

CITY OF  
CLOVIS

CALIFORNIA

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*Comprehensive  
Annual  
Financial  
Report*

For the Fiscal Year ended  
June 30, 2007

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007

**CITY OF CLOVIS  
CALIFORNIA**



**ROBERT WHALEN, MAYOR**

**HARRY ARMSTRONG, MAYOR PRO-TEM**

**NATHAN F. MAGSIG, COUNCILMEMBER**

**LYNNE ASHBECK, COUNCILMEMBER**

**JOSE FLORES, 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 3, 2007

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, 2007.

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, a firm of licensed 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, 2007, 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, 2007, 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 almost 23 square miles and serves a population of 92,269.

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 76.

### **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 City of Clovis is currently experiencing a slowdown in its rate of growth in housing and commercial development. Building has continued but at a slower pace than in previous years. The City experienced only a 2.6% growth in population in 2007 compared to previous years' average of nearly 5%. The City has three major retail centers and several successful automobile dealerships that anchor the sales tax base. Clovis has the second highest per capita taxable spending in Fresno County. These rankings illustrate the importance of Clovis as a regional marketing location. During this last year Clovis taxable transactions were stable even in the economic downturn. 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 11,400 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. The City worked with the property owners to assemble the land for development and currently sold out the first phase of 80 acres for major projects including Cargo Bay, Precision Plastics, APPL, and Portal Sierra. The City plans to attract high technology companies to the area with improved lots and an affordable housing market.

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 918,000. The anticipated growth in population of the Metropolitan Area is approximately 2%, with Clovis estimated to grow by about 1.5 percent. There are approximately 390,000 jobs in Fresno County. The countywide unemployment rate is about 8.1%, not seasonally adjusted, which is the lowest 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 3.9% with 41,700 employed out of a workforce of 43,400.

**Long-term financial planning.** As part of the City of Clovis land use planning process for the City's new growth area in the City's southeast area, the City is progressing with the ultimate 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 plant will also ultimately serve the new growth areas in the northwest and the northeast and will serve a population at build-out of about 75,000 people. The first phase of the plant is planned to treat 3 million gallons per day (MGD) with expansion up to 8.34 MGD. The estimated cost for the plant and major infrastructure for the first phase is \$90 to \$95 million. Construction is complete on the lift station and trunk lines necessary and construction of the plant has begun. The City sold revenue bonds for the capital construction of the plant. The Sewer Enterprise and development fees will support the debt service on the bonds.

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.

**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 13 months. The average yield on investments was 4.82 percent. Investment income includes appreciation on the fair value of investments. Increases 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**

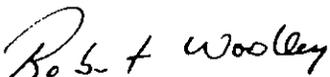
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clovis for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the nineteenth consecutive year that the city has 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, 2006 and has submitted and expects to receive the award for the annual budget document dated July 1, 2007 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 Jamie Hughson, Bill Casarez, Jim Kellas, Barbara Melendez, Jay Schengel, and Susan Evans.

Respectfully submitted,



Robert Woolley, 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, 2006

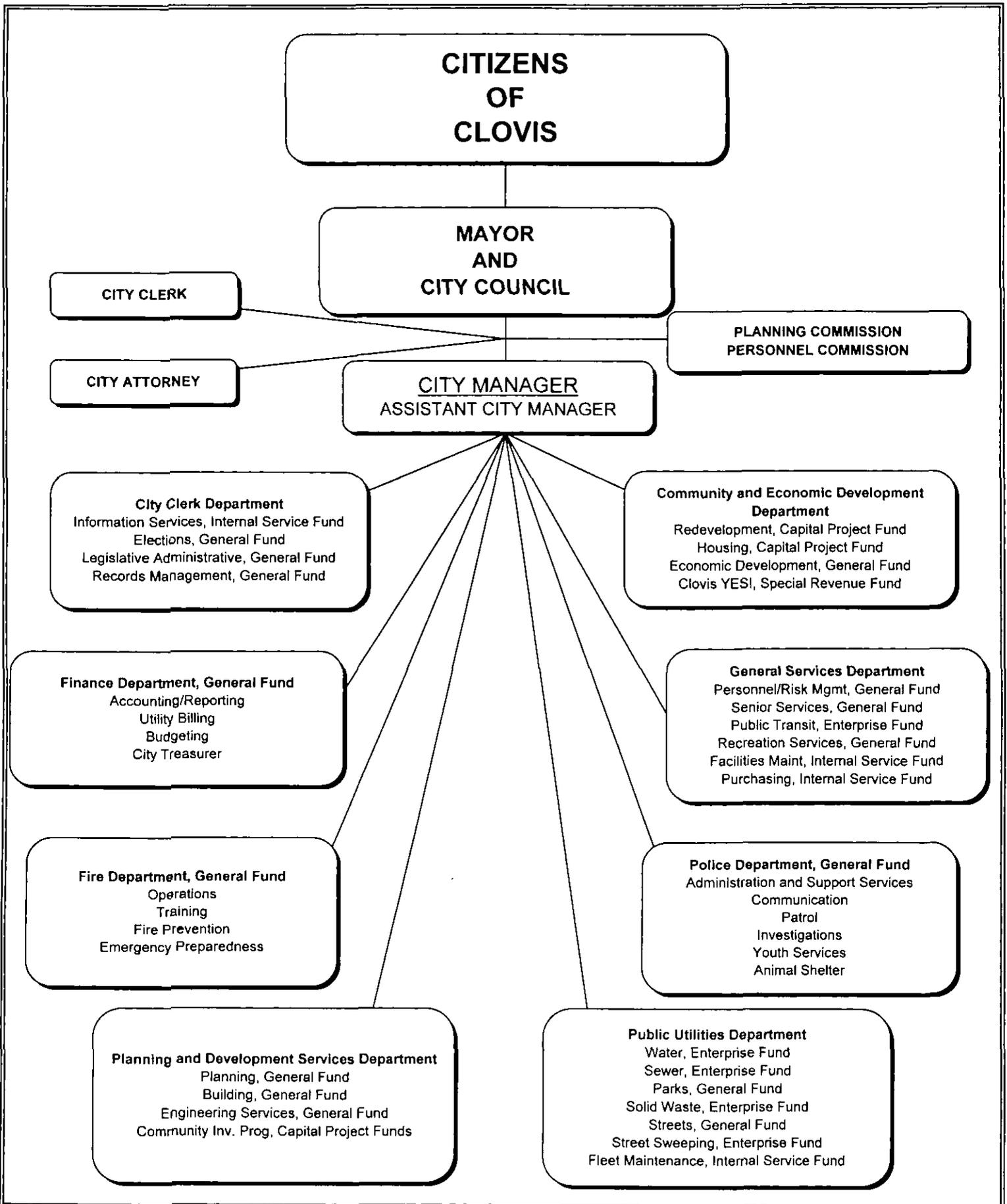
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# CITY OF CLOVIS ORGANIZATION CHART



**CITY OF CLOVIS  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2007**

<b><u>Title</u></b>	<b><u>Name</u></b>
<i>City Manager</i>	<i>Kathleen Millison</i>
<i>Assistant City Manager</i>	<i>Jeffrey Witte</i>
<i>Public Utilities Director</i>	<i>Michael Leonardo</i>
<i>Finance Director/City Treasurer</i>	<i>Robert Woolley</i>
<i>City Clerk</i>	<i>John Holt</i>
<i>Police Chief</i>	<i>Jim Zulim</i>
<i>Fire Chief</i>	<i>Mark Aston</i>
<i>Planning &amp; Development Services Director</i>	<i>John Wright</i>
<i>General Services Director</i>	<i>Robert Ford</i>
<i>Community &amp; Economic Development Director</i>	<i>Michael Dozier</i>

FINANCIAL

SECTION



## 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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, 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 generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2007, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis and the Public Employees Retirement System Schedule of Funding Progress, are not required part of the basic financial statements but are 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.

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**Sacramento**  
777 Campus Commons Rd., Suite 200  
Sacramento, California 95825

**San Diego**  
4858 Mercury, Suite 106  
San Diego, California 92111

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory, Supplementary, and Statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital assets 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.

*Capricci & Carlson*

Sacramento, California  
November 16, 2007

## **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, 2007. 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 \$494 million, which is 15% greater than 2006. Of this amount, \$70.6 million, 4% less than 2006, 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 \$37.5 million, which is approximately the same as the fund balance at June 30, 2006. Of this balance, \$23.6 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 \$9.4 million, which represents a net decrease of \$1.9 million from the previous year. The unreserved undesignated balance of \$1.4 million includes \$0.1 million for PBIA and \$1.3 million 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.

Construction began on the next phase of the Sewer Treatment-Water Reuse Facility, an 8.34 million gallon per day treatment facility at build-out, and included the award of the contract for the Design, Build, Operate (DBO) for the first 2.8 million gallons per day of treatment capacity. Construction was funded by bonds issued in March 2007 secured by the revenue of the sewer fund.

### **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 government's near-term financing requirements.

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

The City of Clovis maintains 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 refuse disposal, sewer disposal, water, transit and street cleaning. 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 the Refuse Disposal, Sewer Disposal and Water funds all of which are major funds. Two additional enterprise funds, Transit and Street Cleaning are combined into a single aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. 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 45-65 of this report.

### Government-wide Financial Analysis

Below is a table showing the City's net assets for the fiscal year ended June 30, 2007, with comparative data for the fiscal year ended June 30, 2006.

#### City of Clovis' Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$98,827,929	\$ 99,059,582	\$133,300,417	\$ 69,014,455	\$ 232,128,346	\$ 168,074,037
Capital and intangible assets	335,787,605	285,675,299	205,519,314	185,730,217	541,306,919	471,405,516
<b>Total assets</b>	<b>434,615,534</b>	<b>384,734,881</b>	<b>338,819,731</b>	<b>254,744,672</b>	<b>773,435,265</b>	<b>639,479,553</b>
Long-term liabilities outstanding	84,935,200	83,753,056	178,842,641	111,914,178	263,777,841	195,667,234
Other liabilities	7,835,767	9,401,707	7,805,371	6,532,115	15,641,138	15,933,822
<b>Total liabilities</b>	<b>92,770,967</b>	<b>93,154,763</b>	<b>186,648,012</b>	<b>118,446,293</b>	<b>279,418,979</b>	<b>211,601,056</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	294,905,187	240,240,749	94,552,223	82,793,274	389,457,410	323,034,023
Restricted	29,021,555	26,196,035	4,939,804	5,306,787	33,961,359	31,502,822
Unrestricted	17,917,825	25,143,334	52,679,692	48,198,318	70,597,517	73,341,652
<b>Total net assets</b>	<b>\$ 341,844,567</b>	<b>\$ 291,580,118</b>	<b>\$152,171,719</b>	<b>\$ 136,298,379</b>	<b>\$ 494,016,286</b>	<b>\$ 427,878,497</b>

As of June 30, 2007, the City's government-wide total assets exceeded liabilities (net assets) by \$494 million. Governmental activities finished the year with a positive net asset balance of \$342 million, an increase of \$50 million, or 17% over 2006. Business-type activities finished the year with a positive balance of \$152 million, an increase of

\$16 million, or 12% over 2006. Net assets, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net assets, \$389 million or 79% 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 \$66 million accounting for all of the increase in the City's Net Assets. 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 the City made substantial improvements to the City owned landfill, completed construction of Phase I and began construction of Phase 2 of the Sewer Treatment-Water Reuse Facility, and numerous streets were constructed and/or improved, accounting for the majority of the balance of 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 new police facility, corporation yard, fire stations, 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 \$34 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 \$71 million or 14% of the total net assets, which is a decrease of \$3 million or 4% from the previous year. Governmental activities account for \$18 million or 25% of the total unrestricted net assets and decreased \$7 million or 29% compared to last year. Business-type activities account for \$53 million or 75% of the total and increased from last year \$4 million or 9%. The remaining amount of net assets can only be used to finance the continuing operations of the water, refuse disposal, sewer disposal, street cleaning, and transit operations.

**Governmental activities.** Governmental activities account for \$342 million or 69% of the total Government-wide net assets. This is an increase of \$50 million or 17% over June 30, 2006. Donated and constructed assets increased by \$54 million and the amounts available for debt service, street and road construction and community development increased by \$3 million. These increases were offset by a decrease of \$7 million representing the use of accumulated funds for normal activities.

The following lists key components of this increase:

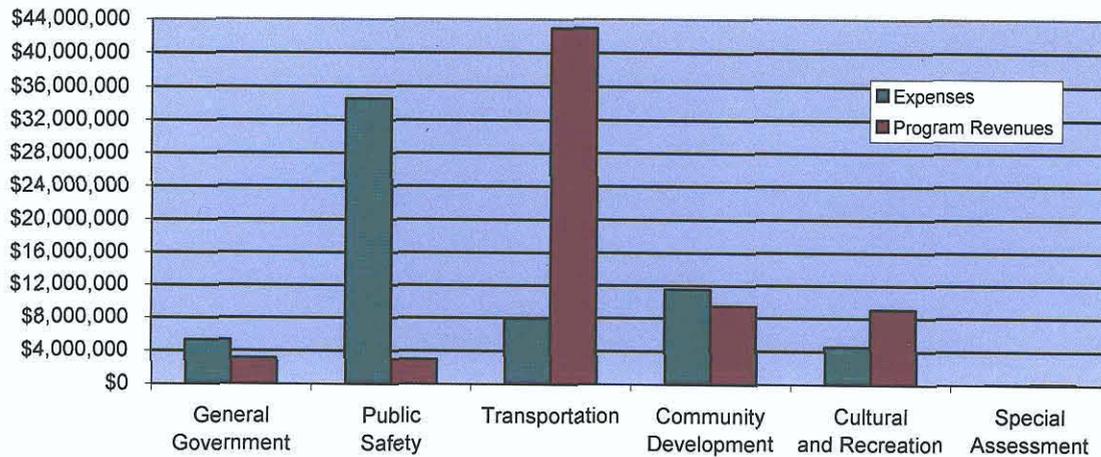
**City of Clovis'  
Changes in Net Assets**

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$25,483,997	\$23,993,160	\$50,442,849	\$46,703,565	\$ 75,926,846	\$70,696,725
Operating grants and contributions	626,350	836,367	-	-	626,350	836,367
Capital grants and contributions	41,643,872	32,043,479	69,529	45,186	41,713,401	32,088,665
<b>General revenues:</b>						
Property taxes	18,719,047	16,177,667			18,719,047	16,177,667
Sales taxes	14,695,208	14,776,842			14,695,208	14,776,842
Other taxes	9,076,275	8,720,155			9,076,275	8,720,155
Grants and contributions not restricted to specific programs	741,419	684,126			741,419	684,126
Unrestricted investment earnings	3,358,238	2,575,282	\$4,058,017	2,685,179	7,416,255	5,260,461
<b>Total revenues</b>	<b>114,344,406</b>	<b>99,807,078</b>	<b>54,570,395</b>	<b>49,433,930</b>	<b>168,914,801</b>	<b>149,241,008</b>
<b>Expenses:</b>						
General government	5,318,733	4,668,234			5,318,733	4,668,234
Public safety	34,585,783	31,498,593			34,585,783	31,498,593
Transportation	7,931,717	6,658,318			7,931,717	6,658,318
Community development	11,531,189	10,376,658			11,531,189	10,376,658
Cultural and recreation	4,519,519	5,673,279			4,519,519	5,673,279
Special assessment	48,016	81,233			48,016	81,233
Refuse			10,997,206	10,848,903	10,997,206	10,848,903
Sewer			11,209,693	10,684,432	11,209,693	10,684,432
Water			13,086,525	13,175,222	13,086,525	13,175,222
Transit			2,677,651	2,617,616	2,677,651	2,617,616
Street Cleaning			870,980	861,603	870,980	861,603
<b>Total expenses</b>	<b>63,934,957</b>	<b>58,956,315</b>	<b>38,842,055</b>	<b>38,187,776</b>	<b>102,777,012</b>	<b>97,144,091</b>
Increase in net assets before transfers	50,409,449	40,850,763	15,728,340	11,246,154	66,137,789	52,096,917
Transfers	(145,000)	(782,000)	145,000	782,000	0	0
Increase in net assets	50,264,449	40,068,763	15,873,340	12,028,154	66,137,789	52,096,917
Net assets – beginning	291,580,118	251,511,355	136,298,379	124,270,225	427,878,497	375,781,580
Net assets – ending	341,844,567	291,580,118	152,171,719	136,298,379	494,016,286	427,878,497

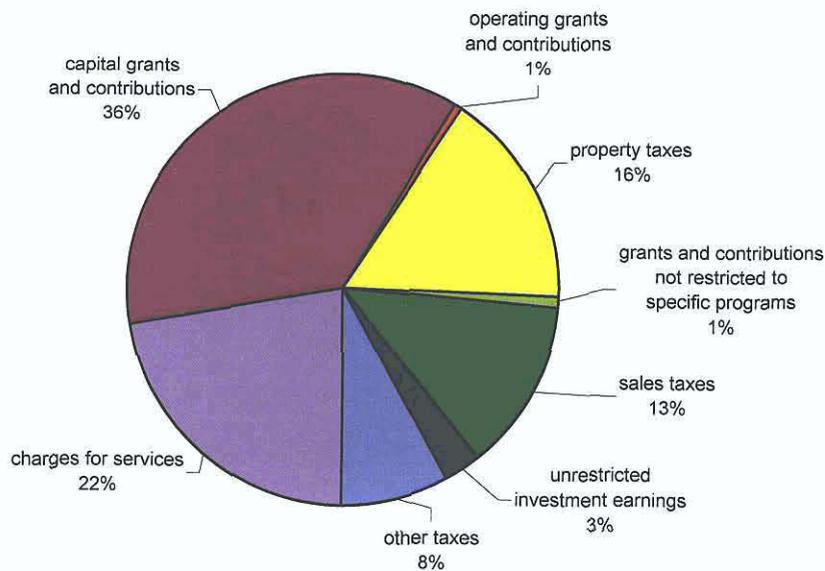
Total governmental revenues for the year were \$114 million, which is \$15 million or 15% more than in 2006. Charges for services accounted for 22% of the total revenue. An increase in construction related activity accounted for the increase in charges for services. Capital grants and contributions increased \$10 million from the previous year, due to an increase in transportation related grants from federal sources and an increase in capital donated by developers. Taxes, which include property, sales, and other taxes, account for \$42 million or 37% of the City's governmental activities revenue. This revenue source experienced an increase over the previous year as a result of increased property taxes related to new residential and commercial developments and an increase in motor vehicle in-lieu fees.

Total governmental expenses for the year were \$64 million and increased \$5 million or 8% over 2006. Public Safety expenses, increased \$3 million or 10% over 2006 accounting for the majority of the increase in governmental activities expenses. The major factor of this increase relates to increased staffing and increased salary and benefit costs. Public Safety, which includes police and fire, accounts for \$35 million or 54% of the total governmental activities expenses. Transportation expenses which include depreciation for the city's street infrastructure, increased \$1 million or 19% and is the result of an increase in street maintenance and deprecation expense. Cultural and recreation expenses of \$5 million representing 7% of total governmental expenses decreased \$1 million as a result of savings in expenses for park maintenance and other operational savings. The Community Development function accounts for \$12 million or 18% of the total expenses and increased \$1 million during 2007. The increase is related to the increase in city public improvement activity, which includes engineering, planning and building code enforcement and an increase in redevelopment activity.

### Expenses and Program Revenues-Governmental Activities



### Revenues by Source-Governmental Activities

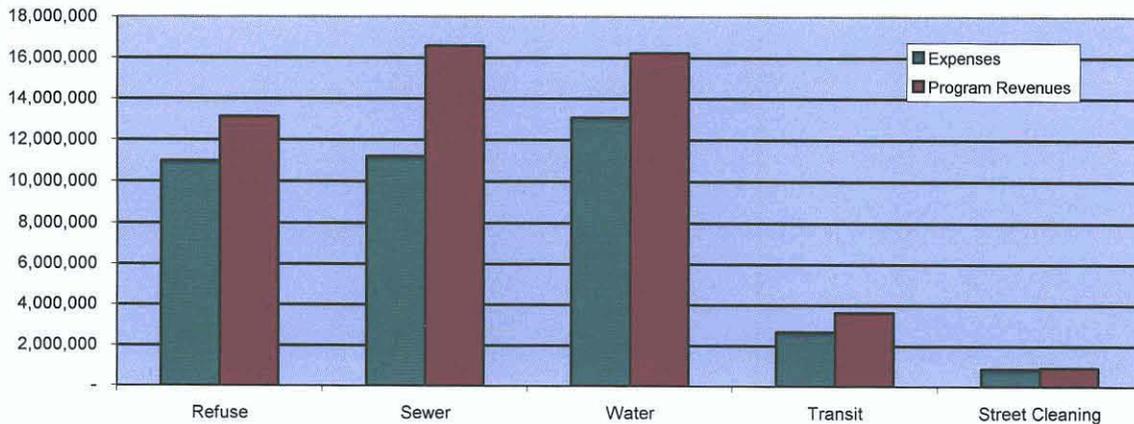


Program revenues that include charges for services and grants specific to certain programs account for \$68 million of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of “general” revenues such as taxes, interest, and unrestricted grants and contributions.

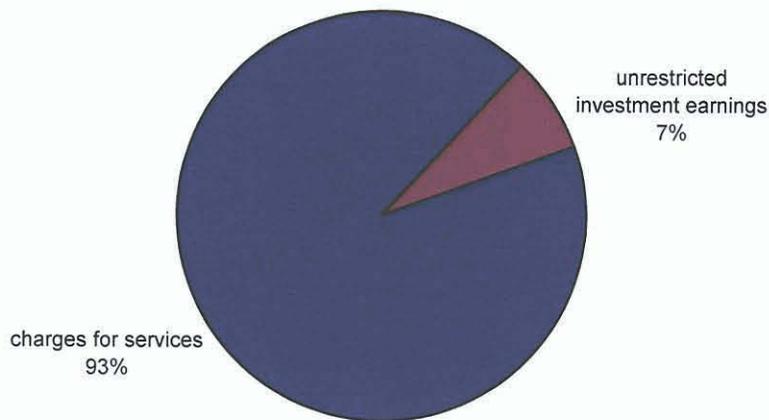
**Business-type Activities**

Business-type activities account for \$152 million or 31% of the total Government-wide net assets. This is an increase of \$16 million or 12% over June 30, 2006, with “Investment in Capital Assets” accounting for \$12 million of that increase while “Unrestricted Net Assets” increased \$4 million. Charges for current services accounts for \$50 million or 93% percent of the total business-type activity revenue. Investment earnings, up slightly over the previous year, provided \$4 million in revenues. The higher interest revenue reflects the additional cash as a result of unspent bond proceeds and an increasing rate market.

**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. In a review of the chart

“Expenses and Program Revenues” it can be noted that all business-type activities have program revenues that exceed expenses. In sewer and water these revenues far exceed the expenses as a result of development fees. The revenues generated by these 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 principle 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 \$37.5 million, which is approximately the same when compared to the prior year. Of the total fund balance, \$18 million or 50% 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	\$2.5
Debt service	2.7
Long-term Receivables	3.3
Assets held for resale	2.9
Landscape Maintenance	2.3
Law Enforcement	>0.1

The general fund is the chief operating fund of the City. As of June 30, 2007, the *total* fund balance (including all reserves and designations) of the general fund was \$9.46 million, down \$1.9 million from June 30, 2006. The total fund balance of \$9.46 million includes reserved balances of \$2.89 million, designated balances of \$5.13 million (\$4.27 million for unforeseen expenditures and \$0.86 million for State triple-flip accrued revenue unavailable for appropriation) and unreserved undesignated balances of \$1.44 million (\$0.13 million for PBI and \$1.31 million available for future appropriation).

The general fund *reserved* balances of \$2.89 million increased \$0.3 million over June 30, 2006 primarily due to an increase in the landscape maintenance reserve of \$0.7 million and a decrease in the encumbrances reserve of \$0.4 million. The *designated* balance for unforeseen expenditures was lowered \$0.5 million from \$4.77 million to \$4.27 million, in order to help fund 2007/08 appropriations. The *unreserved undesignated* fund balance decreased \$1.7 million (55%) from \$3.1 million to \$1.4 million from June 30, 2006. The unreserved undesignated portion of \$1.4 million is the amount carried over to fund future services and was entirely appropriated in the 2007/08 budget.

The table below shows the components of the increases and decreases making up the

change in *total* fund balance reported for the general fund (in millions):

Reserved for:	Encumbrances	(\$0.4)
	Landscape maintenance	0.7
	Law enforcement	-0-
Designated for:	Unforeseen expenditures	(0.5)
	State triple flip	-0-
Unreserved, Undesignated		<u>(1.7)</u>
Change in <i>total</i> fund balance		<u>(\$1.9)</u>

The components of the \$1.7 million decrease in the General Fund unreserved undesignated fund balance include: \$0.4 million release of reserve for encumbrances; \$0.5 release of designation for unforeseen expenditures (both having the effect of increasing the unreserved, undesignated balance), expenditures over revenues in the General Fund (excluding activity of the Landscape Maintenance District) of \$3.1 million (decreasing the unreserved, undesignated balance) and transfers in of \$0.5 million (increasing the unreserved, undesignated balance).

As indicated above, expenditures exceeded revenues by \$3.1 million excluding the landscape maintenance where revenues exceeded expenditures by \$0.7 million. Some general fund revenues came in slightly higher than budgeted, they were "Property Taxes," \$0.6 million; "Other Taxes," \$0.1 million; "Use of money and property" \$0.1 million; revenues from "From other Agencies," \$0.8 million; and "Other revenues," \$0.5 million. The increase in property tax was the result of the County getting caught up in processing assessments for new homes. The increase in From Other Agencies represents additional grant funding available for public safety operations and the increase in Other revenues represents increases in inter-departmental billings. Increases in franchise, business license and real property transfer tax accounted for the increase in "Other Taxes. "Sales Taxes," came in \$0.6 million less than budgeted and was due to an economic downturn resulting from the housing market slowdown. "Charges for Current Service" were lower than anticipated by \$1 million due to a slow down in building and advance planning activity.

Several departments experienced expenditure savings including "Finance," \$0.1 million, "Manager" \$0.2 million, "Police" \$0.2 million "Public Utilities," \$0.8 million, and "Planning and Development Services," \$0.9 million. Most of the expenditure savings in the departments were savings achieved by position vacancies and savings in services and supplies or postponed capital expenditures. Most savings can be attributed to "projects" that were not commenced before the end of the fiscal year, but are included in the "Reserve for Encumbrance" amount and will be reappropriated in the next fiscal year.

The local transportation fund, used to account for all street construction projects experienced lower expenditures as a result of fewer construction projects funded by the City. The ending fund balance of \$10 million is \$1 million less than June 30, 2006.

The Community Development fund shows a \$1.5 million increase in fund balance and is the result of higher than expected tax revenue. The ending fund balance of \$9 million is mostly reserved in either "Assets held for resale" or "Long-term receivables" with only \$2 million in "Unreserved."

The Workforce Investment Board deficit of \$44,088 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 07/08.

**Proprietary funds.** As indicated in the description of proprietary funds, there are two types of funds, enterprise and internal service funds. All but one of the City's enterprise funds ended the year with positive unrestricted net assets. The Refuse Fund ended with a deficit \$1.1 million. The City recently enacted rate increases which will begin to decrease the negative balances. Additional costs were incurred during the fiscal year for the landfill excavation and the active gas extraction projects creating the negative year end balance. Additional rate increases are in place to alleviate this deficit position within the next one to two years.

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 \$4.6 million. This deficit balance is attributable to the liability of workers' compensation program claims. The current liability for workers' compensation claims exceeds \$7.7 million. The City funds the current year workers' compensation expenditures with charges to City programs. The City has also funded approximately \$3 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:

\$ 141,200	Various Departments-Reappropriations of projects approved in the previous fiscal year but not commenced prior to fiscal year end
\$ 962,600	Police Department-Appropriation of grant program expenditures
\$ 109,300	Fire Department-Appropriation of grant program expenditures
\$ 100,000	Public Utilities for additional personnel and equipment needed.
\$ 219,000	Various Departments-to prevent budget overruns

Of these the increases the following amounts were funded from unanticipated revenues; in the Police Department \$355,300, and in the Fire Department \$88,800 and the balance of the adjustments were funded by available fund balance. During the year, however, revenues fell short of budgetary estimates and expenditures were less than budgetary estimates, thus the need to draw upon existing fund balance existed.

The most significant budget variances occurred in the public utilities area as a result of savings for work and projects not need during the year and in Planning and Development Services due to the slowdown in development activity. As a result the charges for current services and licenses and permits revenues were also less than projected.

## 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, 2007, amounts to \$541 million (net of depreciation) an increase of \$70 million over 2006. 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	\$ 26 million
Sewer system improvements	11 million
Water system improvements	6 million
Landfill site improvements	2 million

During the year the City continued construction on the sewer treatment-water reuse facility, made improvements to the City owned landfill 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 55.

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

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 141,687,798	\$ 116,786,158	\$ 30,506,508	\$ 29,470,942	\$ 172,194,306	\$ 146,257,100
Buildings and improvements	71,055,292	57,230,673	144,997,217	125,511,529	216,052,509	182,742,202
Machinery and equipment	10,946,669	11,056,300	1,670,077	1,935,386	12,616,746	12,991,686
Road network	112,097,846	100,602,168	-	-	112,097,846	100,602,168
Total	\$ 335,787,605	\$ 285,675,299	\$ 177,173,802	\$ 156,917,857	\$ 512,961,407	\$ 442,593,156

**Long-term Debt.** The City's long-term debt as of June 30, 2007, was \$223 million with governmental activities accounting for \$47 million or 21% and business-type activities accounting for \$176 million or 79%.

### CITY OF CLOVIS' Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Special assessment debt with governmental commitment	\$ 650,000	\$ 1,275,000			\$ 650,000	\$ 1,275,000
Tax allocation bonds	7,625,000	8,055,000			7,625,000	8,055,000
Capital leases	8,603,053	3,362,423	\$ 27,804	\$ 38,333	8,630,857	3,400,756
Lease revenue bonds	258,651	504,987	56,347	110,011	314,998	614,998
Loans payable	1,925,266	2,625,412	-	-	1,925,266	2,625,412
Revenue bonds	28,315,000	29,800,000	158,330,000	90,820,000	186,645,000	120,620,000
Contracts payable			17,268,807	18,552,518	17,268,807	18,552,518
Total	\$ 47,376,970	\$ 45,622,822	\$ 175,682,958	\$ 109,520,862	\$ 223,059,928	\$ 155,143,684

General obligation debt are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Clovis' debt limit is \$979 million. The City currently has no general obligation debt outstanding. Detailed information on the City's long-term debt activity can be found in Note G. of the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The housing downturn is continuing to have an effect on the city budget especially the General Fund, the primary operating fund of the city. After experiencing healthy growth the last few years, current residential and commercial construction is expected to be less than our current ten year average. Property and sales taxes, the primary revenue sources for the General Fund are both expected to moderate in the coming year. Along with the slow down in residential construction activity will be a slowdown in population growth and those revenues received based on a population basis, will also be negatively impacted.

Total city-wide expenditures, excluding capital expenditures, were projected to increase approximately 5%. Salary and benefits accounted for the largest portion of this increase. While there were no negotiated salary increases included in the budget, the budget did reflect the costs of normal step increases, and the net addition of 10 new positions. Salaries are anticipated to grow \$2.4 million while the costs of retirement and health insurance are projected to increase \$1.3 million. Expenditures in the 2007-2008 General Fund budget were held at the same level as the previous year with the General Fund being funded through current year revenues and accumulated cost savings.

The General Fund will have a designation of \$4.3 million or 7.5% of budgeted expenditures to be set aside as an emergency reserve, a decrease of \$0.5 million from the 2006-07 reserve amount, and a designation of \$0.86 for accrued sales tax not available for appropriation.

### **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, 2007**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$78,259,523	\$122,410,725	\$200,670,248
Receivables	8,183,005	7,404,298	15,587,303
Internal balances	(714,860)	714,860	0
Due from other governments	5,988,707	1,063,829	7,052,536
Inventories	449,171		449,171
Assets held for resale	2,888,952		2,888,952
Bond discounts/premiums	594,196	(3,233,099)	(2,638,903)
Restricted assets:			
Cash and investments	3,179,235	4,939,804	8,119,039
Capital assets (net of accumulated depreciation):			
Land	141,687,798	30,506,508	172,194,306
Buildings and improvements	71,055,292	144,997,217	216,052,509
Machinery and equipment	10,946,669	1,670,077	12,616,746
Road network	112,097,846		112,097,846
Intangible assets (net of accumulated amortization)		28,345,512	28,345,512
Total assets	<u>434,615,534</u>	<u>338,819,731</u>	<u>773,435,265</u>
<b>LIABILITIES</b>			
Accounts payable	4,124,120	7,450,171	11,574,291
Unearned revenue	3,711,647	355,200	4,066,847
Noncurrent liabilities:			
Due within one year	5,228,589	3,417,713	8,646,302
Due in more than one year	79,706,611	175,424,928	255,131,539
Total liabilities	<u>92,770,967</u>	<u>186,648,012</u>	<u>279,418,979</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	294,905,187	94,552,223	389,457,410
Restricted for:			
Debt service	3,388,789	4,939,804	8,328,593
Streets and roads	17,054,385		17,054,385
Community development	8,578,381		8,578,381
Unrestricted	17,917,825	52,679,692	70,597,517
Total net assets	<u>\$341,844,567</u>	<u>\$152,171,719</u>	<u>\$494,016,286</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, 2007**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Asset			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$5,318,733	\$3,064,022		\$47,021	(\$2,207,690)		(\$2,207,690)
Public safety	34,585,783	2,231,034	\$332,254	428,093	(31,594,402)		(31,594,402)
Transportation	7,931,717	5,382,915	48,386	37,496,929	34,996,513		34,996,513
Community development	11,531,189	9,177,917	213,556	111,938	(2,027,778)		(2,027,778)
Cultural and recreation	4,519,519	5,495,898	32,154	3,559,891	4,568,424		4,568,424
Special assessment	48,016	132,211			84,195		84,195
Total governmental activities	<u>63,934,957</u>	<u>25,483,997</u>	<u>626,350</u>	<u>41,643,872</u>	<u>3,819,262</u>	<u>0</u>	<u>3,819,262</u>
Business-type activities:							
Refuse	10,997,206	13,054,942		69,529		\$2,127,265	2,127,265
Sewer	11,209,693	16,593,961				5,384,268	5,384,268
Water	13,086,525	16,241,554				3,155,029	3,155,029
Transit	2,677,651	3,625,965				948,314	948,314
Street Cleaning	870,980	926,427				55,447	55,447
Total business-type activities	<u>38,842,055</u>	<u>50,442,849</u>	<u>0</u>	<u>69,529</u>	<u>0</u>	<u>11,670,323</u>	<u>11,670,323</u>
Total primary government	<u>\$102,777,012</u>	<u>\$75,926,846</u>	<u>\$626,350</u>	<u>\$41,713,401</u>	<u>3,819,262</u>	<u>11,670,323</u>	<u>15,489,585</u>
General revenues:							
Property taxes					18,719,047		18,719,047
Sales taxes					14,695,208		14,695,208
Other taxes					9,076,275		9,076,275
Grants and contributions not restricted to specific programs					741,419		741,419
Unrestricted investment earnings					3,358,238	4,058,017	7,416,255
Transfers					(145,000)	145,000	0
Total general revenues and transfers					<u>46,445,187</u>	<u>4,203,017</u>	<u>50,648,204</u>
Change in net assets					50,264,449	15,873,340	66,137,789
Net assets-beginning					291,580,118	136,298,379	427,878,497
Net assets-ending					<u>\$341,844,567</u>	<u>\$152,171,719</u>	<u>\$494,016,286</u>

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

**City of Clovis  
Balance Sheet  
Governmental Funds  
June 30, 2007**

	General	Local Transportation	Community Development	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$8,427,775	\$32,953,047	\$3,569,640	\$7,405,091	\$52,355,553
Cash with agents-restricted		381,043		1,714,298	2,095,341
Receivables	1,473,332	524,997	5,320,615	149,945	7,468,889
Due from other funds	66,000				66,000
Due from other governments	3,369,555	2,049,182	34,781	372,513	5,826,031
Inventories	3,844				3,844
Assets held for resale			2,888,952		2,888,952
<b>Total assets</b>	<b>\$13,340,506</b>	<b>\$35,908,269</b>	<b>\$11,813,988</b>	<b>\$9,641,847</b>	<b>\$70,704,610</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$782,826	\$790,797	\$223,289	\$265,185	\$2,062,097
Due to other funds			351,833	66,000	417,833
Due to other governments	634,574				634,574
Deposits and other liabilities	1,408,424	22,329,659	2,660,485	9,200	26,407,768
Unearned revenue	1,057,584	2,654,063			3,711,647
<b>Total Liabilities</b>	<b>3,883,408</b>	<b>25,774,519</b>	<b>3,235,607</b>	<b>340,385</b>	<b>33,233,919</b>
Fund balances:					
Reserved for:					
Encumbrances	527,082	1,546,308	284,146	205,737	2,563,273
Debt service		381,043		2,353,495	2,734,538
Long-term receivables			3,315,601		3,315,601
Assets held for resale			2,888,952		2,888,952
Landscape Maintenance	2,350,868				2,350,868
Law enforcement	8,964				8,964
Unreserved, designated for contingencies	5,130,000				5,130,000
Unreserved, reported in:					
General fund	1,440,184				1,440,184
Special revenue funds		8,206,399		27,332	8,233,731
Capital project funds			2,089,682	6,714,898	8,804,580
<b>Total fund balances</b>	<b>9,457,098</b>	<b>10,133,750</b>	<b>8,578,381</b>	<b>9,301,462</b>	<b>37,470,691</b>
<b>Total liabilities and fund balances</b>	<b>\$13,340,506</b>	<b>\$35,908,269</b>	<b>\$11,813,988</b>	<b>\$9,641,847</b>	

**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 \$77,896,353 of internal service fund capital assets)	257,891,252
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 \$1,508,027 allocated to business-type activities)	56,857,288
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(10,374,664)
Net Assets of Governmental Activities	<u>\$341,844,567</u>

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

**City of Clovis**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

	<u>General</u>	<u>Local Transportation</u>	<u>Community Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property taxes	\$15,299,736		\$3,380,285	\$403,235	\$19,083,256
Sales taxes	14,920,816				14,920,816
Other taxes	4,653,650		50,000		4,703,650
Licenses and permits	2,050,759				2,050,759
Fines and forfeitures	306,592				306,592
Use of money and property	419,935	\$1,298,133	111,246	416,101	2,245,415
From other agencies	3,694,381	3,779,621	359,174	865,681	8,698,857
Charges for current services	6,196,256	1,102,706		2,746,836	10,045,798
Other revenues	6,131,729	22,651	908,590	57,768	7,120,738
Total revenue	<u>53,673,854</u>	<u>6,203,111</u>	<u>4,809,295</u>	<u>4,489,621</u>	<u>69,175,881</u>
<b>EXPENDITURES</b>					
Current:					
General government	5,293,459				5,293,459
Public safety	35,131,624				35,131,624
Transportation	3,011,329				3,011,329
Community development	8,199,112			402,155	8,601,267
Cultural and recreation	4,482,704				4,482,704
Debt service:					
Principal				1,111,939	1,111,939
Interest and fiscal charges				555,706	555,706
Capital outlays		6,941,682	2,352,919	2,162,748	11,457,349
Total expenditures	<u>56,118,228</u>	<u>6,941,682</u>	<u>2,352,919</u>	<u>4,232,548</u>	<u>69,645,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,444,374)</u>	<u>(738,571)</u>	<u>2,456,376</u>	<u>257,073</u>	<u>(469,496)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	575,000			1,049,000	1,624,000
Transfers Out	(79,000)		(909,000)	(206,000)	(1,194,000)
Total other financing sources	<u>496,000</u>	<u>0</u>	<u>(909,000)</u>	<u>843,000</u>	<u>430,000</u>
Net change in fund balances	(1,948,374)	(738,571)	1,547,376	1,100,073	(39,496)
Fund balances-beginning	11,405,472	10,872,321	7,031,005	8,201,389	37,510,187
Fund balances-ending	<u>\$9,457,098</u>	<u>\$10,133,750</u>	<u>\$8,578,381</u>	<u>\$9,301,462</u>	<u>\$37,470,691</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, 2007**

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)	(\$39,496)
<i>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.</i>	4,017,691
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	39,469,100
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.	1,111,939
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.	(244,200)
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 \$767,563 allocated to business-type activities.	5,949,415
Change in net assets of governmental activities (page 31)	\$50,264,449

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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Property taxes	\$14,737,100	\$14,737,100	\$15,299,736	\$562,636
Sales taxes	15,500,000	15,500,000	14,920,816	(579,184)
Other taxes	4,546,000	4,546,000	4,653,650	107,650
Licenses and permits	3,526,718	3,526,718	2,050,759	(1,475,959)
Fines and forfeitures	270,500	270,500	306,592	36,092
Use of money and property	299,834	299,834	419,935	120,101
From other agencies	2,137,000	2,871,101	3,694,381	823,280
Charges for current services	7,158,681	7,158,681	6,196,256	(962,425)
Other revenues	5,582,800	5,622,800	6,131,729	508,929
Total revenues	<u>53,758,633</u>	<u>54,532,734</u>	<u>53,673,854</u>	<u>(858,880)</u>
<b>EXPENDITURES</b>				
Council	248,089	248,089	245,685	2,404
Clerk	270,954	270,954	261,489	9,465
Attorney	509,992	720,992	720,603	389
Manager	1,711,821	1,711,821	1,470,906	240,915
General services	1,909,825	1,917,825	1,917,585	240
Finance/Treasurer	2,002,240	2,002,240	1,928,044	74,196
Police	22,972,770	23,921,636	23,740,778	180,858
Fire	11,288,623	11,397,883	11,390,846	7,037
Public utilities	6,990,354	7,085,254	6,243,180	842,074
Planning and development services	9,090,087	9,101,887	8,199,112	902,775
Total expenditures	<u>56,994,755</u>	<u>58,378,581</u>	<u>56,118,228</u>	<u>2,260,353</u>
Excess (deficiency) of revenues over expenditures	<u>(3,236,122)</u>	<u>(3,845,847)</u>	<u>(2,444,374)</u>	<u>1,401,473</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	575,000	575,000	575,000	0
Transfers Out	(25,000)	(79,000)	(79,000)	0
Total other financing sources (uses)	<u>550,000</u>	<u>496,000</u>	<u>496,000</u>	<u>0</u>
Net change in fund balances	<u>(2,686,122)</u>	<u>(3,349,847)</u>	<u>(1,948,374)</u>	<u>1,401,473</u>
Fund balances-beginning	11,405,472	11,405,472	11,405,472	
Fund balances-ending	<u>\$8,719,350</u>	<u>\$8,055,625</u>	<u>\$9,457,098</u>	<u>\$1,401,473</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  
Local Transportation Special Revenue Fund  
For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Use of money and property	\$200,000	\$200,000	\$1,298,133	\$1,098,133
From other agencies	6,556,780	6,556,780	3,779,621	(2,777,159)
Charges for services	716,010	716,010	1,102,706	386,696
Other revenues	0	0	22,651	22,651
Total revenues	<u>7,472,790</u>	<u>7,472,790</u>	<u>6,203,111</u>	<u>(1,269,679)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>11,233,483</u>	<u>17,178,483</u>	<u>6,941,682</u>	<u>10,236,801</u>
Total expenditures	<u>11,233,483</u>	<u>17,178,483</u>	<u>6,941,682</u>	<u>10,236,801</u>
Excess (deficiency) of revenues over expenditures	(3,760,693)	(9,705,693)	(738,571)	8,967,122
Fund balances-beginning	10,872,321	10,872,321	10,872,321	
Fund balances-ending	<u>\$7,111,628</u>	<u>\$1,166,628</u>	<u>\$10,133,750</u>	<u>\$8,967,122</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, 2007**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
	<b>Refuse Disposal</b>	<b>Sewer Disposal</b>	<b>Water</b>	<b>Other Enterprise Funds</b>		
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$4,501,403	\$94,030,976	\$23,328,523	\$549,823	\$122,410,725	\$25,903,970
Receivables	2,488,154	2,355,546	2,383,805	176,793	7,404,298	714,116
Due from other funds	142,000	5,206,833			5,348,833	1,145,000
Due from other governments	23,000		7,425	1,033,404	1,063,829	162,676
Inventories						445,327
Total current assets	<u>7,154,557</u>	<u>101,593,355</u>	<u>25,719,753</u>	<u>1,760,020</u>	<u>136,227,685</u>	<u>28,371,089</u>
Noncurrent assets:						
Bond discounts/(premiums)	<u>276,717</u>	<u>(2,091,026)</u>	<u>(1,418,790)</u>		<u>(3,233,099)</u>	<u>594,196</u>
Restricted cash and investments:						
Cash with fiscal agent-bond accounts	<u>920,016</u>	<u>3,978,568</u>	<u>41,220</u>		<u>4,939,804</u>	<u>1,083,894</u>
Total restricted assets	<u>920,016</u>	<u>3,978,568</u>	<u>41,220</u>	<u>0</u>	<u>4,939,804</u>	<u>1,083,894</u>
Capital assets:						
Land	14,649,299	1,918,890	13,938,319		30,506,508	9,594,299
Buildings and improvements	1,792,321	76,213,933	85,961,906		163,968,160	66,212,303
Machinery and equipment	2,115,371	351,274	800,568	2,291,062	5,558,275	25,012,701
Less accumulated depreciation	<u>(1,421,015)</u>	<u>(8,512,266)</u>	<u>(11,186,458)</u>	<u>(1,739,402)</u>	<u>(22,859,141)</u>	<u>(22,922,950)</u>
Total capital assets (net of accumulated depreciation)	<u>17,135,976</u>	<u>69,971,831</u>	<u>89,514,335</u>	<u>551,660</u>	<u>177,173,802</u>	<u>77,896,353</u>
Intangible assets		31,969,699	4,615,072		36,584,771	
Less accumulated amortization		<u>(8,045,376)</u>	<u>(193,883)</u>		<u>(8,239,259)</u>	
Total intangible assets (net of accumulated amortization)	<u>0</u>	<u>23,924,323</u>	<u>4,421,189</u>	<u>0</u>	<u>28,345,512</u>	<u>0</u>
Total noncurrent assets	<u>18,332,709</u>	<u>95,783,696</u>	<u>92,557,954</u>	<u>551,660</u>	<u>207,226,019</u>	<u>79,574,443</u>
Total assets	<u>25,487,266</u>	<u>197,377,051</u>	<u>118,277,707</u>	<u>2,311,680</u>	<u>343,453,704</u>	<u>107,945,532</u>

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities Internal Service Funds
	Refuse Disposal	Sewer Disposal	Water	Other Enterprise Funds		
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	643,687	3,047,895	3,751,452	7,137	7,450,171	2,013,423
Claims and judgements payable					0	7,720,000
Due to other funds	6,000,000			142,000	6,142,000	
Accrued compensated absences	128,604	60,306	131,342	109,866	430,118	804,609
Deposits and other liabilities		12,712	1,352,228		1,364,940	
Unearned revenue		355,200			355,200	
Capital leases-current	10,862				10,862	958,768
Lease revenue bonds-current	56,347				56,347	198,866
Loans payable-current					0	701,170
Revenue bonds-current	450,000	120,000	1,320,000		1,890,000	1,550,000
Contracts payable-current		1,353,984			1,353,984	
Total current liabilities	<u>7,289,500</u>	<u>4,950,097</u>	<u>6,555,022</u>	<u>259,003</u>	<u>19,053,622</u>	<u>13,946,836</u>
Noncurrent liabilities:						
Capital leases	16,942				16,942	7,644,285
Loans payable					0	1,224,096
Revenue bonds (net of deferred amount on refunding)	6,625,000	108,331,292	41,125,000		156,081,292	26,765,000
Contracts payable		15,914,823			15,914,823	
Landfill closure	1,723,333				1,723,333	
Total noncurrent liabilities	<u>8,365,275</u>	<u>124,246,115</u>	<u>41,125,000</u>	<u>0</u>	<u>173,736,390</u>	<u>35,633,381</u>
Total liabilities	<u>15,654,775</u>	<u>129,196,212</u>	<u>47,680,022</u>	<u>259,003</u>	<u>192,790,012</u>	<u>49,580,217</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	10,060,976	31,823,110	52,116,477	551,660	94,552,223	38,909,976
Restricted for debt service	920,016	3,978,568	41,220		4,939,804	1,083,894
Unrestricted	(1,148,501)	32,379,161	18,439,988	1,501,017	51,171,665	18,371,445
Total net assets	<u>\$9,832,491</u>	<u>\$68,180,839</u>	<u>\$70,597,685</u>	<u>\$2,052,677</u>	<u>150,663,692</u>	<u>\$58,365,315</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>1,508,027</u>	
Net assets of business-type activities					<u>\$152,171,719</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, 2007**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
	<b>Refuse Disposal</b>	<b>Sewer Disposal</b>	<b>Water</b>	<b>Other Enterprise Funds</b>		
Operating revenues:						
Charges for services	\$13,108,690	\$14,128,135	\$12,659,781	\$1,467,764	\$41,364,370	\$30,044,362
Other revenues	15,782	57,526	549,173		622,481	1,042,938
Total operating revenues	<u>13,124,472</u>	<u>14,185,661</u>	<u>13,208,954</u>	<u>1,467,764</u>	<u>41,986,851</u>	<u>31,087,300</u>
Operating expenses:						
Salaries and benefits	3,071,536	846,958	2,642,956	2,012,670	8,574,120	3,094,322
Services, materials and supplies	5,858,036	2,874,030	4,962,398	1,208,038	14,902,502	21,680,288
Administration	1,698,897	1,383,550	1,761,523	391,890	5,235,860	945,942
Depreciation	215,488	2,182,763	1,830,319	147,927	4,376,497	3,569,143
Total operating expenses	<u>10,843,957</u>	<u>7,287,301</u>	<u>11,197,196</u>	<u>3,760,525</u>	<u>33,088,979</u>	<u>29,289,695</u>
Operating income (loss)	<u>2,280,515</u>	<u>6,898,360</u>	<u>2,011,758</u>	<u>(2,292,761)</u>	<u>8,897,872</u>	<u>1,797,605</u>
Nonoperating revenues (expenses):						
Interest income	261,654	2,700,921	1,079,913	15,529	4,058,017	1,183,135
Interest expense	(685,443)	(3,920,967)	(1,912,230)		(6,518,640)	(1,768,809)
Sales tax override					0	4,372,625
State transit assistance				3,082,054	3,082,054	
Gain (loss) on sale of capital assets				574	574	842,182
Total nonoperating revenue (expense)	<u>(423,789)</u>	<u>(1,220,046)</u>	<u>(832,317)</u>	<u>3,098,157</u>	<u>622,005</u>	<u>4,629,133</u>
Income before contributions and transfers	1,856,726	5,678,314	1,179,441	805,396	9,519,877	6,426,738
Capital contributions-development fees		2,408,300	3,032,600		5,440,900	865,240
Transfers in	145,000				145,000	0
Transfer out					0	(575,000)
Changes in net assets	<u>2,001,726</u>	<u>8,086,614</u>	<u>4,212,041</u>	<u>805,396</u>	<u>15,105,777</u>	<u>6,716,978</u>
Total net assets-beginning	<u>7,830,765</u>	<u>60,094,225</u>	<u>66,385,644</u>	<u>1,247,281</u>	<u>51,648,337</u>	<u>51,648,337</u>
Total net assets-ending	<u>\$9,832,491</u>	<u>\$68,180,839</u>	<u>\$70,597,685</u>	<u>\$2,052,677</u>	<u>\$58,365,315</u>	<u>\$58,365,315</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					767,563	
Change in net assets of business-type activities (page 31)					<u>\$15,873,340</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, 2007**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Totals</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Refuse Disposal</b>	<b>Sewer Disposal</b>	<b>Water</b>	<b>Other Enterprise Funds</b>		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$12,721,415	\$13,963,530	\$12,831,137	\$1,450,233	\$40,966,315	\$29,775,896
Payments to suppliers	(7,318,537)	(3,763,385)	(6,002,502)	(1,598,530)	(18,682,954)	(22,730,768)
Payments to employees	(3,057,024)	(843,626)	(2,627,746)	(2,001,561)	(8,529,957)	(3,171,291)
Other operating revenues	15,782	57,526	549,173		622,481	1,023,583
Net cash provided/(used) by operating activities	<u>2,361,636</u>	<u>9,414,045</u>	<u>4,750,062</u>	<u>(2,149,858)</u>	<u>14,375,885</u>	<u>4,897,420</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Loans from/(to) other funds	(150,000)			30,000	(120,000)	120,000
Repayment of loans from/(to) other funds		103,417			103,417	175,000
Receipts from Sales Tax Override					0	4,372,625
Transfers-in from other funds	145,000			0	145,000	
Transfers-out to other funds					0	(575,000)
Transportation funding-State				2,168,368	2,168,368	
Net cash provided/(used) by noncapital financing activities	<u>(5,000)</u>	<u>103,417</u>	<u>0</u>	<u>2,198,368</u>	<u>2,296,785</u>	<u>4,092,625</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from revenue bonds		68,540,000			68,540,000	
Acquisition and construction of capital assets	(2,231,791)	(10,905,979)	(5,539,365)	(53,985)	(18,731,120)	(10,597,599)
Principal paid on loans, bonds, and capital leases	(494,193)	(1,398,711)	(465,000)		(2,357,904)	(3,223,912)
Interest paid on loans, bonds and capital leases	(667,478)	(2,199,232)	(1,944,762)		(4,811,472)	(1,766,299)
Proceeds from sale of equipment				7,000	7,000	2,110,363
Net cash provided/(used) by capital and related financing activities	<u>(3,393,462)</u>	<u>54,036,078</u>	<u>(7,949,127)</u>	<u>(46,985)</u>	<u>42,646,504</u>	<u>(7,387,447)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest and dividends on investments	229,246	2,018,223	1,060,263	9,168	3,316,900	1,144,797
Net cash provided by investing activities	<u>229,246</u>	<u>2,018,223</u>	<u>1,060,263</u>	<u>9,168</u>	<u>3,316,900</u>	<u>1,144,797</u>
Net increase/(decrease) in cash and cash equivalents	(807,580)	65,571,763	(2,138,802)	10,693	62,636,074	2,747,395
Cash and cash equivalents-beginning of year	6,228,999	32,437,781	25,508,545	539,130	64,714,455	24,240,469
Cash and cash equivalents-end of year	<u>\$5,421,419</u>	<u>\$98,009,544</u>	<u>\$23,369,743</u>	<u>\$549,823</u>	<u>\$127,350,529</u>	<u>\$26,987,864</u>

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

Operating income/(loss)	\$2,280,515	\$6,898,360	\$2,011,758	(\$2,292,761)	\$8,897,872	\$1,797,605
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation/amortization expense	215,488	2,182,763	1,830,319	147,927	4,376,497	3,569,143
Landfill closure expense	141,064				141,064	
(Increase)/decrease in accounts receivable	(387,355)	(138,025)	(271,368)	(17,531)	(814,279)	(268,466)
(Increase)/decrease in due from other governments	80				80	(19,355)
(Increase)/decrease in inventory					0	(35,327)
Increase/(decrease) in accounts payable	97,332	494,195	721,419	1,398	1,314,344	(338,211)
Increase/(decrease) in accrued compensated absences	14,512	3,332	15,210	11,109	44,163	(76,969)
Increase/(decrease) in deferred revenue		(29,600)			(29,600)	
Increase/(decrease) in claims and judgments payable						269,000
Increase/(decrease) in deposits		3,020	442,724		445,744	
Total adjustments	81,121	2,515,685	2,738,304	142,903	5,478,013	3,099,815
Net cash provided/(used) by operating activities	\$2,361,636	\$9,414,045	\$4,750,062	(\$2,149,858)	\$14,375,885	\$4,897,420

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

During the year the Fleet Maintenance Fund, a governmental activity internal service fund, received \$865,240 in donated assets.

During the year the Sewer Disposal Fund, an enterprise fund, received \$2,408,300 in donated assets.

During the year the Water Fund, an enterprise fund, received \$3,032,600 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, 2007**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$667,076
Cash with agent-restricted	466,741
Receivables	9,977
Total assets	<u>\$1,143,794</u>
<b>LIABILITIES</b>	
Accrued payroll	134,991
Agency funds payable	1,008,803
Total liabilities	<u>\$1,143,794</u>

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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

**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. In March 2007 Sewer Revenue bonds were issued by the Authority. The activity related to this transaction is reported in the Sewer Service Fund, an Enterprise fund. 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 components 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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

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.

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 refuse fund accounts for the activities of the City's refuse collection and disposal operations and the landfill 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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

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.

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 refuse 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.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

The City is also required to deposit funds with agents under the provisions of Certificates of Participation, Contracts and/or Lease Agreements. These funds are invested by the 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 "receivable." Services provided to other governmental entities are recorded as "due from other governments." The City's enterprise funds (utilities) include an estimated amount for services rendered but not yet billed as of June 30, 2007, determined by prorating the July 2007 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 \$23,924,323 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 \$4,421,189 is reported in the City's Water Fund.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

Property, plant and equipment of the primary government is depreciated over the estimated useful lives using the straight-line method, half-year convention. Estimated useful lives are as follows:

Distribution Systems	50 years
Roadways	50
Buildings	20-40
Vehicles	5-20
Other Equipment	3-10

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

**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."

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

**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.

**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 \$(10,374,664) difference are as follows:

Tax allocation bonds payable	\$ (7,625,000)
Sierra Vista assessment district bonds payable	(650,000)
Lease revenue bonds payable (net of \$198,866 reported in Internal Service Funds)	(59,785)
Accrued interest payable	(48,600)
Accrued compensated absences (net of \$804,609 reported in Internal Service Funds)	<u>(1,991,279)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (10,374,664)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net 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 \$4,017,691 difference are as follows:

Capital outlay	\$ 8,325,576
Depreciation expense (net of \$3,569,143 reported in Internal Service Funds)	<u>(4,307,885)</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>\$ 4,017,691</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 \$39,469,100 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 \$1,111,939 represents long-term debt principal repayments.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

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 (\$244,200) difference are as follows:

Compensated absences	\$ (257,000)
Accrued interest	<u>12,800</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>\$ (244,200)</u>

**III. Stewardship, compliance, and accountability**

**A. Budgetary information**

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

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

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

**B. Deficit fund equity**

The Employee Benefits internal service fund has deficit net assets of \$4,615,379 as of June 30, 2007. 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 \$44,088 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 07/08.

**IV. Detailed notes on all funds**

**A. Cash and investments**

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 200,670,248
Cash and investments held by bond trustee	8,119,039
Fiduciary funds:	
Cash and investments	667,076
Cash and investments held by bond trustee	<u>466,741</u>
Total cash and investments	<u>\$ 209,903,104</u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$ 8,650
Demand deposits with financial institutions - Demand Deposits	9,650,294
Demand deposits with financial institutions - Certificates of Deposit	1,379,000
Investments	<u>198,885,160</u>
Total cash and investments	<u>\$ 209,923,104</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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio or Amount*	Maximum Investment or One Issuer or Amount
U.S. Treasury Obligations	3 years	None	None
U.S. Agency Securities	3 years	None	None
Bankers Acceptances	180 days	30%	30%
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit	3 years	30%	Legal Limit
Repurchase Agreements	1 year	None	None
Medium-Term Notes	5 years	30%	None
Qualified Mutual Funds	N/A	\$2,000,000	\$2,000,000
Money Market Accounts	N/A	\$5,000,000	\$5,000,000
Local Agency Investment Fund (LAIF)	N/A	None	None

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

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

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

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*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>
U.S. Agency Securities	\$ 79,717,925	1.10
Negotiable Certificates of Deposit	1,379,000	.90
Local Agency Investment Fund (LAIF)	102,339,294	N/A
Held by Bond Trustee:		
Money Market Funds	16,827,941	N/A
Total	<u>\$ 200,264,160</u>	

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

*Disclosures Relating to Credit Risk.* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California

Government Code, the City of Clovis' investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type Rating</u>	<u>Amount</u>	<u>Minimum Legal</u>	<u>Ratings as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
U.S. Agency Securities	\$ 79,717,925	N/A	\$ 79,717,925		
Certificates of Deposit	1,379,000	N/A			\$ 1,379,000
LAIF	102,339,294	N/A			102,339,294
Held by Bond Trustee:					
Money Market Funds	16,827,941	N/A			16,827,941
Total	<u>\$ 200,264,160</u>		<u>\$ 79,717,925</u>	<u>\$ 0</u>	<u>\$ 120,546,235</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	\$29,890,000
FHLB	Federal Agency Securities	21,912,813
FHLMC	Federal Agency Securities	17,941,675
FFCB	Federal Agency Securities	9,973,437

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**June 30, 2007**

*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, 2007, 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, 2007, no investments were held by the same broker dealer (counterparty) that was used by the City of Clovis to purchase the securities.

*Investments in the State of California Investment Pool.* The City of Clovis is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City of Clovis investment in this pool is reported in the accompanying financial statements at amounts based upon the City of Clovis' pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amount amortized cost basis.

**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, 2007 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	<u>General</u>	<u>Local Transportation</u>	<u>Community Development</u>	<u>Refuse Disposal</u>	<u>Sewer Disposal</u>	<u>Water</u>	<u>Nonmajor and Other Funds</u>
Receivables:							
Interest	\$ 83,491	\$ 434,319	\$ 30,445	\$ 81,385	\$ 933,288	\$ 305,412	\$ 362,230
Taxes	489,300						1,400
Accounts	<u>900,541</u>	<u>90,678</u>	<u>5,290,170</u>	<u>2,406,769</u>	<u>1,422,258</u>	<u>2,078,393</u>	<u>677,224</u>
Total	<u>\$1,473,332</u>	<u>\$ 524,997</u>	<u>\$ 5,320,615</u>	<u>\$ 2,488,154</u>	<u>\$2,355,546</u>	<u>\$ 2,383,805</u>	<u>\$1,040,854</u>

**D. Interfund receivables, payables and transfers**

Interfund balances for the purpose of the entity-wide statements have been eliminated. The composition of interfund balances in the fund level statements as of June 30, 2007, is as follows:

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Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Self Insurance Fund	Refuse Disposal Fund	bond covenants	\$ 1,000,000
Sewer Disposal Fund	Refuse Disposal Fund	bond covenants	5,000,000
Refuse Disposal Fund	Street Cleaning Fund	temporary cash loan	142,000
General Fund	Workforce Investment	temporary cash loan	66,000
General Services Fund	Clovis Community Development	property acquisition	145,000
Sewer Disposal Fund	Clovis Community Development	property acquisition	<u>206,833</u>
Total interfund receivables/payables			<u>\$ 6,559,833</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	\$ 145,000
Special Revenue Fund	General Fund	operating costs	25,000
Capital Project Fund	General Fund	capital improvement cost	54,000
Debt Service Fund	Capital Project Fund	debt service	970,000
General Fund	Internal Service Fund	return of unspent funds	<u>575,000</u>
Total transfers			<u>\$ 1,769,000</u>

**E. Capital assets and intangible assets**

Capital activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Government activities:</b>					
Capital assets, not being depreciated:					
Land	\$116,786,158	\$ 26,027,482	\$(1,125,842)	\$ 0	\$ 141,687,798
Capital assets, being depreciated:					
Buildings and improvements	69,842,538	12,373,878			82,216,416
Machinery and equipment	24,404,915	2,125,405	(547,579)		25,982,741
Road network	<u>131,487,020</u>	<u>18,730,750</u>			<u>150,217,770</u>
Total capital assets being depreciated	<u>225,734,473</u>	<u>33,230,033</u>	<u>(547,579)</u>	<u>0</u>	<u>258,416,927</u>
Less accumulated depreciation for					
Buildings and improvements	(12,611,865)	(1,927,936)		3,378,677	(11,161,124)
Machinery and equipment	(13,348,615)	(2,092,697)	405,240		(15,036,072)
Road network	<u>(30,884,852)</u>	<u>(3,856,395)</u>		<u>(3,378,677)</u>	<u>(38,119,924)</u>
Total accumulated depreciation	<u>(56,845,332)</u>	<u>(7,877,028)</u>	<u>405,240</u>	<u>0</u>	<u>(64,317,120)</u>
Total capital assets, being depreciated, net	<u>168,889,141</u>	<u>25,353,005</u>	<u>(142,339)</u>	<u>0</u>	<u>194,099,807</u>
Governmental activities capital assets, net	<u>\$ 285,675,299</u>	<u>\$ 51,380,487</u>	<u>\$ (1,268,181)</u>	<u>\$ 0</u>	<u>\$ 335,787,605</u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 29,470,942	\$ 1,035,566	\$ 0	\$ 0	\$ 30,506,508
Capital assets, being depreciated:					
Buildings and improvements	141,420,472	22,547,688			163,968,160
Machinery and equipment	<u>5,697,969</u>	<u>146,522</u>	<u>(286,216)</u>		<u>5,558,275</u>
Total capital assets being depreciated	<u>147,118,441</u>	<u>22,694,210</u>	<u>(286,216)</u>	<u>0</u>	<u>169,526,435</u>
Less accumulated depreciation for					
Buildings and improvements	(15,908,943)	(3,062,000)			(18,970,943)
Machinery and equipment	<u>(3,762,583)</u>	<u>(405,405)</u>	<u>279,790</u>		<u>(3,888,198)</u>
Total accumulated depreciation	<u>(19,671,526)</u>	<u>(3,467,405)</u>	<u>279,790</u>	<u>0</u>	<u>(22,859,141)</u>
Total capital assets, being depreciated, net	<u>127,446,915</u>	<u>19,226,805</u>	<u>(6,426)</u>	<u>0</u>	<u>146,667,294</u>
Business-type activities capital assets, net	<u>\$156,917,857</u>	<u>\$ 20,262,371</u>	<u>\$ (6,426)</u>	<u>\$ 0</u>	<u>\$177,173,802</u>
Intangible assets, being amortized: \$ 36,142,527 \$ 442,244 \$ 0 \$ 0 \$ 36,584,771					
Less accumulated amortization: (7,330,167) (909,092) (8,239,259)					
Business-type activities intangible assets, net	<u>\$ 28,812,360</u>	<u>\$ (466,848)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,345,512</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:	
General government	\$ 5,561
Public safety	42,591
Transportation	3,932,956
Cultural and recreation	247,811
Community development	78,966
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	<u>3,569,143</u>
Total governmental activities depreciation expense	<u>\$ 7,877,028</u>
Business type activities depreciation/amortization:	
Refuse	\$ 215,488
Sewer	2,182,762
Water	1,830,319
Transit	133,428
Street Cleaning	<u>14,500</u>
Total business type activities depreciation/amortization expense	<u>\$ 4,376,497</u>

**CITY OF CLOVIS**  
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**F. Long-term debt**

The following is a summary of long-term debt for the year ended June 30, 2007:

	Balance			Balance June 30, 2007	Classification	
	July 1, 2006	Additions	Reductions		Due in One Year	Due in more than One Year
<b>Government activities:</b>						
Tax allocation bonds	\$ 8,055,000	\$ 0	\$ (430,000)	\$ 7,625,000	\$ 455,000	\$ 7,170,000
Assessment district bonds	1,275,000		(625,000)	650,000	650,000	
Lease revenue bonds	504,987		(246,336)	258,651	258,651	
Revenue bonds	<u>29,800,000</u>		<u>(1,485,000)</u>	<u>28,315,000</u>	<u>1,550,000</u>	<u>26,765,000</u>
Total bonds payable	39,634,987	0	(2,786,336)	36,848,651	2,913,651	33,935,000
Capital Leases	3,362,423	6,090,000	(849,370)	8,603,053	958,768	7,644,285
Loans payable	2,625,412		(700,146)	1,925,266	701,170	1,224,096
Claims and judgments	7,451,000	269,000		7,720,000		7,720,000
Compensated absences	2,615,857	3,259,837	(3,079,806)	2,795,888	655,000	2,140,888
Deposits and other liabilities	<u>28,063,377</u>	<u>13,268,913</u>	<u>(14,289,948)</u>	<u>27,042,342</u>		<u>27,042,342</u>
Total governmental activities	<u>\$ 83,753,056</u>	<u>\$ 22,887,750</u>	<u>\$ (21,705,606)</u>	<u>\$ 84,935,200</u>	<u>\$ 5,228,589</u>	<u>\$ 79,706,611</u>
Deferred amounts:						
Discounts/premiums on:						
Revenue bonds	\$ (591,922)	\$ 0	\$ 43,520	\$ (548,402)	\$ 0	\$ (548,402)
Capital leases	0	(38,014)		(38,014)		(38,014)
Loans payable	<u>(8,335)</u>		<u>555</u>	<u>(7,780)</u>		<u>(7,780)</u>
Total deferred amounts	<u>\$ (600,257)</u>	<u>\$ (38,014)</u>	<u>\$ 44,075</u>	<u>\$ (594,196)</u>	<u>\$ 0</u>	<u>\$ (594,196)</u>
<b>Business-type activities:</b>						
Lease revenue bonds	\$ 110,011	\$ 0	\$ (53,664)	\$ 56,347	\$ 56,347	\$ 0
Revenue bonds	90,820,000	68,540,000	(1,010,000)	158,350,000	1,890,000	156,460,000
Less deferred amounts:						
Deferred refunding	<u>(494,104)</u>		<u>115,396</u>	<u>(378,708)</u>		<u>(378,708)</u>
Total bonds payable	90,435,907	68,540,000	(948,268)	158,027,639	1,946,347	156,081,292
Capital Leases	38,333		(10,529)	27,804	10,862	16,942
Contracts payable	18,552,518		(1,283,711)	17,268,807	1,353,984	15,914,823
Landfill closure	1,582,269	141,064		1,723,333		1,723,333
Compensated absences	385,955	491,815	(447,652)	430,118	106,520	323,598
Deposits and other liabilities	<u>919,196</u>	<u>506,319</u>	<u>(60,575)</u>	<u>1,364,940</u>		<u>1,364,940</u>
Total business-type activities	<u>\$ 111,914,178</u>	<u>\$ 69,679,198</u>	<u>\$ (2,750,735)</u>	<u>\$ 178,842,641</u>	<u>\$ 3,417,713</u>	<u>\$ 175,424,928</u>
Deferred amounts:						
Premium on revenue bonds	<u>\$ 1,629,839</u>	<u>\$ 1,658,925</u>	<u>\$ (55,665)</u>	<u>\$ 3,233,099</u>	<u>\$ 0</u>	<u>\$ 3,233,099</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$804,609 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.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
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**Governmental activities long-term debt**

**1. Tax allocation bonds**

Tax Allocation Bonds at June 30, 2007, consisted of the following:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Classification	
					Due in One Year	Due in more than One Year
1996 Tax allocation bonds	\$ 8,055,000	\$	\$ (430,000)	\$ 7,625,000	\$ 455,000	\$ 7,170,000
Total tax allocation bonds	\$ 8,055,000	\$	\$ (430,000)	\$ 7,625,000	\$ 455,000	\$ 7,170,000

1996 Tax allocation bonds

The Clovis Community Development Agency issued tax allocation bonds in the amount of \$11,320,000 in May 1996. The proceeds from the bonds were used to aid in the financing of the Clovis Community Development Agency's projects and to refund the \$7,460,000 aggregate principle amount outstanding on the Agency's 1990 tax allocation bonds. The interest rates on the 1996 tax allocation bonds vary from 3.40% to 7.10% and the final payment is scheduled for December 2025.

Annual debt service requirements to maturity for the 1996 Tax Allocation Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 455,000	\$ 453,717	\$ 908,717
2009	485,000	427,347	912,347
2010	510,000	398,853	908,853
2011	540,000	368,258	908,258
2012	570,000	335,367	905,367
2013-2017	3,405,000	1,092,794	4,497,794
2018-2022	1,185,000	254,010	1,439,010
2023-2026	475,000	66,395	541,395
Total	\$ 7,625,000	\$ 3,396,741	\$ 11,021,741

**2. Special assessment district bonds**

Special assessment district bonds at June 30, 2007, consisted of the following:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Classification	
					Due in One Year	Due in more than One Year
1998 assessment district bonds	\$ 1,275,000	\$	\$ (625,000)	\$ 650,000	\$ 650,000	\$
Total assessment district bonds	\$ 1,275,000	\$	\$ (625,000)	\$ 650,000	\$ 650,000	\$

*With Government Commitment.* The Sierra Vista Assessment District was formed to finance the acquisition of various public improvements necessary to allow for the development of a regional shopping mall. In November 1998 the City issued the 1998 assessment district bonds in the amount of \$5,025,000 with interest rates varying from 3.70% to 5.10% to advance refund \$5,030,000 of outstanding 1988 assessment district bonds that were issued for the project.

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Through an owner participation agreement, the Clovis Community Development Agency is obligated to pay a portion of the annual debt service requirements for the Sierra Vista Special Assessment District Debt, payable from the increment generated within the redevelopment area. Transactions related to debt service for this district are reported in a debt service fund. Reserve funds were established for this district from bond proceeds and no funds of the City are included.

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 650,000	\$ 16,575	\$ 666,575
Total	<u>\$ 650,000</u>	<u>\$ 16,575</u>	<u>\$ 666,575</u>

Two additional districts, 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, 2007, for the Temperance Barstow District is \$992,553 including interest of \$297,553 and for the 2000-1 Shepherd Temperance District is \$1,687,627 including interest of \$597,627.

**3. Lease revenue bonds**

Lease revenue bonds at June 30, 2007, consisted of the following:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	<u>Classification</u>	
					Due in One Year	Due in more than One Year
1997 lease revenue bonds	\$ 504,987	\$	\$ (246,336)	\$ 258,651	\$ 258,651	\$
Total lease revenue bonds	<u>\$ 504,987</u>	<u>\$</u>	<u>\$ (246,336)</u>	<u>\$ 258,651</u>	<u>\$ 258,651</u>	<u>\$</u>

The following is an analysis of the assets acquired with the proceeds as of June 30, 2007:

Land	\$ 431,566
Building and improvements	396,173
Machinery and equipment	<u>1,015,540</u>
Subtotal	1,843,279
Less accumulated depreciation	<u>(1,082,215)</u>
Total	<u>\$ 761,064</u>

**1997 Lease revenue bonds**

In 1997 the City issued lease revenue bonds for financing the acquisition of greenwaste containers (non-capitalized), an energy conservation project, two fire trucks, a landfill compactor and the acquisition of park property. The bonds have interest rates varying from 3.900% to 4.625% and the final payment is scheduled for October 2007.

Lease 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>
2008	\$ 258,651	\$ 5,981	\$ 264,632
Total	<u>\$ 258,651</u>	<u>\$ 5,981</u>	<u>\$ 264,632</u>

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
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**4. Revenue bonds**

Revenue bonds at June 30, 2007, consisted of the following:

	Balance			Balance June 30, 2007	Classification	
	July 1, 2006	Additions	Reductions		Due in One Year	Due in more than One Year
2001 sales tax revenue bonds	\$ 11,530,000	\$	\$ (955,000)	\$ 10,575,000	\$ 995,000	\$ 9,580,000
2001 corp yard revenue bonds	18,270,000		(530,000)	17,740,000	555,000	17,185,000
<b>Total revenue bonds</b>	<b>\$ 29,800,000</b>	<b>\$</b>	<b>\$ (1,485,000)</b>	<b>\$ 28,315,000</b>	<b>\$ 1,550,000</b>	<b>\$ 26,765,000</b>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2007:

Land, structures and equipment	\$ 39,666,621
Less accumulated depreciation	<u>(4,579,302)</u>
<b>Total</b>	<b><u>\$ 35,087,319</u></b>

2001 sales tax revenue bonds

In March 2001 the City issued \$15,000,000 in Sales Tax Revenue Bonds for financing the construction of a new public safety facility. The bonds have interest rates varying from 3.5% to 4.5% and the final payment is scheduled for September 2015.

Annual debt service requirements to maturity for the 2001 sales tax revenue bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 995,000	\$ 418,338	\$ 1,413,338
2009	1,035,000	377,738	1,412,738
2010	1,080,000	335,438	1,415,438
2011	1,120,000	291,438	1,411,438
2012	1,165,000	245,737	1,410,737
2013-2016	5,180,000	464,800	5,644,800
<b>Total</b>	<b><u>\$ 10,575,000</u></b>	<b><u>\$ 2,133,489</u></b>	<b><u>\$ 12,708,489</u></b>

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.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 555,000	\$ 873,241	\$ 1,428,241
2009	575,000	851,041	1,426,041
2010	600,000	828,041	1,428,041
2011	620,000	804,041	1,424,041
2012	655,000	773,041	1,428,041
2013-2017	3,745,000	3,386,202	7,131,202
2018-2022	4,815,000	2,312,118	7,127,118
2023-2027	6,175,000	956,751	7,131,751
Total	<u>\$ 17,740,000</u>	<u>\$ 10,784,476</u>	<u>\$ 28,524,476</u>

**5. Capital Leases**

Capital leases at June 30, 2007, consisted of the following:

	Balance			Balance June 30, 2007	Classification	
	July 1, 2006	Additions	Reductions		Due in One Year	Due in more than One Year
2000 fire truck capital lease	\$ 54,551	\$	\$ (54,551)	\$	\$	\$
2000 fire station capital lease	1,053,792		(96,036)	957,756	101,555	856,201
2002 equipment capital lease	1,754,080		(438,918)	1,315,162	452,833	862,329
2006 police vehicle capital lease	500,000		(92,277)	407,723	95,987	311,736
2007 Fire Station #1 capital lease		6,090,000	(167,588)	5,922,412	308,393	5,614,019
Total capital leases	<u>\$ 3,362,423</u>	<u>\$ 6,090,000</u>	<u>\$ (849,370)</u>	<u>\$ 8,603,053</u>	<u>\$ 958,768</u>	<u>\$ 7,644,285</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, 2007:

Land, structures and equipment	\$ 5,869,907
Less accumulated depreciation	<u>(2,312,015)</u>
Total	<u>\$ 3,557,892</u>

2000 Capital lease for fire truck

In May 2000, the City entered into a capital lease agreement with Citicorp Leasing, to lease a fire truck. The purchase price of the fire truck was \$350,983 and is payable over a period of eighty four months. Monthly payments on the contract are \$5,067. The effective interest rate on the contract is 5.6% per annum. The balance outstanding as of June 30, 2007, was \$0.

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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, 2007, was \$957,756.

The annual debt service requirements for the 2000 Capital Lease for fire station outstanding at June 30, 2007, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2008	\$ 101,555	\$ 51,022	\$ 152,577
2009	107,394	45,185	152,579
2010	113,566	39,012	152,578
2011	120,093	32,485	152,578
2012	126,996	25,582	152,578
2013-2015	388,152	31,436	419,588
Total	<u>\$ 957,756</u>	<u>\$ 224,722</u>	<u>\$ 1,182,478</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 \$3,174,126 and is payable over a period of one hundred and twenty months. Semi-annual payments on the contract are \$491,459. The effective interest rate on the contract is 5.2% per annum. The balance outstanding as of June 30, 2007, was \$1,315,162.

The annual debt service requirements for the 2002 Capital Lease for equipment outstanding at June 30, 2007, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2008	\$ 452,833	\$ 38,626	\$ 491,459
2009	467,189	24,270	491,459
2010	263,962	9,456	273,418
2011	51,052	4,326	55,378
2012	52,933	2,446	55,379
2013	27,193	496	27,689
Total	<u>\$ 1,315,162</u>	<u>\$ 79,620</u>	<u>\$ 1,394,782</u>

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, 2007, was \$407,723.

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The annual debt service requirements for the 2006 Capital Lease for police vehicles outstanding at June 30, 2007, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 95,987	\$ 15,281	\$ 111,268
2009	99,845	11,423	111,268
2010	103,858	7,410	111,268
2011	108,033	3,236	111,269
<b>Total</b>	<b>\$ 407,723</b>	<b>\$ 37,350</b>	<b>\$ 445,073</b>

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, 2007, was \$5,922,412.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 308,393	\$ 233,844	\$ 542,237
2009	320,853	221,384	542,237
2010	333,815	208,422	542,237
2011	347,301	194,936	542,237
2012	361,332	180,905	542,237
2013-2017	2,037,786	673,397	2,711,183
2018-2021	2,212,932	227,130	2,440,062
<b>Total</b>	<b>\$ 5,922,412</b>	<b>\$ 1,940,018</b>	<b>\$ 7,862,430</b>

**6. Loans payable**

Loans payable at June 30, 2007, consisted of the following:

	Balance			Classification		
				Due in	Due in more	
	July 1, 2006	Additions	Reductions	Balance June 30, 2007	One Year	than One Year
R&T Park loan payable	\$ 625,412	\$	\$ (33,479)	\$ 591,933	\$ 34,503	\$ 557,430
Winery property loan payable	2,000,000		(666,667)	1,333,333	666,667	666,666
<b>Total loans payable</b>	<b>\$ 2,625,412</b>	<b>\$</b>	<b>\$ (700,146)</b>	<b>\$ 1,925,266</b>	<b>\$ 701,170</b>	<b>\$ 1,224,096</b>

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The following is an analysis of the assets acquired with the proceeds as of June 30, 2007:

Buildings and improvements	\$	3,720,000
Less accumulated depreciation		<u>(64,800)</u>
Total		<u>\$ 3,655,200</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, 2007, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 34,503	\$ 17,585	\$ 52,088
2009	35,559	16,513	52,072
2010	36,647	15,409	52,056
2011	37,769	14,270	52,039
2012	38,924	13,097	52,021
2013-2017	213,232	46,586	259,818
2018-2021	195,299	12,177	207,476
Total	<u>\$ 591,933</u>	<u>\$ 135,637</u>	<u>\$ 727,570</u>

Winery property loan payable

In March 2006, the City entered into an agreement for the purchase of land, recreation center, and additional building storage space. Total purchase price was \$3,000,000 with \$1,000,000 paid in cash and \$2,000,000 in the form of a note payable. The note bears an interest rate of 5% with principal and accrued interest due annually. The final payment is scheduled for March 2009.

The annual debt service requirements for the Winery property loan payable outstanding at June 30, 2007, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 666,667	\$ 66,667	\$ 733,334
2009	666,666	33,333	699,999
Total	<u>\$ 1,333,333</u>	<u>\$ 100,000</u>	<u>\$ 1,433,333</u>

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***Business-type activities long-term debt***

**1. Lease revenue bonds**

Lease Revenue Bonds at June 30, 2007, consisted of the following:

	Balance			Balance June 30, 2007	Classification	
	July 1, 2006	Additions	Reductions		Due in One Year	Due in more than One Year
1997 lease revenue bonds	\$ 110,011	\$	\$ (53,664)	\$ 56,347	\$ 56,347	\$
Total lease revenue bonds	\$ 110,011	\$	\$ (53,664)	\$ 56,347	\$ 56,347	\$

1997 Lease revenue bonds

In 1997 the City issued lease revenue bonds for financing the acquisition of greenwaste containers (non-capitalized), an energy conservation project, two fire trucks, a landfill compactor and the acquisition of park property but only the greenwaste containers relate to business-type activities. The bonds have interest rates varying from 3.900% to 4.625% and the final payment is scheduled for October 2007.

The 1997 lease 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>
2008	\$ 56,347	\$ 1,303	\$ 57,650
Total	\$ 56,347	\$ 1,303	\$ 57,650

**2. Revenue bonds**

Revenue bonds at June 30, 2007, consisted of the following:

	Balance			Balance June 30, 2007	Classification	
	July 1, 2006	Additions	Reductions		Due in One Year	Due in more than One Year
1998 sewer revenue bonds	\$ 14,670,000	\$	\$ (115,000)	\$ 14,555,000	\$ 120,000	\$ 14,435,000
1998 refuse revenue bonds	7,505,000		(450,000)	7,055,000	450,000	6,605,000
2003 water revenue bonds	42,910,000		(465,000)	42,445,000	1,320,000	41,125,000
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	\$ 90,820,000	\$68,540,000	\$ (1,030,000)	\$158,330,000	\$1,890,000	\$156,440,000

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2007:

Land, structures and equipment	\$ 71,549,078
Less accumulated depreciation	(6,481,632)
Total	\$ 65,067,446

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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 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>
2008	\$ 120,000	\$ 752,910	\$ 872,910
2009	125,000	747,398	872,398
2010	130,000	741,660	871,660
2011	140,000	735,585	875,585
2012	145,000	729,027	874,027
2013-2017	1,985,000	3,417,175	5,402,175
2018-2022	2,905,000	2,742,675	5,647,675
2023-2027	5,395,000	1,787,630	7,182,630
2028-2031	3,610,000	190,060	3,800,060
Total	<u>\$ 14,555,000</u>	<u>\$ 11,844,120</u>	<u>\$ 26,399,120</u>

1998 refuse revenue bonds

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

The 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>
2008	\$ 450,000	\$ 340,569	\$ 790,569
2009	465,000	319,334	784,334
2010	490,000	295,750	785,750
2011	515,000	270,625	785,625
2012	540,000	244,250	784,250
2013-2017	3,130,000	778,000	3,908,000
2018-2019	1,485,000	75,125	1,560,125
Total	<u>\$ 7,075,000</u>	<u>\$ 2,323,653</u>	<u>\$ 9,398,653</u>

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.

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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>
2008	\$ 1,320,000	\$ 1,925,813	\$ 3,245,813
2009	1,350,000	1,896,113	3,246,113
2010	1,390,000	1,852,238	3,242,238
2011	1,440,000	1,803,587	3,243,587
2012	1,495,000	1,753,187	3,248,187
2013-2017	8,385,000	7,852,437	16,237,437
2018-2022	10,555,000	5,665,500	16,220,500
2023-2027	13,420,000	2,809,600	16,229,600
2028-2031	3,090,000	154,500	3,244,500
<b>Total</b>	<b>\$ 42,445,000</b>	<b>\$ 25,712,975</b>	<b>\$ 68,157,975</b>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$	\$ 1,281,921	\$ 1,281,921
2009		1,281,921	1,281,921
2010		1,281,921	1,281,921
2011		1,281,921	1,281,921
2012	310,000	1,276,961	1,586,961
2013-2017	615,000	6,289,919	6,904,919
2018-2022	470,000	6,205,912	6,675,912
2023-2027	2,425,000	5,918,806	8,343,806
2028-2032	9,125,000	4,714,921	13,839,921
2033-2036	12,790,000	1,319,000	14,109,000
<b>Total</b>	<b>\$ 25,735,000</b>	<b>\$ 30,853,203</b>	<b>\$ 56,588,203</b>

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.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$	\$ 2,795,591	\$ 2,795,591
2009		3,184,850	3,184,850
2010		3,184,850	3,184,850
2011		3,184,850	3,184,850
2012	930,000	3,166,250	4,096,250
2013-2017	6,455,000	15,037,400	21,492,400
2018-2022	8,515,000	13,227,225	21,742,225
2023-2027	12,510,000	10,768,500	23,278,500
2028-2032	12,505,000	7,414,762	19,919,762
2033-2037	14,715,000	4,930,087	19,645,087
2038-2039	12,910,000	587,476	13,497,476
Total	<u>\$ 68,540,000</u>	<u>\$ 67,481,841</u>	<u>\$ 136,021,841</u>

**3. Capital leases**

Capital leases at June 30, 2007, consisted of the following:

	Balance			Balance June 30, 2007	Classification	
	July 1, 2006	Additions	Reductions		Due in One Year	Due in more than One Year
2002 equipment capital lease	\$ 38,333	\$	\$ (10,529)	\$ 27,804	\$ 10,862	\$ 16,942
Total capital leases	<u>\$ 38,333</u>	<u>\$</u>	<u>\$ (10,529)</u>	<u>\$ 27,804</u>	<u>\$ 10,862</u>	<u>\$ 16,942</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, 2007:

Land, structures and equipment	\$ 72,658
Less accumulated depreciation	<u>(29,250)</u>
Total	<u>\$ 43,408</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 balance outstanding as of June 30, 2007, was \$27,804.

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The annual debt service requirements for the 2002 Capital Lease for equipment outstanding at June 30, 2007, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2008	\$ 10,862	\$ 788	\$ 11,650
2009	11,206	445	11,651
2010	5,736	90	5,826
Total	<u>\$ 27,804</u>	<u>\$ 1,323</u>	<u>\$ 29,127</u>

**4. Contracts payable**

Contracts payable at June 30, 2007, consisted of the following:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Classification	
					Due in One Year	Due in more than One Year
1993 waste water renovation	\$ 12,547,518	\$	\$ (423,711)	\$ 12,123,807	\$ 443,984	\$ 11,679,823
1995 waste water expansion	6,005,000		(860,000)	5,145,000	910,000	4,235,000
Total contracts payable	<u>\$ 18,552,518</u>	<u>\$</u>	<u>\$ (1,283,711)</u>	<u>\$ 17,268,807</u>	<u>\$ 1,353,984</u>	<u>\$ 15,914,823</u>

1993 wastewater 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 \$18,293,534 share of the renovation is capitalized as an intangible asset in the Sewer Service Fund, an enterprise fund, as disclosed in Note I. D. 6.

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

<u>Year ending June 30,</u>	Principal	Interest	Total
2008	\$ 443,984	\$ 631,401	\$ 1,075,385
2009	465,879	608,877	1,074,756
2010	488,991	582,560	1,071,551
2011	518,590	551,684	1,070,274
2012	550,621	518,271	1,068,892
2013-2017	3,308,189	2,217,010	5,525,199
2018-2022	4,313,336	1,009,284	5,322,620
2023-2024	2,034,217	92,554	2,126,771
Total	<u>\$ 12,123,807</u>	<u>\$ 6,211,641</u>	<u>\$ 18,335,448</u>

1995 wastewater 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

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City's \$13,676,165 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>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 910,000	\$ 269,850	\$ 1,179,850
2009	965,000	213,600	1,178,600
2010	1,025,000	153,900	1,178,900
2011	1,090,000	90,450	1,180,450
2012	1,155,000	28,875	1,183,875
Total	<u>\$ 5,145,000</u>	<u>\$ 756,675</u>	<u>\$ 5,901,675</u>

**G. Landfill closure**

The City has recorded a liability for landfill closure in the Refuse Disposal 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 excavating 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 23%, the estimated remaining life is approximately 40 years and the estimated remaining cost to be recognized is \$10,537,341. 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, 2007 the estimated Landfill Closure liability was \$1,723,333.

**H. Conduit Debt**

The City has issued Multi-Family Revenue Bonds and Certificates of Participation to provide financial assistance to private-sector entities for the acquisition and construction of multi-family housing units and various medical facilities. The bonds and certificates 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. The certificates for the various medical facilities were defeased in May of 2007.

As of June 30, 2007, the aggregate principal amount payable on the bonds was \$6.5 Million.

**V. Other information**

**A. Self insurance**

The City is self-insured for general liability, automobile liability, workers' compensation and group dental 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 program has 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). LAWCX covers the City above its self-insured retention of \$250,000 up to \$1,000,000. LAWCX purchases excess insurance which covers the pool for losses from \$1,000,000 to \$15,000,000.

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 policy. Deposit premiums to the RMA are based on actuarially determined claims costs, including incurred but not reported claims, and expenses. Premiums are

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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. 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.

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

Incurred but not reported claims have been accrued as a liability for the workers' compensation and dental programs as required in the amount of \$3,331,350 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, 06/30/05	\$ 7,403,000	\$ 48,000	\$ 7,451,000
Claims provision	2,236,347	352,915	2,589,262
Claims paid	(2,236,347)	(352,915)	(2,589,262)
Balance, 06/30/06	7,403,000	48,000	7,451,000
Claims provision	2,406,242	372,632	2,778,874
Claims paid	(2,137,242)	(372,632)	(2,509,874)
Balance, 06/30/07	\$ 7,672,000	\$ 48,000	\$ 7,720,000

**B. Deferred compensation**

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

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

**C. Postretirement benefits**

The City provides 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 City accounts for the health insurance program in an internal service fund. Premium charges to retirees are intended to cover the full cost of benefits provided without cost to the City.

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

**D. Related party transactions**

In March 1996 the Clovis Community Development Agency borrowed \$1.1 million, in February 1997 an additional \$300,000 from the City in order to purchase property for the completion of parking improvements associated with the Old Town Station project. In June 2000 an additional \$350,000 was borrowed from the City to purchase property for future commercial development. In June 2003 the Clovis Community Development Agency borrowed an additional \$232,000 in order to assist in the development of 28 low and moderate income apartment units. Long-term notes have been established, setting a repayment schedule over 10 years at interest rates of 6.19%, 6.25%, 6.20%, and 3.16% respectively. In 2000-01 the repayment schedule was adjusted to require interest only for 2000-01 and 2001-02 for the original \$1.1 million and the \$300,000 borrowed. Principal and interest for 2005-06 was paid in accordance with the revised repayment schedule. During the 2006-07 fiscal year the Clovis Community Development Agency repaid the City \$175,000. An interfund payable is reflected in the Clovis Community Development Fund, a capital project fund, and an interfund receivable is reflected in the General Government Services Fund, an internal service fund. As of June 30, 2007 the outstanding balance on these loans is \$145,000.

During 2005-06 the Sewer Fund purchased land to construct a pump station. The land was split into two parcels and one of the parcels was then sold to the Clovis Community Development Agency to develop a residential housing project on. The land was sold for a total of \$740,250 consisting of \$430,000 in cash and the remaining \$310,250 in the form of a promissory note. The note has a variable interest rate equal to the City's investment interest rate earned on cash and other investments held at various financial institutions and the final payment is scheduled for June 2008. As of June 30, 2007 the outstanding balance on this loan is \$206,833.

Due to the increased costs of the landfill reclamation project, the Refuse Fund has borrowed funds to cover costs in order to be compliant with various bond covenants. As of June 30, 2007, an interfund payable is reflected in the Refuse Fund for \$6,000,000. 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 \$5,000,000. 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, 2007, 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 event**

A lawsuit has been filed challenging the Environmental Impact Report for the WalMart center approved by the city council on October 15, 2007. Based on management opinion there is no significant impact to the City's financial statement as a result of this lawsuit.

**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 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

**CITY OF CLOVIS**  
**Notes to Financial Statements**  
**June 30, 2007**

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 2006/07 was 14.625% for miscellaneous members and 21.470% 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 2006/07, the City's annual pension cost of \$5,976,556 was equal to the City's required actual contributions. The required contribution was determined as part of the June 30, 2006 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, 2006 was 20 years for miscellaneous members and 31 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
<u>Miscellaneous Plan</u>			
6/30/05	\$ 1,459	100%	\$ 0
6/30/06	2,074	100	0
6/30/07	3,008	100	0
<u>Safety Plan</u>			
6/30/05	\$ 2,628	100%	\$ 0
6/30/06	3,101	100	0
6/30/07	2,969	100	0

**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>						
6/30/04	\$49,341	\$60,747	\$11,406	81.2%	\$15,662	72.8%
6/30/05	54,324	67,372	13,048	80.6	16,777	77.8
6/30/06	60,223	74,904	14,682	80.4	19,142	76.7
<u>Safety Plan</u>						
6/30/04	\$61,263	\$71,758	\$10,495	85.4%	\$9,867	104.3%
6/30/05	67,696	80,707	13,011	83.9	11,373	114.4
6/30/06	74,351	89,006	14,656	83.5	12,331	118.9

## **Nonmajor Governmental Funds**

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### **Special Revenue Funds**

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

Off Highway 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.

Park Bond Fund - This fund is used to account for the Park portion of the 1997 Lease Revenue Bond proceeds and the related annual debt service.

Sierra Vista Bond Fund - This fund is used to account for the annual debt service for the Sierra Vista Assessment District bonds.

### **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, 2007**

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
<b>ASSETS</b>				
Cash and investments	\$59,402	\$919	\$11,213	\$71,534
Cash with agents-restricted				
Receivables	768	22,713	37	23,518
Due from other governments				
Total assets	<u>\$60,170</u>	<u>\$23,632</u>	<u>\$11,250</u>	<u>\$95,052</u>
<b>LIABILITIES</b>				
Accounts payable		\$1,720		\$1,720
Due to other funds		66,000		66,000
Deposits and other liabilities				
Total Liabilities	<u>0</u>	<u>67,720</u>	<u>0</u>	<u>67,720</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances				
Debt service				
Unreserved, undesignated	\$60,170	(44,088)	\$11,250	27,332
Total fund balances	<u>60,170</u>	<u>(44,088)</u>	<u>11,250</u>	<u>27,332</u>
Total liabilities and fund balances	<u>\$60,170</u>	<u>\$23,632</u>	<u>\$11,250</u>	<u>\$95,052</u>

**City of Clovis**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2007**

Community Development	1976 Fire and Sewer	Debt Service			Total	Capital Projects		Total Nonmajor Governmental Funds
		Park	Sierra Vista			Park and Recreation	Refuse Equipment	
\$68,974	\$367,643	\$48,259	\$145,987	\$630,863	\$5,841,677	\$861,017	\$6,702,694	\$7,405,091
1,082,316		55,226	576,756	1,714,298			0	1,714,298
1,904	4,437	506	1,487	8,334	108,164	9,929	118,093	149,945
					372,513		372,513	372,513
<u>\$1,153,194</u>	<u>\$372,080</u>	<u>\$103,991</u>	<u>\$724,230</u>	<u>\$2,353,495</u>	<u>\$6,322,354</u>	<u>\$870,946</u>	<u>\$7,193,300</u>	<u>\$9,641,847</u>
					\$263,465		\$263,465	\$265,185
					9,200		9,200	66,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>272,665</u>	<u>0</u>	<u>272,665</u>	<u>9,200</u>
								340,385
					205,737		205,737	205,737
\$1,153,194	\$372,080	\$103,991	\$724,230	\$2,353,495				2,353,495
					5,843,952	\$870,946	6,714,898	6,742,230
<u>1,153,194</u>	<u>372,080</u>	<u>103,991</u>	<u>724,230</u>	<u>2,353,495</u>	<u>6,049,689</u>	<u>870,946</u>	<u>6,920,635</u>	<u>9,301,462</u>
<u>\$1,153,194</u>	<u>\$372,080</u>	<u>\$103,991</u>	<u>\$724,230</u>	<u>\$2,353,495</u>	<u>\$6,322,354</u>	<u>\$870,946</u>	<u>\$7,193,300</u>	<u>\$9,641,847</u>

**City of Clovis**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2007**

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
<b>REVENUES</b>				
Property taxes				
Use of money and property	\$2,541		\$133	\$2,674
From other agencies		\$250,463	118,615	369,078
Charges for current services				
Other revenues				
Total revenue	<u>2,541</u>	<u>250,463</u>	<u>118,748</u>	<u>371,752</u>
<b>EXPENDITURES</b>				
Current:				
Community development		294,657	107,498	402,155
Debt service:				
Principal				
Interest and fiscal charges				
Capital outlays				
Total expenditures	<u>0</u>	<u>294,657</u>	<u>107,498</u>	<u>402,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,541</u>	<u>(44,194)</u>	<u>11,250</u>	<u>(30,403)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		25,000		25,000
Transfers Out				
Total other financing sources	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Net change in fund balances	2,541	(19,194)	11,250	(5,403)
Fund balances-beginning	<u>57,629</u>	<u>(24,894)</u>	<u>0</u>	<u>32,735</u>
Fund balances-ending	<u>\$60,170</u>	<u>(\$44,088)</u>	<u>\$11,250</u>	<u>\$27,332</u>

**City of Clovis**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2007**

Community Development	1976 Fire and Sewer	Debt Service		Sierra Vista	Total	Capital Projects		Total Nonmajor Governmental Funds
		Park				Park and Recreation	Refuse Equipment	
				\$403,235	\$403,235			\$403,235
\$58,875	\$14,726	\$2,949		32,951	109,501	\$272,301	\$31,625	\$303,926
						496,603		496,603
						2,165,005	581,831	2,746,836
						57,768		57,768
<u>58,875</u>	<u>14,726</u>	<u>2,949</u>		<u>436,186</u>	<u>512,736</u>	<u>2,991,677</u>	<u>613,456</u>	<u>3,605,133</u>
								402,155
430,000		56,939		625,000	1,111,939			1,111,939
492,315		5,075		58,316	555,706			555,706
						2,162,748		2,162,748
<u>922,315</u>	<u>0</u>	<u>62,014</u>		<u>683,316</u>	<u>1,667,645</u>	<u>2,162,748</u>	<u>0</u>	<u>2,162,748</u>
								4,232,548
(863,440)	14,726	(59,065)		(247,130)	(1,154,909)	828,929	613,456	1,442,385
								257,073
909,000		61,000			970,000	54,000		54,000
						(61,000)	(145,000)	(206,000)
<u>909,000</u>	<u>0</u>	<u>61,000</u>		<u>0</u>	<u>970,000</u>	<u>(7,000)</u>	<u>(145,000)</u>	<u>(152,000)</u>
								843,000
45,560	14,726	1,935		(247,130)	(184,909)	821,929	468,456	1,290,385
1,107,634	357,354	102,056		971,360	2,538,404	5,227,760	402,490	5,630,250
<u>\$1,153,194</u>	<u>\$372,080</u>	<u>\$103,991</u>		<u>\$724,230</u>	<u>\$2,353,495</u>	<u>\$6,049,689</u>	<u>\$870,946</u>	<u>\$6,920,635</u>
								<u>\$9,301,462</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Property taxes	\$3,065,000	\$3,065,000	\$3,380,285	\$315,285
Other taxes	50,000	50,000	50,000	0
Use of money and property	63,200	63,200	111,246	48,046
From other agencies	493,600	493,600	359,174	(134,426)
Other revenues	483,000	483,000	908,590	425,590
Total revenues	<u>4,154,800</u>	<u>4,154,800</u>	<u>4,809,295</u>	<u>654,495</u>
<b>EXPENDITURES</b>				
Capital outlays	4,440,751	4,624,751	2,352,919	2,271,832
Total expenditures	<u>4,440,751</u>	<u>4,624,751</u>	<u>2,352,919</u>	<u>2,271,832</u>
Excess (deficiency) of revenues over expenditures	<u>(285,951)</u>	<u>(469,951)</u>	<u>2,456,376</u>	<u>2,926,327</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(909,000)	(909,000)	(909,000)	0
Total other financing sources (uses)	<u>(909,000)</u>	<u>(909,000)</u>	<u>(909,000)</u>	<u>0</u>
Net change in fund balances	(1,194,951)	(1,378,951)	1,547,376	2,926,327
Fund balances-beginning	7,031,005	7,031,005	7,031,005	
Fund balances-ending	<u><u>\$5,836,054</u></u>	<u><u>\$5,652,054</u></u>	<u><u>\$8,578,381</u></u>	<u><u>\$2,926,327</u></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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Use of money and property	\$0	\$0	\$2,541	\$2,541
Total revenues	0	0	2,541	2,541
<b>EXPENDITURES</b>				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	2,541	2,541
Fund balances-beginning	57,629	57,629	57,629	
Fund balances-ending	\$57,629	\$57,629	\$60,170	\$2,541

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
From other agencies	\$321,500	\$321,500	\$250,463	(\$71,037)
Total revenues	321,500	321,500	250,463	(71,037)
<b>EXPENDITURES</b>				
Community development	344,322	324,322	294,657	29,665
Total expenditures	344,322	324,322	294,657	29,665
Excess (deficiency) of revenues over expenditures	(22,822)	(2,822)	(44,194)	(41,372)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	25,000	25,000	25,000	0
Total other financing sources (uses)	25,000	25,000	25,000	0
Net change in fund balances	2,178	22,178	(19,194)	(41,372)
Fund balances-beginning	(24,894)	(24,894)	(24,894)	
Fund balances-ending	(\$22,716)	(\$2,716)	(\$44,088)	(\$41,372)

**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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Use of money and property	\$0	\$0	\$133	\$133
From other agencies	118,600	118,600	118,615	15
Total revenues	<u>118,600</u>	<u>118,600</u>	<u>118,748</u>	<u>148</u>
<b>EXPENDITURES</b>				
Community development	118,583	118,583	107,498	11,085
Total expenditures	<u>118,583</u>	<u>118,583</u>	<u>107,498</u>	<u>11,085</u>
Excess (deficiency) of revenues over expenditures	17	17	11,250	11,233
Fund balances-beginning	0	0	0	
Fund balances-ending	<u>\$17</u>	<u>\$17</u>	<u>\$11,250</u>	<u>\$11,233</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Use of money and property	\$8,500	\$8,500	\$58,875	\$50,375
Total revenues	8,500	8,500	58,875	50,375
<b>EXPENDITURES</b>				
Debt service:				
Principal	430,000	430,000	430,000	0
Interest and fiscal charges	490,000	493,000	492,315	685
Total expenditures	920,000	923,000	922,315	685
Excess (deficiency) of revenues over expenditures	(911,500)	(914,500)	(863,440)	51,060
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	909,000	909,000	909,000	0
Total other financing sources (uses)	909,000	909,000	909,000	0
Net change in fund balances	(2,500)	(5,500)	45,560	51,060
Fund balances-beginning	1,107,634	1,107,634	1,107,634	
Fund balances-ending	\$1,105,134	\$1,102,134	\$1,153,194	\$51,060

**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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Use of money and property	\$0	\$0	\$14,726	\$14,726
Total revenues	<u>0</u>	<u>0</u>	<u>14,726</u>	<u>14,726</u>
<b>EXPENDITURES</b>				
Debt service:	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	14,726	14,726
Fund balances-beginning	357,354	357,354	357,354	
Fund balances-ending	<u>\$357,354</u>	<u>\$357,354</u>	<u>\$372,080</u>	<u>\$14,726</u>

**City of Clovis**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Park Debt Service Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Use of money and property	\$0	\$0	\$2,949	\$2,949
Total revenues	0	0	2,949	2,949
<b>EXPENDITURES</b>				
Debt service:				
Principal	56,900	56,900	56,939	(39)
Interest and fiscal charges	7,100	7,100	5,075	2,025
Total expenditures	64,000	64,000	62,014	1,986
Excess (deficiency) of revenues over expenditures	(64,000)	(64,000)	(59,065)	4,935
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	61,000	61,000	61,000	0
Total other financing sources (uses)	61,000	61,000	61,000	0
Net change in fund balances	(3,000)	(3,000)	1,935	4,935
Fund balances-beginning	102,056	102,056	102,056	
Fund balances-ending	\$99,056	\$99,056	\$103,991	\$4,935

**City of Clovis**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual  
Sierra Vista Debt Service Fund  
For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Property taxes	\$650,000	\$650,000	\$403,235	(\$246,765)
Use of money and property	0	0	32,951	32,951
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>436,186</u>	<u>(213,814)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	625,000	625,000	625,000	0
Interest and fiscal charges	58,800	58,800	58,316	484
Total expenditures	<u>683,800</u>	<u>683,800</u>	<u>683,316</u>	<u>484</u>
Excess (deficiency) of revenues over expenditures	(33,800)	(33,800)	(247,130)	(213,330)
Fund balances-beginning	971,360	971,360	971,360	
Fund balances-ending	<u>\$937,560</u>	<u>\$937,560</u>	<u>\$724,230</u>	<u>(\$213,330)</u>

**City of Clovis**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Park and Recreation Capital Project Fund**  
**For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Use of money and property	\$150,000	\$150,000	\$272,301	\$122,301
From other agencies	759,000	759,000	496,603	(262,397)
Charges for current services	4,946,900	4,946,900	2,165,005	(2,781,895)
Other revenues	0	0	57,768	57,768
Total revenues	<u>5,855,900</u>	<u>5,855,900</u>	<u>2,991,677</u>	<u>(2,864,223)</u>
<b>EXPENDITURES</b>				
Capital outlays	8,822,406	11,573,406	2,162,748	9,410,658
Total expenditures	<u>8,822,406</u>	<u>11,573,406</u>	<u>2,162,748</u>	<u>9,410,658</u>
Excess (deficiency) of revenues over expenditures	<u>(2,966,506)</u>	<u>(5,717,506)</u>	<u>828,929</u>	<u>6,546,435</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	54,000	54,000	54,000	0
Transfers Out	(61,000)	(61,000)	(61,000)	0
Total other financing sources (uses)	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>0</u>
Net change in fund balances	(2,973,506)	(5,724,506)	821,929	6,546,435
Fund balances-beginning	5,227,760	5,227,760	5,227,760	
Fund balances-ending	<u>\$2,254,254</u>	<u>(\$496,746)</u>	<u>\$6,049,689</u>	<u>\$6,546,435</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Use of money and property	\$20,000	\$20,000	\$31,625	\$11,625
Charges for current services	400,000	400,000	581,831	181,831
Total revenues	<u>420,000</u>	<u>420,000</u>	<u>613,456</u>	<u>193,456</u>
<b>EXPENDITURES</b>				
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	420,000	420,000	613,456	193,456
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(261,000)	(145,000)	(145,000)	0
Total other financing sources (uses)	<u>(261,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>0</u>
Net change in fund balances	159,000	275,000	468,456	193,456
Fund balances-beginning	402,490	402,490	402,490	
Fund balances-ending	<u>\$561,490</u>	<u>\$677,490</u>	<u>\$870,946</u>	<u>\$193,456</u>

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## **Nonmajor Enterprise Funds**

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Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Transit Fund - This fund is used to account for the obligations for the City's transit system.

Street Cleaning Fund - This fund is used to account for street sweeping operations within the City.

**City of Clovis**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2007**

	<u>Transit</u>	<u>Street Cleaning</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$549,325	\$498	\$549,823
Receivables	6,721	170,072	176,793
Due from other governments	1,033,404		1,033,404
Total current assets	<u>1,589,450</u>	<u>170,570</u>	<u>1,760,020</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	2,112,886	178,176	2,291,062
Less accumulated depreciation	(1,699,203)	(40,199)	(1,739,402)
Total capital assets (net of accumulated depreciation)	<u>413,683</u>	<u>137,977</u>	<u>551,660</u>
Total assets	<u>2,003,133</u>	<u>308,547</u>	<u>2,311,680</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	6,779	358	7,137
Due to other funds		142,000	142,000
Accrued compensated absences	84,566	25,300	109,866
Total current liabilities	<u>91,345</u>	<u>167,658</u>	<u>259,003</u>
Total liabilities	<u>91,345</u>	<u>167,658</u>	<u>259,003</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	413,683	137,977	551,660
Unrestricted	1,498,105	2,912	1,501,017
Total net assets	<u>\$1,911,788</u>	<u>\$140,889</u>	<u>\$2,052,677</u>

**City of Clovis**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2007**

	<u>Transit</u>	<u>Street Cleaning</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$541,337	\$926,427	\$1,467,764
Total operating revenues	<u>541,337</u>	<u>926,427</u>	<u>1,467,764</u>
Operating expenses:			
Salaries and benefits	1,525,430	487,240	2,012,670
Services, materials and supplies	862,237	345,801	1,208,038
Administration	284,903	106,987	391,890
Depreciation	133,427	14,500	147,927
Total operating expenses	<u>2,805,997</u>	<u>954,528</u>	<u>3,760,525</u>
Operating income (loss)	<u>(2,264,660)</u>	<u>(28,101)</u>	<u>(2,292,761)</u>
Nonoperating revenues (expenses):			
Interest income	15,529		15,529
State transit assistance	3,082,054		3,082,054
Gain (loss) on disposal of capital assets	574		574
Total nonoperating revenue (expense)	<u>3,098,157</u>	<u>0</u>	<u>3,098,157</u>
Changes in net assets	833,497	(28,101)	805,396
Total net assets-beginning	1,078,291	168,990	1,247,281
Total net assets-ending	<u>\$1,911,788</u>	<u>\$140,889</u>	<u>\$2,052,677</u>

**City of Clovis**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2007**

	Transit	Street Cleaning	Total Nonmajor Enterprise Funds
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$541,638	\$908,595	\$1,450,233
Payments to suppliers	(1,146,054)	(452,476)	(1,598,530)
Payments to employees	(1,515,907)	(485,654)	(2,001,561)
Net cash provided/(used) by operating activities	(2,120,323)	(29,535)	(2,149,858)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Repayment of loans from/(to) other funds		30,000	30,000
Operating transfers-in from other funds		0	0
Transportation funding-State	2,168,368		2,168,368
Net cash provided/(used) by noncapital financing activities	2,168,368	30,000	2,198,368
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(53,985)		(53,985)
Proceeds from sale of equipment	7,000		7,000
Net cash provided/(used) by capital and related financing activities	(46,985)	0	(46,985)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends on investments	9,136	32	9,168
Net cash provided by investing activities	9,136	32	9,168
Net increase/(decrease) in cash and cash equivalents	10,196	497	10,693
Cash and cash equivalents-beginning of year	539,129	1	539,130
Cash and cash equivalents-end of year	\$549,325	\$498	\$549,823

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

Operating income/(loss)	(\$2,264,660)	(\$28,101)	(\$2,292,761)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation/amortization expense	133,427	14,500	147,927
(Increase)/decrease in accounts receivable	301	(17,832)	(17,531)
Increase/(decrease) in accounts payable	1,086	312	1,398
Increase/(decrease) in accrued compensated absences	9,523	1,586	11,109
Total adjustments	144,337	(1,434)	142,903
Net cash provided/(used) by operating activities	(2,120,323)	(29,535)	(2,149,858)

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

During the year there were no noncash transactions.

## **Internal Service Funds**

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

**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.

**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.

**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, 2007**

	Self Insurance	Fleet	Employee Benefits	General Services	Total
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$574,615	\$4,471,510	\$3,898,404	\$16,959,441	\$25,903,970
Receivables	245,088	154,963	159,312	154,753	714,116
Due from other funds	1,000,000			145,000	1,145,000
Due from other governments		126,621		36,055	162,676
Inventories		445,327			445,327
Total current assets	<u>1,819,703</u>	<u>5,198,421</u>	<u>4,057,716</u>	<u>17,295,249</u>	<u>28,371,089</u>
Noncurrent assets:					
Bond discounts		4,896		589,300	594,196
Restricted cash and investments:					
Cash with fiscal agent-bond accounts		115,590		968,304	1,083,894
Total restricted assets	<u>0</u>	<u>115,590</u>	<u>0</u>	<u>968,304</u>	<u>1,083,894</u>
Capital assets:					
Land				9,594,299	9,594,299
Buildings and improvements		267,042		65,945,261	66,212,303
Machinery and equipment		19,222,389		5,790,312	25,012,701
Less accumulated depreciation		(10,906,768)		(12,016,182)	(22,922,950)
Total capital assets (net of accumulated depreciation)	<u>0</u>	<u>8,582,663</u>	<u>0</u>	<u>69,313,690</u>	<u>77,896,353</u>
Total noncurrent assets	<u>0</u>	<u>8,703,149</u>	<u>0</u>	<u>70,871,294</u>	<u>79,574,443</u>
Total assets	<u>1,819,703</u>	<u>13,901,570</u>	<u>4,057,716</u>	<u>88,166,543</u>	<u>107,945,532</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	8,109	221,539	298,455	1,485,320	2,013,423
Claims and judgements payable			7,720,000		7,720,000
Accrued compensated absences		64,165	655,000	85,444	804,609
Capital leases-current		407,030		551,738	958,768
Lease revenue bonds-current		143,058		55,808	198,866
Loans payable-current				701,170	701,170
Revenue bonds-current				1,550,000	1,550,000
Total current liabilities	<u>8,109</u>	<u>835,792</u>	<u>8,673,455</u>	<u>4,429,480</u>	<u>13,946,836</u>
Noncurrent liabilities:					
Capital leases		634,424		7,009,861	7,644,285
Loans payable				1,224,096	1,224,096
Revenue bonds				26,765,000	26,765,000
Total noncurrent liabilities	<u>0</u>	<u>634,424</u>	<u>0</u>	<u>34,998,957</u>	<u>35,633,381</u>
Total liabilities	<u>8,109</u>	<u>1,470,216</u>	<u>8,673,455</u>	<u>39,428,437</u>	<u>49,580,217</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt		7,398,151		31,511,825	38,909,976
Restricted for debt service		115,590		968,304	1,083,894
Unrestricted	1,811,594	4,917,613	(4,615,739)	16,257,977	18,371,445
Total net assets	<u>\$1,811,594</u>	<u>\$12,431,354</u>	<u>(\$4,615,739)</u>	<u>\$48,738,106</u>	<u>\$58,365,315</u>

**City of Clovis**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2007**

	<b>Self Insurance</b>	<b>Fleet</b>	<b>Employee Benefits</b>	<b>General Services</b>	<b>Total</b>
Operating revenues:					
Charges for services	\$1,294,855	\$6,956,995	\$14,838,674	\$6,953,838	\$30,044,362
Other revenues				1,042,938	1,042,938
Total operating revenues	<u>1,294,855</u>	<u>6,956,995</u>	<u>14,838,674</u>	<u>7,996,776</u>	<u>31,087,300</u>
Operating expenses:					
Salaries and benefits	70,638	1,161,158	172,343	1,690,183	3,094,322
Services, materials and supplies	821,313	2,827,035	14,313,923	3,718,017	21,680,288
Administration	6,099	704,107	26,061	209,675	945,942
Depreciation		1,482,199		2,086,944	3,569,143
Total operating expenses	<u>898,050</u>	<u>6,174,499</u>	<u>14,512,327</u>	<u>7,704,819</u>	<u>29,289,695</u>
Operating income (loss)	<u>396,805</u>	<u>782,496</u>	<u>326,347</u>	<u>291,957</u>	<u>1,797,605</u>
Nonoperating revenues (expenses):					
Interest income	60,139	176,461	156,053	790,482	1,183,135
Interest expense		(56,533)		(1,712,276)	(1,768,809)
Sales tax override				4,372,625	4,372,625
Gain (loss) on sale of capital assets		(37,403)		879,585	842,182
Total nonoperating revenue (expense)	<u>60,139</u>	<u>82,525</u>	<u>156,053</u>	<u>4,330,416</u>	<u>4,629,133</u>
Income before contributions and transfers	456,944	865,021	482,400	4,622,373	6,426,738
Capital contributions		865,240			865,240
Transfer out				(575,000)	(575,000)
Changes in net assets	456,944	1,730,261	482,400	4,047,373	6,716,978
Total net assets-beginning	1,354,650	10,701,093	(5,098,139)	44,690,733	51,648,337
Total net assets-ending	<u>\$1,811,594</u>	<u>\$12,431,354</u>	<u>(\$4,615,739)</u>	<u>\$48,738,106</u>	<u>\$58,365,315</u>

**City of Clovis**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2007**

	Self Insurance	Fleet	Employee Benefits	General Services	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$1,277,460	\$6,728,498	\$14,837,260	\$6,932,678	\$29,775,896
Payments to suppliers	(834,258)	(3,560,219)	(14,584,878)	(3,751,413)	(22,730,768)
Payments to employees	(70,638)	(1,154,774)	(268,343)	(1,677,536)	(3,171,291)
Other operating revenues				1,023,583	1,023,583
Net cash provided/(used) by operating activities	<u>372,564</u>	<u>2,013,505</u>	<u>(15,961)</u>	<u>2,527,312</u>	<u>4,897,420</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Loans from/(to) other funds				120,000	120,000
Repayment of loans from/(to) other funds				175,000	175,000
Receipts from Sales Tax Override				4,372,625	4,372,625
Transfers-out to other funds				(575,000)	(575,000)
Net cash provided/(used) by noncapital financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,092,625</u>	<u>4,092,625</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets		(1,322,525)		(9,275,074)	(10,597,599)
Principal paid on loans, bonds and capital leases		(530,988)		(2,692,924)	(3,223,912)
Interest paid on loans, bonds and capital leases		(55,188)		(1,711,111)	(1,766,299)
Proceeds from capital leases				6,090,000	6,090,000
Proceeds from sale of property and equipment		104,936		2,005,427	2,110,363
Net cash provided/(used) by capital and related financing activities	<u>0</u>	<u>(1,803,765)</u>	<u>0</u>	<u>(5,583,682)</u>	<u>(7,387,447)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments	55,354	159,745	138,556	791,142	1,144,797
Net cash provided by investing activities	<u>55,354</u>	<u>159,745</u>	<u>138,556</u>	<u>791,142</u>	<u>1,144,797</u>
Net increase/(decrease) in cash and cash equivalents	427,918	369,485	122,595	1,827,397	2,747,395
Cash and cash equivalents-beginning of year	146,697	4,217,615	3,775,809	16,100,348	24,240,469
Cash and cash equivalents-end of year	<u>\$574,615</u>	<u>\$4,587,100</u>	<u>\$3,898,404</u>	<u>\$17,927,745</u>	<u>\$26,987,864</u>
<b>Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:</b>					
Operating income/(loss)	<u>\$396,805</u>	<u>\$782,496</u>	<u>\$326,347</u>	<u>\$291,957</u>	<u>\$1,797,605</u>
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:					
Depreciation/amortization expense		1,482,199		2,086,944	3,569,143
(Increase)/decrease in accounts receivable	(17,395)	(228,497)	(1,414)	(21,160)	(268,466)
(Increase)/decrease in due from other governments				(19,355)	(19,355)
(Increase)/decrease in inventory		(35,327)			(35,327)
Increase/(decrease) in accounts payable	(6,846)	6,250	(513,894)	176,279	(338,211)
Increase/(decrease) in accrued compensated absences		6,384	(96,000)	12,647	(76,969)
Increase/(decrease) in claims and judgments payable			269,000		269,000
Total adjustments	<u>(24,241)</u>	<u>1,231,009</u>	<u>(342,308)</u>	<u>2,235,355</u>	<u>3,099,815</u>
Net cash provided/(used) by operating activities	<u>\$372,564</u>	<u>\$2,013,505</u>	<u>(\$15,961)</u>	<u>\$2,527,312</u>	<u>\$4,897,420</u>

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

During the year the Fleet Maintenance Fund, an internal service fund, received \$865,240 in donated assets.

## Fiduciary Funds

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

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

Blackhorse 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, 2007**

	Agency Funds						Total
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	
<b>ASSETS</b>							
Cash and investments	\$76,895	\$22,714	\$131,719	\$166,892	\$207,117	\$61,739	\$667,076
Cash with agent-restricted				171,279	295,462		466,741
Receivables	1,120	201	3,272	3,114	231	2,039	9,977
Total assets	<u>\$78,015</u>	<u>\$22,915</u>	<u>\$134,991</u>	<u>\$341,285</u>	<u>\$502,810</u>	<u>\$63,778</u>	<u>\$1,143,794</u>
<b>LIABILITIES</b>							
Accrued payroll			\$134,991				\$134,991
Agency funds payable	\$78,015	\$22,915		\$341,285	\$502,810	\$63,778	1,008,803
Total liabilities	<u>\$78,015</u>	<u>\$22,915</u>	<u>\$134,991</u>	<u>\$341,285</u>	<u>\$502,810</u>	<u>\$63,778</u>	<u>\$1,143,794</u>

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**City of Clovis**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2007**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Senior Citizen Memorial</b>				
Assets				
Cash and investments	\$83,293	\$3,602	\$10,000	\$76,895
Receivables	799	1,120	\$799	1,120
Total assets	<u>\$84,092</u>	<u>\$4,722</u>	<u>\$10,799</u>	<u>\$78,015</u>
Liabilities				
Agency funds payable	<u>\$84,092</u>	<u>\$3,923</u>	<u>\$10,000</u>	<u>\$78,015</u>
Total liabilities	<u>\$84,092</u>	<u>\$3,923</u>	<u>\$10,000</u>	<u>\$78,015</u>
<b>Blackhorse Assessment</b>				
Assets				
Cash and investments	\$25,730	\$43,352	\$46,368	\$22,714
Receivables	99	201	99	201
Total assets	<u>\$25,829</u>	<u>\$43,553</u>	<u>\$46,467</u>	<u>\$22,915</u>
Liabilities				
Agency funds payable	<u>\$25,829</u>	<u>\$43,553</u>	<u>\$46,467</u>	<u>\$22,915</u>
Total liabilities	<u>\$25,829</u>	<u>\$43,553</u>	<u>\$46,467</u>	<u>\$22,915</u>
<b>Payroll Tax and Withholding</b>				
Assets				
Cash and investments	\$357,478	\$131,719	\$357,478	\$131,719
Receivables	0	3,272	0	3,272
Total assets	<u>\$357,478</u>	<u>\$134,991</u>	<u>\$357,478</u>	<u>\$134,991</u>
Liabilities				
Accrued Payroll	<u>\$357,478</u>	<u>\$134,991</u>	<u>\$357,478</u>	<u>\$134,991</u>
Total liabilities	<u>\$357,478</u>	<u>\$134,991</u>	<u>\$357,478</u>	<u>\$134,991</u>

**Temperance/Barstow Assessment**

## Assets

Cash and investments	\$607,831	\$164,022	\$604,961	\$166,892
Cash with agent-restricted	162,814	8,465	0	171,279
Receivables	4,965	3,114	4,965	3,114
Total assets	<u>\$775,610</u>	<u>\$175,601</u>	<u>\$609,926</u>	<u>\$341,285</u>

## Liabilities

Agency funds payable	\$775,610	\$175,601	\$609,926	\$341,285
Total liabilities	<u>\$775,610</u>	<u>\$175,601</u>	<u>\$609,926</u>	<u>\$341,285</u>

**Shepherd/Temperance Assessment**

## Assets

Cash and investments	\$978,552	\$244,022	\$1,015,457	\$207,117
Cash with agent-restricted	280,860	14,602	0	295,462
Receivables	7,198	231	7,198	231
Total assets	<u>\$1,266,610</u>	<u>\$258,855</u>	<u>\$1,022,655</u>	<u>\$502,810</u>

## Liabilities

Agency funds payable	\$1,266,610	\$258,855	\$1,022,655	\$502,810
Total liabilities	<u>\$1,266,610</u>	<u>\$258,855</u>	<u>\$1,022,655</u>	<u>\$502,810</u>

**Asset Forfeiture**

## Assets

Cash and investments	\$44,261	\$117,387	\$99,909	\$61,739
Receivables	557	2,039	557	2,039
Total assets	<u>\$44,818</u>	<u>\$119,426</u>	<u>\$100,466</u>	<u>\$63,778</u>

## Liabilities

Agency funds payable	\$44,818	\$119,426	\$100,466	\$63,778
Total liabilities	<u>\$44,818</u>	<u>\$119,426</u>	<u>\$100,466</u>	<u>\$63,778</u>

**Grand Total All Agency Funds**

## Assets

Cash and investments	\$2,097,145	\$704,104	\$2,134,173	\$667,076
Cash with agent-restricted	443,674	23,067	0	466,741
Receivables	13,618	9,977	13,618	9,977
Total assets	<u>\$2,554,437</u>	<u>\$737,148</u>	<u>\$2,147,791</u>	<u>\$1,143,794</u>

## Liabilities

Accrued payroll	\$357,478	\$134,991	\$357,478	\$134,991
Agency funds payable	2,196,959	601,358	1,789,514	1,008,803
Total liabilities	<u>\$2,554,437</u>	<u>\$736,349</u>	<u>\$2,146,992</u>	<u>\$1,143,794</u>

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**Statistical Section**

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

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<b>Contents</b>	<b>Page</b>
Financial Trends	107
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	115
These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax.	
Debt Capacity	119
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	125
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	128
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

**CITY OF CLOVIS  
NET ASSETS BY COMPONENT  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,						
	2001	2002	2003	2004	2005	2006	2007
<b>Governmental activities:</b>							
Invested in capital assets,							
net of related debt	\$ 25,631,279	\$ 37,977,682	\$ 57,643,392	\$ 173,734,636	\$ 204,308,501	\$ 240,240,749	\$ 294,905,187
Restricted	14,156,181	14,625,456	18,382,904	19,395,815	22,187,035	26,196,035	29,021,555
Unrestricted	<u>14,112,619</u>	<u>18,967,745</u>	<u>19,573,200</u>	<u>17,530,347</u>	<u>25,015,819</u>	<u>25,143,334</u>	<u>17,917,825</u>
<b>Total net assets</b>	<b><u>\$ 53,900,079</u></b>	<b><u>\$ 71,570,883</u></b>	<b><u>\$ 95,599,496</u></b>	<b><u>\$ 210,660,798</u></b>	<b><u>\$ 251,511,355</u></b>	<b><u>\$ 291,580,118</u></b>	<b><u>\$ 341,844,567</u></b>
<b>Business-type activities:</b>							
Invested in capital assets,							
net of related debt	\$ 36,883,804	\$ 44,177,138	\$ 59,627,608	\$ 71,642,896	\$ 75,485,720	\$ 82,793,274	\$ 94,552,223
Restricted	3,156,093	3,022,012	4,868,170	4,734,520	4,904,810	5,306,787	4,939,804
Unrestricted	<u>39,895,792</u>	<u>41,418,794</u>	<u>35,486,924</u>	<u>36,166,894</u>	<u>43,879,695</u>	<u>48,198,318</u>	<u>52,679,692</u>
<b>Total net assets</b>	<b><u>\$ 79,935,689</u></b>	<b><u>\$ 88,617,944</u></b>	<b><u>\$ 99,982,702</u></b>	<b><u>\$ 112,544,310</u></b>	<b><u>\$ 124,270,225</u></b>	<b><u>\$ 136,298,379</u></b>	<b><u>\$ 152,171,719</u></b>
<b>Total Primary government:</b>							
Invested in capital assets,							
net of related debt	\$ 62,515,083	\$ 82,154,820	\$ 117,271,000	\$ 245,377,532	\$ 279,794,221	\$ 323,034,023	\$ 389,457,410
Restricted	17,312,274	17,647,468	23,251,074	24,130,335	27,091,845	31,502,822	33,961,359
Unrestricted	<u>54,008,411</u>	<u>60,386,539</u>	<u>55,060,124</u>	<u>53,697,241</u>	<u>68,895,514</u>	<u>73,341,652</u>	<u>70,597,517</u>
<b>Total net assets</b>	<b><u>\$ 133,835,768</u></b>	<b><u>\$ 160,188,827</u></b>	<b><u>\$ 195,582,198</u></b>	<b><u>\$ 323,205,108</u></b>	<b><u>\$ 375,781,580</u></b>	<b><u>\$ 427,878,497</u></b>	<b><u>\$ 494,016,286</u></b>

*The City of Clovis implemented GASB 34 for the fiscal year ended June 30, 2001. Information prior to the implementation of GASB 34 is not available.*

**CITY OF CLOVIS  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

For the Fiscal Year Ended June 30,

	2001	2002	2003	2004	2005	2006	2007
<b>Expenses:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,993,483	\$ 3,262,718	\$ 3,685,630	\$ 3,691,179	\$ 3,697,275	\$ 4,668,234	\$ 5,318,733
Public safety	18,746,951	21,447,399	23,139,435	26,147,043	25,792,572	31,498,593	34,585,783
Transportation	3,461,202	6,520,321	5,997,961	8,295,835	9,715,437	6,658,318	7,931,717
Community development	6,349,927	7,476,843	7,984,783	8,775,466	9,370,105	10,376,658	11,531,189
Cultural and recreation	2,281,852	708,712	2,535,718	3,268,643	3,447,592	5,673,279	4,519,519
Special assessment	199,310	177,488	157,523	133,437	108,753	81,233	48,016
Total governmental activities expenses	<u>34,032,725</u>	<u>39,593,481</u>	<u>43,501,050</u>	<u>50,311,603</u>	<u>52,131,734</u>	<u>58,956,315</u>	<u>63,934,957</u>
<b>Business-type activities:</b>							
Refuse	6,766,531	7,341,099	8,512,801	9,740,443	10,645,680	10,848,903	10,997,206
Sewer	8,371,292	7,701,580	8,238,993	9,105,613	11,986,140	10,684,432	11,209,693
Water	5,999,882	6,944,152	8,474,095	11,837,888	11,706,913	13,175,222	13,086,525
Transit	1,536,635	1,685,535	2,021,343	2,184,173	2,299,753	2,617,616	2,677,651
Street Cleaning	527,573	532,926	616,000	675,340	674,675	861,603	870,980
Total business-type activities expenses	<u>23,201,913</u>	<u>24,205,292</u>	<u>27,863,232</u>	<u>33,543,457</u>	<u>37,313,161</u>	<u>38,187,776</u>	<u>38,842,055</u>
Total primary government expenses	<u>57,234,638</u>	<u>63,798,773</u>	<u>71,364,282</u>	<u>83,855,060</u>	<u>89,444,895</u>	<u>97,144,091</u>	<u>102,777,012</u>
<b>Program revenues:</b>							
<b>Governmental activities:</b>							
Charges for services:	13,286,437	17,402,979	21,337,603	20,001,156	23,734,296	23,993,160	25,483,997
Operating grants and contributions	807,358	621,897	1,171,436	593,332	806,954	836,367	626,350
Capital grants and contributions	<u>3,270,171</u>	<u>6,127,744</u>	<u>11,063,612</u>	<u>22,323,777</u>	<u>28,412,778</u>	<u>32,043,479</u>	<u>41,643,872</u>
Total governmental activities program revenues	<u>17,363,966</u>	<u>24,152,620</u>	<u>33,572,651</u>	<u>42,918,265</u>	<u>52,954,028</u>	<u>56,873,006</u>	<u>67,754,219</u>
<b>Business-type activities:</b>							
Charges for services:							
Refuse	7,180,926	7,328,887	7,691,603	8,422,682	10,531,171	12,099,449	13,054,942
Sewer	10,933,200	12,071,403	16,370,286	16,776,158	16,903,245	16,478,274	16,593,961
Water	9,368,246	10,130,822	12,099,727	14,688,392	16,516,557	14,571,476	16,241,554
Transit	1,724,748	1,840,672	2,049,464	2,158,180	2,401,863	2,658,134	3,625,965
Street Cleaning	403,597	416,635	432,191	582,378	857,331	896,232	926,427
Operating grants and contributions	292,500		40,188	20,525			
Capital grants and contributions	<u>221,154</u>	<u>85,778</u>	<u>120,068</u>	<u>2,031,245</u>	<u>21,084</u>	<u>45,186</u>	<u>69,529</u>
Total business-type activities program revenues	<u>30,124,371</u>	<u>31,874,197</u>	<u>38,803,527</u>	<u>44,679,560</u>	<u>47,231,251</u>	<u>46,748,751</u>	<u>50,512,378</u>
Total primary government program revenues	<u>47,488,337</u>	<u>56,026,817</u>	<u>72,376,178</u>	<u>87,597,825</u>	<u>100,185,279</u>	<u>103,621,757</u>	<u>118,266,597</u>

Net revenues (expenses):							
Governmental activities	(16,668,759)	(15,440,861)	(9,928,399)	(7,393,338)	822,294	(2,083,309)	3,819,262
Business-type activities	<u>6,922,458</u>	<u>7,668,905</u>	<u>10,940,295</u>	<u>11,136,103</u>	<u>9,918,090</u>	<u>8,560,975</u>	<u>11,670,323</u>
Total net revenues (expenses)	<u>(9,746,301)</u>	<u>(7,771,956)</u>	<u>1,011,896</u>	<u>3,742,765</u>	<u>10,740,384</u>	<u>6,477,666</u>	<u>15,489,585</u>
General revenues and other changes in net assets:							
Governmental activities:							
Taxes:							
Property taxes	6,265,525	6,325,269	6,911,168	7,807,942	8,649,182	16,177,667	18,719,047
Sales tax	9,681,715	10,931,215	11,232,157	12,181,511	13,239,123	14,776,842	14,695,208
Other taxes	7,823,336	8,470,848	9,050,473	9,886,213	10,963,135	8,720,155	9,076,275
Grants and contributions not restricted	4,092,208	4,006,073	4,410,183	3,331,101	6,136,332	684,126	741,419
Unrestricted investment earnings	2,312,671	2,446,260	1,382,531	1,070,477	1,382,331	2,575,282	3,358,238
Transfers	<u>(40,000)</u>	<u>932,000</u>	<u>970,500</u>	<u>(113,750)</u>	<u>(341,840)</u>	<u>(782,000)</u>	<u>(145,000)</u>
Total governmental activities	<u>30,135,455</u>	<u>33,111,665</u>	<u>33,957,012</u>	<u>34,163,494</u>	<u>40,028,263</u>	<u>42,152,072</u>	<u>46,445,187</u>
Business-type activities:							
Unrestricted investment earnings	2,407,178	1,945,350	1,394,963	1,311,755	1,465,985	2,685,179	4,058,017
Transfers	<u>40,000</u>	<u>(932,000)</u>	<u>(970,500)</u>	<u>113,750</u>	<u>341,840</u>	<u>782,000</u>	<u>145,000</u>
Total business-type activities	<u>2,447,178</u>	<u>1,013,350</u>	<u>424,463</u>	<u>1,425,505</u>	<u>1,807,825</u>	<u>3,467,179</u>	<u>4,203,017</u>
Total primary government	<u>32,582,633</u>	<u>34,125,015</u>	<u>34,381,475</u>	<u>35,588,999</u>	<u>41,836,088</u>	<u>45,619,251</u>	<u>50,648,204</u>
Changes in net assets							
Governmental activities	13,466,696	17,670,804	24,028,613	26,770,156	40,850,557	40,068,763	50,264,449
Business-type activities	<u>9,369,636</u>	<u>8,682,255</u>	<u>11,364,758</u>	<u>12,561,608</u>	<u>11,725,915</u>	<u>12,028,154</u>	<u>15,873,340</u>
Total primary government	<u>\$ 22,836,332</u>	<u>\$ 26,353,059</u>	<u>\$ 35,393,371</u>	<u>\$ 39,331,764</u>	<u>\$ 52,576,472</u>	<u>\$ 52,096,917</u>	<u>\$ 66,137,789</u>

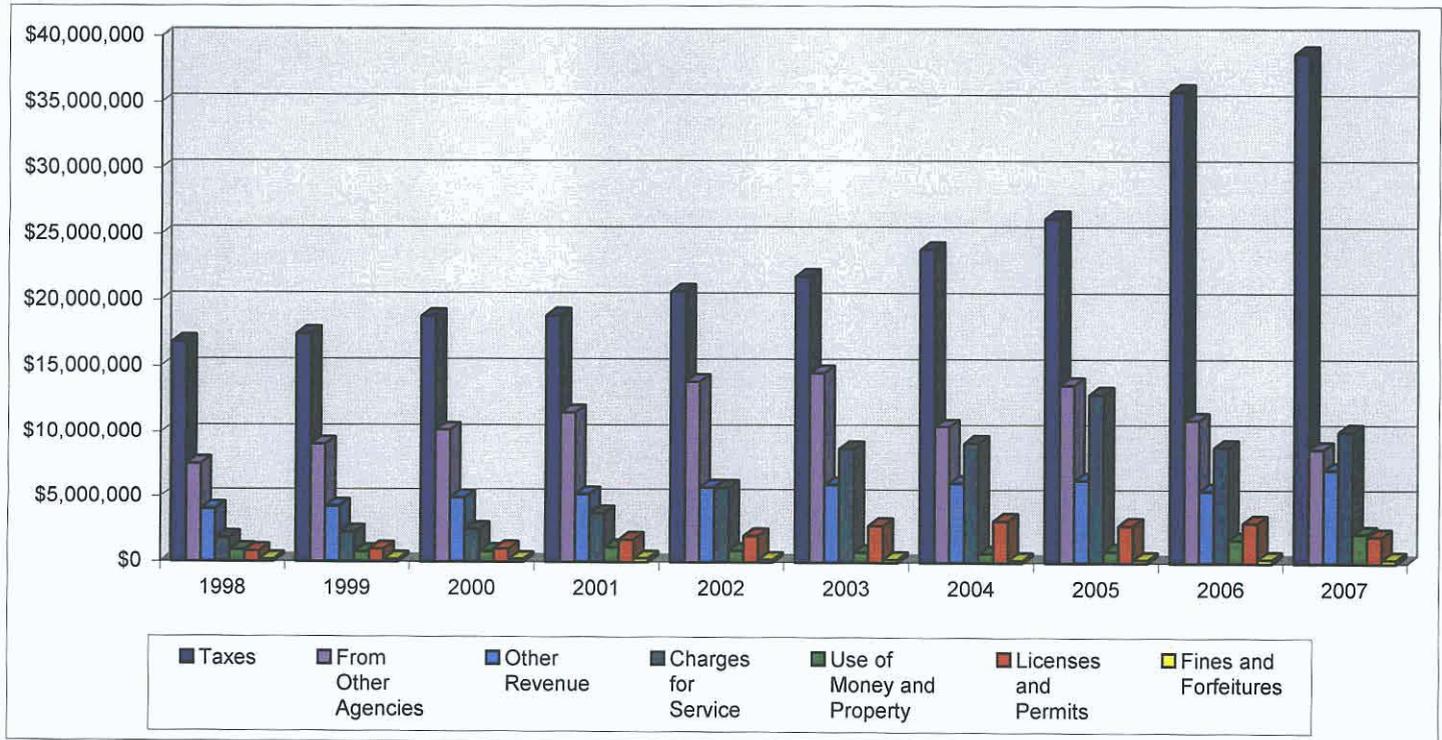
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The City of Clovis implemented GASB 34 for the fiscal year ended June 30, 2001. Information prior to the implementation of GASB 34 is not available.

**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>
1998	\$16,855,168	\$818,335	\$169,478	\$900,350	\$7,526,486	\$1,820,832	\$4,055,882	\$32,146,531
1999	17,465,226	971,825	199,173	764,565	9,034,918	2,255,276	4,258,191	34,949,174
2000	18,788,723	1,015,188	216,133	817,599	10,188,873	2,489,862	4,930,000	38,446,378
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

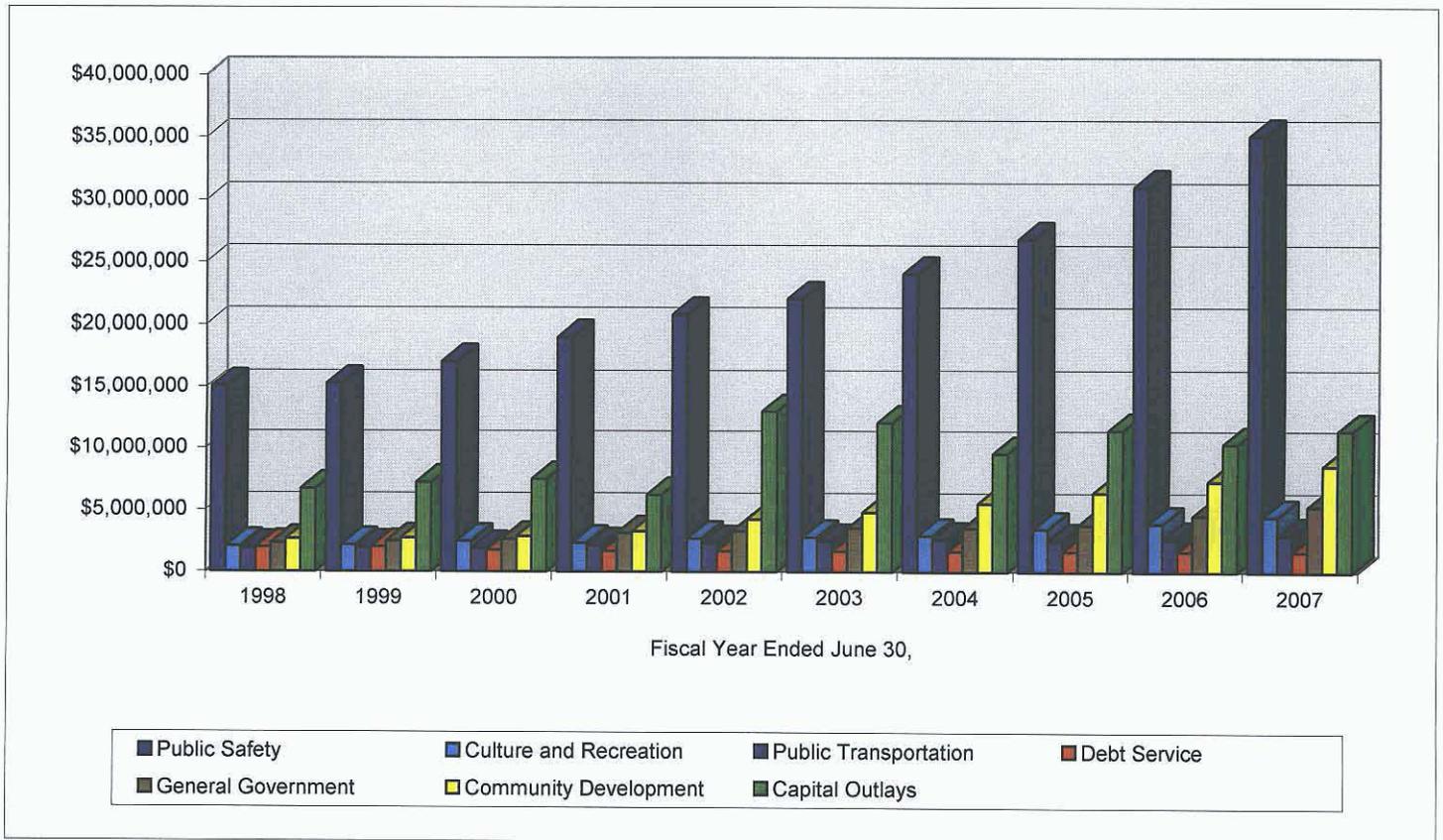
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



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

<b>Fiscal Year Ended June 30,</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Transportation</b>	<b>Community Development</b>	<b>Culture and Recreation</b>	<b>Debt Service</b>	<b>Capital Outlays</b>	<b>Total</b>
1998	\$2,333,637	\$15,069,202	\$1,907,629	\$2,667,164	\$2,071,922	\$1,991,418	\$6,729,840	\$32,770,812
1999	2,478,656	15,303,304	1,965,699	2,725,517	2,168,594	2,026,948	7,225,845	33,894,563
2000	2,640,237	17,076,426	1,881,638	2,863,659	2,471,096	1,755,709	7,488,151	36,176,916
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

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,			
	1998	1999	2000	2001
<b>Revenues:</b>				
Property taxes	\$ 6,872,622	\$ 6,701,079	\$ 6,684,595	\$ 6,498,885
Sales taxes	7,826,504	8,560,339	9,743,326	9,681,715
Other taxes	2,156,042	2,203,808	2,360,802	2,664,842
Licenses and permits	818,335	971,825	1,015,188	1,717,513
Fines and forfeitures	169,478	199,173	216,133	289,670
Use of money and property	921,127	764,565	817,599	1,140,316
From other agencies	7,526,486	9,034,918	10,188,873	11,530,110
Charges for current services	1,820,832	2,255,276	2,489,862	3,732,553
Other revenues	4,055,882	4,258,191	4,930,000	5,203,867
Total revenues	<u>32,167,308</u>	<u>34,949,174</u>	<u>38,446,378</u>	<u>42,459,471</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	2,333,637	2,478,656	2,640,237	3,129,716
Public safety	15,069,202	15,303,304	17,076,426	18,986,241
Transportation	1,808,217	1,863,006	1,885,719	2,142,989
Community development	2,766,576	2,828,210	2,859,578	3,279,301
Cultural and recreation	1,697,249	1,788,302	2,090,197	2,351,743
<b>Debt service:</b>				
Principal	865,000	970,807	897,705	849,603
Interest and fiscal charges	1,126,418	1,056,141	858,004	834,657
Capital outlays	7,104,513	7,606,137	7,869,050	6,225,722
Total expenditures	<u>32,770,812</u>	<u>33,894,563</u>	<u>36,176,916</u>	<u>37,799,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(603,504)</u>	<u>1,054,611</u>	<u>2,269,462</u>	<u>4,659,499</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,341,024	1,139,385	959,355	1,410,400
Transfers out	(1,718,990)	(1,117,385)	(3,373,830)	(2,340,400)
Issuance of bonds	497,272	5,025,000	500,000	
Payment to bond escrow agent		(5,323,895)		
Total other financing sources (uses)	<u>119,306</u>	<u>(276,895)</u>	<u>(1,914,475)</u>	<u>(930,000)</u>
Net change in Fund balances	<u>\$ (484,198)</u>	<u>\$ 777,716</u>	<u>\$ 354,987</u>	<u>\$ 3,729,499</u>
Debt service as a percentage of noncapital expenditures	7.8%	7.7%	6.2%	5.3%

**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

For the Fiscal Year Ended June 30,						
2002	2003	2004	2005	2006	2007	
\$ 6,760,091	\$ 7,131,132	\$ 8,011,258	\$ 8,867,480	\$ 16,444,472	\$ 19,083,256	
10,931,215	11,412,157	12,381,593	13,239,123	15,015,009	14,920,816	
2,966,413	3,271,306	3,480,012	4,122,261	4,364,358	4,703,650	
2,023,868	2,814,669	3,187,377	2,848,845	3,054,428	2,050,759	
214,577	251,923	199,677	246,111	298,091	306,592	
892,720	775,809	701,924	890,843	1,762,543	2,245,415	
13,863,809	14,525,129	10,452,635	13,623,863	10,988,153	8,698,857	
5,717,454	8,722,223	9,171,410	12,915,218	8,855,189	10,045,798	
5,734,586	5,948,284	6,077,956	6,313,457	5,499,742	7,120,738	
<u>49,104,733</u>	<u>54,852,632</u>	<u>53,663,842</u>	<u>63,067,201</u>	<u>66,281,985</u>	<u>69,175,881</u>	
3,278,172	3,520,408	3,542,824	3,798,831	4,562,085	5,293,459	
20,809,470	22,067,748	24,090,704	26,884,832	31,075,548	35,131,624	
2,338,575	2,489,293	2,638,198	2,535,611	2,695,872	3,011,329	
4,243,891	4,807,990	5,547,459	6,403,121	7,343,255	8,601,267	
2,707,083	2,812,035	2,933,512	3,471,047	3,914,096	4,482,704	
891,501	923,399	970,297	1,012,195	1,065,042	1,111,939	
782,226	750,939	713,837	662,110	609,302	555,706	
13,000,093	12,080,200	9,565,890	11,477,441	10,368,325	11,457,349	
<u>48,051,011</u>	<u>49,452,012</u>	<u>50,002,721</u>	<u>56,245,188</u>	<u>61,633,525</u>	<u>69,645,377</u>	
1,053,722	5,400,620	3,661,121	6,822,013	4,648,460	(469,496)	
2,135,000	889,400	1,004,694	1,338,300	1,615,000	1,624,000	
(2,103,000)	(1,746,500)	(1,602,875)	(1,780,140)	(1,747,000)	(1,194,000)	
32,000	(857,100)	(598,181)	(441,840)	(132,000)	430,000	
<u>\$ 1,085,722</u>	<u>\$ 4,543,520</u>	<u>\$ 3,062,940</u>	<u>\$ 6,380,173</u>	<u>\$ 4,516,460</u>	<u>\$ (39,496)</u>	
4.8%	4.5%	4.2%	3.7%	3.3%	2.9%	

**CITY OF CLOVIS**  
**FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<b>General Fund</b>				
<b>Fiscal Year</b>				
<b>Ended</b>	<b>Reserved</b>	<b>Unreserved</b>		
<b>June 30,</b>	<b>Reserved</b>	<b>Designated</b>	<b>Unreserved</b>	<b>Total</b>
1998	\$ 160,762	\$ 1,345,000	\$ 801,438	\$ 2,307,200
1999	243,732	1,495,000	1,494,889	3,233,621
2000	283,602	1,495,000	2,793,421	4,572,023
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

<b>All Other Governmental Funds</b>				
<b>Fiscal Year</b>	<b>Reserved</b>	<b>Unreserved, reported in:</b>		
<b>Ended</b>	<b>All Other</b>	<b>Special</b>	<b>Capital</b>	
<b>June 30,</b>	<b>Governmental</b>	<b>Revenue</b>	<b>Projects</b>	<b>Total</b>
<b>June 30,</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Total</b>
1998	\$ 7,319,463	\$ 1,461,085	\$ 2,340,635	\$11,121,183
1999	7,785,684	982,292	1,495,502	10,263,478
2000	6,680,394	3,027,426	(427,757)	9,280,063
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

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

Fiscal Year Ended June 30,	Real Property		Personal Property		Exemptions Homeowners	Net		Ratio of Net Assessed Value to Total Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Assessed	Estimated Actual	
	1998	\$2,524,680,758	\$2,524,680,758	\$92,563,963	\$92,563,963	\$77,537,500	\$2,539,707,221	
1999	2,596,765,898	2,596,765,898	106,731,329	106,731,329	78,109,400	2,625,387,827	2,703,497,227	97%
2000	2,701,083,109	2,701,083,109	114,684,191	114,684,191	79,684,320	2,736,082,980	2,815,767,300	97%
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	97%
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	97%
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	98%
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	98%
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	98%
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	98%
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	99%

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 Assessor's Office

**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>
1998	0.001950	0.197500	0.000000	1.000000	1.199450
1999	0.001914	0.197500	0.000000	1.000000	1.199414
2000	0.000000	0.197500	0.000000	1.000000	1.197500
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

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

Source: Fresno County Assessor's Office

**CITY OF CLOVIS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND PREVIOUS YEAR**

Taxpayer	2007		2006	
	Taxable Assessed	Percent of Total City Taxable Assessed Value	Taxable Assessed	Percent of Total City Taxable Assessed Value
Fresno Community Hospital/Medical Ctr	\$78,813,528	1.21%	\$11,077,690	0.20%
Pelco	45,932,307	0.01	41,930,860	0.01
Rengency Cahan-Clovis LLC	34,508,958	0.01		0.00
Prindiville Dennis Trustee	31,280,092	0.00	55,564,212	0.01
Cooper Beech Townhome Communities	24,724,184	0.00		0.00
Anlin Industries	22,497,627	0.00	21,234,316	0.00
Vons Companies, Inc	19,386,398	0.00	20,162,347	0.00
Brown Garold C Family LTD Partnership	18,164,826	0.00	8,331,550	0.00
Kaiser Foundation Health Plan Inc	17,258,116	0.00	17,087,553	0.00
Save Mart Supermarkets	17,142,740	0.00	26,074,884	0.00
Clovis Coventry Place LP	16,590,933	0.00		0.00
CVEC Group Inc	13,683,043	0.00		0.00
Winco Foods LLC	13,619,196	0.00	13,525,319	0.00
Eighth Street Development Company	13,590,255	0.00		0.00
	<u>\$367,192,203</u>	<u>5.62%</u>	<u>\$214,988,731</u>	<u>3.94%</u>

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**

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Current Delinquent Taxes</u>	<u>Ratio of Current Delinquent Taxes to Total Tax Levy</u>
1998	\$3,416,193	\$3,312,091	96.95	\$91,963	\$3,404,054	99.6%	\$82,843	2.425 %
1999	3,529,265	3,440,228	97.48	133,286	3,573,514	101.3	85,267	2.416
2000	3,656,198	3,583,199	98.00	170,843	3,754,042	102.7	84,787	2.319
2001	3,849,250	3,626,415	94.21	176,592	3,803,007	98.8	93,614	2.432
2002	4,021,950	3,728,751	92.71	152,758	3,881,509	96.5	98,176	2.441
2003	4,487,532	4,078,805	90.89	139,862	4,218,667	94.0	116,003	2.585
2004	5,076,572	4,741,762	93.40	111,142	4,852,904	95.6	127,016	2.502
2005	5,281,724	5,025,680	95.15	238,739	5,264,419	99.7	108,909	2.062
2006	7,666,490	7,317,096	95.44	523,714	7,840,810	102.3	183,536	2.394
2007	9,146,452	8,732,938	95.48	191,802	8,924,740	97.6	320,126	3.500 *

Notes: Amounts include only General Fund tax collections.

\* The 2007 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 SEVEN 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>Capita</u>
<b>Governmental Activities</b>								
2001	\$9,940,000	\$4,000,000	\$1,597,075	\$0	\$34,755,000	\$0	\$50,292,075	\$710
2002	9,595,000	3,500,000	1,395,902	0	34,755,000	0	49,245,902	676
2003	9,240,000	2,980,000	1,186,517	0	33,935,000	720,000	48,061,517	632
2004	8,865,000	2,435,000	968,919	0	32,605,000	689,416	45,563,335	563
2005	8,470,000	1,870,000	743,111	0	31,230,000	657,896	42,971,007	500
2006	8,055,000	1,275,000	504,987	0	29,800,000	2,625,411	42,260,398	470
2007	7,625,000	650,000	258,652	0	28,315,000	1,925,266	38,773,918	420
<b>Business-type Activities</b>								
2001	\$0	\$0	\$347,923	\$3,485,000	\$23,899,885	\$24,768,299	\$52,501,107	\$741
2002	0	0	304,097	2,985,000	23,473,002	23,498,606	50,260,705	690
2003	0	0	258,482	0	67,199,707	22,044,176	89,502,365	1,178
2004	0	0	211,079	0	66,290,102	20,933,986	87,435,167	1,081
2005	0	0	161,888	0	91,190,499	19,772,172	111,124,559	1,292
2006	0	0	110,011	0	90,325,896	18,552,518	108,988,425	1,212
2007	0	0	56,347	0	157,971,292	17,268,807	175,296,446	1,900
<b>Total Primary Government</b>								
2001	\$9,940,000	\$4,000,000	\$1,944,998	\$3,485,000	\$58,654,885	\$24,768,299	\$102,793,182	\$1,451
2002	9,595,000	3,500,000	1,699,999	2,985,000	58,228,002	23,498,606	99,506,607	1,367
2003	9,240,000	2,980,000	1,444,999	0	101,134,707	22,764,176	137,563,882	1,810
2004	8,865,000	2,435,000	1,179,998	0	98,895,102	21,623,402	132,998,502	1,644
2005	8,470,000	1,870,000	904,999	0	122,420,499	20,430,068	154,095,566	1,791
2006	8,055,000	1,275,000	614,998	0	120,125,896	21,177,929	151,248,823	1,682
2007	7,625,000	650,000	314,999	0	186,286,292	19,194,073	214,070,364	2,320

Source: City of Clovis Finance Department

Clovis implemented GASB 34 for the fiscal year ended June 30, 2001. Information prior to the implementation of GASB 34 is not available.

**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**

<b>Fiscal Year</b>								
<b>Ended</b>	<b>Estimated</b>	<b>Assessed</b>	<b>Gross Bonded</b>	<b>Less Debt</b>	<b>Net</b>	<b>Ratio of Net</b>	<b>Net</b>	
<b><u>June 30,</u></b>	<b><u>Population</u></b>	<b><u>Valuation</u></b>	<b><u>Debt (1)</u></b>	<b><u>Service Fund</u></b>	<b><u>Bonded Debt</u></b>	<b><u>Bonded Debt to</u></b>	<b><u>Bonded Debt</u></b>	<b><u>Per Capita</u></b>
						<b><u>Assessed Value</u></b>		
1998	67,716	\$2,539,707,221	\$475,000	\$1,714	\$473,286	0.02%	\$7	
1999	68,807	2,625,387,827	250,000	0	250,000	0.01	4	
2000	70,746	2,736,082,980	0	0	0	0.00	0	
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	

(1) Amount does not include special assessment bonds.

Source: Fresno County Assessor's Office.

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

<b>Fiscal Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures (1)</b>	<b>Ratio of Debt Service to General Government Expenditures</b>
1998	\$225,000	\$21,469	\$246,469	\$32,770,812	0.8%
1999	250,000	8,750	258,750	33,894,563	0.8
2000	0	0	0	36,176,916	0.0
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

(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, 2007**

**2006-2007 Assessed Valuation:** \$5,884,476,639 (after deducting \$737,705,166 redevelopment incremental valuation)

<u>Direct and Overlapping Bonded Debt:</u>	<u>% Applicable</u>	<u>Debt</u>
<b>Direct Bonded Debt:</b>		
City of Clovis-Lease Revenue Bonds-Refuse	100.000%	\$56,347
City of Clovis 1915 Act Bonds	100.000%	2,435,000
City of Clovis Lease Revenue Bonds	100.000%	28,315,000
Total Gross Direct Bonded Debt		<u>\$30,806,347</u>
<b>Overlapping Bonded Debt:</b>		
Fresno County General Fund Obligations	11.930%	\$11,191,533
Fresno County Pension Obligations	11.930%	64,162,850
State Center Community College District	10.637%	10,527,971
Clovis Unified School District	35.243%	110,082,222
Clovis Unified School District Certificates of Participation	35.243%	15,293,700
Fresno Unified School District	2.633%	7,208,989
Fresno Unified School District General Fund Obligations	2.633%	2,145,632
City of Fresno Assessment District No. CD-3	1.553%	16,384
Total Gross Overlapping Bonded Debt		<u>220,629,281</u>
Total Gross Direct and Overlapping Bonded Debt		251,435,628 (1)
Less: City of Clovis Lease Revenue Bonds		<u>56,347</u>
Total Net Direct and Overlapping Bonded Debt		<u><u>\$251,379,281</u></u>

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

**Ratios to Assessed Valuation:**

Gross Direct Debt (\$18,055,000)	0.524%
Net Direct Debt (\$17,960,500)	0.481%
Total Gross Debt	3.749%
Total Net Debt	4.272%

**Share of Authorized and Unsold Bonds:**

City of Clovis	\$2,000,000
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**State School Building Aid Repayable as of 6/30/07: \$0**

Source: California Municipal Statistics & City of Clovis

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

Fiscal Year Ended <u>June 30,</u>	<u>Debt Limit</u>	Total Net Debt Applicable to <u>Limit</u>	Legal Debt <u>Margin</u>	Total Net Debt Applicable to the Limit As a Percentage <u>of Debt Limit</u>
1998	\$392,339,708	\$0	\$392,339,708	0%
1999	408,658,886	0	408,658,886	0
2000	425,838,964	0	425,838,964	0
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

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2007**

Assessed Valuations:

Assessed Value	\$6,528,272,358
Add back exempt property	<u>98,770,200</u>

Total Assessed Value	<u><u>\$6,627,042,558</u></u>
----------------------	-------------------------------

Legal Debt Margin:

Debt Limitation-15 percent of total assessed value	\$994,056,384
--	---------------

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>\$994,056,384</u></u>
--------------------	-----------------------------

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

**REFUSE DISPOSAL FUND**

Fiscal Year Ended <u>June 30.</u>	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1999	\$6,859,337	\$5,501,177	\$1,358,160	\$0	\$430,683	\$430,683	3.15
2000	7,579,604	5,889,960	1,689,644	55,000	468,944	523,944	3.22
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

**SEWER SERVICE FUND**

Fiscal Year Ended <u>June 30.</u>	Gross Revenues (4)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1999	\$5,900,439	\$4,305,019	\$1,595,420	\$0	\$781,612	\$781,612	2.04
2000	6,871,323	3,626,432	3,244,891	65,000	787,829	852,829	3.80
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

**WATER SERVICE FUND**

Fiscal Year Ended <u>June 30.</u>	Gross Revenues (4)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				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

- (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: No revenue bonds existed prior to 1999.

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

<b>Fiscal Year Ended <u>June 30,</u></b>	<b>City <u>Population</u></b>	<b><u>% Change</u></b>	<b>Fresno County <u>Population</u></b>	<b>City Population as % of <u>County Population</u></b>	<b>Fresno County Unemployment <u>Rate</u></b>
1998	67,716	1.86	781,632	8.66	13.25 %
1999	68,807	1.61	793,805	8.67	10.20
2000	70,746	2.82	805,000	8.79	11.30
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

Sources: State of California - Finance Department  
County of Fresno  
Fresno Chamber of Commerce

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

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

<u>Employer</u>	<u>2007</u>		<u>1998</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment*</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Clovis Unified School District	5,979	19.29	3,500	13.46
Pelco	1,811	5.84	706	2.72
City of Clovis	793	2.56	460	1.77
Clovis Community Hospital	771	2.49	441	1.70
Target	404	1.30	147	0.57
Wal-Mart	403	1.30	320	1.23
Alorica	350	1.13		
A T & T	328	1.06		
Anlin Industries	325	1.05		
Savemart	278	0.90	178	0.68

\* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2007.

Source: Employment Development Department

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

<u>Function</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>Governmental Activities</u></b>										
General Government	23.400	22.900	23.000	23.000	23.000	23.250	23.250	26.050	29.050	30.750
Public Safety										
Police	117.000	122.000	127.000	133.000	135.000	137.000	141.000	146.000	158.000	170.000
Fire	55.000	55.000	60.000	61.000	61.000	61.000	61.000	65.000	71.000	76.000
Transportation	14.400	13.350	13.350	13.350	13.350	13.600	13.600	13.600	13.700	13.800
Community Development	40.750	41.250	42.250	52.250	52.250	55.250	58.250	60.250	65.250	67.250
Culture & Recreation	17.675	19.225	22.475	25.225	25.225	25.475	25.475	26.475	32.475	37.225
Internal Service	24.100	25.300	27.200	29.200	29.200	29.950	30.950	31.150	33.050	34.950
Total Governmental Activities	<u>292.325</u>	<u>299.025</u>	<u>315.275</u>	<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>
<b><u>Business-Type Activities</u></b>										
Refuse	26.000	26.100	28.550	29.550	36.050	36.050	36.050	35.200	37.400	37.610
Sewer	8.400	8.300	9.550	9.050	9.050	9.300	9.300	9.300	9.650	10.750
Water	16.650	19.200	19.500	22.000	22.000	24.250	24.250	30.100	30.550	32.750
Street Cleaning	4.500	4.250	4.250	5.250	4.750	4.750	4.750	4.750	5.750	5.790
Transit	6.125	6.125	13.875	14.125	14.125	16.125	17.125	17.125	17.125	19.125
Total Business-Type Activities	<u>61.675</u>	<u>63.975</u>	<u>75.725</u>	<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>
<b>Total Full-Time Employees</b>	<u><u>354.000</u></u>	<u><u>363.000</u></u>	<u><u>391.000</u></u>	<u><u>417.000</u></u>	<u><u>425.000</u></u>	<u><u>436.000</u></u>	<u><u>445.000</u></u>	<u><u>465.000</u></u>	<u><u>503.000</u></u>	<u><u>536.000</u></u>

Source: City of Clovis

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

Internal Service Functions have been included in Governmental Activities.

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Public Safety</b>										
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Fire:</b>										
Fire stations	3	3	3	4	4	4	4	4	4	4
<b>Public utilities:</b>										
Streets (miles)	203	283	207	288	293	328	345	353	361	369
Streetlights	5,475	5,562	5,617	5,840	6,000	6,688	7,113	7,311	7,744	8,391
<b>Cultural and recreation:</b>										
Parks	32	32	36	37	37	42	45	45	46	46
Community centers	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Water mains (miles)	266	277	318	341	349	369	384	403	421	440
<b>Sewer</b>										
Sanitary sewers (miles)	218	227	237	248	256	274	285	300	310	330

Source: City of Clovis

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Police:</b>										
Arrests	4,494	4,103	4,435	3,874	3,968	4,185	4,422	4,162	5,521	5,168
Parking citations issued	2,698	2,240	2,169	1,868	1,447	2,558	2,736	2,054	2,810	2,501
<b>Fire:</b>										
Number of emergency calls	4,068	4,270	4,864	5,309	5,372	5,377	5,813	6,722	6,994	6,184
<b>Parks and recreation:</b>										
Number of recreation classes	9	31	63	105	116	121	142	154	189	305
Number of facility rentals	4	4	4	4	5	5	5	5	5	5
<b>Water:</b>										
New connections	223	1,002	510	712	1,240	1,958	1,377	1,018	1,185	1,005
Average daily consumption (thousands of gallons)	13,357	16,236	17,234	17,478	18,241	19,135	21,738	20,945	23,253	25,416
<b>Sewer:</b>										
New connections	223	1,002	510	712	1,240	1,958	1,377	1,018	1,185	1,005
Average daily sewage treatment (thousands of gallons)	6,242	6,187	6,181	6,555	6,390	6,700	6,937	7,017	7,088	7,210

Source: City of Clovis

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Valuation (in Thousands)										
Residential	\$70,906	\$83,149	\$79,829	\$171,245	\$220,321	\$363,549	\$419,823	\$325,085	\$299,916	\$189,387
Non-residential	22,137	26,770	36,202	47,437	54,611	60,489	55,689	88,842	81,513	85,670
<b>Total</b>	<b><u>\$93,043</u></b>	<b><u>\$109,919</u></b>	<b><u>\$116,031</u></b>	<b><u>\$218,682</u></b>	<b><u>\$274,932</u></b>	<b><u>\$424,038</u></b>	<b><u>\$475,512</u></b>	<b><u>\$413,927</u></b>	<b><u>\$381,429</u></b>	<b><u>\$275,057</u></b>
New Dwelling Units										
Single Family	385	397	386	821	1007	1510	1542	1144	954	688
Multiple Family	21	178	0	0	82	87	490	105	302	30
<b>Total</b>	<b><u>406</u></b>	<b><u>575</u></b>	<b><u>386</u></b>	<b><u>821</u></b>	<b><u>1089</u></b>	<b><u>1597</u></b>	<b><u>2032</u></b>	<b><u>1249</u></b>	<b><u>1256</u></b>	<b><u>718</u></b>

Source: City of Clovis Building Department

**CITY OF CLOVIS  
MISCELLANEOUS STATISTICS  
JUNE 30, 2007**

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees	672
Area (square miles)	22.77
Miles of Streets	369
Number of Street Lights	8,391
Fire Protection:	
Number of Stations	4
Number of Firefighters and Officers	70
Police Protection:	
Number of Police Officers and Other Sworn Personnel	113
Water Department:	
Number of Water Services	29,110
Miles of Water Mains	440
Sewers:	
Miles of Sanitary Sewers	330

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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 (City) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. We conducted our audit in accordance with generally accepted auditing standards 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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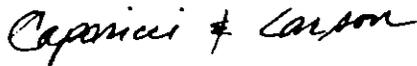
**San Diego**  
4858 Mercury, Suite 106  
San Diego, California 92111

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

**Compliance and Other Matters**

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

This report is intended solely for the information and use of management, the City Council, others within the City, and 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.



Sacramento, California  
November 16, 2007



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND 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 U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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 generally accepted auditing standards in the United States; the standards applicable to financial audits contained in *Government Audit 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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 basic financial statements of the City as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 whole.

This report is intended solely for the information and use of management, the City Council, others within the entity, and 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.

This report is intended solely for the information and use of management, the City Council, others within the entity, and 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.

  
Sacramento, California  
November 16, 2007

**City of Clovis  
Single Audit Reports  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2007**

Federal Grantor/Pass - Through Grantor Program Title	CFDA Number	Grantor's Number	Expenditures
<b>FEDERAL AWARDS:</b>			
<b>U.S. Department of Transportation</b>			
<i>Passed through State Department of Transportation</i>			
- Highway Planning and Construction	*20.205	06-5208	\$ 1,081,869
- State and Community Highway Safety	20.600		255,643
<b>Total U.S. Department of Transportation</b>			<u>1,337,512</u>
<b>U.S. Department of Homeland Security</b>			
<i>Passed through County of Fresno</i>			
- State Domestic Preparedness Equipment Support Program	*97.004		293,189
- Homeland Security Program (SHSP)	97.073		111,974
- Homeland Security Program - Training	97.005		56,236
<b>Total U.S. Department of Homeland Security</b>			<u>461,399</u>
<b>U.S. Department of Labor</b>			
<i>Passed through County of Fresno</i>			
- Workforce Investment Board WIA Youth Activities	17.253		250,463
<b>Total U.S. Department of Labor</b>			<u>250,463</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through County of Fresno</i>			
- Community Development Block Grant - Entitlement	14.218	B92UC06-003	361,733
<b>Total U.S. Department of Housing and Urban Development</b>			<u>361,733</u>
<b>U.S. Department of Justice</b>			
<i>Direct Programs</i>			
- Local Law Enforcement Block Grant Program	16.592		12,141
- Bulletproof Vests Partnership Program	16.607		3,442
<b>Total U.S. Department of Justice</b>			<u>15,583</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through Fresno-Madera Area</i>			
- Agency on Aging, Special Program for the Aging, Title III, Part B	93.044		20,724
- Agency on Aging, Special Program for the Aging, Title III, Part C	93.045		11,430
<b>Total U.S. Department of Health and Human Services</b>			<u>32,154</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 2,458,844</u></u>

\* Denoted Major Programs

See accompany Notes to Schedule of Expenditures of Federal Awards and Non Federal Awards.

**City of Clovis**  
**Single Audit Reports**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2007**

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**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, 2007**

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses 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 are 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 are reported in the basic financial statements.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City is reported in Part C of this Schedule below.
7. The programs tested as major programs include:

<u>Major Program</u>	<u>Expenditures</u>
Highway Planning and Construction	\$ 1,081,869
State Domestic Preparedness Equipment Support Program	293,189
<b>Total Major Program Expenditures</b>	<b>\$ 1,375,058</b>
<b>Total Federal Award Expenditures</b>	<b>\$ 2,458,844</b>
<b>Percent of Total Federal Award Expenditures</b>	<b>56%</b>

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

***FINDINGS - FINANCIAL STATEMENTS AUDIT***

No financial statement findings were noted.

***FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT***

No findings or questioned costs were noted on the City's major programs.

**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, 2007, and have issued our report thereon dated November 16, 2007.

We conducted our audit in accordance with generally accepted auditing standards in the United States and *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.

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*

Sacramento, California  
November 16, 2007

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**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 Schedule of the City of Clovis, California (City) for the year ended June 30, 2007. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City management is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings 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, 2007, 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.

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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.

*Capricci & Carlson*

Sacramento, California  
November 16, 2007

**City of Clovis**  
**Appropriations Limit Schedule**  
**For the year ended June 30, 2007**

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2005-06	\$ 85,904,905	Prior Year
B. Calculation Factors:		
Population increase %	1.0453	State Department of Finance
Inflation increase %	1.1105	City of Clovis' Building Department
Total adjustment %	1.1608	B1*B2
C. Annual Adjustment Increase	13,813,994	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	13,813,994	(C+D)
F. Appropriations Limit FY 2006-07	\$ 99,718,899	(A+E)

**City of Clovis**  
**Notes to Appropriations Limit Schedule**  
**For the year ended June 30, 2007**

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**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 4<sup>th</sup> quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for the years 2006-2007 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 years 2006-2007 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, 2007.