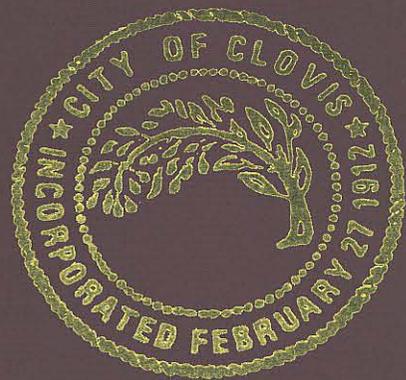


CITY OF
CLOVIS

CALIFORNIA



*Comprehensive
Annual
Financial
Report*

For the Fiscal Year ended
June 30, 2008

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

**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 1, 2008

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, 2008.

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, 2008, 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, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Clovis was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this comprehensive annual financial report.

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

Profile of the Government

The City of Clovis, incorporated in 1912, as a general law city of the State of California, is located near the middle of the state in the San Joaquin Valley. The Central Valley is considered to be a national and world leader in the agricultural industry. The City of Clovis currently occupies over 23 square miles and serves a population of 94,289.

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 much slower pace than in previous years. The City experienced a 2.7% growth in population in 2008 compared to previous years' average of 2.6%. The City has three major retail centers and several automobile dealerships that anchor the sales tax base. Clovis has the third 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 decreased mirroring the downturn in the national economy. Along with other significant employers, Pelco, an international manufacturer of security equipment and systems and Federal Express are located in the City's industrial park with a combined employment of over 2,000. There are over 10,700 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 931,000. The anticipated growth in population of the Metropolitan Area is approximately 2%, with Clovis estimated to grow by about 1.9 percent. There are approximately 443,300 jobs in Fresno County. The countywide unemployment rate is about 9.7%, not seasonally adjusted, which is the highest this rate has been in several years. Normally the area experiences

higher rates since Fresno County has a high agricultural employment sector. The City of Clovis has an unemployment rate of about 5.1% with 42,100 employed out of a workforce of 44,400.

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 29 months. The average yield on investments was 4.45 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

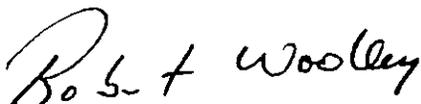
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clovis for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the twentieth consecutive year that the city has received 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, 2007 and has submitted and expects to receive the award for the annual budget document dated July 1, 2008 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, Barbara Melendez, Jay Schengel, and Susan Evans.

Respectfully submitted,

A handwritten signature in black ink that reads "Robert Woolley". The signature is written in a cursive style with a large initial "R".

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, 2007

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.



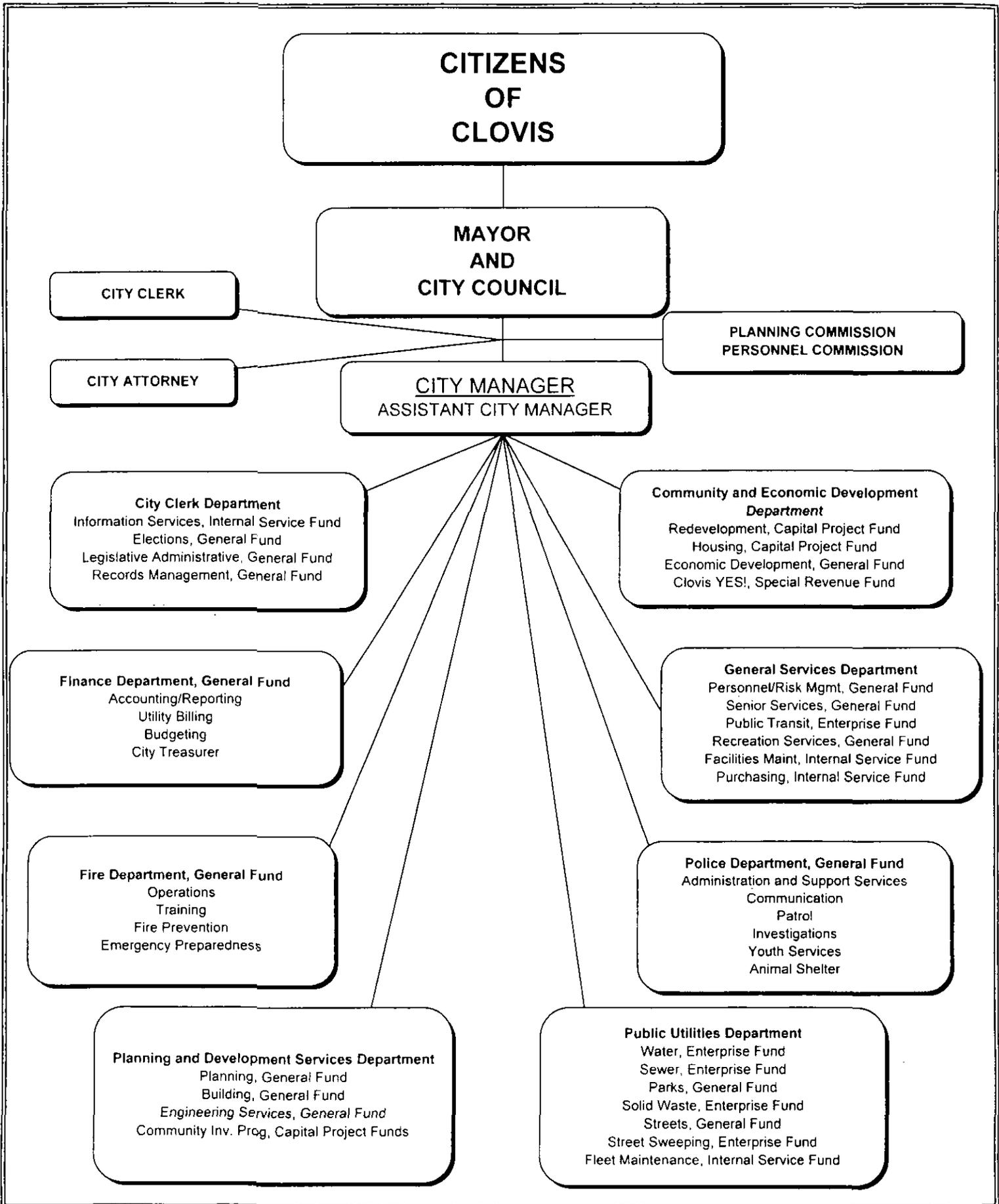
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF CLOVIS ORGANIZATION CHART



CITY OF CLOVIS
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2008

<u><i>Title</i></u>	<u><i>Name</i></u>
<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>Interim City Clerk</i>	<i>Tina Sumner</i>
<i>Police Chief</i>	<i>Janet Davis</i>
<i>Fire Chief</i>	<i>Mark Aston</i>
<i>Interim Planning & Development Services Director</i>	<i>Jeffrey Witte</i>
<i>General Services Director</i>	<i>Robert Ford</i>
<i>Community & Economic Development Director</i>	<i>Michael Dozier</i>

F I N A N C I A L

S E C T I O N

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, 2008, 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.

Subsequent to the basic financial statements date of June 30, 2008 and the year then ended, the United States has entered into a Financial Credit Crisis. Although the United States Federal Government has taken actions which, at least in part, are intended to relieve and correct this Financial Credit Crisis, investments are subject to significant impairment and losses. To date, the City has not been informed and is not aware of any investment losses. Accordingly, investment losses, if any, have not been reflected in the accompanying basic financial statements.

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, 2008, 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.

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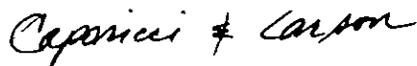
San Diego
4858 Mercury, Suite 106
San Diego, California 92111

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008, 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, is not required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. In addition, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, 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.



San Diego, California
November 25, 2008

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, 2008. 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 \$591 million, which is 20% greater than 2007. Of this amount, \$62.7 million, 11% less than 2007, 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 \$47.6 million, which is \$9.8 million higher than the fund balance at June 30, 2007. Of this balance, \$30.5 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 \$8.4 million, which represents a net decrease of \$1.0 million from the previous year. The unreserved undesignated balance of \$0.1 million is available for carryover to fund future general fund expenditures.

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

Construction continued on the Sewer Treatment-Water Reuse Facility, an 8.34 million gallon per day treatment facility at build-out, and included substantial progress on the first 2.8 million gallons per day of treatment capacity due to begin operations in early 2009. Construction was funded by bonds issued in March 2007 secured by the revenue of the sewer fund.

During the year, the Clovis Community Development Agency issued tax allocation bonds in the amount of \$19,100,000. The proceeds were used to fund community development projects, provide for affordable housing and refund the 1996 tax allocation bonds.

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 45-73 of this report.

Government-wide Financial Analysis

Below is a table showing the City's net assets for the fiscal year ended June 30, 2008, with comparative data for the fiscal year ended June 30, 2007.

City of Clovis' Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$101,097,530	\$ 98,827,929	\$111,050,997	\$ 133,300,417	\$ 212,148,527	\$ 232,128,346
Capital and intangible assets	414,579,732	335,787,605	248,968,208	205,519,314	663,547,940	541,306,919
Total assets	515,677,262	434,615,534	360,019,205	338,819,731	875,696,467	773,435,265
Long-term liabilities outstanding	83,271,451	84,935,200	180,784,571	178,842,641	264,056,022	263,777,841
Other liabilities	8,322,334	7,835,767	12,607,838	7,805,371	20,930,172	15,641,138
Total liabilities	91,593,785	92,770,967	193,392,409	186,648,012	284,986,194	279,418,979
Net assets:						
Invested in capital assets, net of related debt	375,445,741	294,905,187	105,729,250	94,552,223	481,174,991	389,457,410
Restricted	39,669,973	29,021,555	7,173,512	4,939,804	46,843,485	33,961,359
Unrestricted	8,967,763	17,917,825	53,724,034	52,679,692	62,691,797	70,597,517
Total net assets	\$ 424,083,477	\$ 341,844,567	\$166,626,796	\$ 152,171,719	\$ 590,710,273	\$ 494,016,286

As of June 30, 2008, the City's government-wide total assets exceeded liabilities (net assets) by \$591 million. Governmental activities finished the year with a positive net asset balance of \$424 million, an increase of \$82 million, or 24% over 2007. Business-type activities finished the year with a positive balance of \$167 million, an increase of \$14 million, or 9% over 2007. Net assets, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net assets, \$481 million or 81% 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 \$92 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 continued 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. During the year, the Clovis Community Development Agency issued new tax allocation bonds in the amount of \$19,100,000. These bonds were issued to provide for community redevelopment, affordable housing, and the defeasance of the Agency's outstanding 1996 tax allocation bonds.

Restricted net assets amount to \$47 million or 8% 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 \$63 million or 11% of the total net assets, which is a decrease of \$8 million or 11% from the previous year. Governmental activities account for \$9 million or 14% of the total unrestricted net assets and decreased \$9 million or 50% compared to last year. Business-type activities account for \$54 million or 86% of the total and increased from last year \$1 million or 2% and 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 \$424 million or 72% of the total Government-wide net assets. This is an increase of \$82 million or 24% over June 30, 2007. Donated and constructed assets increased by \$81 million and the amounts available for debt service, street and road construction and community development increased by \$10 million. These increases were offset by a decrease of \$9 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**

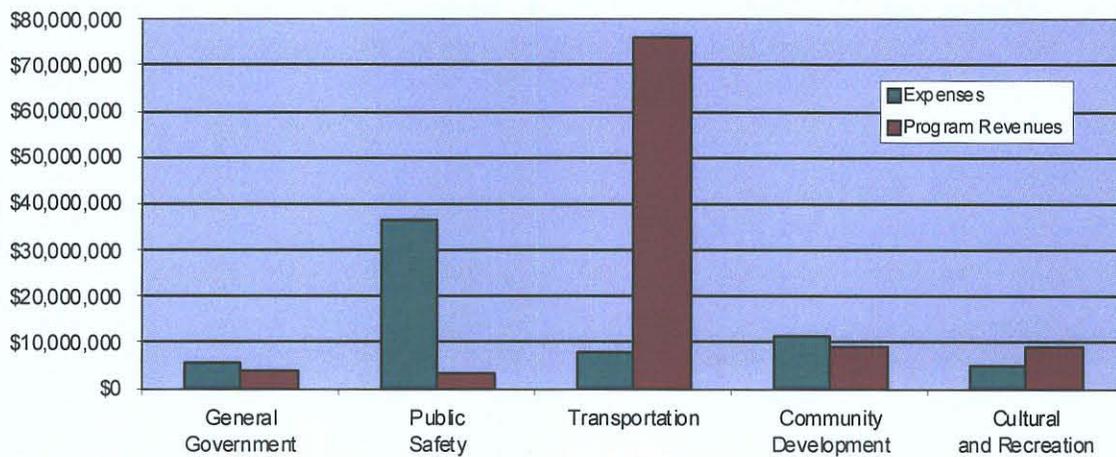
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 26,909,103	\$ 25,483,997	\$ 54,383,389	\$ 50,442,849	\$ 81,292,492	\$ 75,926,846
Operating grants and contributions	580,621	626,350			580,621	626,350
Capital grants and contributions	73,663,867	41,643,872	25,104	69,529	73,688,971	41,713,401
General revenues:						
Property taxes	21,174,611	18,719,047			21,174,611	18,719,047
Sales taxes	18,174,397	19,067,833			18,174,397	19,067,833
Business Lic/Franchise	4,054,455	3,570,363			4,054,455	3,570,363
Other taxes	789,719	1,133,287			789,719	1,133,287
Grants and contributions not restricted to specific programs	511,959	741,419			511,959	741,419
Unrestricted investment earnings	2,844,854	3,358,238	5,220,297	4,058,017	8,065,151	7,416,255
Total revenues	148,703,586	114,344,406	59,628,790	54,570,395	208,332,376	168,914,801
Expenses:						
General government	5,495,102	5,318,733			5,495,102	5,318,733
Public safety	36,475,570	34,585,783			36,475,570	34,585,783
Transportation	7,982,027	7,931,717			7,982,027	7,931,717
Community development	11,437,103	11,531,189			11,437,103	11,531,189
Cultural and recreation	4,954,874	4,519,519			4,954,874	4,519,519
Special assessment		48,016				48,016
Refuse			12,207,220	10,997,206	12,207,220	10,997,206
Sewer			15,054,084	11,209,693	15,054,084	11,209,693
Water			13,671,841	13,086,525	13,671,841	13,086,525
Transit			3,397,452	2,677,651	3,397,452	2,677,651
Street Cleaning			963,116	870,980	963,116	870,980
Total expenses	66,344,676	63,934,957	45,293,713	38,842,055	111,638,389	102,777,012
Increase in net assets before transfers	82,358,910	50,409,449	14,335,077	15,728,340	96,693,987	66,137,789
Transfers	(120,000)	(145,000)	120,000	145,000	0	0
Increase in net assets	82,238,910	50,264,449	14,455,077	15,873,340	96,693,987	66,137,789
Net assets – beginning	341,844,567	291,580,118	152,171,719	136,298,379	494,016,286	427,878,497
Net assets – ending	\$424,083,477	\$341,844,567	\$166,626,796	\$152,171,719	\$590,710,273	\$494,016,286

Total governmental revenues for the year were \$149 million, which is \$35 million or 31% more than in 2007. Charges for services accounted for 18% of the total revenue. An increase in construction related activity accounted for the increase in charges for services. Capital grants and contributions increased \$32 million from the previous year, due to an increase in transportation related grants from state and federal sources and an increase in capital donated by developers. Taxes, which include property, sales, business license/franchise, and other taxes, account for \$44 million or 30% 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

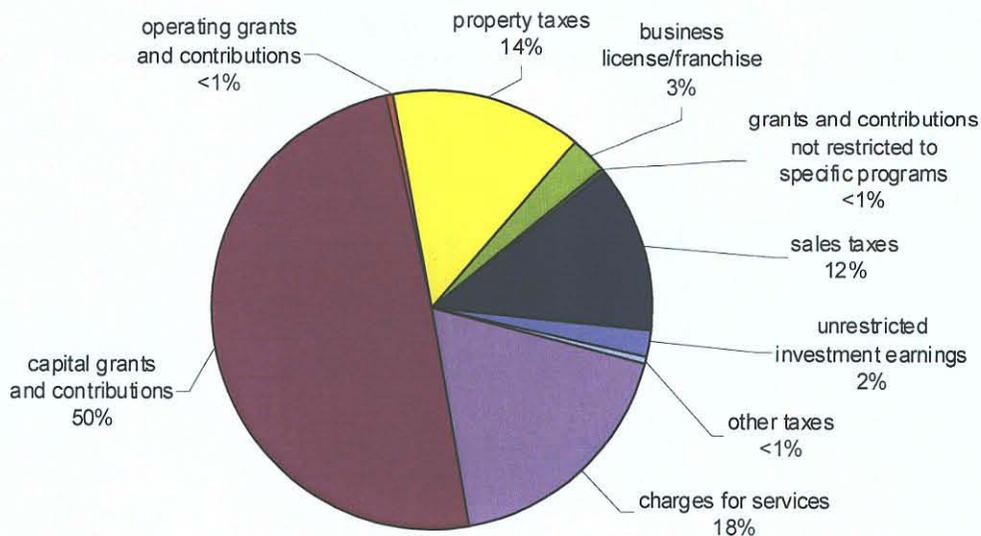
commercial developments and an increase in motor vehicle in-lieu fees and was offset by a decrease in sales tax.

Total governmental expenses for the year were \$66 million and increased \$2 million or 4% over 2007. Public Safety expenses, increased \$2 million or 5% over 2007 accounting for all 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 \$36 million or 55% of the total governmental activities expenses. Cultural and recreation expenses were \$5 million or 7% and community development expenses were \$11 million or 17% of the total expenses. The general government and transportation expenses all remained approximately the same.

Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities

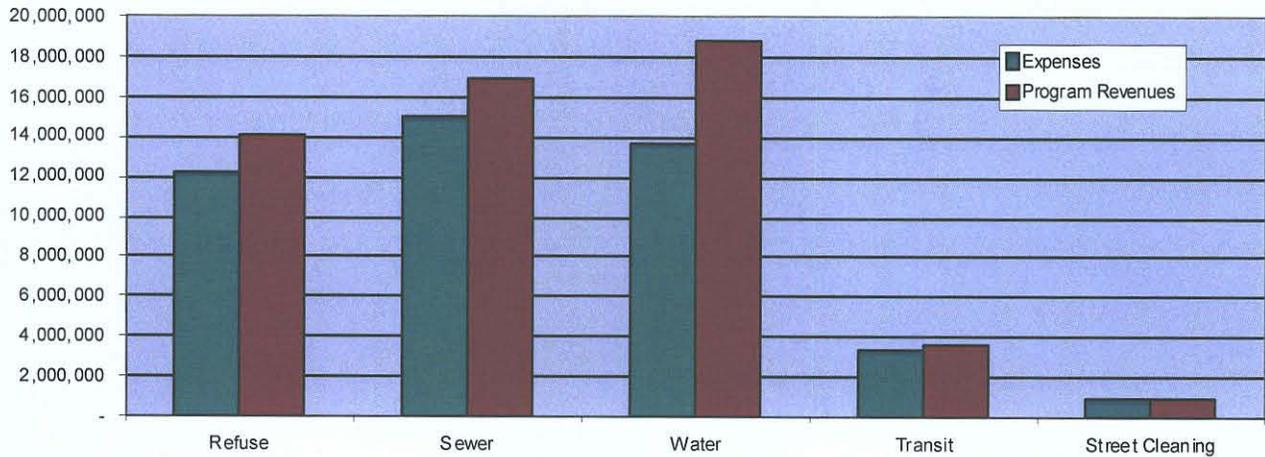


Program revenues that include charges for services and grants specific to certain programs account for \$101 million or 68% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of “general” revenues such as taxes, interest, and unrestricted grants and contributions.

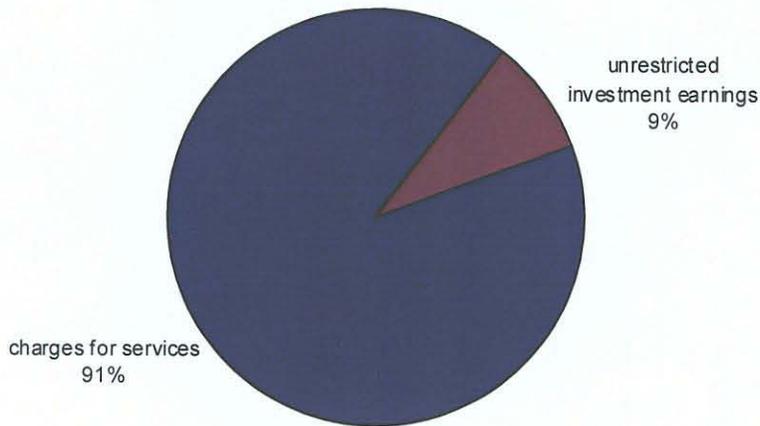
Business-type Activities

Business-type activities account for \$167 million or 28% of the total Government-wide net assets. This is an increase of \$14 million or 9% over June 30, 2007, with “Investment in Capital Assets” accounting for \$11 million of that increase while “Unrestricted Net Assets” increased \$1 million. Charges for current services accounts for \$54 million or 90% percent of the total business-type activity revenue. Investment earnings, up slightly over the previous year, provided \$5 million in revenues. The higher interest revenue reflects the additional cash as a result of unspent bond proceeds and an increase in 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 principal are not considered a program expense and are, therefore, not reflected in this chart.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. All of the City's governmental funds ended the year with positive fund balances, with the exception of the Workforce Investment Fund. The ending fund balance for all funds is \$47.6 million, which is \$10.1 million higher or 27% than the previous year. Of the total fund balance, \$27.4 million or 58% is unreserved, which, within the limitations of the fund's purpose, is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for the following: (in millions)

Encumbrances/Reappropriations	\$3.2
Debt service	2.5
Long-term Receivables	4.8
Assets held for resale	3.3
Landscape Maintenance	3.1
Parking and Business Improvement	0.1
Law Enforcement	>0.1

The general fund is the chief operating fund of the City. As of June 30, 2008, the *total* fund balance (including all reserves and designations) of the general fund was \$8.4 million, down \$1.1 million from June 30, 2007. The total fund balance of \$8.4 million includes reserved balances of \$5.1 million, designated balances of \$3.1 million and unreserved undesignated balances of \$0.1 million.

The general fund *reserved* balances of \$5.1 million increased \$2.2 million over June 30, 2007 primarily due to an increase in the landscape maintenance reserve of \$0.8 million, an increase in the encumbrances/reappropriations reserve of \$0.5 million and the reclassification of the designation for the sales tax triple flip long term receivable to the reserve. The *designated* balance for unforeseen expenditures was lowered \$1.2 million from \$4.3 million to \$3.1 million, in order to help fund 2008/09 appropriations. The *unreserved undesignated* fund balance decreased \$1.2 million (93%) from \$1.4 million to \$0.1 million from June 30, 2007. The unreserved undesignated portion of \$0.1 million is

the amount carried over to fund future services and was entirely appropriated in the 2008/09 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/reappropriations	\$0.5
	Landscape maintenance	0.8
Designated for:	Unforeseen expenditures	(1.2)
Unreserved, Undesignated		<u>(1.2)</u>
Change in <i>total</i> fund balance		<u>(\$1.1)</u>

The components of the \$1.3 million decrease in the General Fund unreserved undesignated fund balance include: \$1.2 release of designation for unforeseen expenditures; (having the effect of increasing the unreserved, undesignated balance), \$0.5 million increase of reserve for encumbrances/reappropriations; expenditures over revenues in the General Fund (excluding activity of the Landscape Maintenance District) of \$1.8 million; designating the \$0.1 PBIA fund balance as reserved (all decreasing the unreserved, undesignated balance).

As indicated above, expenditures exceeded revenues by \$1.5 million excluding the landscape maintenance where revenues exceeded expenditures by \$0.8 million. Some general fund revenues came in slightly higher than budgeted, they were "Property Taxes," \$1.3 million; "From other Agencies," \$0.7 million; and "Other revenues," \$0.1 million. Other general fund revenues came in under budgeted amounts, they were "Sales Taxes," \$1.4 million; "Business license/Franchise," \$0.1 million; "Other Taxes," \$0.1 million; and "Licenses and Permits," \$0.4 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 \$1.4 million less than budgeted and is reflective of an economic downturn resulting from the housing market slowdown.

Several departments experienced expenditure savings including "Finance," \$0.1 million, "General Services" \$0.1 million, "Police" \$0.3 million "Public Utilities," \$0.8 million, and "Planning and Development Services," \$0.4 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 higher expenditures as a result of increased construction projects funded by the City. The ending fund balance of \$9.5 million is \$0.5 million less than June 30, 2007.

The Community Development fund shows a \$12 million increase in fund balance and is the result of the issuance of tax allocation bonds and higher than expected tax revenue. The ending fund balance of \$21 million is reserved in either "Assets held for resale" or "Long-term receivables" with \$13.6 million in "Unreserved." The increase in the unreserved portion of this fund is due to the issuance of tax allocation bonds and is available to be used to fund specific items relating to community development or low and moderate housing.

The Workforce Investment Board deficit of \$21,088 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 08/09.

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

All the internal service funds finished with positive unrestricted net assets with the exception of the Employee Benefits Fund. The Employee Benefits Fund ended the year with a deficit unrestricted net asset balance of \$4.9 million. This deficit balance is attributable to the liability of workers' compensation program claims. The current liability for workers' compensation claims exceeds \$8.0 million. The City funds the current year workers' compensation expenditures with charges to City programs. The City has also funded approximately \$2 million of the accrued liability through charges to City programs in prior years. The balance of the liability is of a long-term nature, not requiring current resources, and therefore has not been funded.

General Fund Budgetary Highlights

Throughout the fiscal year it was necessary to adjust the original General Fund budget. The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual, General Fund, on page 35 shows the original budget and final budget. Below is a summary of the primary amendments:

\$ 157,000	Various Departments-Reappropriations of projects approved in the previous fiscal year but not commenced prior to fiscal year end
\$ 800,000	Police Department-Appropriation of grant program expenditures
\$ 149,000	Fire Department-Appropriation of grant program expenditures
\$ 137,000	City Attorney Department-additional costs as a result of litigation concerning a development project

Also, during the year as a result of the economic downturn, the housing crisis, declining property values, reduced development activity and decreased taxable sales, the council found it necessary to take action and reduce expenditures in light of the current economic situation. Below is a summary of the reductions:

\$ 158,000	Parks Department
\$ 522,000	Police Department
\$ 263,000	Fire Department
\$ 216,000	Planning and Development Services Department
\$ 200,000	Various Departments

The most significant budget variances occurred in the public utilities area as a result of savings for work and projects not needed 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, 2008, amounts to \$634 million (net of depreciation) an increase of \$123 million over 2007. 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	\$ 79 million
Sewer system improvements	37 million
Water system improvements	8 million
Landfill site improvements	1 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	
	2008	2007	2008	2007	2008	2007
Land	\$ 177,310,601	\$ 141,687,798	\$ 32,172,647	\$ 30,506,508	\$ 209,483,248	\$ 172,194,306
Buildings and improvements	77,511,286	71,055,292	185,910,817	144,997,217	263,422,103	216,052,509
Machinery and equipment	11,332,229	10,946,669	2,046,833	1,670,077	13,379,062	12,616,746
Road network	148,425,616	112,097,846	-	-	148,425,616	112,097,846
Total	\$ 414,579,732	\$335,787,605	\$ 220,130,297	\$ 177,173,802	\$ 634,710,029	\$ 512,961,407

Long-term Debt. The City's long-term debt as of June 30, 2008, was \$230 million with governmental activities accounting for \$56 million or 24% and business-type activities accounting for \$174 million or 76%.

**CITY OF CLOVIS'
Outstanding Debt**

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Special assessment debt with governmental commitment		\$ 650,000			\$ 650,000	
Tax allocation bonds	\$ 19,100,000	7,625,000			\$ 19,100,000	7,625,000
Capital leases	8,760,362	8,603,053	\$ 16,942	\$ 27,804	8,777,304	8,630,857
Lease revenue bonds		258,651	-	56,347	-	314,998
Loans payable	1,224,096	1,925,266	-	-	1,224,096	1,925,266
Revenue bonds	26,765,000	28,315,000	156,460,000	158,330,000	183,225,000	186,645,000
Contracts payable			17,194,949	17,268,807	17,194,949	17,268,807
Total	\$ 55,849,458	\$ 47,376,970	\$ 173,671,891	\$ 175,682,958	\$ 229,521,349	\$ 223,059,928

General obligation debt are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statues limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Clovis' debt limit is \$1.2 billion. The City currently has no general obligation debt outstanding. Detailed information on the City's long-term debt activity can be found in Note G. of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City is closely watching the national economy and keeping up with the state's budget issues and the impact these have on Clovis. During the budget development process for the 08/09 year, the City cut expenditures by \$4.5 million to match the reduced revenues. This was accomplished by holding 27 positions vacant and working with the various employee bargaining units to obtain \$1.4 million in salary and benefit concessions. During the year a retirement incentive was offered to qualified employees in order to further decrease expenditures. Additionally, \$1.2 million of the contingency reserve was used and the City received an unexpected increase in property tax which helped offset the decrease in sales tax.

The housing downturn continues to have an effect on the city budget especially the General Fund, the primary operating fund of the city. The City of Clovis has seen an increase in foreclosed properties within its boundaries. At the time of budget development, property taxes were expected to experience minimal growth (2%) and sales taxes were expected to remain flat, however, subsequent information indicates that sales taxes are likely to decline in 08/09. Property taxes and sales taxes are the major revenue sources for the general fund. As residential construction activity continues to decrease 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 decrease approximately 6%. Salary, benefits, services, materials and supplies accounted for the largest portion of this decrease. While there were no negotiated salary increases included in the budget, the budget did reflect the costs of normal step increases. Expenditures in the 2008-2009 General Fund budget were reduced by 6% while revenues were projected to decline by 1%.

At 6/30/08 the General Fund has a designation of \$3.1 million or 5.7% of budgeted expenditures set aside for unforeseen expenditures.

The Refuse Fund has a planned rate increase of 4% and no other increases are planned in other areas at this time.

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, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$80,353,759	\$95,953,066	\$176,306,825
Receivables	8,473,594	6,999,902	15,473,496
Internal balances	(193,206)	193,206	0
Due from other governments	5,324,748	731,311	6,056,059
Inventories	525,000		525,000
Prepaid items	952,924		952,924
Assets held for resale	3,310,083		3,310,083
Restricted assets:			
Cash and investments	2,350,628	7,173,512	9,524,140
Capital assets (net of accumulated depreciation):			
Land	177,310,601	32,172,647	209,483,248
Buildings and improvements	77,511,286	185,910,817	263,422,103
Machinery and equipment	11,332,229	2,046,833	13,379,062
Road network	148,425,616		148,425,616
Intangible assets (net of accumulated amortization)		28,837,911	28,837,911
Total assets	<u>515,677,262</u>	<u>360,019,205</u>	<u>875,696,467</u>
LIABILITIES			
Accounts payable	4,104,800	11,546,981	15,651,781
Unearned revenue	4,217,534	1,060,857	5,278,391
Noncurrent liabilities:			
Due within one year	4,178,451	5,449,331	9,627,782
Due in more than one year	79,093,000	175,335,240	254,428,240
Total liabilities	<u>91,593,785</u>	<u>193,392,409</u>	<u>284,986,194</u>
NET ASSETS			
Invested in capital assets, net of related debt	375,445,741	105,729,250	481,174,991
Restricted for:			
Debt service	2,353,592	7,173,512	9,527,104
Streets and roads	16,324,825		16,324,825
Community development	20,991,556		20,991,556
Unrestricted	8,967,763	53,724,034	62,691,797
Total net assets	<u>\$424,083,477</u>	<u>\$166,626,796</u>	<u>\$590,710,273</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, 2008

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Asset		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$5,495,102	\$3,373,875	\$187,984		(\$1,933,243)		(\$1,933,243)
Public safety	36,475,570	2,562,681	512,965		(33,028,564)		(33,028,564)
Transportation	7,982,027	7,397,567	68,547,619		67,963,159		67,963,159
Community development	11,437,103	8,370,289	385,463		(2,504,244)		(2,504,244)
Cultural and recreation	4,954,874	5,204,691	4,029,836		4,311,807		4,311,807
Total governmental activities	66,344,676	26,909,103	73,663,867		34,808,915	0	34,808,915
Business-type activities:							
Refuse	12,207,220	14,114,945	25,104			\$1,932,829	1,932,829
Sewer	15,054,084	16,881,391				1,827,307	1,827,307
Water	13,671,841	18,783,825				5,111,984	5,111,984
Transit	3,397,452	3,657,817				260,365	260,365
Street Cleaning	963,116	945,411				(17,705)	(17,705)
Total business-type activities	45,293,713	54,383,389	0	25,104	0	9,114,780	9,114,780
Total primary government	\$111,638,389	\$81,292,492	\$580,621	\$73,688,971	34,808,915	9,114,780	43,923,695
General revenues:							
Property taxes					21,174,611		21,174,611
Sales taxes					18,174,397		18,174,397
Business License/Franchise Fees					4,054,455		4,054,455
Other taxes					789,719		789,719
Grants and contributions not restricted to specific programs					511,959		511,959
Unrestricted investment earnings					2,844,854	5,220,297	8,065,151
Transfers					(120,000)	120,000	0
Total general revenues and transfers					47,429,995	5,340,297	52,770,292
Change in net assets					82,238,910	14,455,077	96,693,987
Net assets-beginning					341,844,567	152,171,719	494,016,286
Net assets-ending					\$424,083,477	\$166,626,796	\$590,710,273

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

**City of Clovis
Balance Sheet
Governmental Funds
June 30, 2008**

	General	Local Transportation	Community Development	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$7,169,259	\$24,359,143	\$14,337,769	\$7,171,228	\$53,037,399
Cash with agents-restricted		647,991		1,137,394	1,785,385
Receivables	1,560,960	265,752	6,109,832	117,086	8,053,630
Due from other funds	59,000				59,000
Due from other governments	3,373,800	1,519,255	25,000	399,801	5,317,856
Assets held for resale			3,310,083		3,310,083
Total assets	<u>\$12,163,019</u>	<u>\$26,792,141</u>	<u>\$23,782,684</u>	<u>\$8,825,509</u>	<u>\$71,563,353</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$1,017,019	\$650,088	\$112,243	\$65,448	\$1,844,798
Due to other funds			103,400	59,000	162,400
Due to other governments	391,198				391,198
Deposits and other liabilities	929,832	13,958,719	2,575,485	9,200	17,473,236
Deferred revenue	1,447,927	2,647,607			4,095,534
Total Liabilities	<u>3,785,976</u>	<u>17,256,414</u>	<u>2,791,128</u>	<u>133,648</u>	<u>23,967,166</u>
Fund balances:					
Reserved for:					
Encumbrances/Reappropriations	1,031,000	1,420,000	123,000	644,000	3,218,000
Debt service		647,991		1,860,435	2,508,426
Long-term receivables	855,000		3,930,891		4,785,891
Assets held for resale			3,310,083		3,310,083
Landscape Maintenance	3,097,627				3,097,627
Parking and Business Improvement	121,014				121,014
Law enforcement	17,556				17,556
Unreserved, designated for contingencies	3,107,000				3,107,000
Unreserved, reported in:					
General fund	147,846				147,846
Special revenue funds		7,467,736		42,328	7,510,064
Capital projects funds			13,627,582	6,145,098	19,772,680
Total fund balances	<u>8,377,043</u>	<u>9,535,727</u>	<u>20,991,556</u>	<u>8,691,861</u>	<u>47,596,187</u>
Total liabilities and fund balances	<u>\$12,163,019</u>	<u>\$26,792,141</u>	<u>\$23,782,684</u>	<u>\$8,825,509</u>	

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 \$78,735,858 of internal service fund capital assets)	335,843,874
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 \$1,089,806 allocated to business-type activities)	60,950,539
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(20,307,123)
Net Assets of Governmental Activities	<u>\$424,083,477</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, 2008

	<u>General</u>	<u>Local Transportation</u>	<u>Community Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property taxes	\$17,460,005		\$4,022,338	\$41	\$21,482,384
Sales taxes	14,266,968				14,266,968
Business license/Franchise fee	4,054,455				4,054,455
Other taxes	739,719		50,000		789,719
Licenses and permits	1,763,279				1,763,279
Fines and forfeitures	352,647				352,647
Use of money and property	315,362	\$949,923	126,513	385,157	1,776,955
From other agencies	3,921,436	6,734,119	563,141	1,065,614	12,284,310
Charges for current services	6,695,552	960,610		2,084,692	9,740,854
Other revenues	6,452,065	9,170	606,450	5,717	7,073,402
Total revenue	<u>56,021,488</u>	<u>8,653,822</u>	<u>5,368,442</u>	<u>3,541,221</u>	<u>73,584,973</u>
EXPENDITURES					
Current:					
General government	5,275,513				5,275,513
Public safety	35,837,948				35,837,948
Transportation	3,030,319				3,030,319
Community development	7,614,446			376,708	7,991,154
Cultural and recreation	5,059,317				5,059,317
Debt service:					
Principal				1,164,786	1,164,786
Interest and fiscal charges				516,771	516,771
Bond issue costs				663,028	663,028
Capital outlays		9,251,845	2,892,261	3,110,541	15,254,647
Total expenditures	<u>56,817,543</u>	<u>9,251,845</u>	<u>2,892,261</u>	<u>5,831,834</u>	<u>74,793,483</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(796,055)</u>	<u>(598,023)</u>	<u>2,476,181</u>	<u>(2,290,613)</u>	<u>(1,208,510)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In				899,000	899,000
Transfers Out	(284,000)		(865,000)	(120,000)	(1,269,000)
Bond proceeds			10,801,994	8,298,006	19,100,000
Original issue discount				(233,214)	(233,214)
Refunding escrow				(7,162,780)	(7,162,780)
Total other financing sources	<u>(284,000)</u>	<u>0</u>	<u>9,936,994</u>	<u>1,681,012</u>	<u>11,334,006</u>
Net change in fund balances	(1,080,055)	(598,023)	12,413,175	(609,601)	10,125,496
Fund balances-beginning	9,457,098	10,133,750	8,578,381	9,301,462	37,470,691
Fund balances-ending	<u>\$8,377,043</u>	<u>\$9,535,727</u>	<u>\$20,991,556</u>	<u>\$8,691,861</u>	<u>\$47,596,187</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, 2008

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)	\$10,125,496
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.	8,145,131
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	69,807,491
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.	(9,868,973)
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.	(63,486)
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 \$418,221 allocated to business-type activities.	4,093,251
Change in net assets of governmental activities (page 31)	\$82,238,910

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$16,159,000	\$16,159,000	\$17,460,005	\$1,301,005
Sales taxes	16,524,000	15,624,000	14,266,968	(1,357,032)
Business license/Franchise fee	4,140,000	4,140,000	4,054,455	(85,545)
Other taxes	874,000	874,000	739,719	(134,281)
Licenses and permits	2,290,802	2,140,802	1,763,279	(377,523)
Fines and forfeitures	300,973	300,973	352,647	51,674
Use of money and property	293,000	293,000	315,362	22,362
From other agencies	2,428,500	3,263,693	3,921,436	657,743
Charges for current services	6,649,407	6,649,407	6,695,552	46,145
Other revenues	6,340,600	6,356,350	6,452,065	95,715
Total revenues	56,000,282	55,801,225	56,021,488	220,263
EXPENDITURES				
Council	252,842	240,842	226,974	13,868
Clerk	209,671	205,171	169,458	35,713
Attorney	695,898	817,898	817,301	597
Manager	1,665,608	1,630,608	1,619,397	11,211
General services	2,126,887	2,034,387	1,903,341	131,046
Finance/Treasurer	2,073,539	2,047,539	1,935,442	112,097
Police	23,503,910	24,228,770	23,972,953	255,817
Fire	11,952,277	11,859,860	11,849,994	9,866
Public utilities	7,311,716	7,445,716	6,693,237	752,479
Planning and development services	8,207,067	8,005,567	7,629,446	376,121
Total expenditures	57,999,415	58,516,358	56,817,543	1,698,815
Excess (deficiency) of revenues over expenditures	(1,999,133)	(2,715,133)	(796,055)	1,919,078
OTHER FINANCING SOURCES (USES)				
Transfers Out	(284,000)	(284,000)	(284,000)	0
Total other financing sources (uses)	(284,000)	(284,000)	(284,000)	0
Net change in fund balances	(2,283,133)	(2,999,133)	(1,080,055)	1,919,078
Fund balances-beginning	9,457,098	9,457,098	9,457,098	
Fund balances-ending	\$7,173,965	\$6,457,965	\$8,377,043	\$1,919,078

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$150,000	\$150,000	\$949,923	\$799,923
From other agencies	5,646,500	7,130,584	6,734,119	(396,465)
Charges for services	1,674,000	2,599,000	960,610	(1,638,390)
Other revenues	0	0	9,170	9,170
Total revenues	7,470,500	9,879,584	8,653,822	(1,225,762)
EXPENDITURES				
Capital Outlay	11,573,579	20,683,579	9,251,845	11,431,734
Total expenditures	11,573,579	20,683,579	9,251,845	11,431,734
Excess (deficiency) of revenues over expenditures	(4,103,079)	(10,803,995)	(598,023)	10,205,972
Fund balances-beginning	10,133,750	10,133,750	10,133,750	
Fund balances-ending	\$6,030,671	(\$670,245)	\$9,535,727	\$10,205,972

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, 2008

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Funds
	Refuse Disposal	Sewer Disposal	Water	Other Enterprise Funds	
ASSETS					
Current assets:					
Cash and investments	\$5,198,569	\$67,258,502	\$22,009,486	\$1,486,509	\$27,316,360
Receivables	2,655,850	1,913,875	2,252,284	177,893	419,964
Due from other funds	151,000	4,603,400			1,000,000
Due from other governments	25,177		9,651	696,483	6,892
Inventories					525,000
Prepaid items					952,924
Total current assets	8,030,596	73,775,777	24,271,421	2,360,885	30,221,140
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts	897,632	6,275,051	829		565,243
Total restricted assets	897,632	6,275,051	829	0	565,243
Capital assets:					
Land	15,546,541	3,120,779	13,505,327		9,479,696
Buildings and improvements	1,866,581	111,852,846	94,561,816		68,854,783
Machinery and equipment	2,200,384	375,286	830,915	2,933,393	26,713,010
Less accumulated depreciation	(1,627,488)	(9,972,062)	(13,135,215)	(1,928,806)	(26,311,631)
Total capital assets (net of accumulated depreciation)	17,986,018	105,376,849	95,762,843	1,004,587	78,735,858
Intangible assets		33,196,640	4,615,072		
Less accumulated amortization		(8,664,541)	(309,260)		
Total intangible assets (net of accumulated amortization)	0	24,532,099	4,305,812	0	0
Total noncurrent assets	18,883,650	136,183,999	100,069,484	1,004,587	79,301,101
Total assets	26,914,246	209,959,776	124,340,905	3,365,472	109,522,241

	Business-Type Activities-Enterprise Funds				Totals	Governmental Activities Internal Service Funds
	Refuse Disposal	Sewer Disposal	Water	Other Enterprise Funds		
LIABILITIES						
Current liabilities:						
Accounts payable	807,991	7,681,459	3,044,506	13,025	11,546,981	2,187,916
Claims and judgements payable					0	8,065,000
Due to other funds	5,500,000			151,000	5,651,000	
Accrued compensated absences	125,473	46,298	130,083	124,179	426,033	865,032
Deposits and other liabilities		248,887	1,757,261		2,006,148	41,344
Unearned revenue		325,600		735,257	1,060,857	122,000
Capital leases-current	11,207				11,207	1,139,227
Loans payable-current					0	702,225
Revenue bonds-current	465,000	125,000	1,350,000		1,940,000	1,610,000
Contracts payable-current		1,379,477			1,379,477	
Total current liabilities	6,909,671	9,806,721	6,281,850	1,023,461	24,021,703	14,732,744
Noncurrent liabilities:						
Capital leases	5,735				5,735	7,584,389
Loans payable						514,646
Revenue bonds (net of deferred amount on refunding and discount/premium)	5,908,110	110,308,287	41,126,229		157,342,626	24,650,117
Contracts payable		15,815,472			15,815,472	
Landfill closure	1,857,873				1,857,873	
Total noncurrent liabilities	7,771,718	126,123,759	41,126,229	0	175,021,706	32,749,152
Total liabilities	14,681,389	135,930,480	47,408,079	1,023,461	199,043,409	47,481,896
NET ASSETS						
Invested in capital assets, net of related debt	10,715,276	36,417,790	57,591,597	1,004,587	105,729,250	42,535,254
Restricted for debt service	897,632	6,275,051	829		7,173,512	565,243
Unrestricted	619,949	31,336,455	19,340,400	1,337,424	52,634,228	18,939,848
Total net assets	\$12,232,857	\$74,029,296	\$76,932,826	\$2,342,011	165,536,990	\$62,040,345
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				1,089,806		
Net assets of business-type activities					\$166,626,796	

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, 2008

	Business-Type Activities-Enterprise Funds				Totals	Governmental Activities Internal Service Funds
	Refuse Disposal	Sewer Disposal	Water	Other Enterprise Funds		
Operating revenues:						
Charges for services	\$14,124,898	\$12,075,772	\$11,080,134	\$2,230,971	\$39,511,775	\$31,089,989
From other agencies	15,152	20,628	542,410		578,190	350,000
Other revenues	14,140,050	12,096,400	11,622,544	2,230,971	40,089,965	136,990
Total operating revenues						31,576,979
Operating expenses:						
Salaries and benefits	3,239,242	822,458	2,648,508	2,355,469	9,065,677	3,483,380
Services, materials and supplies	6,356,042	4,300,007	5,020,150	1,435,024	17,111,223	23,875,994
Administration	1,694,432	1,438,648	1,802,022	360,264	5,295,366	928,218
Depreciation	206,473	2,078,961	2,115,277	189,404	4,590,115	3,670,890
Total operating expenses	11,496,189	8,640,074	11,585,957	4,340,161	36,062,381	31,958,482
Operating income (loss)	2,643,861	3,456,326	36,587	(2,109,190)	4,027,584	(381,503)
Nonoperating revenues (expenses):						
Interest income	273,327	3,892,070	1,028,635	26,267	5,220,299	1,123,819
Interest expense	(636,822)	(6,284,931)	(1,866,746)		(8,788,499)	(1,758,738)
Sales tax override					0	4,187,021
State transit assistance				2,372,257	2,372,257	0
Gain (loss) on sale of capital assets				(22,763)	(22,763)	2,548
Total nonoperating revenue (expense)	(363,495)	(2,392,861)	(860,874)	2,398,524	(1,218,706)	3,554,650
Income before contributions and transfers	2,280,366	1,063,465	(824,287)	289,334	2,808,878	3,173,147
Capital contributions-development fees		4,784,992	7,159,428		11,944,420	251,883
Transfers in	120,000				120,000	250,000
Changes in net assets	2,400,366	5,848,457	6,335,141	289,334	14,873,298	3,675,030
Total net assets-beginning	9,832,491	68,180,839	70,597,685	2,052,677		58,365,315
Total net assets-ending	\$12,232,857	\$74,029,296	\$76,932,826	\$2,342,011		\$62,040,345
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					(418,221)	
Change in net assets of business-type activities (page 31)					\$14,455,077	

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, 2008

	Business-Type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Refuse Disposal	Sewer Disposal	Water	Other Enterprise Funds	
	Totals				Totals
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$13,931,895	\$12,299,749	\$11,477,746	\$2,230,967	\$39,940,357
Payments to suppliers	(7,744,366)	(2,387,796)	(7,519,272)	(1,789,400)	(19,440,834)
Payments to employees	(3,242,373)	(836,466)	(2,649,767)	(2,341,156)	(9,069,762)
Other operating revenues	15,152	20,628	542,410		578,190
Net cash provided/(used) by operating activities	<u>2,960,308</u>	<u>9,096,115</u>	<u>1,851,117</u>	<u>(1,899,589)</u>	<u>12,007,951</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans from/(to) other funds	(509,000)			9,000	(500,000)
Repayment of loans from/(to) other funds		603,433			603,433
Receipts from Sales Tax Override				0	0
Transfers-in from other funds	120,000				120,000
Transportation funding-State				2,709,178	2,709,178
Net cash provided/(used) by noncapital financing activities	<u>(389,000)</u>	<u>603,433</u>	<u>0</u>	<u>2,718,178</u>	<u>2,932,611</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,056,515)	(32,026,637)	(1,135,193)	(642,331)	(4,463,683)
Principal paid on loans, bonds, and capital leases	(467,555)	(1,473,984)	(1,320,000)		(3,261,539)
Interest paid on loans, bonds and capital leases	(668,913)	(4,991,257)	(1,944,153)		(7,604,323)
Proceeds from capital leases				0	0
Proceeds from sale of capital assets			23,450		23,450
Proceeds from capital grant				735,257	735,257
Net cash provided/(used) by capital and related financing activities	<u>(2,192,983)</u>	<u>(38,491,878)</u>	<u>(4,375,896)</u>	<u>92,926</u>	<u>(44,967,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	296,457	4,316,339	1,165,351	25,171	5,803,318
Net cash provided by investing activities	<u>296,457</u>	<u>4,316,339</u>	<u>1,165,351</u>	<u>25,171</u>	<u>5,803,318</u>
Net increase/(decrease) in cash and cash equivalents	674,782	(24,475,991)	(1,359,428)	936,686	(24,223,951)
Cash and cash equivalents-beginning of year	5,421,419	98,009,544	23,369,743	549,823	127,350,529
Cash and cash equivalents-end of year	<u>\$6,096,201</u>	<u>\$73,533,553</u>	<u>\$22,010,315</u>	<u>\$1,486,509</u>	<u>\$103,126,578</u>

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

Operating income/(loss)	\$2,643,861	\$3,456,326	\$36,587	(\$2,109,190)	\$4,027,584	(\$381,503)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation/amortization expense	206,473	2,078,961	2,115,277	189,404	4,590,115	3,670,890
Landfill closure expense	134,540				134,540	
(Increase)/decrease in accounts receivable	(190,826)	17,402	(7,421)	(4)	(180,849)	336,655
(Increase)/decrease in due from other governments	(2,177)				(2,177)	29,163
(Increase)/decrease in inventory						(79,673)
(Increase)/decrease in prepaid items						(952,924)
Increase/(decrease) in accounts payable	171,568	3,350,859	(697,100)	5,888	2,831,215	210,363
Increase/(decrease) in accrued compensated absences	(3,131)	(14,008)	(1,259)	14,313	(4,085)	60,423
Increase/(decrease) in unearned revenue		(29,600)			(29,600)	122,000
Increase/(decrease) in claims and judgments payable						345,000
Increase/(decrease) in deposits		236,175	405,033		641,208	
Total adjustments	316,447	5,639,789	1,814,530	209,601	7,980,367	3,741,897
Net cash provided/(used) by operating activities	\$2,960,308	\$9,096,115	\$1,851,117	(\$1,899,589)	\$12,007,951	\$3,360,394

Noncash investing, capital, and financing activities:

During the year the Fleet Maintenance Fund, a governmental activity internal service fund, received \$251,883 in donated assets.
 During the year the Sewer Disposal Fund, an enterprise fund, received \$4,784,992 in donated assets.
 During the year the Water Fund, an enterprise fund, received \$7,159,428 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, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$2,670,852
Cash with agent-restricted	482,697
Receivables	<u>21,187</u>
Total assets	<u><u>\$3,174,736</u></u>
LIABILITIES	
Accrued payroll	1,844,308
Agency funds payable	<u>1,330,428</u>
Total liabilities	<u><u>\$3,174,736</u></u>

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

I. Summary of significant accounting policies

A. Reporting entity

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Fiduciary fund financial statements are reported using the accrual basis of accounting but do not have a measurement focus since agency funds are the only fiduciary funds the City reports. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

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 option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this general rule is payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

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.

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 "receivables." Services provided to other governmental entities are recorded as "due from other governments." The City's enterprise funds

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

(utilities) include an estimated amount for services rendered but not yet billed as of June 30, 2008, determined by prorating the July 2008 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 \$24,532,098 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 \$4,305,813 is reported in the City's Water Fund.

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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

7. Compensated absences

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

8. Long-term liabilities

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

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

9. Fund equity

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

10. Net assets

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

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

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

11. Use of estimates

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

12. Implementation of New GASB Pronouncements

The City adopted a new accounting standard in order to conform to Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues. GASB Statement No. 48 improves financial reporting by establishing consistent measurement, recognition, and disclosure requirements that apply to both governmental and business-type activities. This Statement also improves the usefulness of financial reporting by requiring that specific relevant disclosures be made to inform financial statement users about the unavailability of future revenues that have been pledged or sold.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

The City adopted a new accounting standard in order to conform to Governmental Accounting Standards Board (GASB) Statement No. 50, Pension Disclosures - An amendment of GASB Statements No. 25 and 27. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI).

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds and net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$20,307,123) difference are as follows:

Tax allocation bonds payable	\$ (18,203,758)
Accrued interest payable	(72,086)
Accrued compensated absences (net of \$865,032 reported in Internal Service Funds)	<u>(2,031,279)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (20,307,123)</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 \$8,145,131 difference are as follows:

Capital outlay	\$ 13,469,244
Depreciation expense (net of \$3,670,890 reported in Internal Service Funds)	<u>(5,324,113)</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>\$ 8,145,131</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 \$69,807,491 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 (\$9,868,973) represents the net of long-term debt principal repayments and the issuance of long-term debt.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

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 (\$63,486) difference are as follows:

Compensated absences	\$ (40,000)
Accrued interest	<u>(23,486)</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>(63,486)</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 \$4,864,377 as of June 30, 2008. 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 \$21,088 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 08/09.

IV. Detailed notes on all funds

A. Cash and investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 176,306,825
Cash and investments held by bond trustee	9,524,140
Fiduciary funds:	
Cash and investments	2,670,852
Cash and investments held by bond trustee	<u>482,697</u>
Total cash and investments	<u>\$ 188,984,514</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 8,650
Demand deposits with financial institutions - Demand Deposits	9,695,412
Demand deposits with financial institutions - Certificates of Deposit	585,000
Investments	<u>178,695,452</u>
Total cash and investments	<u>\$ 188,984,514</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	3 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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

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	\$ 56,054,135	2.21
Negotiable Certificates of Deposit	585,000	.27
Local Agency Investment Fund (LAIF)	95,586,045	N/A
Held by Bond Trustee:		
Money Market Funds	<u>27,055,272</u>	N/A
Total	<u>\$ 179,280,452</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	\$ 56,054,135	N/A	\$ 56,054,135		
Certificates of Deposit	585,000	N/A			\$ 585,000
LAIF	95,586,045	N/A			95,586,045
Held by Bond Trustee:					
Money Market Funds	<u>27,055,272</u>	N/A			<u>27,055,272</u>
Total	<u>\$ 179,280,452</u>		<u>\$ 56,054,135</u>	<u>\$ 0</u>	<u>\$ 123,226,317</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	\$24,966,872
FHLB	Federal Agency Securities	5,015,625
FHLMC	Federal Agency Securities	21,044,763
FFCB	Federal Agency Securities	5,026,875

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

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, 2008, 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, 2008, 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, 2008 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	General	Local Transportation	Community Development	Refuse Disposal	Sewer Disposal	Water	Nonmajor & Other Funds
Interest	\$ 55,712	\$ 178,674	\$ 15,962	\$ 58,255	\$ 508,099	\$ 168,696	\$ 223,724
Taxes	712,991						
Accounts	792,257	87,078	6,093,870	2,597,595	1,405,776	2,083,588	491,219
	<u>\$ 1,560,960</u>	<u>\$ 265,752</u>	<u>\$ 6,109,832</u>	<u>\$ 2,655,850</u>	<u>\$ 1,913,875</u>	<u>\$ 2,252,284</u>	<u>\$ 714,943</u>

D. Interfund receivables, payables and transfers

Interfund balances for the purpose of the government-wide financial statements have been eliminated. The composition of interfund balances in the fund level statements as of June 30, 2008, is as follows:

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

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	4,500,000
Refuse Disposal Fund	Street Cleaning Fund	temporary cash loan	151,000
General Fund	Workforce Investment	temporary cash loan	59,000
Sewer Disposal Fund	Clovis Community Development	property acquisition	<u>103,400</u>
Total interfund receivables/payables			<u>\$ 5,813,400</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	\$ 120,000
Special Revenue Fund	General Fund	operating costs	34,000
Debt Service Fund	Capital Project Fund	debt service	865,000
Internal Service Fund	General Fund	future capital replacement	<u>250,000</u>
Total transfers			<u>\$ 1,269,000</u>

E. Capital assets and intangible assets

Capital activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Government activities:					
Capital assets, not being depreciated:					
Land	\$ 141,687,798	\$ 35,737,406	\$ (114,603)		\$ 177,310,601
Capital assets, being depreciated:					
Buildings and improvements	82,216,416	8,703,539	(20,022)		90,899,933
Machinery and equipment	25,982,741	2,513,352	(352,755)		28,143,338
Road network	150,217,770	41,038,004			191,255,774
Total capital assets being depreciated	<u>258,416,927</u>	<u>52,254,895</u>	<u>(372,777)</u>	<u>0</u>	<u>310,299,045</u>
Less accumulated depreciation for					
Buildings and improvements	(11,161,124)	(2,234,030)	6,507		(13,388,647)
Machinery and equipment	(15,036,072)	(2,050,739)	275,702		(16,811,109)
Road network	(38,119,924)	(4,710,234)			(42,830,158)
Total accumulated depreciation	<u>(64,317,120)</u>	<u>(8,995,003)</u>	<u>282,209</u>	<u>0</u>	<u>(73,029,914)</u>
Total capital assets, being depreciated, net	<u>194,099,807</u>	<u>43,259,892</u>	<u>(90,568)</u>		<u>237,269,131</u>
Governmental activities capital assets, net	<u>\$ 335,787,605</u>	<u>\$ 78,997,298</u>	<u>\$ (205,171)</u>	<u>\$ 0</u>	<u>\$ 414,579,732</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 30,506,508	\$ 2,207,373	\$ (20,052)	\$ (521,182)	\$ 32,172,647
Capital assets, being depreciated:					
Buildings and improvements	163,968,160	43,836,753	(44,852)	521,182	208,281,243
Machinery and equipment	5,558,275	814,155	(32,452)		6,339,978
Total capital assets being depreciated	169,526,435	44,650,908	(77,304)	521,182	214,621,221
Less accumulated depreciation for					
Buildings and improvements	(18,970,943)	(3,422,529)	23,046		(22,370,426)
Machinery and equipment	(3,888,198)	(433,044)	28,097		(4,293,145)
Total accumulated depreciation	(22,859,141)	(3,855,573)	51,143	0	(26,663,571)
Total capital assets, being depreciated, net	146,667,294	40,795,335	(26,161)	521,182	187,957,650
Business-type activities capital assets, net	\$ 177,173,802	\$ 43,002,708	\$ (46,213)	\$ 0	\$ 220,130,297
Intangible assets, being amortized	\$ 36,584,771	\$ 2,008,596	\$ (781,655)		\$ 37,811,712
Less accumulated amortization	(8,239,259)	(734,542)			(8,973,801)
Business-type activities intangible assets, net	\$ 28,345,512	\$ 1,274,054	\$ (781,655)	\$ 0	\$ 28,837,911

Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:	
General government	\$ 67,915
Public safety	70,645
Transportation	4,832,338
Cultural and recreation	322,847
Community development	30,368
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	3,670,890
Total governmental activities depreciation expense	<u>\$ 8,995,003</u>
Business type activities depreciation/amortization:	
Refuse	\$ 206,473
Sewer	2,078,961
Water	2,115,277
Transit	174,904
Street Cleaning	14,500
Total business type activities depreciation/amortization expense	<u>\$ 4,590,115</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

F. Long-term debt

The following is a summary of long-term debt for the year ended June 30, 2008:

	Balance			Balance June 30, 2008	Classification	
	July 1, 2007	Additions	Reductions		Due in One Year	Due in more than One Year
Governmental Activities:						
Tax allocation bonds	\$ 7,625,000	\$ 19,100,000	\$ (7,625,000)	\$ 19,100,000		\$ 19,100,000
Assessment district bonds	650,000		(650,000)	0		0
Lease revenue bonds	258,651		(258,651)	0		0
Revenue bonds	28,315,000		(1,550,000)	26,765,000	\$ 1,610,000	25,155,000
Less deferred amounts:						
Discounts	(548,402)	(896,242)	43,519	(1,401,125)		(1,401,125)
Total bonds payable	36,300,249	18,203,758	(10,040,132)	44,463,875	1,610,000	42,853,875
Capital leases	8,603,053	1,116,078	(958,768)	8,760,363	1,139,227	7,621,136
Discounts	(38,014)		1,267	(36,747)		(36,747)
Total capital leases	8,565,039	1,116,078	(957,501)	8,723,616	1,139,227	7,584,389
Loans payable	1,925,266		(701,170)	1,224,096	702,224	521,872
Less deferred amounts:						
Discounts	(7,780)		555	(7,225)		(7,225)
Total loans payable	1,917,486	0	(700,615)	1,216,871	702,224	514,647
Claims and judgments	7,720,000	3,225,271	(2,880,271)	8,065,000		8,065,000
Compensated absences	2,795,888	3,010,363	(2,909,940)	2,896,311	727,000	2,169,311
Deposits and other liabilities	27,042,342	6,245,897	(15,382,461)	17,905,778		17,905,778
Total governmental activities	\$ 84,341,004	\$ 31,801,367	\$ (32,870,920)	\$ 83,271,451	\$ 4,178,451	\$ 79,093,000
Business-Type Activities:						
Lease revenue bonds	\$ 56,347		\$ (56,347)	\$ 0		\$ 0
Revenue bonds	158,350,000		(1,890,000)	156,460,000	\$ 1,940,000	154,520,000
Less deferred amounts:						
Deferred refunding	(378,708)		75,743	(302,965)		(302,965)
(Discounts)/premiums	3,233,099		(107,508)	3,125,591		3,125,591
Total bonds payable	161,260,738	0	(1,978,112)	159,282,626	1,940,000	157,342,626
Capital leases	27,804		(10,862)	16,942	11,206	5,736
Contracts payable	17,268,807	\$ 1,845,126	(1,918,984)	17,194,949	1,379,477	15,815,472
Landfill closure	1,723,333	134,540		1,857,873		1,857,873
Compensated absences	430,118	546,490	(550,575)	426,033	112,500	313,533
Deposits and other liabilities	1,364,940	750,800	(109,592)	2,006,148	2,006,148	0
Total business-type activities	\$ 182,075,740	\$ 3,276,956	\$ (4,568,125)	\$ 180,784,571	\$ 5,449,331	\$ 175,335,240

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 \$865,032 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
June 30, 2008

Governmental activities long-term debt

1. Tax allocation bonds

Tax Allocation Bonds at June 30, 2008, consisted of the following:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Classification	
					Due in One Year	Due in more than One Year
1996 Tax allocation bonds	\$ 7,625,000		\$ (7,625,000)	\$ 0		\$ 0
2008 Tax allocation bonds		\$ 19,100,000		19,100,000		19,100,000
Total tax allocation bonds	\$ 7,625,000	\$ 19,100,000	\$ (7,625,000)	\$ 19,100,000	\$ 0	\$ 19,100,000

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 principal 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 was scheduled for December 2025. The bonds were defeased in April 2008 with the issuance of the 2008 tax allocation bonds.

2008 Tax allocation bonds

The Clovis Community Development Agency issued tax allocation bonds in the amount of \$19,100,000 in April 2008. The net proceeds of \$18,633,572 (after the original issue discount of \$233,214 and payment of \$514,653 in underwriting fees, insurance, and other issuance costs) from the bonds were used to aid in the financing of the Agency's projects and to refund the \$7,170,000 aggregate principal amount outstanding on the Agency's 1996 tax allocation bonds. The aggregate debt service payments of the new debt are \$21,290,161 more than the old debt. The issuance of the new debt and refunding of the old debt resulted in an economic gain (the difference between the present value of the old debt and new debt service payments) of approximately \$590,000. The City has pledged a portion of future property tax increment revenue to repay these bonds.

The interest rates on the 2008 tax allocation bonds vary from 3.00% to 4.75% and the final payment is scheduled for August 2037.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 0	\$ 627,341	\$ 627,341
2010	530,000	819,704	1,349,704
2011	550,000	798,103	1,348,103
2012	575,000	775,603	1,350,603
2013	595,000	755,179	1,350,179
2014-2018	3,280,000	3,448,788	6,728,788
2019-2023	4,035,000	2,668,484	6,703,484
2024-2028	5,015,000	1,658,424	6,673,424
2029-2033	3,075,000	574,028	3,649,028
2034-2038	1,445,000	177,531	1,622,531
Total	\$ 19,100,000	\$ 12,303,185	\$ 31,403,185

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

2. Special assessment district bonds

Special assessment district bonds at June 30, 2008, consisted of the following:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Classification	
					Due in One Year	Due in more than One Year
1998 assessment district bonds	\$ 650,000		\$ (650,000)	\$ 0		\$ 0
Total assessment district bonds	\$ 650,000	\$ 0	\$ (650,000)	\$ 0	\$ 0	\$ 0

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.

Through an owner participation agreement, the Clovis Community Development Agency was 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. The final payment of \$650,000 was made in September 2007.

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, 2008, for the Temperance Barstow District is \$909,522 including interest of \$254,522 and for the 2000-1 Shepherd Temperance District is \$1,566,657 including interest of \$526,657.

3. Lease revenue bonds

Lease revenue bonds at June 30, 2008, consisted of the following:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Classification	
					Due in One Year	Due in more than One Year
1997 lease revenue bonds	\$ 258,651		\$ (258,651)	\$ 0		\$ 0
Total lease revenue bonds	\$ 258,651	\$ 0	\$ (258,651)	\$ 0	\$ 0	\$ 0

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Notes to Financial Statements
June 30, 2008

The following is an analysis of the improvements made with the proceeds as of June 30, 2008:

Land	\$	431,566
Building and improvements		396,173
Machinery and equipment		1,015,540
Subtotal		1,843,279
Less accumulated depreciation		(1,092,392)
Total	\$	750,887

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 was made in October 2007.

4. Revenue bonds

Revenue bonds at June 30, 2008, consisted of the following:

	Balance			Balance	Classification	
	July 1, 2007	Additions	Reductions		June 30, 2008	Due in One Year
2001 sales tax revenue bonds	\$ 10,575,000		\$ (995,000)	\$ 9,580,000	\$ 1,035,000	\$ 8,545,000
2001 corp yard revenue bonds	17,740,000		(555,000)	17,185,000	575,000	16,610,000
Total revenue bonds	\$ 28,315,000	\$ 0	\$ (1,550,000)	\$ 26,765,000	\$ 1,610,000	\$ 25,155,000

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2008:

Land, structures and equipment	\$	39,666,621
Less accumulated depreciation		(5,595,862)
Total	\$	34,070,759

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. The City pledged a portion of future sales tax revenue to repay this bond.

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June 30, 2008

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	\$ 1,035,000	\$ 377,738	\$ 1,412,738
2009	1,080,000	335,437	1,415,437
2010	1,120,000	291,438	1,411,438
2011	1,165,000	245,737	1,410,737
2013	1,215,000	197,530	1,412,530
2014-2016	3,965,000	267,271	4,232,271
Total	<u>\$ 9,580,000</u>	<u>\$ 1,715,151</u>	<u>\$ 11,295,151</u>

2001 corporation yard revenue bonds

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

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>
2009	\$ 575,000	\$ 851,041	\$ 1,426,041
2010	600,000	828,042	1,428,042
2011	620,000	804,042	1,424,042
2012	655,000	773,041	1,428,041
2013	680,000	744,876	1,424,876
2014-2018	3,930,000	3,201,081	7,131,081
2019-2023	5,065,000	2,061,112	7,126,112
2024-2027	5,060,000	648,000	5,708,000
Total	<u>\$ 17,185,000</u>	<u>\$ 9,911,235</u>	<u>\$ 27,096,235</u>

5. Capital leases

Capital leases at June 30, 2008, consisted of the following:

	<u>Balance</u>			<u>Classification</u>		
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Due in One Year</u>	<u>Due in more than One Year</u>
2000 fire station capital lease	\$ 957,756		\$ (101,556)	\$ 856,200	\$ 107,393	\$ 748,807
2002 equipment capital lease	1,315,162		(452,831)	862,331	467,189	395,142
2006 police vehicle capital lease	407,723		(95,987)	311,736	99,845	211,891
2007 fire station #1 capital lease	5,922,412		(308,394)	5,614,018	320,853	5,293,165
2008 fire truck capital lease		\$ 1,116,078		1,116,078	143,947	972,131
Total capital leases	<u>\$ 8,603,053</u>	<u>\$ 1,116,078</u>	<u>\$ (958,768)</u>	<u>\$ 8,760,363</u>	<u>\$ 1,139,227</u>	<u>\$ 7,621,136</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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2008

scheduled for March 2015. The City has pledged a portion of future revenues to repay these bonds. The following is an analysis of the land and structures and equipment leased as of June 30, 2008:

Land, structures and equipment	\$	5,869,906
Less accumulated depreciation		<u>(2,694,029)</u>
Total	\$	<u>3,175,877</u>

2000 Capital lease for fire station

In October 2000, the City entered into a capital lease agreement with Citicorp Leasing, to lease a fire station. The purchase price of the fire station was \$1,510,774 and is payable over a period of one hundred and seventy four months. Monthly payments on the contract are \$12,715. The effective interest rate on the contract is 5.6% per annum. The balance outstanding as of June 30, 2008, was \$856,200.

The annual debt service requirements for the 2000 Capital Lease for fire station outstanding at June 30, 2008, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 107,393	\$ 45,185	\$ 152,578
2010	113,566	39,012	152,578
2011	120,093	32,485	152,578
2012	126,996	25,582	152,578
2013	134,295	18,283	152,578
2014-2015	<u>253,857</u>	<u>13,153</u>	<u>267,010</u>
Total	<u>\$ 856,200</u>	<u>\$ 173,700</u>	<u>\$ 1,029,900</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, 2008, was \$862,330.

The annual debt service requirements for the 2002 Capital Lease for equipment outstanding at June 30, 2008, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>27,195</u>	<u>496</u>	<u>27,691</u>
Total	<u>\$ 862,331</u>	<u>\$ 40,994</u>	<u>\$ 903,325</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, 2008, was \$311,736.

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Notes to Financial Statements
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The annual debt service requirements for the 2006 Capital Lease for police vehicles outstanding at June 30, 2008, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 99,845	\$ 11,423	\$ 111,268
2010	103,858	7,410	111,268
2011	108,033	3,236	111,269
Total	<u>\$ 311,736</u>	<u>\$ 22,069</u>	<u>\$ 333,805</u>

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, 2008, was \$5,614,018.

The annual debt service requirements for the 2007 Capital Lease for fire station #1 outstanding at June 30, 2008, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 320,853	\$ 221,384	\$ 542,237
2010	333,815	208,422	542,237
2011	347,301	194,935	542,236
2012	361,332	180,905	542,237
2013	375,930	166,307	542,237
2014-2018	2,120,113	591,070	2,711,183
2019-2021	1,754,674	143,152	1,897,826
Total	<u>\$ 5,614,018</u>	<u>\$ 1,706,175</u>	<u>\$ 7,320,193</u>

2008 Capital lease for fire truck

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

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 143,947	\$ 36,315	\$ 180,262
2010	148,826	31,436	180,262
2011	153,870	26,391	180,261
2012	159,086	21,176	180,262
2013	164,478	15,784	180,262
2014-2015	345,871	14,653	360,524
Total	<u>\$ 1,116,078</u>	<u>\$ 145,755</u>	<u>\$ 1,261,833</u>

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Notes to Financial Statements
June 30, 2008

6. Loans payable

Loans payable at June 30, 2008, consisted of the following:

	Balance			Balance June 30, 2008	Classification	
	July 1, 2008	Additions	Reductions		Due in One Year	Due in more than One Year
R&T Park loan payable	\$ 591,933		\$ (34,503)	\$ 557,430	\$ 35,558	\$ 521,872
Winery property loan payable	1,333,333		(666,667)	666,666	666,666	0
Total loans payable	\$ 1,925,266	\$ 0	\$ (701,170)	\$ 1,224,096	\$ 702,224	\$ 521,872

The following is an analysis of the assets acquired with the proceeds as of June 30, 2008:

Buildings and improvements	\$ 3,720,000
Less accumulated depreciation	<u>(79,200)</u>
Total	<u>\$ 3,640,800</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, 2008, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 35,558	\$ 16,513	\$ 52,071
2010	36,647	15,409	52,056
2011	37,769	14,270	52,039
2012	38,924	13,097	52,021
2013	40,115	11,887	52,002
2014-2018	219,757	39,961	259,718
2019-2021	148,660	6,915	155,575
Total	<u>\$ 557,430</u>	<u>\$ 118,052</u>	<u>\$ 675,482</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.

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Notes to Financial Statements
June 30, 2008

The annual debt service requirements for the Winery property loan payable outstanding at June 30, 2008, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 666,666	\$ 33,333	\$ 699,999
Total	<u>\$ 666,666</u>	<u>\$ 33,333</u>	<u>\$ 699,999</u>

Business-type activities long-term debt

1. Lease revenue bonds

Lease Revenue Bonds at June 30, 2008, consisted of the following:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Classification</u>	
					<u>Due in</u> <u>One Year</u>	<u>Due in more</u> <u>than One Year</u>
1997 lease revenue bonds	\$ 56,347		\$ (56,347)	\$ 0		\$ 0
Total lease revenue bonds	<u>\$ 56,347</u>	<u>\$ 0</u>	<u>\$ (56,347)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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 was made in October 2007.

2. Revenue bonds

Revenue bonds at June 30, 2008, consisted of the following:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Classification</u>	
					<u>Due in</u> <u>One Year</u>	<u>Due in more</u> <u>than One Year</u>
1998 sewer revenue bonds	\$ 14,555,000		\$ (120,000)	\$ 14,435,000	\$ 125,000	\$ 14,310,000
1998 refuse revenue bonds	7,075,000		(450,000)	6,625,000	465,000	6,160,000
2003 water revenue bonds	42,445,000		(1,320,000)	41,125,000	1,350,000	39,775,000
2005 wastewater revenue bonds	25,735,000			25,735,000		25,735,000
2007 wastewater revenue bonds	68,540,000			68,540,000		68,540,000
Total revenue bonds	<u>\$ 158,350,000</u>	<u>\$ 0</u>	<u>\$ (1,890,000)</u>	<u>\$156,460,000</u>	<u>\$1,940,000</u>	<u>\$154,520,000</u>

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2008:

Land, structures and equipment	\$ 103,884,629
Less accumulated depreciation	<u>(7,795,209)</u>
Total	<u>\$ 96,089,420</u>

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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 City has pledged a portion of future sewer revenues to repay this bond.

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>
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	150,000	722,057	872,057
2014-2018	2,355,000	3,305,088	5,660,088
2019-2023	3,065,000	2,583,285	5,648,285
2024-2028	6,475,000	1,479,010	7,954,010
2029	1,850,000	48,100	1,898,100
Total	<u>\$ 14,435,000</u>	<u>\$ 11,091,210</u>	<u>\$ 25,526,210</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 City has pledged a portion of future refuse revenues to repay this bond.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	565,000	216,625	781,625
2014-2018	3,290,000	617,500	3,907,500
2019	760,000	19,000	779,000
Total	<u>\$ 6,625,000</u>	<u>\$ 1,983,084</u>	<u>\$ 8,608,084</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. The City has pledged a portion of future water revenues to repay this bond.

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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>
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	1,555,000	1,693,387	3,248,387
2014-2018	8,745,000	7,493,100	16,238,100
2019-2023	11,080,000	5,137,750	16,217,750
2024-2028	14,070,000	2,157,800	16,227,800
Total	\$ 41,125,000	\$ 23,787,162	\$ 64,912,162

2005 wastewater revenue bonds

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

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 0	\$ 1,281,921	\$ 1,281,921
2010	0	1,281,921	1,281,921
2011	0	1,281,921	1,281,921
2012	310,000	1,276,961	1,586,961
2013	320,000	1,266,641	1,586,641
2014-2018	380,000	6,271,903	6,651,903
2019-2023	490,000	6,205,913	6,695,913
2024-2028	2,850,000	5,787,488	8,637,488
2029-2033	11,555,000	4,182,819	15,737,819
2034-2036	9,830,000	753,500	10,583,500
Total	\$ 25,735,000	\$ 29,590,988	\$ 55,325,988

2007 wastewater revenue bonds

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

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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>
2009	\$ 0	\$ 3,184,850	\$ 3,184,850
2010	0	3,184,850	3,184,850
2011	0	3,184,850	3,184,850
2012	930,000	3,166,250	4,096,250
2013	970,000	3,128,250	4,098,250
2014-2018	7,020,000	14,714,037	21,734,037
2019-2023	8,950,000	12,804,438	21,754,438
2024-2028	13,935,000	10,115,863	24,050,863
2029-2033	11,135,000	6,882,862	18,017,862
2034-2038	19,000,000	4,171,500	23,171,500
2039	6,600,000	148,500	6,748,500
Total	<u>\$ 68,540,000</u>	<u>\$ 64,686,250</u>	<u>\$ 133,226,250</u>

3. Capital leases

Capital leases at June 30, 2008, consisted of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Classification</u>	
					<u>July 1, 2007</u>	<u>June 30, 2008</u>
					<u>One Year</u>	<u>than One Year</u>
2002 equipment capital lease	\$ 27,804		\$ (10,862)	\$ 16,942	\$ 11,206	\$ 5,736
Total capital leases	<u>\$ 27,804</u>	<u>\$ 0</u>	<u>\$ (10,862)</u>	<u>\$ 16,942</u>	<u>\$ 11,206</u>	<u>\$ 5,736</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, 2008:

Land, structures and equipment	\$ 72,658
Less accumulated depreciation	<u>(35,750)</u>
Total	<u>\$ 36,908</u>

2002 Capital lease for equipment

In November 2002, the City entered into a capital lease agreement with Suntrust Leasing, to lease a fire truck, landfill equipment, and refuse equipment. The purchase price of the equipment was \$72,706 and is payable over a period of one hundred and twenty months. Semi-annual payments on the contract are \$5,825. The effective interest rate on the contract is 5.2% per annum. The balance outstanding as of June 30, 2008, was \$16,942.

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The annual debt service requirements for the 2002 Capital Lease for equipment outstanding at June 30, 2008, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 11,206	\$ 445	\$ 11,651
2010	5,736	90	5,826
Total	<u>\$ 16,942</u>	<u>\$ 535</u>	<u>\$ 17,477</u>

4. Contracts payable

Contracts payable at June 30, 2008, consisted of the following:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Classification</u>	
					<u>Due in</u> <u>One Year</u>	<u>Due in more</u> <u>than One Year</u>
1993 waste water renovation	\$ 12,123,807	\$ 1,845,126	\$ (443,984)	\$ 13,524,949	\$ 539,477	\$ 12,985,472
1995 waste water expansion	5,145,000		(1,475,000)	3,670,000	840,000	2,830,000
Total contracts payable	<u>\$ 17,268,807</u>	<u>\$ 1,845,126</u>	<u>\$ (1,918,984)</u>	<u>\$ 17,194,949</u>	<u>\$ 1,379,477</u>	<u>\$ 15,815,472</u>

1993 waste water renovation

The City has entered into contracts with the City of Fresno to participate in the cost of sewer system improvements. These improvements include the renovation and expansion of the Fresno Clovis Regional Wastewater Treatment Plant. The 1993 contract is for the City's share of the 1993 renovation of the Fresno Clovis Regional Wastewater Treatment Plant. The underlying City of Fresno 1993 Revenue Bonds on which the City of Clovis' contract payable amount is based have interest rates varying from 3.50%-6.25% and the final payments are scheduled for September 2023. The City's \$15,022,397 share of the renovation is capitalized as an intangible asset in the Sewer Service Fund, an enterprise fund, as disclosed in Note I. D. 6.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 539,477	\$ 705,064	\$ 1,244,541
2010	566,239	674,590	1,240,829
2011	600,514	638,837	1,239,351
2012	637,606	600,146	1,237,752
2013	677,515	559,048	1,236,563
2014-2018	4,053,822	2,121,822	6,175,644
2019-2023	5,245,930	914,975	6,160,905
2024	1,203,846	27,086	1,230,932
Total	<u>\$ 13,524,949</u>	<u>\$ 6,241,568</u>	<u>\$ 19,766,517</u>

1995 waste water expansion

The 1995 contract is for the City's share of the 1995 expansion of the Fresno Clovis Regional Wastewater Treatment Plant. The underlying City of Fresno 1995 Revenue Bonds on which the City of Clovis' contract payable amount is based have interest rates varying from 3.50%-6.25% and the final payments are scheduled for September 2011. The

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City's \$9,509,701 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>
2009	\$ 840,000	\$ 185,000	\$ 1,025,000
2010	890,000	133,100	1,023,100
2011	940,000	78,200	1,018,200
2012	1,000,000	25,000	1,025,000
Total	<u>\$ 3,670,000</u>	<u>\$ 421,300</u>	<u>\$ 4,091,300</u>

H. 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 24%, the estimated remaining life is approximately 39 years and the estimated remaining cost to be recognized is \$11,203,883. 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, 2008 the estimated Landfill Closure liability was \$1,857,873.

I. Conduit Debt

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

As of June 30, 2008, the aggregate principal amount payable on the bonds was \$6.4 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 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

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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 \$4,409,350 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, 06/30/06	\$ 7,403,000	\$ 48,000	\$ 7,451,000
Claims provision	2,406,242	372,632	2,778,874
Claims paid	<u>(2,137,242)</u>	<u>(372,632)</u>	<u>(2,509,874)</u>
Balance, 06/30/07	7,672,000	48,000	7,720,000
Claims provision	2,855,399	369,872	3,225,271
Claims paid	<u>(2,510,399)</u>	<u>(369,872)</u>	<u>(2,880,271)</u>
Balance, 06/30/08	<u>\$ 8,017,000</u>	<u>\$ 48,000</u>	<u>\$ 8,065,000</u>

B. Deferred compensation

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

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

C. Postretirement benefits

The City 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.

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D. Related party transactions

In March 1996 the Clovis Community Development Agency borrowed \$1.1 million. In February 1997 an additional \$300,000 was borrowed 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 had been established, setting a repayment schedule over 10 years at interest rates of 6.19%, 6.25%, 6.20%, and 3.16% respectively. As of June 30, 2008 the outstanding balance on these loans was \$0.

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. 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 2009. As of June 30, 2008 the outstanding balance on this loan is \$103,400.

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, 2008, an interfund payable is reflected in the Refuse Fund for \$5,500,000. An interfund receivable is reflected in the Property and Liability Fund, an internal service fund, for \$1,000,000 and the Sewer Fund, a proprietary fund, for \$4,500,000. The interfund loans bear an interest rate equal to the City's investment interest rate earned on cash and other investments held at various financial institutions.

E. Contingent liabilities

The City entered into a settlement agreement and release of all claims with various chemical corporations in May 1997 which entitled the City to significant recovery of future costs associated with the treatment of contaminated wells. The City expects to incur costs in future years for the treatment of contaminated wells. However, as of June 30, 2008, 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

In September 2008, the 2001 sales tax revenue bonds were defeased. The funds required to defease the bonds had been accumulated due to higher than anticipated sales tax revenue collections. As a result, funds were placed into escrow sufficient to defease the bonds on October 3, 2008 and the override sales tax of 0.30% ended on September 30, 2008.

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 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 2007/08 was 14.658% for miscellaneous members and 22.434% for public safety members. The contribution requirements of the

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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 2007/08, the City's annual pension cost of \$6,379,308 was equal to the City's required actual contributions. The required contribution was determined as part of the June 30, 2007 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, 2007 was 19 years for miscellaneous members and 32 years for safety members.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of (APC) Contributed	Net Pension Obligation
Miscellaneous Plan:			
6/30/2006	\$ 2,074	100%	\$ 0
6/30/2007	3,008	100	0
6/30/2008	3,074	100	0
Safety Plan:			
6/30/2006	\$ 3,101	100%	\$ 0
6/30/2007	2,969	100	0
6/30/2008	3,305	100	0

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

Valuation Date	Actuarial Value Assets	Actuarial Accrued Liability (AAL) Entry Age Normal	Unfunded AAL (UAAL)/ (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
Miscellaneous Plan:						
6/30/2007	\$ 69,135	\$ 83,641	\$ 14,506	82.7%	\$ 22,182	65.4%
Safety Plan:						
6/30/2007	\$ 82,665	\$ 101,063	\$ 18,398	81.8%	\$ 14,043	131.0%

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>						
6/30/05	\$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
6/30/07	69,135	83,641	14,506	82.7	22,182	65.4
<u>Safety Plan</u>						
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
6/30/07	82,665	101,063	18,398	81.8	14,043	131.0

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Funds

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

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

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

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, 2008

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
ASSETS				
Cash and investments	\$62,330	\$547	\$622	\$63,499
Cash with agents-restricted				
Receivables	464	39,386		39,850
Due from other governments				
Total assets	<u>\$62,794</u>	<u>\$39,933</u>	<u>\$622</u>	<u>\$103,349</u>
LIABILITIES				
Accounts payable		\$2,021		\$2,021
Due to other funds		59,000		59,000
Deposits and other liabilities				
Total Liabilities	<u>0</u>	<u>61,021</u>	<u>0</u>	<u>61,021</u>
FUND BALANCES				
Reserved for:				
Encumbrances				
Debt service				
Unreserved, undesignated	\$62,794	(21,088)	\$622	42,328
Total fund balances	<u>62,794</u>	<u>(21,088)</u>	<u>622</u>	<u>42,328</u>
Total liabilities and fund balances	<u>\$62,794</u>	<u>\$39,933</u>	<u>\$622</u>	<u>\$103,349</u>

City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

Community Development	1976 Fire and Sewer	Debt Service		Sierra Vista	Total	Capital Projects		Total	Total Nonmajor Governmental Funds
		Park				Park and Recreation	Refuse Equipment		
\$224,536	\$384,617	\$44,887		\$65,143	\$719,183	\$5,452,673	\$935,873	\$6,388,546	\$7,171,228
1,137,394					1,137,394				1,137,394
1,230	2,696	310		5	4,241	67,610	5,385	72,995	117,086
						399,801		399,801	399,801
<u>\$1,363,160</u>	<u>\$387,313</u>	<u>\$45,197</u>		<u>\$65,148</u>	<u>\$1,860,818</u>	<u>\$5,920,084</u>	<u>\$941,258</u>	<u>\$6,861,342</u>	<u>\$8,825,509</u>
\$383					\$383	\$63,044		\$63,044	\$65,448
									59,000
						9,200		9,200	9,200
<u>383</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>383</u>	<u>383</u>	<u>72,244</u>	<u>0</u>	<u>72,244</u>	<u>133,648</u>
						644,000		644,000	644,000
\$1,362,777	\$387,313	\$45,197	\$65,148	\$1,860,435					1,860,435
						5,203,840	\$941,258	6,145,098	6,187,426
<u>1,362,777</u>	<u>387,313</u>	<u>45,197</u>	<u>65,148</u>	<u>1,860,435</u>	<u>5,847,840</u>	<u>941,258</u>	<u>6,789,098</u>	<u>8,691,861</u>	<u>8,691,861</u>
<u>\$1,363,160</u>	<u>\$387,313</u>	<u>\$45,197</u>	<u>\$65,148</u>	<u>\$1,860,818</u>	<u>\$5,920,084</u>	<u>\$941,258</u>	<u>\$6,861,342</u>	<u>\$8,825,509</u>	<u>\$8,825,509</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
REVENUES				
Property taxes				
Use of money and property	\$2,624		\$42	\$2,666
From other agencies		\$255,042	99,996	355,038
Charges for current services				
Other revenues				
Total revenue	<u>2,624</u>	<u>255,042</u>	<u>100,038</u>	<u>357,704</u>
EXPENDITURES				
Current:				
Community development		266,042	110,666	376,708
Debt service:				
Principal				
Interest and fiscal charges				
Bond issue costs				
Capital outlays				
Total expenditures	<u>0</u>	<u>266,042</u>	<u>110,666</u>	<u>376,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,624</u>	<u>(11,000)</u>	<u>(10,628)</u>	<u>(19,004)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		34,000		34,000
Transfers Out				
Bond proceeds				
Original issue discount				
Refunding escrow				
Total other financing sources	<u>0</u>	<u>34,000</u>	<u>0</u>	<u>34,000</u>
Net change in fund balances	2,624	23,000	(10,628)	14,996
Fund balances-beginning	<u>60,170</u>	<u>(44,088)</u>	<u>11,250</u>	<u>27,332</u>
Fund balances-ending	<u>\$62,794</u>	<u>(\$21,088)</u>	<u>\$622</u>	<u>\$42,328</u>

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

Community Development	1976 Fire and Sewer	Debt Service		Sierra Vista	Total	Capital Projects			Total Nonmajor Governmental Funds
		Park				Park and Recreation	Refuse Equipment	Total	
				\$41	\$41				\$41
\$44,619	\$15,233	\$3,612		21,008	84,472	\$264,070	\$33,949	\$298,019	385,157
						710,576		710,576	1,065,614
						1,928,329	156,363	2,084,692	2,084,692
						5,717		5,717	5,717
<u>44,619</u>	<u>15,233</u>	<u>3,612</u>		<u>21,049</u>	<u>84,513</u>	<u>2,908,692</u>	<u>190,312</u>	<u>3,099,004</u>	<u>3,541,221</u>
									376,708
455,000		59,786		650,000	1,164,786				1,164,786
484,020		2,620		30,131	516,771				516,771
663,028					663,028				663,028
						3,110,541		3,110,541	3,110,541
<u>1,602,048</u>	<u>0</u>	<u>62,406</u>		<u>680,131</u>	<u>2,344,585</u>	<u>3,110,541</u>	<u>0</u>	<u>3,110,541</u>	<u>5,831,834</u>
(1,557,429)	15,233	(58,794)		(659,082)	(2,260,072)	(201,849)	190,312	(11,537)	(2,290,613)
865,000					865,000				899,000
							(120,000)	(120,000)	(120,000)
8,298,006					8,298,006				8,298,006
(233,214)					(233,214)				(233,214)
(7,162,780)					(7,162,780)				(7,162,780)
<u>1,767,012</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>1,767,012</u>	<u>0</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>1,681,012</u>
209,583	15,233	(58,794)		(659,082)	(493,060)	(201,849)	70,312	(131,537)	(609,601)
1,153,194	372,080	103,991		724,230	2,353,495	6,049,689	870,946	6,920,635	9,301,462
<u>\$1,362,777</u>	<u>\$387,313</u>	<u>\$45,197</u>		<u>\$65,148</u>	<u>\$1,860,435</u>	<u>\$5,847,840</u>	<u>\$941,258</u>	<u>\$6,789,098</u>	<u>\$8,691,861</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$3,350,000	\$3,350,000	\$4,022,338	\$672,338
Other taxes	50,000	50,000	50,000	0
Use of money and property	70,400	70,400	126,513	56,113
From other agencies	551,300	551,300	563,141	11,841
Other revenues	822,000	822,000	606,450	(215,550)
Total revenues	4,843,700	4,843,700	5,368,442	524,742
EXPENDITURES				
Capital outlays	5,736,103	4,624,751	2,892,261	1,732,490
Total expenditures	5,736,103	4,624,751	2,892,261	1,732,490
Excess (deficiency) of revenues over expenditures	(892,403)	218,949	2,476,181	2,257,232
OTHER FINANCING SOURCES (USES)				
Transfers Out	(865,000)	(865,000)	(865,000)	0
Bond proceeds	0	0	10,801,994	10,801,994
Total other financing sources (uses)	(865,000)	(865,000)	9,936,994	10,801,994
Net change in fund balances	(1,757,403)	(646,051)	12,413,175	13,059,226
Fund balances-beginning	8,578,381	8,578,381	8,578,381	
Fund balances-ending	\$6,820,978	\$7,932,330	\$20,991,556	\$13,059,226

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$0	\$0	\$2,624	\$2,624
Total revenues	0	0	2,624	2,624
EXPENDITURES				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	2,624	2,624
Fund balances-beginning	60,170	60,170	60,170	
Fund balances-ending	\$60,170	\$60,170	\$62,794	\$2,624

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
From other agencies	\$289,265	\$289,265	\$255,042	(\$34,223)
Total revenues	<u>289,265</u>	<u>289,265</u>	<u>255,042</u>	<u>(34,223)</u>
EXPENDITURES				
Community development	300,655	300,655	266,042	34,613
Total expenditures	<u>300,655</u>	<u>300,655</u>	<u>266,042</u>	<u>34,613</u>
Excess (deficiency) of revenues over expenditures	(11,390)	(11,390)	(11,000)	390
OTHER FINANCING SOURCES (USES)				
Transfers In	34,000	34,000	34,000	0
Total other financing sources (uses)	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>0</u>
Net change in fund balances	22,610	22,610	23,000	390
Fund balances-beginning	(44,088)	(44,088)	(44,088)	
Fund balances-ending	<u><u>(\$21,478)</u></u>	<u><u>(\$21,478)</u></u>	<u><u>(\$21,088)</u></u>	<u><u>\$390</u></u>

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Housing and Community Development Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Use of money and property	\$100	\$100	\$42	(\$58)
From other agencies	98,000	98,000	99,996	1,996
Total revenues	<u>98,100</u>	<u>98,100</u>	<u>100,038</u>	<u>1,938</u>
EXPENDITURES				
Community development	114,222	114,222	110,666	3,556
Total expenditures	<u>114,222</u>	<u>114,222</u>	<u>110,666</u>	<u>3,556</u>
Excess (deficiency) of revenues over expenditures	(16,122)	(16,122)	(10,628)	5,494
Fund balances-beginning	11,250	11,250	11,250	
Fund balances-ending	<u><u>(\$4,872)</u></u>	<u><u>(\$4,872)</u></u>	<u><u>\$622</u></u>	<u><u>\$5,494</u></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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Use of money and property	\$8,500	\$18,000	\$44,619	\$26,619
Total revenues	<u>8,500</u>	<u>18,000</u>	<u>44,619</u>	<u>26,619</u>
EXPENDITURES				
Debt service:				
Principal	430,000	455,000	455,000	0
Interest and fiscal charges	490,000	490,000	484,020	5,980
Bond issue costs	0	663,028	663,028	0
Total expenditures	<u>920,000</u>	<u>1,608,028</u>	<u>1,602,048</u>	<u>5,980</u>
Excess (deficiency) of revenues over expenditures	<u>(911,500)</u>	<u>(1,590,028)</u>	<u>(1,557,429)</u>	<u>32,599</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	865,000	865,000	865,000	0
Bond proceeds	0	8,298,006	8,298,006	0
Original issue discount	0	233,214	(233,214)	0
Refunding escrow	0	7,162,780	(7,162,780)	0
Total other financing sources (uses)	<u>865,000</u>	<u>16,559,000</u>	<u>1,767,012</u>	<u>0</u>
Net change in fund balances	(46,500)	14,968,972	209,583	32,599
Fund balances-beginning	1,153,194	1,153,194	1,153,194	
Fund balances-ending	<u>\$1,106,694</u>	<u>\$16,122,166</u>	<u>\$1,362,777</u>	<u>\$32,599</u>

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
1976 Fire and Sewer Debt Service Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Use of money and property	\$0	\$0	\$15,233	\$15,233
Total revenues	<u>0</u>	<u>0</u>	<u>15,233</u>	<u>15,233</u>
EXPENDITURES				
Debt service:	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	15,233	15,233
Fund balances-beginning	372,080	372,080	372,080	
Fund balances-ending	<u>\$372,080</u>	<u>\$372,080</u>	<u>\$387,313</u>	<u>\$15,233</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Use of money and property	\$0	\$0	\$3,612	\$3,612
Total revenues	<u>0</u>	<u>0</u>	<u>3,612</u>	<u>3,612</u>
EXPENDITURES				
Debt service:				
Principal	60,000	60,000	59,786	214
Interest and fiscal charges	6,000	6,000	2,620	3,380
Total expenditures	<u>66,000</u>	<u>66,000</u>	<u>62,406</u>	<u>3,594</u>
Excess (deficiency) of revenues over expenditures	<u>(66,000)</u>	<u>(66,000)</u>	<u>(58,794)</u>	<u>7,206</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	61,000	0	0	0
Total other financing sources (uses)	<u>61,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	(5,000)	(66,000)	(58,794)	7,206
Fund balances-beginning	103,991	103,991	103,991	
Fund balances-ending	<u>\$98,991</u>	<u>\$37,991</u>	<u>\$45,197</u>	<u>\$7,206</u>

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Property taxes	\$0	\$0	\$41	\$41
Use of money and property	0	0	21,008	21,008
Total revenues	<u>0</u>	<u>0</u>	<u>21,049</u>	<u>21,049</u>
EXPENDITURES				
Debt service:				
Principal	650,000	650,000	650,000	0
Interest and fiscal charges	29,000	31,000	30,131	869
Total expenditures	<u>679,000</u>	<u>681,000</u>	<u>680,131</u>	<u>869</u>
Excess (deficiency) of revenues over expenditures	(679,000)	(681,000)	(659,082)	21,918
Fund balances-beginning	724,230	724,230	724,230	
Fund balances-ending	<u>\$45,230</u>	<u>\$43,230</u>	<u>\$65,148</u>	<u>\$21,918</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Use of money and property	\$150,000	\$150,000	\$264,070	\$114,070
From other agencies	369,000	804,000	710,576	(93,424)
Charges for current services	3,410,000	3,410,000	1,928,329	(1,481,671)
Other revenues	0	0	5,717	5,717
Total revenues	<u>3,929,000</u>	<u>4,364,000</u>	<u>2,908,692</u>	<u>(1,455,308)</u>
EXPENDITURES				
Capital outlays	4,731,237	9,978,737	3,110,541	6,868,196
Total expenditures	<u>4,731,237</u>	<u>9,978,737</u>	<u>3,110,541</u>	<u>6,868,196</u>
Excess (deficiency) of revenues over expenditures	<u>(802,237)</u>	<u>(5,614,737)</u>	<u>(201,849)</u>	<u>5,412,888</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(61,000)	0	0	0
Total other financing sources (uses)	<u>(61,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	(863,237)	(5,614,737)	(201,849)	5,412,888
Fund balances-beginning	6,049,689	6,049,689	6,049,689	
Fund balances-ending	<u>\$5,186,452</u>	<u>\$434,952</u>	<u>\$5,847,840</u>	<u>\$5,412,888</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Use of money and property	\$20,000	\$20,000	\$33,949	\$13,949
Charges for current services	400,000	400,000	156,363	(243,637)
Total revenues	<u>420,000</u>	<u>420,000</u>	<u>190,312</u>	<u>(229,688)</u>
EXPENDITURES				
Capital outlays	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>420,000</u>	<u>420,000</u>	<u>190,312</u>	<u>(229,688)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(365,000)	(120,000)	(120,000)	0
Total other financing sources (uses)	<u>(365,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>0</u>
Net change in fund balances	55,000	300,000	70,312	(229,688)
Fund balances-beginning	870,946	870,946	870,946	
Fund balances-ending	<u><u>\$925,946</u></u>	<u><u>\$1,170,946</u></u>	<u><u>\$941,258</u></u>	<u><u>(\$229,688)</u></u>

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Nonmajor Enterprise Funds

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, 2008

	<u>Transit</u>	<u>Street Cleaning</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and investments	\$1,485,885	\$624	\$1,486,509
Receivables	8,997	168,896	177,893
Due from other governments	696,483		696,483
Total current assets	<u>2,191,365</u>	<u>169,520</u>	<u>2,360,885</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	2,755,217	178,176	2,933,393
Less accumulated depreciation	(1,874,107)	(54,699)	(1,928,806)
Total capital assets (net of accumulated depreciation)	<u>881,110</u>	<u>123,477</u>	<u>1,004,587</u>
Total assets	<u>3,072,475</u>	<u>292,997</u>	<u>3,365,472</u>
LIABILITIES			
Current liabilities:			
Accounts payable	12,947	78	13,025
Due to other funds		151,000	151,000
Accrued compensated absences	97,681	26,498	124,179
Unearned revenue	735,257		735,257
Total current liabilities	<u>845,885</u>	<u>177,576</u>	<u>1,023,461</u>
Total liabilities	<u>845,885</u>	<u>177,576</u>	<u>1,023,461</u>
NET ASSETS			
Invested in capital assets, net of related debt	881,110	123,477	1,004,587
Unrestricted	1,345,480	(8,056)	1,337,424
Total net assets	<u>\$2,226,590</u>	<u>\$115,421</u>	<u>\$2,342,011</u>

City of Clovis
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	<u>Transit</u>	<u>Street Cleaning</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$1,285,560	\$945,411	\$2,230,971
Total operating revenues	<u>1,285,560</u>	<u>945,411</u>	<u>2,230,971</u>
Operating expenses:			
Salaries and benefits	1,880,498	474,971	2,355,469
Services, materials and supplies	1,050,330	384,694	1,435,024
Administration	263,409	96,855	360,264
Depreciation	174,904	14,500	189,404
Total operating expenses	<u>3,369,141</u>	<u>971,020</u>	<u>4,340,161</u>
Operating income (loss)	<u>(2,083,581)</u>	<u>(25,609)</u>	<u>(2,109,190)</u>
Nonoperating revenues (expenses):			
Interest income	26,126	141	26,267
State transit assistance	2,372,257		2,372,257
Gain (loss) on disposal of capital assets			0
Total nonoperating revenue (expense)	<u>2,398,383</u>	<u>141</u>	<u>2,398,524</u>
Changes in net assets	314,802	(25,468)	289,334
Total net assets-beginning	1,911,788	140,889	2,052,677
Total net assets-ending	<u>\$2,226,590</u>	<u>\$115,421</u>	<u>\$2,342,011</u>

City of Clovis
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	<u>Transit</u>	<u>Street Cleaning</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$1,284,380	\$946,587	\$2,230,967
Payments to suppliers	(1,307,571)	(481,829)	(1,789,400)
Payments to employees	(1,867,383)	(473,773)	(2,341,156)
Net cash provided/(used) by operating activities	<u>(1,890,574)</u>	<u>(9,015)</u>	<u>(1,899,589)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of loans from/(to) other funds		9,000	9,000
Transportation funding-State	2,709,178		2,709,178
Net cash provided/(used) by noncapital financing activities	<u>2,709,178</u>	<u>9,000</u>	<u>2,718,178</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(642,331)		(642,331)
Proceeds from capital grant	735,257		735,257
Net cash provided/(used) by capital and related financing activities	<u>92,926</u>	<u>0</u>	<u>92,926</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	25,030	141	25,171
Net cash provided by investing activities	<u>25,030</u>	<u>141</u>	<u>25,171</u>
Net increase/(decrease) in cash and cash equivalents	936,560	126	936,686
Cash and cash equivalents-beginning of year	549,325	498	549,823
Cash and cash equivalents-end of year	<u>\$1,485,885</u>	<u>\$624</u>	<u>\$1,486,509</u>

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

Operating income/(loss)	(\$2,083,581)	(\$25,609)	(\$2,109,190)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation/amortization expense	174,904	14,500	189,404
(Increase)/decrease in accounts receivable	(1,180)	1,176	(4)
Increase/(decrease) in accounts payable	6,168	(280)	5,888
Increase/(decrease) in accrued compensated absences	13,115	1,198	14,313
Total adjustments	<u>193,007</u>	<u>16,594</u>	<u>209,601</u>
Net cash provided/(used) by operating activities	<u>(\$1,890,574)</u>	<u>(\$9,015)</u>	<u>(\$1,899,589)</u>

Noncash investing, capital, and financing activities:

During the year there were no noncash transactions.

Internal Service Funds

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

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, 2008

	Self Insurance	Fleet	Employee Benefits	General Services	Total
ASSETS					
Current assets:					
Cash and investments	\$559,612	\$4,976,924	\$4,445,390	\$17,334,434	\$27,316,360
Receivables	158,879	27,547	109,470	124,068	419,964
Due from other funds	1,000,000				1,000,000
Due from other governments				6,892	6,892
Inventories		525,000			525,000
Prepaid items		952,924			952,924
Total current assets	<u>1,718,491</u>	<u>6,482,395</u>	<u>4,554,860</u>	<u>17,465,394</u>	<u>30,221,140</u>
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts				565,243	565,243
Total restricted assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>565,243</u>	<u>565,243</u>
Capital assets:					
Land				9,479,696	9,479,696
Buildings and improvements		940,271		67,914,512	68,854,783
Machinery and equipment		20,116,341		6,596,669	26,713,010
Less accumulated depreciation		(12,076,221)		(14,235,410)	(26,311,631)
Total capital assets (net of accumulated depreciation)	<u>0</u>	<u>8,980,391</u>	<u>0</u>	<u>69,755,467</u>	<u>78,735,858</u>
Total noncurrent assets	<u>0</u>	<u>8,980,391</u>	<u>0</u>	<u>70,320,710</u>	<u>79,301,101</u>
Total assets	<u>1,718,491</u>	<u>15,462,786</u>	<u>4,554,860</u>	<u>87,786,104</u>	<u>109,522,241</u>
LIABILITIES					
Current liabilities:					
Accounts payable	57,927	724,071	627,237	778,681	2,187,916
Claims and judgements payable			8,065,000		8,065,000
Accrued compensated absences		52,156	727,000	85,876	865,032
Deposits and other liabilities				41,344	41,344
Unearned revenue				122,000	122,000
Capital leases-current		563,647		575,580	1,139,227
Loans payable-current				702,225	702,225
Revenue bonds-current				1,610,000	1,610,000
Total current liabilities	<u>57,927</u>	<u>1,339,874</u>	<u>9,419,237</u>	<u>3,915,706</u>	<u>14,732,744</u>
Noncurrent liabilities:					
Capital leases		1,186,855		6,397,534	7,584,389
Loans payable				514,646	514,646
Revenue bonds (net of discount)				24,650,117	24,650,117
Total noncurrent liabilities	<u>0</u>	<u>1,186,855</u>	<u>0</u>	<u>31,562,297</u>	<u>32,749,152</u>
Total liabilities	<u>57,927</u>	<u>2,526,729</u>	<u>9,419,237</u>	<u>35,478,003</u>	<u>47,481,896</u>
NET ASSETS					
Invested in capital assets, net of related debt		7,229,889		35,305,365	42,535,254
Restricted for debt service				565,243	565,243
Unrestricted	1,660,564	5,706,168	(4,864,377)	16,437,493	18,939,848
Total net assets	<u>\$1,660,564</u>	<u>\$12,936,057</u>	<u>(\$4,864,377)</u>	<u>\$52,308,101</u>	<u>\$62,040,345</u>

City of Clovis
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008

	Self Insurance	Fleet	Employee Benefits	General Services	Total
Operating revenues:					
Charges for services	\$916,630	\$6,673,638	\$15,787,505	\$7,712,216	\$31,089,989
From other agencies		350,000			350,000
Other revenues				136,990	136,990
Total operating revenues	916,630	7,023,638	15,787,505	7,849,206	31,576,979
Operating expenses:					
Salaries and benefits	102,250	1,304,750	304,888	1,771,492	3,483,380
Services, materials and supplies	1,020,127	3,441,267	15,858,735	3,555,865	23,875,994
Administration	6,491	690,531	24,592	206,604	928,218
Depreciation		1,445,155		2,225,735	3,670,890
Total operating expenses	1,128,868	6,881,703	16,188,215	7,759,696	31,958,482
Operating income (loss)	(212,238)	141,935	(400,710)	89,510	(381,503)
Nonoperating revenues (expenses):					
Interest income	61,208	180,834	152,072	729,705	1,123,819
Interest expense		(41,500)		(1,717,238)	(1,758,738)
Sales tax override				4,187,021	4,187,021
Gain (loss) on sale of capital assets		(28,449)		30,997	2,548
Total nonoperating revenue (expense)	61,208	110,885	152,072	3,230,485	3,554,650
Income before contributions and transfers	(151,030)	252,820	(248,638)	3,319,995	3,173,147
Capital contributions		251,883			251,883
Transfers in				250,000	250,000
Changes in net assets	(151,030)	504,703	(248,638)	3,569,995	3,675,030
Total net assets-beginning	1,811,594	12,431,354	(4,615,739)	48,738,106	58,365,315
Total net assets-ending	\$1,660,564	\$12,936,057	(\$4,864,377)	\$52,308,101	\$62,040,345

City of Clovis
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	<u>Self Insurance</u>	<u>Fleet</u>	<u>Employee Benefits</u>	<u>General Services</u>	<u>Total</u>
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$1,000,251	\$6,902,135	\$15,814,560	\$7,831,698	\$31,548,644
Payments to suppliers	(976,800)	(4,662,791)	(15,209,545)	(4,432,310)	(25,281,446)
Payments to employees	(102,250)	(1,316,759)	(232,888)	(1,771,060)	(3,422,957)
Other operating revenues		350,000		166,153	516,153
Net cash provided/(used) by operating activities	<u>(78,799)</u>	<u>1,272,585</u>	<u>372,127</u>	<u>1,794,481</u>	<u>3,360,394</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Repayment of loans from/(to) other funds				145,000	145,000
Receipts from Sales Tax Override				4,187,021	4,187,021
Transfers-in from other funds				250,000	250,000
Net cash provided/(used) by noncapital financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,582,021</u>	<u>4,582,021</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(1,668,053)		(2,795,630)	(4,463,683)
Principal paid on loans, bonds and capital leases		(550,088)		(3,407,571)	(3,957,659)
Interest paid on loans, bonds and capital leases		(35,676)		(1,164,736)	(1,200,412)
Proceeds from capital leases		1,116,078			1,116,078
Proceeds from sale of property and equipment		48,604		200,459	249,063
Net cash provided/(used) by capital and related financing activities	<u>0</u>	<u>(1,089,135)</u>	<u>0</u>	<u>(7,167,478)</u>	<u>(8,256,613)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	63,796	206,374	174,859	762,908	1,207,937
Net cash provided by investing activities	<u>63,796</u>	<u>206,374</u>	<u>174,859</u>	<u>762,908</u>	<u>1,207,937</u>
Net increase/(decrease) in cash and cash equivalents	(15,003)	389,824	546,986	(28,068)	893,739
Cash and cash equivalents-beginning of year	574,615	4,587,100	3,898,404	17,927,745	26,987,864
Cash and cash equivalents-end of year	<u>\$559,612</u>	<u>\$4,976,924</u>	<u>\$4,445,390</u>	<u>\$17,899,677</u>	<u>\$27,881,603</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:					
Operating income/(loss)	<u>(\$212,238)</u>	<u>\$141,935</u>	<u>(\$400,710)</u>	<u>\$89,510</u>	<u>(\$381,503)</u>
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:					
Depreciation/amortization expense		1,445,155		2,225,735	3,670,890
(Increase)/decrease in accounts receivable	83,621	228,497	27,055	(2,518)	336,655
(Increase)/decrease in due from other governments				29,163	29,163
(Increase)/decrease in inventory		(79,673)			(79,673)
(Increase)/decrease in prepaid items		(952,924)			(952,924)
Increase/(decrease) in accounts payable	49,818	501,604	328,782	(669,841)	210,363
Increase/(decrease) in accrued compensated absences		(12,009)	72,000	432	60,423
Increase/(decrease) in claims and judgments payable			345,000		345,000
Increase/(decrease) in unearned revenue				122,000	122,000
Total adjustments	<u>133,439</u>	<u>1,130,650</u>	<u>772,837</u>	<u>1,704,971</u>	<u>3,741,897</u>
Net cash provided/(used) by operating activities	<u>(\$78,799)</u>	<u>\$1,272,585</u>	<u>\$372,127</u>	<u>\$1,794,481</u>	<u>\$3,360,394</u>

Noncash investing, capital, and financing activities:

During the year the Fleet Maintenance Fund, an internal service fund, received \$251,883 in donated assets.

Fiduciary Funds

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

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

Blackhorse 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, 2008

	Agency Funds						Total
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	
ASSETS							
Cash and investments	\$54,239	\$37,378	\$1,844,308	\$239,192	\$311,933	\$183,802	\$2,670,852
Cash with agent-restricted				177,134	305,563		482,697
Receivables	404	5,075		6,314	8,237	1,157	21,187
Total assets	<u>\$54,643</u>	<u>\$42,453</u>	<u>\$1,844,308</u>	<u>\$422,640</u>	<u>\$625,733</u>	<u>\$184,959</u>	<u>\$3,174,736</u>
LIABILITIES							
Accrued payroll			\$1,844,308				\$1,844,308
Agency funds payable	\$54,643	\$42,453		\$422,640	\$625,733	\$184,959	1,330,428
Total liabilities	<u>\$54,643</u>	<u>\$42,453</u>	<u>\$1,844,308</u>	<u>\$422,640</u>	<u>\$625,733</u>	<u>\$184,959</u>	<u>\$3,174,736</u>

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City of Clovis
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
Senior Citizen Memorial				
Assets				
Cash and investments	\$76,895	\$3,344	\$26,000	\$54,239
Receivables	1,120	404	\$1,120	404
Total assets	<u>\$78,015</u>	<u>\$3,748</u>	<u>\$27,120</u>	<u>\$54,643</u>
Liabilities				
Agency funds payable	\$78,015	\$3,748	\$27,120	\$54,643
Total liabilities	<u>\$78,015</u>	<u>\$3,748</u>	<u>\$27,120</u>	<u>\$54,643</u>
Blackhorse Assessment				
Assets				
Cash and investments	\$22,714	\$62,040	\$47,376	\$37,378
Receivables	201	5,075	201	5,075
Total assets	<u>\$22,915</u>	<u>\$67,115</u>	<u>\$47,577</u>	<u>\$42,453</u>
Liabilities				
Agency funds payable	\$22,915	\$67,115	\$47,577	\$42,453
Total liabilities	<u>\$22,915</u>	<u>\$67,115</u>	<u>\$47,577</u>	<u>\$42,453</u>
Payroll Tax and Withholding				
Assets				
Cash and investments	\$131,719	\$1,844,308	\$131,719	\$1,844,308
Receivables	3,272		3,272	0
Total assets	<u>\$134,991</u>	<u>\$1,844,308</u>	<u>\$134,991</u>	<u>\$1,844,308</u>
Liabilities				
Accrued Payroll	\$134,991	\$1,844,308	\$134,991	\$1,844,308
Total liabilities	<u>\$134,991</u>	<u>\$1,844,308</u>	<u>\$134,991</u>	<u>\$1,844,308</u>

Temperance/Barstow Assessment

Assets	
Cash and investments	\$166,892
Cash with agent-restricted	171,279
Receivables	3,114
Total assets	<u>\$341,285</u>
Liabilities	
Agency funds payable	\$172,055
Total liabilities	<u>\$184,224</u>
	<u>\$422,640</u>
	<u>\$99,755</u>
	<u>\$239,192</u>

Shepherd/Temperance Assessment

Assets	
Cash and investments	\$207,117
Cash with agent-restricted	295,462
Receivables	231
Total assets	<u>\$502,810</u>
Liabilities	
Agency funds payable	\$261,634
Total liabilities	<u>\$10,101</u>
	<u>\$279,972</u>
	<u>\$156,818</u>
	<u>\$311,933</u>

Asset Forfeiture

Assets	
Cash and investments	\$61,739
Receivables	2,039
Total assets	<u>\$63,778</u>
Liabilities	
Agency funds payable	\$126,622
Total liabilities	<u>1,157</u>
	<u>\$127,779</u>
	<u>\$4,559</u>
	<u>\$183,802</u>

Grand Total All Agency Funds

Assets	
Cash and investments	\$667,076
Cash with agent-restricted	466,741
Receivables	9,977
Total assets	<u>\$1,143,794</u>
Liabilities	
Accrued payroll	\$2,470,003
Agency funds payable	15,956
Total liabilities	<u>21,187</u>
	<u>\$2,507,146</u>
	<u>\$466,227</u>
	<u>\$2,670,852</u>

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Statistical Section

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

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Financial Trends	107
<p style="padding-left: 40px;">These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	115
<p style="padding-left: 40px;">These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax.</p>	
Debt Capacity	119
<p style="padding-left: 40px;">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.</p>	
Demographic and Economic Information	125
<p style="padding-left: 40px;">These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	128
<p style="padding-left: 40px;">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.</p>	

CITY OF CLOVIS
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2001	2002	2003	2004	2005	2006	2007	2008
Governmental activities:								
Invested in capital assets,								
net of related debt	\$ 25,631	\$ 37,978	\$ 57,643	\$ 173,735	\$ 204,308	\$ 240,241	\$ 294,905	\$ 375,445
Restricted	14,156	14,625	18,383	19,396	22,187	26,196	29,022	39,670
Unrestricted	<u>14,113</u>	<u>18,968</u>	<u>19,573</u>	<u>17,530</u>	<u>25,016</u>	<u>25,143</u>	<u>17,918</u>	<u>8,968</u>
Total net assets	<u>\$ 53,900</u>	<u>\$ 71,571</u>	<u>\$ 95,599</u>	<u>\$ 210,661</u>	<u>\$ 251,511</u>	<u>\$ 291,580</u>	<u>\$ 341,845</u>	<u>\$ 424,083</u>
Business-type activities:								
Invested in capital assets,								
net of related debt	\$ 36,884	\$ 44,177	\$ 59,628	\$ 71,643	\$ 75,486	\$ 82,793	\$ 94,552	\$ 105,729
Restricted	3,156	3,022	4,868	4,734	4,905	5,307	4,940	7,174
Unrestricted	<u>39,896</u>	<u>41,419</u>	<u>35,487</u>	<u>36,167</u>	<u>43,880</u>	<u>48,198</u>	<u>52,680</u>	<u>53,724</u>
Total net assets	<u>\$ 79,936</u>	<u>\$ 88,618</u>	<u>\$ 99,983</u>	<u>\$ 112,544</u>	<u>\$ 124,271</u>	<u>\$ 136,298</u>	<u>\$ 152,172</u>	<u>\$ 166,627</u>
Total Primary government:								
Invested in capital assets,								
net of related debt	\$ 62,515	\$ 82,155	\$ 117,271	\$ 245,378	\$ 279,794	\$ 323,034	\$ 389,457	\$ 481,174
Restricted	17,312	17,647	23,251	24,130	27,092	31,503	33,961	46,844
Unrestricted	<u>54,009</u>	<u>60,387</u>	<u>55,060</u>	<u>53,697</u>	<u>68,896</u>	<u>73,341</u>	<u>70,598</u>	<u>62,692</u>
Total net assets	<u>\$ 133,836</u>	<u>\$ 160,189</u>	<u>\$ 195,582</u>	<u>\$ 323,205</u>	<u>\$ 375,782</u>	<u>\$ 427,878</u>	<u>\$ 494,016</u>	<u>\$ 590,710</u>

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(IN THOUSANDS)

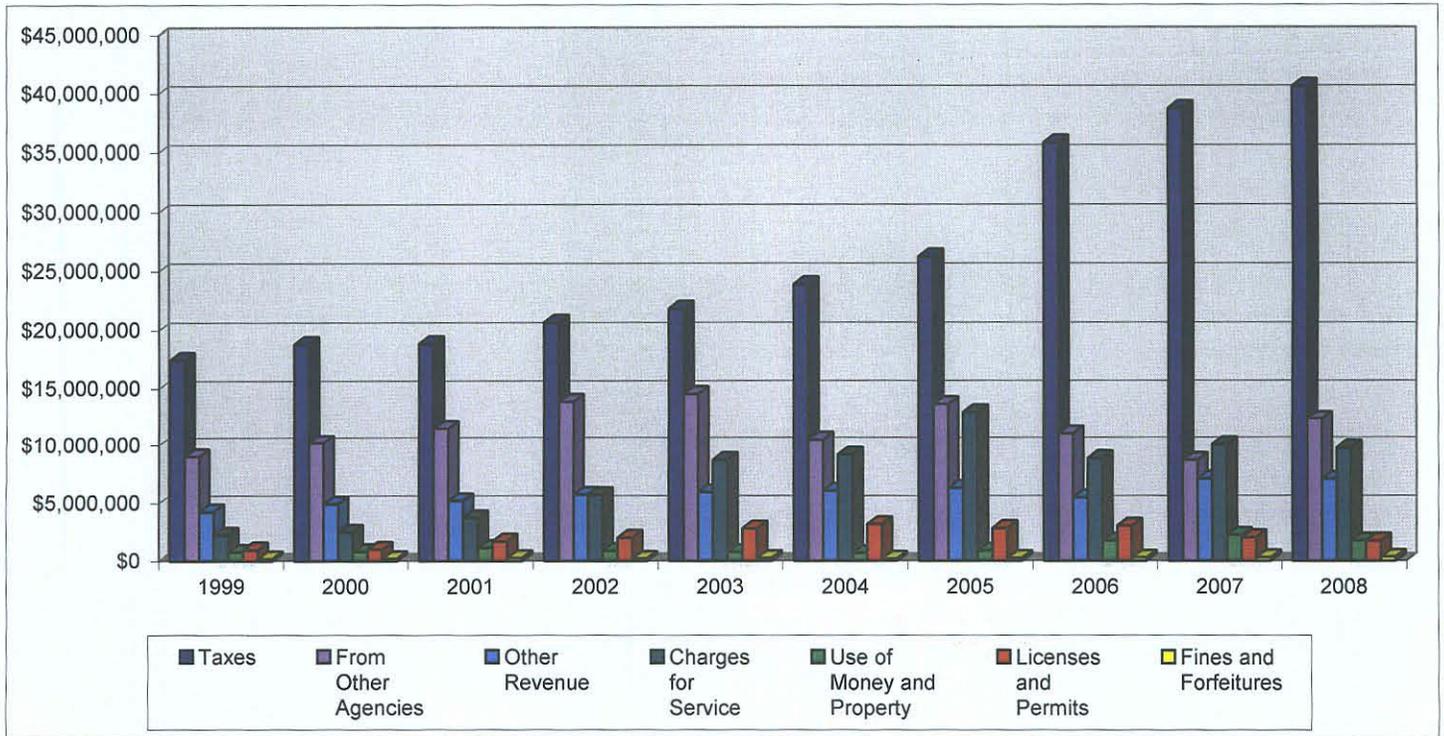
For the Fiscal Year Ended June 30,

	2001	2002	2003	2004	2005	2006	2007	2008
Expenses:								
Governmental activities:								
General government	\$ 2,993	\$ 3,263	\$ 3,685	\$ 3,691	\$ 3,697	\$ 4,668	\$ 5,319	\$ 5,495
Public safety	18,747	21,447	23,139	26,147	25,793	31,499	34,586	36,476
Transportation	3,461	6,520	5,998	8,296	9,715	6,658	7,932	7,982
Community development	6,350	7,477	7,985	8,775	9,370	10,377	11,531	11,437
Cultural and recreation	2,282	709	2,536	3,269	3,448	5,673	4,520	4,955
Special assessment	199	177	158	133	109	81	48	-
Total governmental activities expenses	<u>34,032</u>	<u>39,593</u>	<u>43,501</u>	<u>50,311</u>	<u>52,132</u>	<u>58,956</u>	<u>63,936</u>	<u>66,345</u>
Business-type activities:								
Refuse	6,767	7,341	8,513	9,740	10,646	10,849	10,997	12,207
Sewer	8,371	7,702	8,239	9,106	11,986	10,684	11,210	15,054
Water	6,000	6,944	8,474	11,838	11,707	13,175	13,087	13,672
Transit	1,537	1,686	2,021	2,184	2,300	2,618	2,678	3,397
Street Cleaning	528	533	616	675	674	862	871	963
Total business-type activities expenses	<u>23,203</u>	<u>24,206</u>	<u>27,863</u>	<u>33,543</u>	<u>37,313</u>	<u>38,188</u>	<u>38,843</u>	<u>45,293</u>
Total primary government expenses	<u>57,235</u>	<u>63,799</u>	<u>71,364</u>	<u>83,854</u>	<u>89,445</u>	<u>97,144</u>	<u>102,779</u>	<u>111,638</u>
Program revenues:								
Governmental activities:								
Charges for services:	13,286	17,403	21,338	20,001	23,734	23,993	25,484	26,909
Operating grants and contributions	807	622	1,171	593	807	836	626	581
Capital grants and contributions	3,270	6,128	11,064	22,324	28,413	32,044	41,644	73,664
Total governmental activities program revenues	<u>17,363</u>	<u>24,153</u>	<u>33,573</u>	<u>42,918</u>	<u>52,954</u>	<u>56,873</u>	<u>67,754</u>	<u>101,154</u>
Business-type activities:								
Charges for services:								
Refuse	7,181	7,329	7,692	8,423	10,531	12,100	13,055	14,115
Sewer	10,933	12,071	16,370	16,776	16,903	16,478	16,594	16,881
Water	9,368	10,131	12,100	14,688	16,517	14,572	16,242	18,784
Transit	1,725	1,841	2,049	2,158	2,402	2,658	3,626	3,658
Street Cleaning	404	417	432	582	857	896	926	945
Operating grants and contributions	293		40	21				
Capital grants and contributions	221	86	120	2,031	21	45	70	25
Total business-type activities program revenues	<u>30,125</u>	<u>31,875</u>	<u>38,803</u>	<u>44,679</u>	<u>47,231</u>	<u>46,749</u>	<u>50,513</u>	<u>54,408</u>
Total primary government program revenues	<u>47,488</u>	<u>56,028</u>	<u>72,376</u>	<u>87,597</u>	<u>100,185</u>	<u>103,622</u>	<u>118,267</u>	<u>155,562</u>

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>
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
2008	40,593,526	1,763,279	352,647	1,776,955	12,284,310	9,740,854	7,073,402	73,584,973

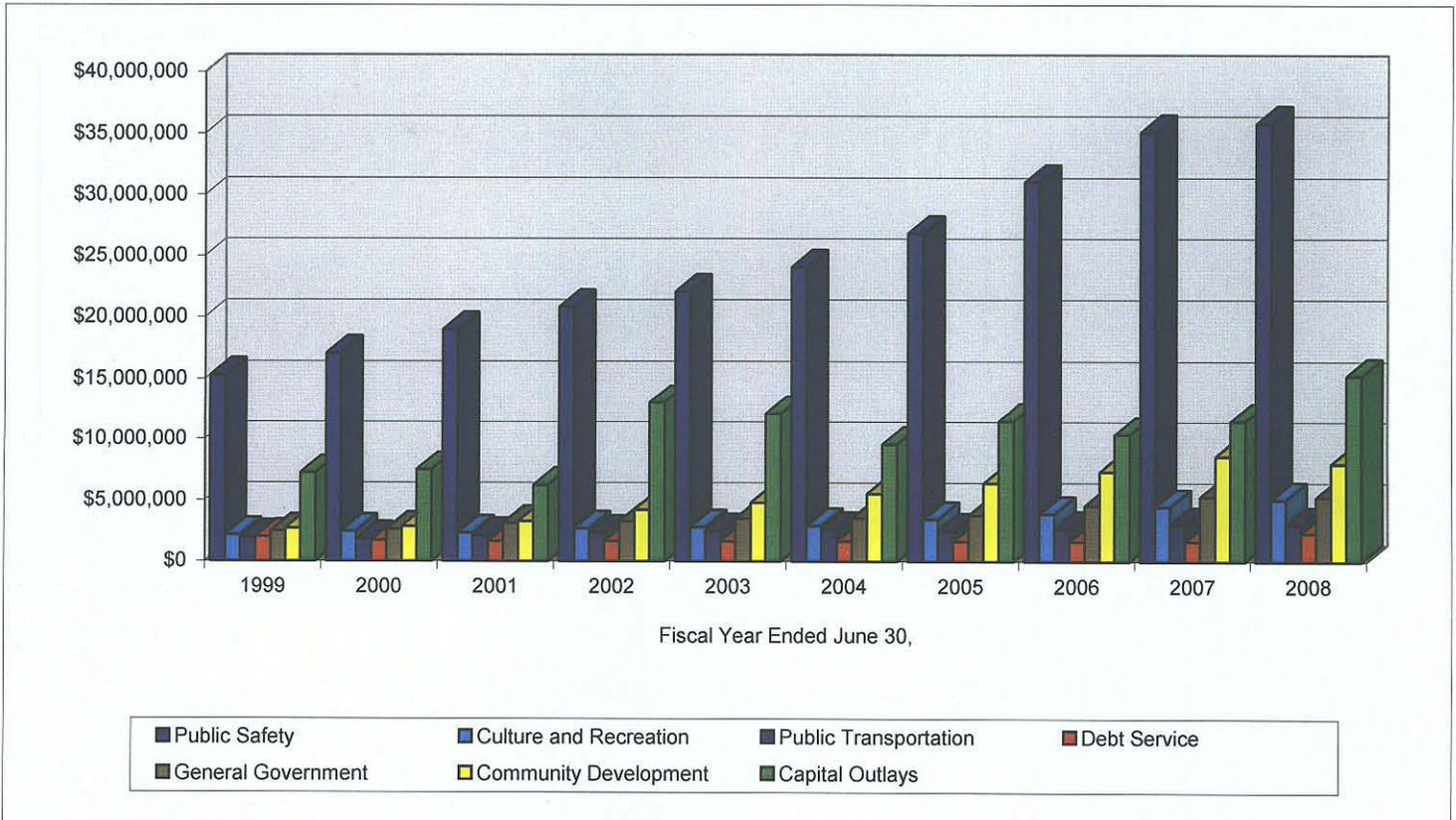
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



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

Fiscal Year Ended June 30,	General Government	Public Safety	Transportation	Community Development	Culture and Recreation	Debt Service	Capital Outlays	Total
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
2008	5,275,513	35,837,948	3,030,319	7,991,154	5,059,317	2,344,585	15,254,647	74,793,483

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,			
	1999	2000	2001	2002
Revenues:				
Property taxes	\$ 6,701,079	\$ 6,684,595	\$ 6,498,885	\$ 6,760,091
Sales taxes	6,658,222	7,640,792	7,529,386	8,466,653
Business license/Franchise	1,902,117	2,102,534	2,152,329	2,464,562
Other taxes	2,203,808	2,360,802	2,664,842	2,966,413
Licenses and permits	971,825	1,015,188	1,717,513	2,023,868
Fines and forfeitures	199,173	216,133	289,670	214,577
Use of money and property	764,565	817,599	1,140,316	892,720
From other agencies	9,034,918	10,188,873	11,530,110	13,863,809
Charges for current services	2,255,276	2,489,862	3,732,553	5,717,454
Other revenues	4,258,191	4,930,000	5,203,867	5,734,586
Total revenues	<u>34,949,174</u>	<u>38,446,378</u>	<u>42,459,471</u>	<u>49,104,733</u>
Expenditures				
Current:				
General government	2,478,656	2,640,237	3,129,716	3,278,172
Public safety	15,303,304	17,076,426	18,986,241	20,809,470
Transportation	1,863,006	1,885,719	2,142,989	2,338,575
Community development	2,828,210	2,859,578	3,279,301	4,243,891
Cultural and recreation	1,788,302	2,090,197	2,351,743	2,707,083
Debt service:				
Principal	970,807	897,705	849,603	891,501
Interest and fiscal charges	1,056,141	858,004	834,657	782,226
Bond issue costs				
Capital outlays	7,606,137	7,869,050	6,225,722	13,000,093
Total expenditures	<u>33,894,563</u>	<u>36,176,916</u>	<u>37,799,972</u>	<u>48,051,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,054,611</u>	<u>2,269,462</u>	<u>4,659,499</u>	<u>1,053,722</u>
Other financing sources (uses):				
Transfers in	1,139,385	959,355	1,410,400	2,135,000
Transfers out	(1,117,385)	(3,373,830)	(2,340,400)	(2,103,000)
Issuance of bonds	5,025,000	500,000		
Bond discount				
Payment to bond escrow agent	(5,323,895)			
Total other financing sources (uses)	<u>(276,895)</u>	<u>(1,914,475)</u>	<u>(930,000)</u>	<u>32,000</u>
Net change in Fund balances	<u>\$ 777,716</u>	<u>\$ 354,987</u>	<u>\$ 3,729,499</u>	<u>\$ 1,085,722</u>
Debt service as a percentage of noncapital expenditures	7.7%	6.2%	5.3%	4.8%

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

For the Fiscal Year Ended June 30,					
2003	2004	2005	2006	2007	2008
\$ 7,131,132	\$ 8,011,258	\$ 8,867,480	\$ 16,444,472	\$ 19,083,256	\$ 21,482,384
8,777,324	9,634,234	10,190,462	11,707,495	11,350,453	14,266,968
2,634,833	2,747,359	3,048,661	3,307,514	3,570,363	4,054,455
3,271,306	3,480,012	4,122,261	4,364,358	4,703,650	789,719
2,814,669	3,187,377	2,848,845	3,054,428	2,050,758	1,763,279
251,923	199,677	246,111	298,091	306,592	352,647
775,809	701,924	890,843	1,762,543	2,245,415	1,776,955
14,525,129	10,452,635	13,623,863	10,988,153	8,698,857	12,284,310
8,722,223	9,171,410	12,915,218	8,855,189	10,045,798	9,740,854
5,948,284	6,077,956	6,313,457	5,499,742	7,120,738	7,073,402
<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>	<u>73,584,973</u>
3,520,408	3,542,824	3,798,831	4,562,085	5,293,459	5,275,513
22,067,748	24,090,704	26,884,832	31,075,548	35,131,624	35,837,948
2,489,293	2,638,198	2,535,611	2,695,872	3,011,329	3,030,319
4,807,990	5,547,459	6,403,121	7,343,255	8,601,267	7,991,154
2,812,035	2,933,512	3,471,047	3,914,096	4,482,704	5,059,317
923,399	970,297	1,012,195	1,065,042	1,111,939	1,164,786
750,939	713,837	662,110	609,302	555,706	516,771
					663,028
<u>12,080,200</u>	<u>9,565,890</u>	<u>11,477,441</u>	<u>10,368,325</u>	<u>11,457,349</u>	<u>15,254,647</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>	<u>74,793,483</u>
5,400,620	3,661,121	6,822,013	4,648,460	(469,496)	(1,208,510)
889,400	1,004,694	1,338,300	1,615,000	1,624,000	899,000
(1,746,500)	(1,602,875)	(1,780,140)	(1,747,000)	(1,194,000)	(1,269,000)
					19,100,000
					(233,214)
					(7,162,780)
<u>(857,100)</u>	<u>(598,181)</u>	<u>(441,840)</u>	<u>(132,000)</u>	<u>430,000</u>	<u>11,334,006</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>	<u>\$ 10,125,496</u>
4.5%	4.2%	3.7%	3.3%	2.9%	3.9%

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

General Fund				
Fiscal Year Ended June 30,	Reserved	Unreserved Designated	Unreserved	Total
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
2008	5,122,197	3,107,000	147,846	8,377,043

All Other Governmental Funds				
Fiscal Year Ended June 30,	Reserved All Other Governmental Funds	Unreserved, reported in: Special Revenue Funds	Capital Projects Funds	Total
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
2008	11,936,400	7,510,064	19,772,680	39,219,144

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

Fiscal Year Ended June 30,	Real Property		Personal Property		Exemptions	Net		Ratio of Net Assessed Value to Total Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Homeowners	Assessed	Estimated Actual	
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%
2008	7,453,513,829	7,453,513,829	231,559,017	231,559,017	100,075,996	7,584,996,850	7,685,072,846	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 Auditor Controller/Treasurer Tax Collector

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>City of</u> <u>Clovis</u>	<u>Clovis Unified</u> <u>School District</u> <u>Bond</u>	<u>State Center</u> <u>General Obligation</u> <u>Bond</u>	<u>County Wide</u>	<u>Total</u>
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
2008	0.000000	0.197500	0.015618	1.000000	1.213118

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

Source: Fresno County Auditor Controller/Treasurer Tax Collector

**CITY OF CLOVIS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TWO YEARS AGO
(IN THOUSANDS)**

<u>Taxpayer</u>	<u>2008</u>		<u>2007</u>		<u>2006</u>	
	<u>Taxable Assessed</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed</u>	<u>Percent of Total City Taxable Assessed Value</u>
Pelco	\$98,583	1.30%	\$45,932	0.70%	\$41,931	0.77%
Fresno Community Hospital/Medical Ctr	90,353	1.19	78,814	1.21	11,078	0.20
Prindiville Dennis Trustee	67,270	0.89	31,280	0.48	55,564	1.02
Fletcher K LLC	39,617	0.52	0	0.00	-	0.00
Regency Cahan-Clovis LLC	37,884	0.50	34,509	0.53	-	0.00
Copper Beech Townhome Communities	25,221	0.33	24,724	0.38	-	0.00
Anlin Industries	22,348	0.29	22,498	0.34	21,234	0.39
Burgess Smith & Wathen Partnership VII	18,534	0.24	-	0.00	-	0.00
Vons Companies, Inc	19,891	0.24	19,386	0.30	20,162	0.37
Brown Garold C Family LTD Partnership	18,534	0.26	18,165	0.28	8,332	0.15
Kaiser Foundation Health Plan Inc	17,755	0.24	17,258	0.26	17,088	0.31
Save Mart Supermarkets	17,287	0.23	17,143	0.26	26,075	0.48
Clovis Coventry Place LP	16,907	0.23	16,591	0.25	-	0.00
Herndon-Temperance Apartments LLC	15,548	0.22	-	0.00	-	0.00
	<u>\$505,732</u>	<u>6.67%</u>	<u>\$326,300</u>	<u>5.00%</u>	<u>\$201,464</u>	<u>3.69%</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>
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 %*
2008	10,136,188	9,482,359	93.55%	608,225	10,090,584	99.6%	463,224	4.570 %*

Notes: Amounts include only General Fund tax collections.

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

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

CITY OF CLOVIS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT 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>
Governmental Activities								
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
2008	19,100,000	0	0	0	26,765,000	1,224,096	47,089,096	499
Business-type Activities								
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
2008	0	0	0	0	156,157,035	17,194,949	173,351,984	1,839
Total Primary Government								
2001	\$9,940,000	\$4,000,000	\$1,944,998	\$3,485,000	\$58,654,885	\$24,768,299	\$102,793,182	\$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
2008	19,100,000	0	0	0	182,922,035	18,419,045	220,441,080	2,338

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30.</u>	<u>Estimated</u> <u>Population</u>	<u>Assessed</u> <u>Valuation</u>	<u>Gross Bonded</u> <u>Debt (1)</u>	<u>Less Debt</u> <u>Service Fund</u>	<u>Net</u> <u>Bonded Debt</u>	<u>Ratio of Net</u> <u>Bonded Debt to</u> <u>Assessed Value</u>	<u>Net</u> <u>Bonded Debt</u> <u>Per Capita</u>
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
2008	94,278	7,584,996,850	0	0	0	0.00%	0

(1) Amount does not include special assessment bonds.

Source: Fresno County Auditor Controller/Treasurer Tax Collector

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

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
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%
2008	0	0	0	74,793,483	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, 2008

2007-2008 Assessed Valuation: \$7,059,140,529 (after deducting \$625,932,317 redevelopment incremental valuation)

<u>Direct and Overlapping Bonded Debt:</u>	<u>% Applicable</u>	<u>Debt</u>
<u>Direct Bonded Debt:</u>		
City of Clovis 1915 Act Bonds	100.000%	\$1,695,000
City of Clovis Lease Revenue Bonds	100.000%	17,185,000
Total Gross Direct Bonded Debt		<u>18,880,000</u>
<u>Overlapping Bonded Debt:</u>		
Fresno County General Fund Obligations	12.652%	\$11,623,392
Fresno County Pension Obligations	12.652%	66,523,299
State Center Community College District	11.458%	11,233,996
Clovis Unified School District	37.210%	109,262,233
Clovis Unified School District Certificates of Participation	37.210%	14,885,861
Fresno Unified School District	2.476%	6,558,893
Fresno Unified School District General Fund Obligations	2.476%	1,791,510
City of Fresno Assessment District No. CD-3	1.553%	4,814
Total Gross Overlapping Bonded Debt		<u>221,883,998</u>
Total Gross Direct and Overlapping Bonded Debt		<u>240,763,998 (1)</u>
Total Net Direct and Overlapping Bonded Debt		<u><u>\$240,763,998</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:

Combined Direct Debt (\$17,185,000)	0.243%
Combined Total Debt	3.411%

Share of Authorized and Unsold Bonds:

City of Clovis	\$2,000,000
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State School Building Aid Repayable as of 6/30/08: \$0

Source: California Municipal Statistics & City of Clovis

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

Fiscal Year Ended June 30,	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit As a Percentage of Debt Limit
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
2008	1,152,760,927	0	1,152,760,927	0

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2008

Assessed Valuations:

Assessed Value	\$7,584,996,850
Add back exempt property	<u>100,075,996</u>

Total Assessed Value \$7,685,072,846

Legal Debt Margin:

Debt Limitation-15 percent of total assessed value \$1,152,760,927

Debt applicable to Limitation:

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

Total debt applicable to Limitation 0

Legal Debt Margin: \$1,152,760,927

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

REFUSE DISPOSAL FUND

Fiscal Year Ended <u>June 30,</u>	Gross <u>Revenues (1)</u>	Operating <u>Expenses (2)</u>	Net Revenue Available for <u>Debt Service</u>	Debt Service Requirements (3)			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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
2008	14,413,377	11,289,716	3,123,661	450,000	334,005	784,005	3.98

SEWER SERVICE FUND

Fiscal Year Ended <u>June 30,</u>	Gross <u>Revenues (4)</u>	Operating <u>Expenses (2)</u>	Net Revenue Available for <u>Debt Service</u>	Debt Service Requirements (3)			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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
2008	15,988,470	6,561,113	9,427,357	120,000	5,323,098	5,443,098	1.73

WATER SERVICE FUND

Fiscal Year Ended <u>June 30,</u>	Gross <u>Revenues (4)</u>	Operating <u>Expenses (2)</u>	Net Revenue Available for <u>Debt Service</u>	Debt Service Requirements (3)			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2003	\$12,765,864	\$7,266,754	\$5,499,110	\$0	\$156,681	\$156,681	35.10
2004	17,378,541	8,583,054	8,795,487	510,000	1,954,862	2,464,862	3.57
2005	17,104,834	8,520,587	8,584,247	450,000	1,952,450	2,402,450	3.57
2006	14,183,983	9,136,113	5,047,870	460,000	1,944,222	2,404,222	2.10
2007	14,288,867	9,366,877	4,921,990	465,000	1,935,138	2,400,138	2.05
2008	12,651,179	9,470,680	3,180,499	1,320,000	1,915,967	3,235,967	0.98

- (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**

Fiscal Year Ended <u>June 30,</u>	City <u>Population</u>	<u>% Change</u>	Fresno County <u>Population</u>	City Population as % of <u>County Population</u>	Fresno County Unemployment <u>Rate</u>
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 %
2008	94,278	2.18%	931,098	10.13%	9.70 %

Sources: County of Fresno

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>2008</u>		<u>1999</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	5,100	11.51%	3,200	8.60%
Pelco	2,044	4.61	1,000	2.69
Clovis Community Hospital	900	2.03	460	1.24
City of Clovis	799	1.80	506	1.36
Target	460	1.04	147	0.40
Wal-Mart	323	0.73	360	0.97
Alorica	350	0.79		
A T & T	300	0.68		
Savemart	288	0.65	202	
Costco	230	0.52	213	0.57

* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2008.

Source: Employment Development Department

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

<u>Function</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>	<u>2008</u>
<u>Governmental Activities</u>										
General Government	22.900	23.000	23.000	23.000	23.250	23.250	26.050	29.050	30.750	29.750
Public Safety										
Police	122.000	127.000	133.000	135.000	137.000	141.000	146.000	158.000	170.000	174.000
Fire	55.000	60.000	61.000	61.000	61.000	61.000	65.000	71.000	76.000	76.000
Transportation	13.350	13.350	13.350	13.350	13.600	13.600	13.600	13.700	13.800	13.500
Community Development	41.250	42.250	52.250	52.250	55.250	58.250	60.250	65.250	67.250	62.250
Culture & Recreation	19.225	22.475	25.225	25.225	25.475	25.475	26.475	32.475	37.225	43.525
Internal Service	25.300	27.200	29.200	29.200	29.950	30.950	31.150	33.050	34.950	38.450
Total Governmental Activities	<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>	<u>437.475</u>
<u>Business-Type Activities</u>										
Refuse	26.100	28.550	29.550	36.050	36.050	36.050	35.200	37.400	37.610	39.610
Sewer	8.300	9.550	9.050	9.050	9.300	9.300	9.300	9.650	10.750	11.000
Water	19.200	19.500	22.000	22.000	24.250	24.250	30.100	30.550	32.750	34.750
Street Cleaning	4.250	4.250	5.250	4.750	4.750	4.750	4.750	5.750	5.790	5.840
Transit	6.125	13.875	14.125	14.125	16.125	17.125	17.125	17.125	19.125	22.325
Total Business-Type Activities	<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>	<u>113.525</u>
Total Full-Time Employees	<u>363.000</u>	<u>391.000</u>	<u>417.000</u>	<u>425.000</u>	<u>436.000</u>	<u>445.000</u>	<u>465.000</u>	<u>503.000</u>	<u>536.000</u>	<u>551.000</u>

Source: City of Clovis

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

Internal Service Functions have been included in Governmental Activities.

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

	<u>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>	<u>2008</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	3	3	4	4	4	4	4	4	4	5
Public utilities:										
Streets (miles)	283	207	288	293	328	345	353	361	369	313
Streetlights	5562	5617	5840	6000	6688	7113	7311	7744	8391	8929
Cultural and recreation:										
Parks	32	36	37	37	42	45	45	46	46	50
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	277	318	341	349	369	384	403	421	440	459
Sewer										
Sanitary sewers (miles)	227	237	248	256	274	285	300	310	330	342

Source: City of Clovis

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

	<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>	<u>2008</u>
Police:										
Arrests	4,103	4,435	3,874	3,968	4,185	4,422	4,162	5,521	5,168	4,761
Parking citations issued	2,240	2,169	1,868	1,447	2,558	2,736	2,054	2,810	2,501	1,596
Fire:										
Number of emergency calls	4,270	4,864	5,309	5,372	5,377	5,813	6,722	6,994	6,184	6,492
Parks and recreation:										
Number of recreation classes	31	63	105	116	121	142	154	189	305	270
Number of facility rentals	4	4	4	5	5	5	5	5	5	5
Water:										
New connections	1,002	510	712	1,240	1,958	1,377	1,018	1,185	1,005	573
Average daily consumption (thousands of gallons)	16,236	17,234	17,478	18,241	19,135	21,738	20,945	23,253	25,416	25,521
Sewer:										
New connections	1,002	510	712	1,240	1,958	1,377	1,018	1,185	1,005	573
Average daily sewage treatment (thousands of gallons)	6,187	6,181	6,555	6,390	6,700	6,937	7,017	7,088	7,210	7,365

Source: City of Clovis

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

	<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>	<u>2008</u>
Valuation (in Thousands)										
Residential	\$83,149	\$79,829	\$171,245	\$220,321	\$363,549	\$419,823	\$325,085	\$299,916	\$189,387	\$126,584
Non-residential	26,770	36,202	47,437	54,611	60,489	55,689	88,842	81,513	85,670	81,666
Total	<u><u>\$109,919</u></u>	<u><u>\$116,031</u></u>	<u><u>\$218,682</u></u>	<u><u>\$274,932</u></u>	<u><u>\$424,038</u></u>	<u><u>\$475,512</u></u>	<u><u>\$413,927</u></u>	<u><u>\$381,429</u></u>	<u><u>\$275,057</u></u>	<u><u>\$208,250</u></u>
New Dwelling Units										
Single Family	397	386	821	1007	1510	1542	1144	954	688	408
Multiple Family	178	0	0	82	87	490	105	302	30	116
Total	<u><u>575</u></u>	<u><u>386</u></u>	<u><u>821</u></u>	<u><u>1089</u></u>	<u><u>1597</u></u>	<u><u>2032</u></u>	<u><u>1249</u></u>	<u><u>1256</u></u>	<u><u>718</u></u>	<u><u>524</u></u>

Source: City of Clovis Building Department

CITY OF CLOVIS
MISCELLANEOUS STATISTICS
JUNE 30, 2008

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees	664
Area (square miles)	23.14
Miles of Streets	313
Number of Street Lights	8,929
Fire Protection:	
Number of Stations	5
Number of Firefighters and Officers	68
Police Protection:	
Number of Police Officers and Other Sworn Personnel	116
Water Department:	
Number of Water Services	29,634
Miles of Water Mains	459
Sewers:	
Miles of Sanitary Sewers	342

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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, 2008, and have issued our report thereon dated November 25, 2008. 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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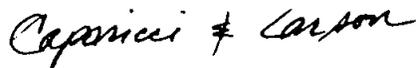
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To the Honorable Mayor and Members of City Council
of the City of Clovis
Clovis, California
Page 2

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.



San Diego, California
November 25, 2008

**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, 2008. 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, 2008. 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, 2008, and have issued our report thereon dated November 25, 2008. 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.

Capricci & Carlson

San Diego, California
November 25, 2008

**City of Clovis
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2008**

Federal Grantor/Pass - Through Grantor Program Title	CFDA Number	Agency or Pass Through Number	Expenditures
FEDERAL AWARDS:			
U.S. Department of Housing and Urban Development			
<i>Passed through County of Fresno:</i>			
Community Development Block Grant	14.218	B92UC06-003	\$ 705,064
Total U.S. Department of Housing and Urban Development			705,064
U.S. Department of Justice			
<i>Direct Programs:</i>			
Bulletproof Vest Partnership Program Grant	16.607	n/a	5,469
Justice Assistance Grant Program	16.710*	2006CKWX0690	320,000
	16.738	n/a	17,038
Total U.S. Department of Justice			342,507
U.S. Department of Labor			
<i>Passed through County of Fresno:</i>			
Workforce Investment Board - WIA Youth Activities	17.259*	340	255,042
Total U.S. Department of Labor			255,042
U.S. Department of Transportation			
<i>Passed through State Department of Transportation:</i>			
Highway Planning and Construction	20.205	06-5208	1,477,360
<i>Passed through CA Office of Traffic Safety:</i>			
State and Community Highway Safety	20.600*	AL0622, OP0608, PS0802, PT0833	261,742
Total U.S. Department of Transportation			1,739,102
U.S. Department of Health and Human Services			
<i>Passed through Fresno-Madera Area Agency on Aging:</i>			
Special Programs for the Aging, Title III, Part B (cluster)	93.044	960050	20,724
Special Programs for the Aging, Title III, Part C (cluster)	93.045	960051	11,430
Total U.S. Department of Health and Human Services			32,154
U.S. Department of Homeland Security			
<i>Direct Program:</i>			
Homeland Security Program (SHSP)	97.073	01900000	156,125
Total U.S. Department of Homeland Security			156,125
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,229,994

* Denotes 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, 2008

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 is included in the Schedule.

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

City of Clovis
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2008

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>
Public Safety Partnership and Community Policing Grant	\$ 320,000
WIA Youth Activities	255,042
State and Community Highway Safety	261,742
Total Major Program Expenditures	\$ 836,784
Total Federal Award Expenditures	\$ 3,229,994
Percent of Total Federal Award Expenditures	25.91%

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

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No financial statement findings were noted.

City of Clovis
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2008

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

No findings or questioned costs were noted on the City's major programs for the fiscal year ended June 30, 2008.

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

No findings or questioned costs were noted on the City's major programs for the fiscal year ended June 30, 2007.



**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, 2008, and have issued our report thereon dated November 25, 2008.

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.

San Diego, California
November 25, 2008

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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 Schedules of the City of Clovis, California (City) for the year ended June 30, 2008. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City management is responsible for the Appropriations Limit Schedules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings were described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ended June 30, 2008, 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

San Diego, California
November 25, 2008

City of Clovis
Appropriations Limit Schedule
For the year ended June 30, 2008

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2006-07	\$ 99,718,899	Prior Year
B. Calculation Factors:		
Population increase %	1.0258	State Department of Finance
Inflation increase %	1.0916	City of Clovis' Building Department
Total adjustment %	1.1198	B1*B2
C. Annual Adjustment Increase	11,942,662	A*(B3-1)
D. Other Adjustments:		
Loss responsibility (-)	-	N/A
Transfer to private (-)	-	N/A
Transfer to fee (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total Adjustments	11,942,662	(C+D)
F. Appropriations Limit FY 2007-08	\$ 111,661,561	(A+E)

City of Clovis
Notes to Appropriations Limit Schedule
For the year ended June 30, 2008

1. PURPOSE OF LIMITED PROCEDURES REVIEW

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

2. METHOD OF CALCULATION

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

3. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for the year 2007-2008 represents the annual percentage change for per capita personal income.

4. POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the county where the jurisdiction is located. The factor adopted by the City for the year 2007-2008 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, 2008.