
General government	\$ 2,993	\$ 3,263	\$ 3,685	\$ 3,691	\$ 3,697	\$ 4,668	\$ 5,319	\$ 5,495	\$ 5,265	\$ 4,282
Public safety	18,747	21,447	23,139	26,147	25,793	31,499	34,586	36,476	35,238	31,345
Transportation	3,461	6,520	5,998	8,296	9,715	6,658	7,932	7,982	8,886	10,123
Community development	6,350	7,477	7,985	8,775	9,370	10,377	11,531	11,437	11,065	11,289
Cultural and recreation	2,282	709	2,536	3,269	3,448	5,673	4,520	4,955	5,786	4,659
Special assessment	199	177	158	133	109	81	48	-	-	-
Total governmental activities expenses	<u>34,032</u>	<u>39,593</u>	<u>43,501</u>	<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>
Business-type activities:										
Refuse	6,767	7,341	8,513	9,740	10,646	10,849	10,997	12,207	12,400	13,793
Sewer	8,371	7,702	8,239	9,106	11,986	10,684	11,210	15,054	15,159	19,631
Water	6,000	6,944	8,474	11,838	11,707	13,175	13,087	13,672	13,775	14,098
Transit	1,537	1,686	2,021	2,184	2,300	2,618	2,678	3,397	3,897	3,980
Street Cleaning	528	533	616	675	674	862	871	963	877	944
Total business-type activities expenses	<u>23,203</u>	<u>24,206</u>	<u>27,863</u>	<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>
Total primary government expenses	<u>57,235</u>	<u>63,799</u>	<u>71,364</u>	<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>
Program revenues:										
Governmental activities:										
Charges for services:										
General Government	1,551	1,532	1,787	1,565	2,040	2,537	3,064	3,374	3,338	3,005
Public Safety	1,181	1,082	1,138	1,294	1,277	1,648	2,231	2,563	2,658	1,906
Transportation	4,762	6,988	15,161	24,047	31,398	4,893	5,383	7,398	8,872	6,558
Community development	4,380	6,135	7,886	8,600	8,348	9,065	9,178	8,370	7,348	6,735
Cultural and recreation	1,181	1,448	2,804	3,730	6,199	5,627	5,496	5,204	4,217	4,349
Special assessment	231	218	220	203	219	223	132	-	-	-
Operating grants and contributions	807	622	1,171	593	807	836	626	581	737	1,115
Capital grants and contributions	<u>3,270</u>	<u>6,128</u>	<u>3,406</u>	<u>2,886</u>	<u>2,666</u>	<u>32,044</u>	<u>41,644</u>	<u>73,664</u>	<u>16,330</u>	<u>19,652</u>
Total governmental activities program revenues	<u>17,363</u>	<u>24,153</u>	<u>33,573</u>	<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>

Business-type activities:

Charges for services:

Refuse	7,181	7,329	7,692	8,423	10,531	12,100	13,055	14,115	14,920	15,404
Sewer	10,933	12,071	16,370	16,776	16,903	16,478	16,594	16,881	9,607	9,265
Water	9,368	10,131	12,100	14,688	16,517	14,572	16,242	18,784	10,358	10,870
Transit	1,725	1,841	2,049	2,158	2,402	2,658	3,626	3,658	4,254	3,535
Street Cleaning	404	417	432	582	857	896	926	945	981	1,001
Operating grants and contributions	293	-	40	21	-	-	-	-	-	-
Capital grants and contributions	221	86	120	2,031	21	45	70	25	3,534	2,800

Total business-type activities program revenues	<u>30,125</u>	<u>31,875</u>	<u>38,803</u>	<u>44,679</u>	<u>47,231</u>	<u>46,749</u>	<u>50,513</u>	<u>54,408</u>	<u>43,654</u>	<u>42,875</u>
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Total primary government program revenues	<u>47,488</u>	<u>56,028</u>	<u>72,376</u>	<u>87,597</u>	<u>100,185</u>	<u>103,622</u>	<u>118,267</u>	<u>155,562</u>	<u>87,154</u>	<u>86,195</u>
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Net revenues (expenses):

Governmental activities	(16,669)	(15,440)	(9,928)	(7,393)	822	(2,083)	3,818	34,809	(22,740)	(18,378)
Business-type activities	<u>6,922</u>	<u>7,669</u>	<u>10,940</u>	<u>11,136</u>	<u>9,918</u>	<u>8,561</u>	<u>11,670</u>	<u>9,115</u>	<u>(2,454)</u>	<u>(9,571)</u>
Total net revenues (expenses)	<u>(9,747)</u>	<u>(7,771)</u>	<u>1,012</u>	<u>3,743</u>	<u>10,740</u>	<u>6,478</u>	<u>15,488</u>	<u>43,924</u>	<u>(25,194)</u>	<u>(27,949)</u>

General revenues and other changes in net assets:

Governmental activities:

Taxes:

Property taxes	6,266	6,325	6,911	7,808	8,649	16,178	18,719	21,175	22,093	19,944
Sales tax	12,632	14,162	14,642	15,877	17,223	19,233	19,067	18,174	14,837	12,406
Business Lic/Franchise	2,152	2,465	2,635	2,747	3,049	3,307	3,570	4,054	3,992	4,045
Other taxes	2,721	2,775	3,005	3,444	3,931	957	1,134	790	620	1,163
Grants and contributions not restricted	4,092	4,006	4,410	3,331	6,136	684	741	512	536	446
Unrestricted investment earnings	2,313	2,446	1,383	1,070	1,382	2,575	3,358	2,845	1,291	473
Transfers	(40)	932	971	(114)	(342)	(782)	(145)	(120)	(77)	(49)
Total governmental activities	<u>30,136</u>	<u>33,111</u>	<u>33,957</u>	<u>34,163</u>	<u>40,028</u>	<u>42,152</u>	<u>46,444</u>	<u>47,430</u>	<u>43,292</u>	<u>38,428</u>

Business-type activities:

Unrestricted investment earnings	2,407	1,945	1,395	1,312	1,466	2,685	4,058	5,220	2,410	664
Transfers	40	(932)	(971)	114	342	782	145	120	77	49
Total business-type activities	<u>2,447</u>	<u>1,013</u>	<u>424</u>	<u>1,426</u>	<u>1,808</u>	<u>3,467</u>	<u>4,203</u>	<u>5,340</u>	<u>2,487</u>	<u>713</u>
Total primary government	<u>32,583</u>	<u>34,124</u>	<u>34,381</u>	<u>35,589</u>	<u>41,836</u>	<u>45,619</u>	<u>50,647</u>	<u>52,770</u>	<u>45,779</u>	<u>39,141</u>

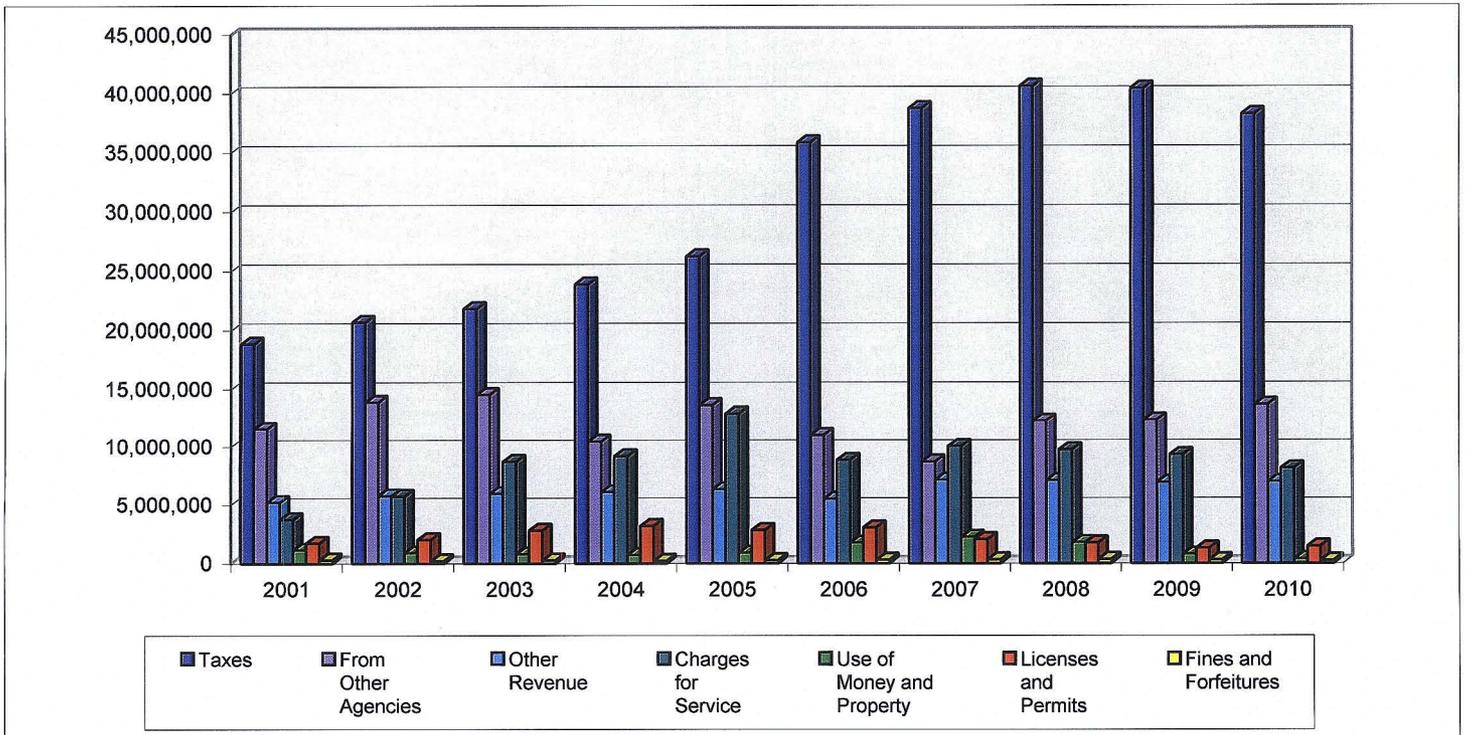
Changes in net assets:

Governmental activities	13,467	17,671	24,029	26,770	40,850	40,069	50,262	82,239	20,552	20,050
Business-type activities	9,369	8,682	11,364	12,562	11,726	12,028	15,873	14,455	33	(8,858)
Total primary government	<u>\$22,836</u>	<u>\$26,353</u>	<u>\$35,393</u>	<u>\$39,332</u>	<u>\$52,576</u>	<u>\$52,097</u>	<u>\$66,135</u>	<u>\$96,694</u>	<u>\$20,585</u>	<u>\$11,192</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>From Other Agencies</u>	<u>Charges for Service</u>	<u>Other Revenue</u>	<u>Total</u>
2001	18,845,442	1,717,513	289,670	1,140,316	11,530,110	3,732,553	5,203,867	42,459,471
2002	20,657,719	2,023,868	214,577	892,720	13,863,809	5,717,454	5,734,586	49,104,733
2003	21,814,595	2,814,669	251,923	775,809	14,525,129	8,722,223	5,948,284	54,852,632
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

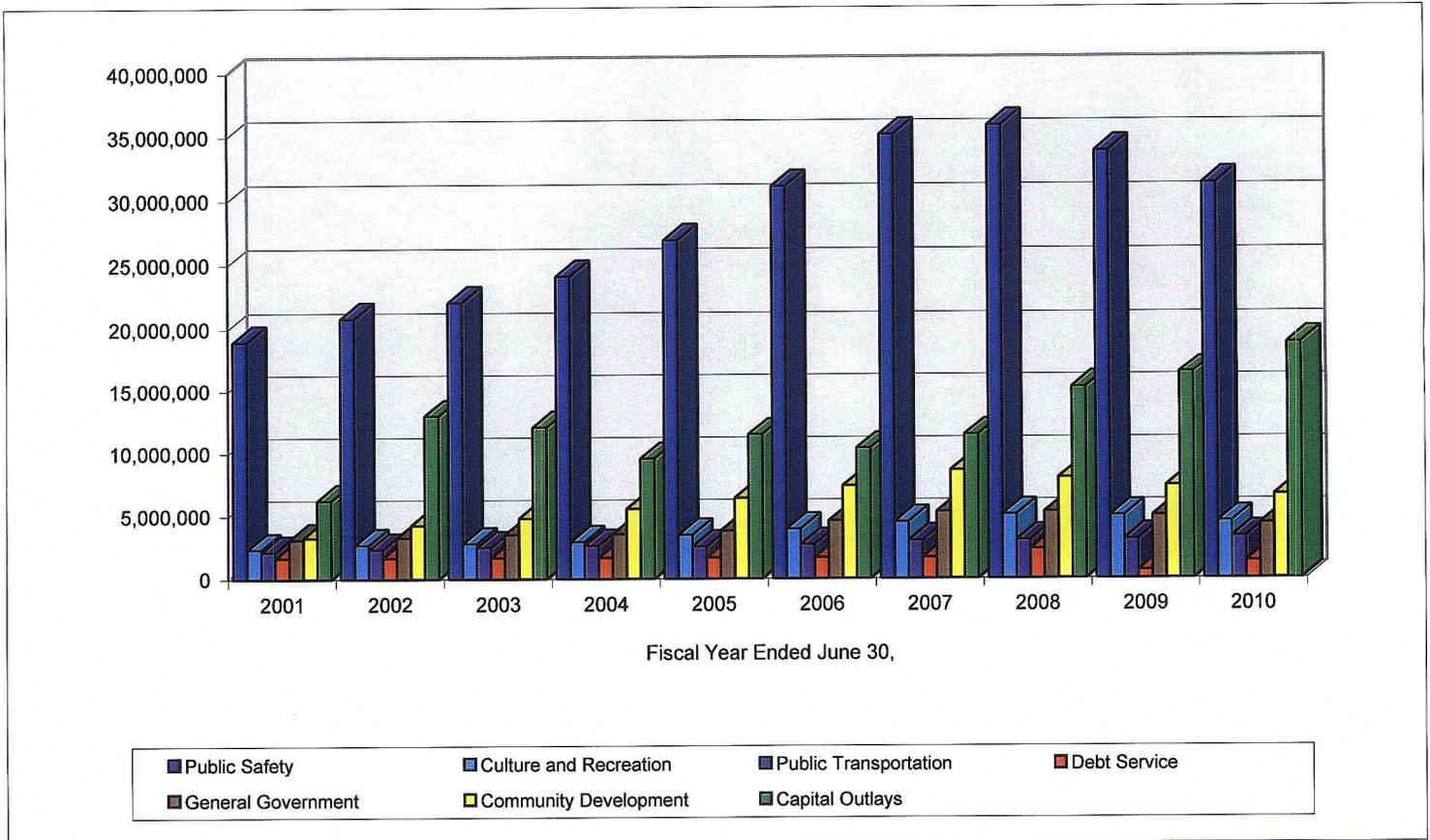
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



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

Fiscal Year Ended June 30,	General Government	Public Safety	Transportation	Community Development	Culture and Recreation	Debt Service	Capital Outlays	Total
2001	3,129,716	18,986,241	2,142,989	3,279,301	2,351,743	1,684,260	6,225,722	37,799,972
2002	3,278,172	20,809,470	2,338,575	4,243,891	2,707,083	1,673,727	13,000,093	48,051,011
2003	3,520,408	22,067,748	2,489,293	4,807,990	2,812,035	1,674,338	12,080,200	49,452,012
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

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,			
	2001	2002	2003	2004
Revenues:				
Property taxes	\$ 6,498,885	\$ 6,760,091	\$ 7,131,132	\$ 8,011,258
Sales taxes	7,529,386	8,466,653	8,777,324	9,634,234
Business license/Franchise	2,152,329	2,464,562	2,634,833	2,747,359
Other taxes	2,664,842	2,966,413	3,271,306	3,480,012
Licenses and permits	1,717,513	2,023,868	2,814,669	3,187,377
Fines and forfeitures	289,670	214,577	251,923	199,677
Use of money and property	1,140,316	892,720	775,809	701,924
From other agencies	11,530,110	13,863,809	14,525,129	10,452,635
Charges for current services	3,732,553	5,717,454	8,722,223	9,171,410
Other revenues	5,203,867	5,734,586	5,948,284	6,077,956
Total revenues	<u>42,459,471</u>	<u>49,104,733</u>	<u>54,852,632</u>	<u>53,663,842</u>
Expenditures				
Current:				
General government	3,129,716	3,278,172	3,520,408	3,542,824
Public safety	18,986,241	20,809,470	22,067,748	24,090,704
Transportation	2,142,989	2,338,575	2,489,293	2,638,198
Community development	3,279,301	4,243,891	4,807,990	5,547,459
Cultural and recreation	2,351,743	2,707,083	2,812,035	2,933,512
Debt service:				
Principal	849,603	891,501	923,399	970,297
Interest and fiscal charges	834,657	782,226	750,939	713,837
Bond issue costs				
Capital outlays	6,225,722	13,000,093	12,080,200	9,565,890
Total expenditures	<u>37,799,972</u>	<u>48,051,011</u>	<u>49,452,012</u>	<u>50,002,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,659,499</u>	<u>1,053,722</u>	<u>5,400,620</u>	<u>3,661,121</u>
Other financing sources (uses):				
Transfers in	1,410,400	2,135,000	889,400	1,004,694
Transfers out	(2,340,400)	(2,103,000)	(1,746,500)	(1,602,875)
Issuance of bonds				
Bond discount				
Payment to bond escrow agent				
Total other financing sources (uses)	<u>(930,000)</u>	<u>32,000</u>	<u>(857,100)</u>	<u>(598,181)</u>
Net change in Fund balances	<u>\$ 3,729,499</u>	<u>\$ 1,085,722</u>	<u>\$ 4,543,520</u>	<u>\$ 3,062,940</u>
Debt service as a percentage of noncapital expenditures	5.0%	4.4%	4.1%	3.9%

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

For the Fiscal Year Ended June 30,					
2005	2006	2007	2008	2009	2010
\$ 8,867,480	\$ 16,444,472	\$ 19,083,256	\$ 21,482,384	\$ 22,509,936	\$ 20,425,109
10,190,462	11,707,495	11,350,453	14,266,968	12,993,878	12,404,059
3,048,661	3,307,514	3,570,363	4,054,455	3,992,374	4,054,563
4,122,261	4,364,358	4,703,650	789,719	884,899	1,349,128
2,848,845	3,054,428	2,050,759	1,763,279	1,302,368	1,454,196
246,111	298,091	306,592	352,647	275,406	240,622
890,843	1,762,543	2,245,415	1,776,955	778,310	371,328
13,623,863	10,988,153	8,698,857	12,284,310	12,364,635	13,649,374
12,915,218	8,855,189	10,045,798	9,740,854	9,305,542	8,129,216
6,313,457	5,499,742	7,120,738	7,073,402	6,925,095	6,969,861
<u>63,067,201</u>	<u>66,281,985</u>	<u>69,175,881</u>	<u>73,584,973</u>	<u>71,332,443</u>	<u>69,047,456</u>
3,798,831	4,562,085	5,293,459	5,275,513	4,979,945	4,317,898
26,884,832	31,075,548	35,131,624	35,837,948	33,824,405	31,289,958
2,535,611	2,695,872	3,011,329	3,030,319	3,110,287	3,288,404
6,403,121	7,343,255	8,601,267	7,991,154	7,348,048	6,622,952
3,471,047	3,914,096	4,482,704	5,059,317	4,970,931	4,496,927
1,012,195	1,065,042	1,111,939	1,164,786		530,000
662,110	609,302	555,706	516,771	642,966	831,979
			663,028		
<u>11,477,441</u>	<u>10,368,325</u>	<u>11,457,349</u>	<u>15,254,647</u>	<u>16,425,668</u>	<u>18,825,875</u>
<u>56,245,188</u>	<u>61,633,525</u>	<u>69,645,377</u>	<u>74,793,483</u>	<u>71,302,250</u>	<u>70,203,993</u>
<u>6,822,013</u>	<u>4,648,460</u>	<u>(469,496)</u>	<u>(1,208,510)</u>	<u>30,193</u>	<u>(1,156,537)</u>
1,338,300	1,615,000	1,624,000	899,000	862,175	1,350,000
(1,780,140)	(1,747,000)	(1,194,000)	(1,269,000)	(852,175)	(1,399,000)
			19,100,000		
			(233,214)		
			(7,162,780)		
<u>(441,840)</u>	<u>(132,000)</u>	<u>430,000</u>	<u>11,334,006</u>	<u>10,000</u>	<u>(49,000)</u>
<u>\$ 6,380,173</u>	<u>\$ 4,516,460</u>	<u>\$ (39,496)</u>	<u>\$ 10,125,496</u>	<u>\$ 40,193</u>	<u>\$ (1,205,537)</u>
3.4%	3.1%	2.8%	4.0%	1.1%	2.5%

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

General Fund				
Fiscal Year				
Ended	Unreserved			
June 30,	Reserved	Designated	Unreserved	Total
2001	1,251,438	1,495,000	2,765,251	5,511,689
2002	986,346	1,713,000	2,575,456	5,274,802
2003	957,966	3,860,000	1,716,457	6,534,423
2004	1,025,590	4,000,000	2,293,424	7,319,014
2005	1,465,718	5,225,000	4,180,052	10,870,770
2006	2,566,853	5,660,000	3,178,619	11,405,472
2007	2,886,914	5,130,000	1,440,184	9,457,098
2008	5,122,197	3,107,000	147,846	8,377,043
2009	4,760,603	2,993,000	1,576,248	9,329,851
2010	4,801,491	4,652,000	1,209,788	10,663,279

All Other Governmental Funds				
Fiscal Year	Reserved	Unreserved, reported in:		
Ended	All Other	Special	Capital	
June 30,	Governmental	Revenue	Projects	Total
June 30,	Funds	Funds	Funds	Total
2001	10,639,434	850,334	919,915	12,409,683
2002	10,441,023	1,951,950	1,339,319	13,732,292
2003	9,572,681	6,145,826	1,297,684	17,016,191
2004	8,656,700	6,630,141	4,007,699	19,294,540
2005	10,388,587	6,842,560	4,891,810	22,122,957
2006	10,704,540	9,730,262	5,669,913	26,104,715
2007	10,975,282	8,233,731	8,804,580	28,013,593
2008	11,936,400	7,510,064	19,772,680	39,219,144
2009	15,125,029	5,948,612	17,232,888	38,306,529
2010	15,538,555	4,941,505	15,287,504	35,767,564

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

Fiscal Year Ended June 30,	Real Property		Personal Property		Exemptions	Net		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Homeowners	Assessed	Estimated Actual	
2001	2,833,876,202	2,833,876,202	127,192,542	127,192,542	82,122,460	2,878,946,284	2,961,068,744	0%
2002	3,036,159,547	3,036,159,547	124,604,669	124,604,669	84,554,420	3,076,209,796	3,160,764,216	0%
2003	3,375,559,809	3,375,559,809	157,032,205	157,032,205	87,689,300	3,444,902,714	3,532,592,014	0%
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%

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>
2001	0.000000	0.197500	0.000000	1.000000	1.197500
2002	0.000000	0.197500	0.000000	1.000000	1.197500
2003	0.000000	0.197500	0.000000	1.000000	1.197500
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

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 FOUR YEARS AGO
(in thousands)

Taxpayer	2010			2006		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Pelco	87,383	1	1.14%	41,931	2	0.77%
Prindiville Dennis Trustee	60,893	2	0.80	55,564	1	1.02
Regency Cahan-Clovis LLC	37,500	3	0.49	-	-	0.00
Fletcher K LLC	35,250	4	0.46	12,693	10	0.23
Copper Beech Townhome Communities	22,438	5	0.29	-	-	0.00
Anlin Industries	21,235	6	0.28	21,234	4	0.39
Winco Foods LLC	\$18,447	7	0.24	\$13,525	9	0.25
Brown Garold C Family LTD Partnership	18,003	8	0.24	-	-	0.00
Kaiser Foundation Health Plan Inc	17,114	9	0.22	17,088	7	0.31
Vons Companies Inc	16,635	10	0.22	20,162	5	0.37
Save Mart Supermarkets	-		0.00	26,075	3	0.48
Clovis I LLC	-		0.00	18,018	6	0.33
Clovis Coventry Place LP	-		0.00	15,396	8	0.28
	\$334,898		3.24%	\$241,686		3.69%

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>
2001	3,849,250	3,626,415	94.2	176,592	3,803,007	98.8	93,614	2.432
2002	4,021,950	3,728,751	92.7	152,758	3,881,509	96.5	98,176	2.441
2003	4,487,532	4,078,805	90.9	139,862	4,218,667	94.0	116,003	2.585
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	238,739	5,264,419	99.7	108,909	2.062
2006	7,666,490	7,317,096	95.4	523,714	7,840,810	102.3	183,536	2.394
2007	9,146,452	8,732,938	95.5	191,802	8,924,740	97.6	320,126	3.500
2008	10,136,188	9,745,493	96.1	345,091	10,090,584	99.6	463,224	4.570
2009	9,853,029	9,353,774	94.9	469,608	9,823,382	99.7	382,987	3.887
2010	9,510,716	8,756,447	92.1	317,985	9,074,432	95.4	307,101	3.229

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tax</u> <u>Allocation</u> <u>Bonds</u>	<u>Special</u> <u>Assessment</u> <u>Bonds</u>	<u>Lease</u> <u>Revenue</u> <u>Bonds</u>	<u>Certificates</u> <u>of</u> <u>Participation</u>	<u>Revenue</u> <u>Bonds</u>	<u>Loans/</u> <u>Contracts</u> <u>Payable</u>	<u>Total</u>	<u>Debt</u> <u>Per</u> <u>AV</u>	<u>Debt</u> <u>Per</u> <u>Capita</u>
Governmental Activities									
2001	\$9,940,000	\$4,000,000	\$1,597,075	\$0	\$34,755,000	\$0	\$50,292,075	\$0.017	\$710
2002	9,595,000	3,500,000	1,395,902	0	34,755,000	0	49,245,902	0.016	676
2003	9,240,000	2,980,000	1,186,517	0	33,935,000	720,000	48,061,517	0.014	632
2004	8,865,000	2,435,000	968,919	0	32,605,000	689,416	45,563,335	0.012	563
2005	8,470,000	1,870,000	743,111	0	31,230,000	657,896	42,971,007	0.009	500
2006	8,055,000	1,275,000	504,987	0	29,800,000	2,625,411	42,260,398	0.008	470
2007	7,625,000	650,000	258,652	0	28,315,000	1,925,266	38,773,918	0.006	420
2008	19,100,000	0	0	0	26,765,000	1,224,096	47,089,096	0.006	495
2009	19,100,000	0	0	0	16,610,000	521,871	36,231,871	0.005	381
2010	\$18,570,000	0	0	0	\$16,010,000	\$1,352,424	35,932,424	0.005	371
Business-type Activities									
2001	\$0	\$0	\$347,923	\$3,485,000	\$23,899,885	\$24,768,299	\$52,501,107	\$0.018	\$741
2002	0	0	304,097	2,985,000	23,473,002	23,498,606	50,260,705	0.016	690
2003	0	0	258,482	0	67,199,707	22,044,176	89,502,365	0.026	1,178
2004	0	0	211,079	0	66,290,102	20,933,986	87,435,167	0.023	1,081
2005	0	0	161,888	0	91,190,499	19,772,172	111,124,559	0.024	1,292
2006	0	0	110,011	0	90,325,896	18,552,518	108,988,425	0.020	1,212
2007	0	0	56,347	0	157,971,292	17,268,807	175,296,446	0.027	1,900
2008	0	0	0	0	156,157,035	17,194,949	173,351,984	0.023	1,822
2009	0	0	0	0	154,292,777	15,815,472	170,108,249	0.022	1,788
2010	0	0	0	0	152,358,519	14,359,233	166,717,752	0.023	1,721
Total Primary Government									
2001	\$9,940,000	\$4,000,000	\$1,944,998	\$3,485,000	\$58,654,885	\$24,768,299	\$102,793,182	\$0.036	\$1,451
2002	9,595,000	3,500,000	1,699,999	2,985,000	58,228,002	23,498,606	99,506,607	0.032	1,367
2003	9,240,000	2,980,000	1,444,999	0	101,134,707	22,764,176	137,563,882	0.040	1,810
2004	8,865,000	2,435,000	1,179,998	0	98,895,102	21,623,402	132,998,502	0.034	1,644
2005	8,470,000	1,870,000	904,999	0	122,420,499	20,430,068	154,095,566	0.033	1,791
2006	8,055,000	1,275,000	614,998	0	120,125,896	21,177,929	151,248,823	0.028	1,682
2007	7,625,000	650,000	314,999	0	186,286,292	19,194,073	214,070,364	0.033	2,320
2008	19,100,000	0	0	0	182,922,035	18,419,045	220,441,080	0.029	2,317
2009	19,100,000	0	0	0	170,902,777	16,337,343	206,340,120	0.027	2,169
2010	18,570,000	0	0	0	168,368,519	15,711,657	202,650,176	0.028	2,092

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						Ratio of Net	Net
Ended	Estimated	Assessed	Gross Bonded	Less Debt	Net	Bonded Debt to	Bonded Debt
June 30,	Population	Valuation	Debt (1)	Service Fund	Bonded Debt	Assessed Value	Per Capita
2001	70,834	2,878,946,284	0	0	0	0.00%	0
2002	72,801	3,076,209,796	0	0	0	0.00%	0
2003	75,997	3,444,902,714	0	0	0	0.00%	0
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

(1) Amount does not include special assessment bonds.

Source: Fresno County Auditor Controller/Treasurer Tax Collector

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

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
2001	\$0	\$0	\$0	\$37,799,972	0.0%
2002	0	0	0	48,051,011	0.0
2003	0	0	0	49,452,012	0.0
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

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

**CITY OF CLOVIS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2010**

2009-2010 Assessed Valuation: \$6,789,995,186 (after deducting \$672,162,412 redevelopment incremental valuation)

<u>Direct and Overlapping Bonded Debt:</u>	<u>% Applicable</u>	<u>Debt</u>
<u>Direct Bonded Debt:</u>		
City of Clovis 1915 Act Bonds	100.000%	\$1,495,000
City of Clovis Revenue Bonds	100.000%	16,010,000
Total Gross Direct Bonded Debt		17,505,000
<u>Overlapping Bonded Debt:</u>		
Fresno County General Fund Obligations	12.311%	\$10,610,235
Fresno County Pension Obligations	12.311%	60,960,102
State Center Community College District	11.207%	12,728,350
Clovis Unified School District	36.975%	96,487,320
Clovis Unified School District Certificates of Participation	36.975%	11,639,730
Fresno Unified School District	2.533%	6,228,362
Fresno Unified School District General Fund Obligations	2.533%	1,329,572
City of Fresno Assessment District No. CD-3	1.553%	1,708
Total Gross Overlapping Bonded Debt		199,985,379
Total Gross Direct and Overlapping Bonded Debt		217,490,379 (1)
Total Net Direct and Overlapping Bonded Debt		\$217,490,379

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

Ratios to Assessed Valuation:

Combined Direct Debt (\$16,610,000)	0.236%
Combined Total Debt	3.203%

Share of Authorized and Unsold Bonds:

City of Clovis	\$2,000,000
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State School Building Aid Repayable as of 6/30/10: \$0

Source: California Municipal Statistics & City of Clovis

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

Fiscal Year Ended June 30,	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit As a Percentage of Debt Limit
2001	448,935,734	0	448,935,734	0
2002	479,591,529	0	479,591,529	0
2003	529,888,802	0	529,888,802	0
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

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2009

Assessed Valuations:	
Assessed Value	\$7,355,168,000
Add back exempt property	<u>104,305,200</u>
Total Assessed Value	<u><u>\$7,459,473,200</u></u>
Legal Debt Margin:	
Debt Limitation-15 percent of total assessed value	\$1,118,920,980
Debt applicable to Limitation:	
Total bonded debt	\$0
Less: Amount in debt service funds available for payment of principal	<u>0</u>
Total debt applicable to Limitation	<u>0</u>
Legal Debt Margin:	<u><u>\$1,118,920,980</u></u>

**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	
2001	\$7,931,205	\$6,318,795	\$1,612,410	\$405,000	\$455,778	\$860,778	1.87
2002	7,668,822	6,859,306	809,516	415,000	439,725	854,725	0.95
2003	7,863,675	7,856,504	7,171	430,000	422,697	852,697	0.01
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

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	
2001	\$12,022,023	\$4,946,265	7,075,758	\$90,000	\$783,882	\$873,882	8.10
2002	12,868,009	4,287,662	8,580,347	95,000	777,098	872,098	9.84
2003	17,076,636	4,777,242	12,299,394	95,000	775,353	870,353	14.13
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

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	
2003	\$12,765,864	\$7,266,754	\$5,499,110	\$0	\$156,681	\$156,681	35.10
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

- (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 <u>June 30,</u>	City <u>Population</u>	<u>% Change</u>	Fresno County <u>Population</u>	City Population as % of <u>County Population</u>	Fresno County Unemployment <u>Rate</u>
2001	70,834	0.12	823,909	8.60	13.10 %
2002	72,801	2.78	826,550	8.81	13.30 %
2003	75,997	4.39	841,560	9.03	13.50 %
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 %

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 NINE YEARS AGO**

Employer	2010			2001		
	Number of Employees	Rank	Percent of Total Employment*	Number of Employees	Rank	Percent of Total Employment
Clovis Unified School District	5,200	1	11.95%	5,000	1	12.72%
Pelco	2,029	2	4.66	1,200	2	3.05
Clovis Community Hospital	1,023	3	2.35	659	3	1.68
City of Clovis	781	4	1.80	514	4	1.31
Target	420	5	0.97	200	10	0.51
Savemart	268	6	0.62	-	-	-
Wal-Mart	239	7	0.55	463	5	1.18
Costco	205	8	0.47	220	9	0.56
Von's	202	9	0.46	-	-	-
Lowe's	176	10	0.40	-	-	-
Pacific Bell	-	-	-	450	6	1.15
Anlin Industries	-	-	-	278	7	0.71
Home Depot	-	-	-	256	8	0.65

* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2010.

Source: Employment Development Department

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Governmental Activities</u>										
General Government	23.000	23.000	23.250	23.250	26.050	29.050	30.750	29.750	35.700	24.100
Public Safety										
Police	133.000	135.000	137.000	141.000	146.000	158.000	170.000	174.000	151.000	146.000
Fire	61.000	61.000	61.000	61.000	65.000	71.000	76.000	76.000	65.000	60.500
Transportation	13.350	13.350	13.600	13.600	13.600	13.700	13.800	13.500	13.550	13.500
Community Development	52.250	52.250	55.250	58.250	60.250	65.250	67.250	62.250	46.250	52.250
Culture & Recreation	25.225	25.225	25.475	25.475	26.475	32.475	37.225	43.525	31.025	30.500
Internal Service	29.200	29.200	29.950	30.950	31.150	33.050	34.950	38.450	26.000	26.525
Total Governmental Activities	<u>337.025</u>	<u>339.025</u>	<u>345.525</u>	<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>Business-Type Activities</u>										
Refuse	29.550	36.050	36.050	36.050	35.200	37.400	37.610	39.610	39.460	39.610
Sewer	9.050	9.050	9.300	9.300	9.300	9.650	10.750	11.000	10.850	10.750
Water	22.000	22.000	24.250	24.250	30.100	30.550	32.750	34.750	34.550	34.350
Street Cleaning	5.250	4.750	4.750	4.750	4.750	5.750	5.790	5.840	5.790	4.790
Transit	14.125	14.125	16.125	17.125	17.125	17.125	19.125	22.325	22.825	22.125
Total Business-Type Activities	<u>79.975</u>	<u>85.975</u>	<u>90.475</u>	<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>
Total Full-Time Employees	<u>417.000</u>	<u>425.000</u>	<u>436.000</u>	<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>

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.

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	4	4	4	4	4	4	4	5	5	5
Public utilities:										
Streets (miles)	288	293	328	345	353	361	369	313	315	315
Streetlights	5840	6000	6688	7113	7311	7744	8391	8929	8930	8938
Cultural and recreation:										
Parks	37	37	42	45	45	46	46	50	59	59
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	341	349	369	384	403	421	440	459	469	475
Sewer										
Sanitary sewers (miles)	248	256	274	285	300	310	330	342	349	352

Source: City of Clovis

CITY OF CLOVIS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Arrests	3,874	3,968	4,185	4,422	4,162	5,521	5,168	4,761	4,674	4,396
Parking citations issued	1,868	1,447	2,558	2,736	2,054	2,810	2,501	1,596	1,414	878
Fire:										
Number of emergency calls	5,309	5,372	5,377	5,813	6,722	6,994	6,184	6,492	9,139	8,135
Parks and recreation:										
Number of recreation classes	105	116	121	142	154	189	305	270	97	63
Number of facility rentals	4	5	5	5	5	5	5	5	13	5
Water:										
New connections	712	1,240	1,958	1,377	1,018	1,185	1,005	573	353	325
Average daily consumption (thousands of gallons)	17,478	18,241	19,135	21,738	20,945	23,253	25,416	25,521	24,930	22,889
Sewer:										
New connections	712	1,240	1,958	1,377	1,018	1,185	1,005	573	353	350
Average daily sewage treatment (thousands of gallons)	6,555	6,390	6,700	6,937	7,017	7,088	7,210	7,365	7,397	7,279

Source: City of Clovis

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Valuation (in Thousands)										
Residential	\$171,245	\$220,321	\$363,549	\$419,823	\$325,085	\$299,916	\$189,387	\$126,584	\$115,217	\$118,545
Non-residential	47,437	54,611	60,489	55,689	88,842	81,513	85,670	81,666	75,262	74,849
Total	<u><u>\$218,682</u></u>	<u><u>\$274,932</u></u>	<u><u>\$424,038</u></u>	<u><u>\$475,512</u></u>	<u><u>\$413,927</u></u>	<u><u>\$381,429</u></u>	<u><u>\$275,057</u></u>	<u><u>\$208,250</u></u>	<u><u>\$190,479</u></u>	<u><u>\$193,394</u></u>
New Dwelling Units										
Single Family	821	1007	1510	1542	1144	954	688	408	431	474
Multiple Family	0	82	87	490	105	302	30	116	16	0
Total	<u><u>821</u></u>	<u><u>1089</u></u>	<u><u>1597</u></u>	<u><u>2032</u></u>	<u><u>1249</u></u>	<u><u>1256</u></u>	<u><u>718</u></u>	<u><u>524</u></u>	<u><u>447</u></u>	<u><u>474</u></u>

Source: City of Clovis Building Department

CITY OF CLOVIS
MISCELLANEOUS STATISTICS
JUNE 30, 2010

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees	781
Area (square miles)	23.14
Miles of Streets	
Number of Street Lights	8,938
Fire Protection:	
Number of Stations	5
Number of Firefighters and Officers	57
Police Protection:	
Number of Police Officers and Other Sworn Personnel	96
Water Department:	
Number of Water Services	30,312
Miles of Water Mains	475
Sewers:	
Miles of Sanitary Sewers	352

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

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

We have audited the basic financial statements of the City of Clovis, California (the City) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

A *control deficiency* 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of management, the City Council, others within the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
November 30, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Clovis, California (City) 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, 2010. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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

A control 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. Our audit was performed for the purpose of forming opinions on the financial statements, which collectively comprise the basic financial statements of the City. The accompanying Schedule of Expenditures of Federal Awards prepared by the City is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
November 30, 2010

City of Clovis
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Agency or Pass-Through Number	Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Community Development Block Grant - Entitlement	14.218 *	N/A	\$ 487,216
Community Development Block Grant - Entitlement (ARRA)	14.253 *	N/A	151,833
Community Development Block Grant - Section 108 Loan	14.248	N/A	50,000
<i>Pass-Through State Housing and Community Development:</i>			
Neighborhood Stabilization Program	14.256 *	09-NSPI-6251	764,791
Total U.S. Department of Housing and Urban Development			1,453,840
U.S. Department of Justice			
<i>Direct Programs:</i>			
Bulletproof Vest Partnership Program	16.607	N/A	2,123
Public Safety Partnership and Community Policing Grants (ARRA)	16.710	N/A	292,121
Justice Assistance Grant Program	16.738	N/A	8,696
<i>Pass-Through City of Fresno:</i>			
Justice Assistance Grant Program (ARRA)	16.804	2009-F3397-CA-SU	1,698
Total U.S. Department of Justice			304,638
U.S. Department of Labor			
<i>Pass-Through Workforce Investment Corporation:</i>			
Workforce Investment Board - WIA Youth Activities	17.259 *	340	282,322
Workforce Investment Board - WIA Youth Activities (ARRA)	17.259 *	340	237,053
Total 17.259			519,375
Total U.S. Department of Labor			519,375
U.S. Department of Transportation			
<i>Pass-Through State Department of Transportation:</i>			
Highway Planning and Construction	20.205 *	06-5208	3,341,299
Highway Planning and Construction (ARRA)	20.205 *	06-5208	1,790,821
Total 20.205			5,132,123
<i>Pass-Through CA Office of Traffic Safety:</i>			
State and Community Highway Safety	20.600	N/A	279,740
Total U.S. Department of Transportation			5,411,863
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 B	93.044	960050	8,750
Special Programs for the Aging, Title III, Part C	93.045	960051	9,144
Total U.S. Department of Health and Human Services			17,894
U.S. Department of Homeland Security			
<i>Pass-Through County of Fresno:</i>			
Homeland Security Program (SIISP)	97.073	01900000	52,471
Total U.S. Department of Homeland Security			52,471
U.S. Department of Energy			
<i>Direct Programs:</i>			
Energy Efficiency and Conservation Block Grant (ARRA)	81.128 *	N/A	831,700
<i>Pass-Through California Energy Commission:</i>			
State Energy Program (ARRA)	81.041 *	005-09-ECE-ARRA	867,200
Total U.S. Department of Energy			1,698,900
Total Expenditures of Federal Awards			\$ 9,458,981

* Denotes Major Programs

See accompany Notes to Schedule of Expenditures of Federal Awards.

City of Clovis
Single Audit Reports
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, City of Clovis, California (City), (b) organizations for which the primary government is financially accountable, 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 or County of Fresno are 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
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the basic financial statements of the City of Clovis (City).
2. No significant deficiencies relating to the audit of the financial statements were reported in the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the City were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the basic financial statements.
5. The auditors' report on compliance for the major federal award programs for the City expressed an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City are reported in Part C of this Schedule below.
7. The programs tested as major programs include:

Major Program	CFDA	Expenditures
Community Development Block Grant - Entitlement	14.218	\$ 487,216
Community Development Block Grant - Entitlement (ARRA)	14.253	151,833
Neighborhood Stabilization Program	14.256	764,791
Workforce Investment Board - WIA Youth Activities	17.259	282,322
Workforce Investment Board - WIA Youth Activities (ARRA)	17.259	237,053
Highway Planning and Construction	20.205	3,341,299
Highway Planning and Construction (ARRA)	20.205	1,790,824
Energy Efficiency and Conservation Block Grant (ARRA)	81.128	831,700
State Energy Program (ARRA)	81.041	867,200
Total Major Program Expenditures		\$ 8,754,238
Total Expenditures of Federal Awards		\$ 9,458,981
Percent of Total Expenditures of Federal Awards		92.55%

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City was determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No financial statement findings were noted.

City of Clovis
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

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

No findings or questioned costs were noted on the City's major programs for the year ended June 30, 2010.

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings or questioned costs were noted on the City's major programs for the year ended June 30, 2009.



Caporicci & Larson, Inc.
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN
AUDIT OF THE BASIC FINANCIAL STATEMENTS AS RELATED TO THE
LOCAL TRANSPORTATION PURPOSE FUNDS

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

We have audited the basic financial statements of the City of Clovis, California (City), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit 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 Office of Management and Budget Circular A-133. Those standards require that we perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Compliance with laws and regulations applicable to the City is the responsibility of City's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement. In connection with our audit referred to above, we performed tests of compliance with the California Public Utilities Code Section 142257 regulations as it applies to Local Transportation Purpose Funds. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be report herein under *Government Auditing Standards*.

This report is intended for the information of the City Council, management and official of applicable federal and state granting agencies. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
November 30, 2010

**INDEPENDENT ACCOUNTANTS' REPORT ON LIMITED PROCEDURES
REVIEW OF APPROPRIATIONS LIMIT UNDER ARTICLE XIII B
OF THE CALIFORNIA CONSTITUTION**

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 Schedules of the City of Clovis, California (City) for the year ended June 30, 2010. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City management is responsible for the Appropriations Limit Schedules. 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, 2010, 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

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

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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Certified Public Accountants
San Diego, California
November 30, 2010

City of Clovis
Appropriations Limit Schedule
For the year ended June 30, 2010

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2008-09	\$ 124,707,891	Prior Year
B. Calculation Factors:		
Population increase %	1.0134	State Department of Finance
Inflation increase %	1.0770	City of Clovis' Building Department
Total adjustment %	1.0914	B1*B2
C. Annual Adjustment Increase	11,402,267	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	11,402,267	(C+D)
F. Appropriations Limit FY 2009-10	\$ 136,110,158	(A+E)

City of Clovis
Notes to Appropriations Limit Schedule
For the year ended June 30, 2010

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 2009-2010 represents the annual percentage change for 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 2009-2010 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, 2010.