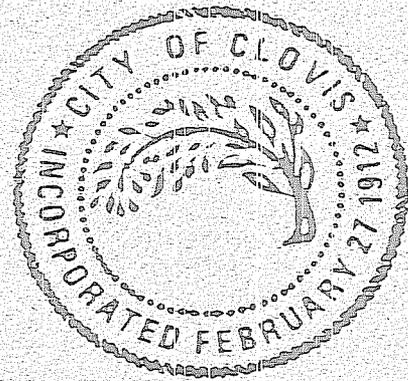


CITY OF
CLOVIS

CALIFORNIA



*Comprehensive
Annual
Financial
Report*

For the Fiscal Year ended
June 30, 2012

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**CITY OF CLOVIS
CALIFORNIA**



JOSE FLORES, MAYOR

**LYNNE ASHBECK, MAYOR PRO-TEM
HARRY ARMSTRONG, COUNCILMEMBER
NATHAN F. MAGSIG, COUNCILMEMBER
ROBERT WHALEN, COUNCILMEMBER**

ROBERT WOOLLEY, CITY MANAGER

Prepared by City of Clovis Finance Department

Jamie G. Hughson, Finance Director

**CITY OF CLOVIS
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Page No.</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	3
GFOA Certificate of Achievement	8
Organizational Chart.....	9
List of Principal Officials	10
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report.....	13
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet-Governmental Funds.....	32
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance of Governmental Funds to the Statement of Activities	34
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual:	
General Fund.....	35
Local Transportation Special Revenue Fund	36
Statement of Net Assets-Proprietary Funds	38
Statement of Revenues, Expenses and Changes in Net Assets-Proprietary Funds	40
Statement of Cash Flows-Proprietary Funds	42
Statement of Fiduciary Net Assets-Fiduciary Funds	44
Statement of Changes in Fiduciary Net Assets.....	45
Notes to the Financial Statements	46
Required Supplementary Information:	
Schedule of Funding Progress-Public Employees Retirement System	76
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet-Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds	80
Schedules of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual:	
Community Development Capital Projects Fund	82
Off Highway Use Special Revenue Fund.....	83
Workforce Investment Special Revenue Fund	84
Housing & Community Development Special Revenue Fund.....	85
Community Development Debt Service Fund.....	86
1976 Fire and Sewer Debt Service Fund	87
Parks and Recreation Capital Projects Fund.....	88
Refuse Equipment Capital Projects Fund.....	89
Combining Statement of Net Assets-Internal Service Funds	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets-Internal Service Funds	93
Combining Statement of Cash Flows-Internal Service Funds.....	94
Combining Statement of Fiduciary Net Assets.....	96

**CITY OF CLOVIS
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Page No.

Combining Statement of Changes in Assets and Liabilities-Agency Funds	98
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STATISTICAL SECTION

Net Assets By Component	103
Changes in Net Assets	104
General Government Revenues by Source	106
General Government Expenditures by Function	107
Changes in fund Balance of Governmental Funds	108
Fund Balance of Governmental Funds	110
Assessed and Estimated Actual Value of Property	111
Property Tax Rates-Direct and Overlapping Government	112
Principal Property Tax Payers	113
Property Tax Levies and Collections	114
Ratios of Outstanding Debt by Type	115
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	116
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt	117
Computation of Direct and Overlapping Bonded Debt	118
Computation of Legal Debt Margin	119
Revenue Bond Coverage	120
Demographic Statistics	121
Principal Employers	122
Full-Time City Employees	123
Capital Asset Statistics by Function	124
Operating Indicators by Function	125
Building Permit Valuations	126
Miscellaneous Statistics	127

SINGLE AUDIT SECTION

Independent Auditors' 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	131
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control over Compliance in Accordance with OMB Circular A-133	133
Schedule of Expenditures of Federal Awards	135
Notes to the Schedule of Expenditures of Federal Awards	136
Schedule of Findings and Questioned Costs	137
Independent Auditors' Report on Compliance Based on an Audit of the Basic Financial Statements as Related to the Local Transportation Purpose Funds	140
Independent Accountants' Report on Agreed-Upon Procedures Applied to the Appropriations Limit Schedule of the City of Clovis, California	141
Appropriations Limit Schedule	143
Notes to Appropriations Limit Schedule	144

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CITY OF CLOVIS

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

December 10, 2012

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, 2012.

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

The City of Clovis' financial statements have been audited by Pun & McGeady LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clovis for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Clovis' financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the City of Clovis was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal

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

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

Profile of the Government

The City of Clovis, incorporated in 1912, as a general law city of the State of California, is located near the middle of the state in the San Joaquin Valley. The Central Valley is considered to be a national and world leader in the agricultural industry. The City of Clovis currently occupies over 23 square miles and serves a population of 98,611.

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. Prior to February 1, 2012, some community development services were provided through a legally separate Redevelopment Agency, which functioned as a department of the City of Clovis. As a result of the passage of Assembly Bill 1X 26 which was signed into law as part of the State's budget package on June 29, 2011 and upheld by the Supreme Court of the State of California on December 29, 2011, all California redevelopment agencies were dissolved effective February 1, 2012. On January 9, 2012, the City Council of the City of Clovis adopted Resolution No. 12-03 electing to become the successor agency for the former Clovis Community Development Agency and retain the housing assets and functions previously performed by the dissolved Agency. Additional information on the recent changes in redevelopment agencies can be found in Note I.D.12 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 80.

Factors Affecting Financial Condition

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

Local economy. The local economy is experiencing a slow recovery from the economic downturn of recent years. Property values experienced a decrease from the prior year but are expected to stabilize during the next year. Sales taxes experienced increases from the prior year and are expected to grow at 6.4% during the next year due to various retail shops opening at the Clovis Crossing Regional Shopping Center at Clovis and Herndon Avenues. Building activity continues to be slower than the 10 year average however is improving compared to the past few years. The City has implemented two economic development programs designed to attract businesses to expand or relocate to Clovis. The City's unemployment rate still ranks one of the lowest in the area, lower than the national average and the State of California average.

The City experienced a 1.43% growth in population in 2012 compared to the ten year average growth rate of 3.10%. The City has three major retail centers and is underway with the Clovis Crossing Shopping Center with approximately 450,000 square feet of retail space on 49 acres. This shopping center will be anchored with Walmart and includes Dick's Sporting Goods, PetCo, Old Navy, HomeGoods and other retailers beginning with the opening of Dick's Sporting Goods in early Fall 2012. This center will bring more jobs and sales tax revenues to the City and illustrates the importance of Clovis as a regional marketing location. The Clovis Community Hospital continues its \$300 million expansion and renovation project. The Outpatient Care Center renovation is completed and construction is now focused on the hospital's inpatient expansion schedule to be completed in 2013. This expansion and renovation will nearly double the hospital's capacity for private rooms. This expansion is one of the biggest job creation projects in Fresno County in recent years, creating approximately 4,000 construction jobs with approximately 65% of construction labor from local labor.

Along with other significant employers, Pelco, an international manufacturer of security equipment and systems and Federal Express are located in the City's industrial park with a combined employment of over 1,300. Of the 39,900 total jobs in Clovis 10,295 jobs are generated by the top ten employers. The City continues to market 125 acres of the City's Central Valley Research and Technology Business Park and the former DMV site in Old Town Clovis.

The City of Clovis is part of the Fresno/Clovis Metropolitan Area. This includes the City of Clovis, City of Fresno and developed areas of the County of Fresno in and around the cities of Clovis and Fresno. The population of the area is approximately 942,000. There are approximately 378,000 jobs in Fresno County. The county-wide unemployment rate is about 15.2%, not seasonally adjusted, which decreased from 16.8% last year. Normally the area experiences higher rates than other counties since Fresno County has a high agricultural employment sector. The City of Clovis has an unemployment rate of about 7% with 38,967 employed out of a workforce of 41,900.

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

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

To finance the current growth, the City has in place a variety of user and developer fees to pay for streets, parks, water wells and lines, and sewer lines. The City reviews these fees on an annual basis to assure that the fee structure is in line with the cost of construction. The Water Fund has a planned 5% increase programmed for 2012 and a 0% increase for 2013. The Sewer Fund has planned increases of 6%, 5%, and 4% over the next 3 years respectively with annual increases of 3% starting in 2015 and beyond. The Community Sanitation Fund has annual increases of 4% that will be implemented if needed.

Structurally Balanced Budget Policy. Prior to the economic recession, in 2006/07 the City Council utilized the emergency reserve when budgetary demand for services exceeded available resources. However, in the fall of 2007 when the decline in building activity began, the Council acted quickly to cut costs and services in an attempt to balance the budget. Although it was necessary in 2007/08 to utilize additional funds from the emergency reserve the efforts of the Council to develop a “structurally balanced budget” has paid off and the reserve has been rebuilt and now represents nearly 12% of the general fund budgeted expenditures. The Council is determined to maintain a structurally balanced budget where current estimated expenditures are within projected current revenues in order to provide budgetary stability for all operating budgets.

Assigned for Emergencies. The City currently has a policy to assign a portion of its fund balance for emergencies. These emergencies can range from major catastrophic incidents to significant economic downturns. The City Council annually considers an increase in the fund balance assigned for emergencies whenever there is unexpected or one-time revenue or expenditure savings are realized. The use of the assigned fund balance must be approved by 4/5ths of the council.

Awards and Acknowledgements

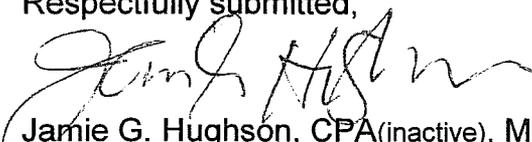
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clovis for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the twenty-fourth consecutive year that the City has 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, 2012. In order to qualify for the Distinguished Budget Presentation Award, the governments’ budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report has been accomplished with the efficient and dedicated service of the City’s Finance Department. I would like to express my appreciation to everyone who assisted in its preparation, especially Barbara Melendez, Ellen Bolding, Bill Casarez, Jay Schengel, and Susan Evans.

Respectfully submitted,



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

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, 2011

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.



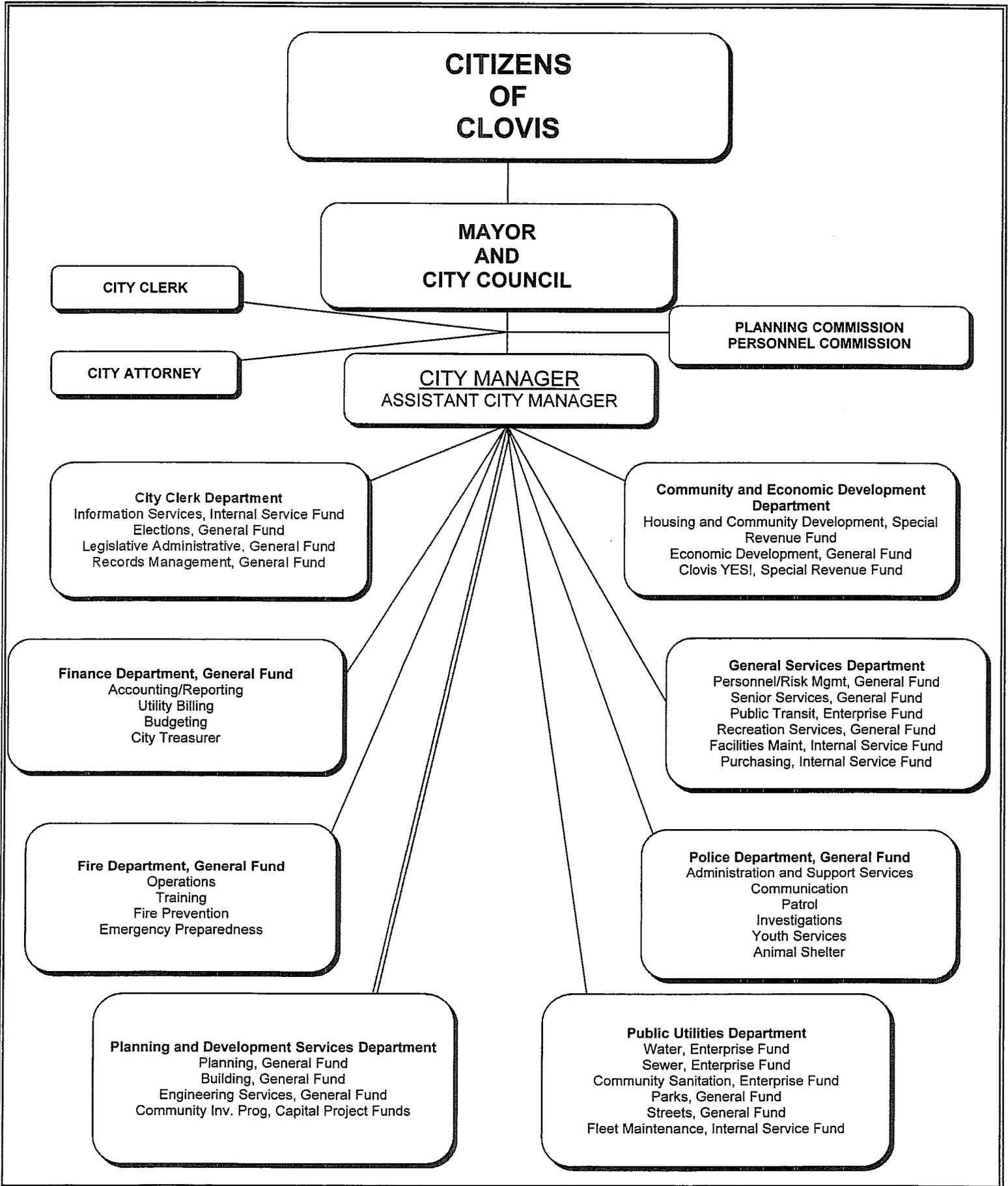
Linda C. Davidson

President

Jeffrey R. Emery

Executive Director

CITY OF CLOVIS ORGANIZATION CHART



CITY OF CLOVIS
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2012

<u>Title</u>	<u>Name</u>
<i>City Manager</i>	<i>Robert Woolley</i>
<i>Assistant City Manager/City Clerk</i>	<i>John Holt</i>
<i>Public Utilities Director</i>	<i>Michael Leonardo</i>
<i>Finance Director/City Treasurer</i>	<i>Jamie G. Hughson</i>
<i>Police Chief</i>	<i>Janet Davis</i>
<i>Fire Chief</i>	<i>Lee Kraft</i>
<i>Planning & Development Services Director</i>	<i>Dwight Kroll</i>
<i>General Services Director</i>	<i>Robert Ford</i>
<i>Community & Economic Development Director</i>	<i>Tina Sumner</i>

FINANCIAL

SECTION



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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 (the "City"), as of and for the year ended June 30, 2012, 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 opinions on these financial statements based on our audit.

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

As discussed in Note I.D.12 to Financial Statements, on December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies. Accordingly, the Clovis Community Development Agency, a component unit of the City, was dissolved on February 1, 2012. On January 9, 2012, the City Council adopted a resolution and assumed the housing functions from the former Clovis Community Development Agency. All housing assets, as defined by AB X1 26, were transferred to the City and reported in the Housing and Community Development Special Revenue Fund, and the remaining assets, net of liabilities, were transferred to the Redevelopment Successor Agency on February 1, 2012.

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, 2012, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund and the Local Transportation Special Revenue Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Public Employees Retirement System Schedule of Funding Progress on pages 15 through 27 and 76, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, Budget Comparison Schedules, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rick E. McGeedy LLP

San Diego, California
November 27, 2012

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, 2012. 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 \$674 million, which is 4% greater than 2011. Of this amount, \$52 million, 13% less than 2011, is in unrestricted net assets, which is available to meet the City's ongoing commitments to citizens and creditors.

The City's governmental funds no longer include the Clovis Community Redevelopment Agency due to the State of California's elimination of all California redevelopment agencies effective February 1, 2012. The City's governmental funds ended the year with a combined fund balance of \$32.2 million, which is 27% less than the fund balance at June 30, 2011. Of this balance, \$0.6 million is unassigned and is therefore available for spending, within the restrictions of the individual funds, at the City's discretion. This decrease is related to the elimination of redevelopment as of February 1, 2012.

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 \$11 million, which represents a net increase of less than \$1 million from the previous year. The unassigned balance of under \$1 million is available for carryover to fund future general fund expenditures.

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

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements include all activities of the City of Clovis 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 or paid out.

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.

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

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

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

Below is a table showing the City's net assets for the fiscal year ended June 30, 2012, with comparative data for the fiscal year ended June 30, 2011.

City of Clovis' Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 77,313,224	\$ 85,665,960	\$ 57,053,902	\$ 56,890,590	\$ 134,367,126	\$ 142,556,550
Capital and intangible assets	492,406,881	476,892,147	286,116,581	281,144,884	778,523,462	758,037,031
Total assets	569,720,105	562,558,107	343,170,483	338,035,474	912,890,588	900,593,581
Long-term liabilities outstanding	55,449,727	68,285,703	165,131,262	169,936,711	220,580,989	238,222,414
Other liabilities	9,409,583	8,082,862	8,834,208	6,252,863	18,243,791	14,335,725
Total liabilities	64,859,310	76,368,565	173,965,470	176,189,574	238,824,780	252,558,139
Net assets:						
Invested in capital assets, net of related debt	469,870,590	436,784,790	125,252,722	112,382,716	595,123,312	549,167,506
Restricted	21,302,236	33,283,530	5,292,363	5,269,019	26,594,599	38,552,549
Unrestricted	13,687,969	16,121,222	38,659,928	44,194,165	52,347,897	60,315,387
Total net assets	\$ 504,860,795	\$ 486,189,542	\$ 169,205,013	\$ 161,845,900	\$ 674,065,808	\$ 648,035,442

As of June 30, 2012, the City's government-wide total assets exceeded liabilities (net assets) by \$674 million. Governmental activities finished the year with a positive net asset balance of \$505 million, an increase of \$19 million, or 4% over 2011. Business-type activities finished the year with a positive balance of \$169 million, an increase of \$7 million, or 4% over 2011. Net assets, as noted earlier, may serve over time as a useful indicator of the City's financial position.

Of the total net assets, \$595 million or 88% 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 \$46 million, restricted net assets decreased \$12 million and unrestricted net assets decreased \$8 million, accounting for the increase in

total net assets of \$26 million. This is primarily due to the addition of donated governmental assets including streets and roads donated by developers. In addition to the donated streets and roadways various streets were constructed and/or improved, accounting for an increase in net assets that was offset slightly by the loss of redevelopment assets.

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

Restricted net assets represent \$27 million or 4% 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 \$52 million or 8% of the total net assets, which is a decrease of \$8 million or 13% from the previous year. Governmental activities account for \$14 million or 26% of the total unrestricted net assets and decreased \$2 million or 13% compared to last year. Business-type activities account for \$39 million or 74% of the total and decreased \$6 million or 13% compared to last year.

Governmental activities. Governmental activities account for \$505 million or 75% of the total Government-wide net assets. This is an increase of \$19 million or 4% over June 30, 2011. Donated and constructed assets increased by \$40 million while the amounts available for debt service, street and road construction and community development decreased by \$12 million. Additionally, the amount accumulated during the year for normal activities, unrestricted net assets, decreased by \$2 million.

The following lists key components of this increase:

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

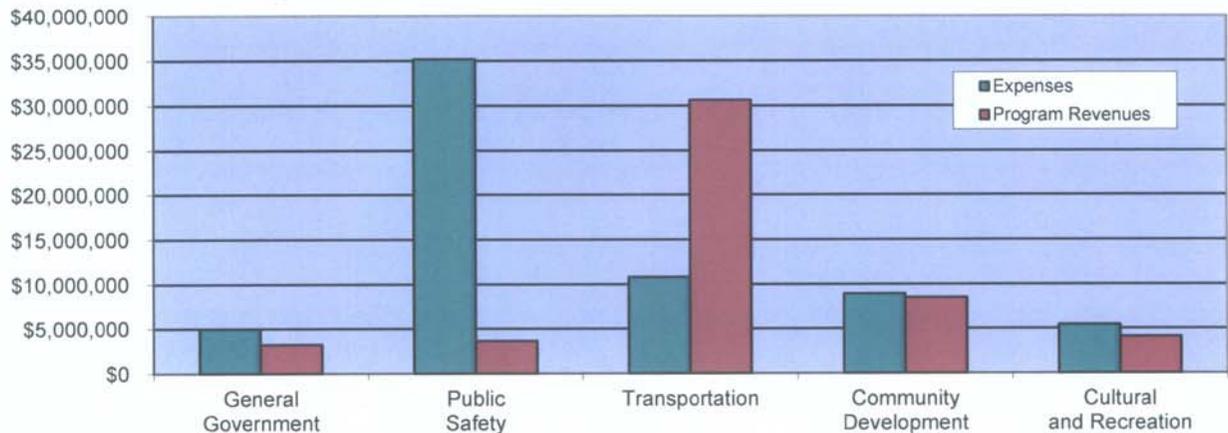
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 25,866,730	\$ 23,819,644	\$ 53,370,140	\$ 48,334,243	\$ 79,236,870	\$ 72,153,887
Operating grants and contributions	1,962,881	1,524,189	48,492	-	2,011,373	1,524,189
Capital grants and contributions	22,261,937	21,426,763	4,829,412	3,176,508	27,091,349	24,603,271
General revenues:						
Property taxes	15,294,164	20,159,275			15,294,164	20,159,275
Sales taxes	13,853,122	13,121,481			13,853,122	13,121,481
Business Lic/Franchise	4,184,448	4,080,924			4,184,448	4,080,924
Other taxes	1,739,920	1,601,673			1,739,920	1,601,673
Grants and contributions not restricted to specific programs	190,183	628,597			190,183	628,597
Unrestricted investment earnings	147,887	474,835	195,323	298,172	343,210	773,007
Total revenues	85,501,272	86,837,381	58,443,367	51,808,923	143,944,639	138,646,304
Expenses:						
General government	4,951,680	4,683,527			4,951,680	4,683,527
Public safety	35,184,832	33,332,068			35,184,832	33,332,068
Transportation	10,803,296	9,868,609			10,803,296	9,868,609
Community development	8,924,774	10,931,252			8,924,774	10,931,252
Cultural and recreation	5,435,666	5,584,552			5,435,666	5,584,552
Community Sanitation			13,617,008	13,096,676	13,617,008	13,096,676
Sewer			18,207,235	17,138,515	18,207,235	17,138,515
Water			14,114,057	13,352,257	14,114,057	13,352,257
Transit			4,418,954	4,226,457	4,418,954	4,226,457
Total expenses	65,300,248	64,400,008	50,357,254	47,813,905	115,657,502	112,213,913
Increase in net assets before transfers	20,201,024	22,437,373	8,086,113	3,995,018	28,287,137	26,432,391
Transfers	727,000	(49,000)	(727,000)	49,000	0	0
Extraordinary Item-Dissolution of CCDA	(2,256,771)				(2,256,771)	
Increase in net assets	18,671,253	22,388,373	7,359,113	4,044,018	26,030,366	26,432,391
Net assets - beginning	486,189,542	464,685,961	161,845,900	157,801,882	648,035,442	622,487,843
Adjustment to beginning net assets		(884,792)				(884,792)
Net assets - ending	\$ 504,860,795	\$ 486,189,542	\$ 169,205,013	\$ 161,845,900	\$ 674,065,808	\$ 648,035,442

Total governmental revenues for the year were \$86 million, which is \$1 million or 1% less than in 2011. Charges for services of \$26 million in 2012 accounted for 30% of the total revenue and are \$2 million or 8% greater than 2011. Capital grants and contributions increased \$1 million from the previous year, due to additional grant funding for the purchase of fleet vehicles. Taxes, including property, sales, business license/franchise, and other taxes, account for \$35 million or 41% of the City's governmental activities revenue and decreased \$4 million or 10% from 2011. Property taxes decreased by \$5 million due to the elimination of redevelopment. Sales taxes increased mainly due to

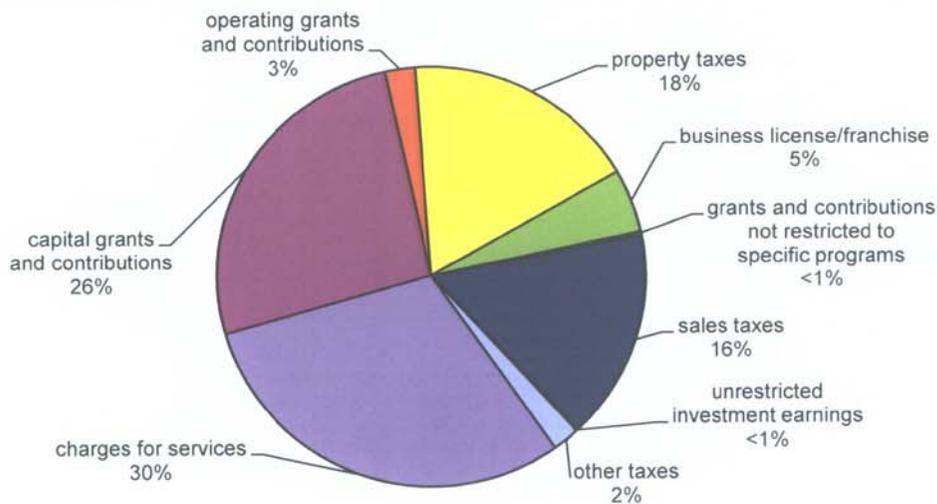
increased automobile sales and improvements in general retail sales. Other taxes increased due to an increase in transit occupancy tax as a result of a full year of rentals for the newest hotels.

Total governmental expenses for the year were \$65 million, an increase of \$1 million or 2% from 2011. Public Safety, which includes police and fire, accounts for \$35 million or 54% of the total governmental activities expenses. Public Safety expenses increased \$2 million or 6% primarily due to increases in cost to provide benefits and the expiration of employee concessions. Community development expenses were \$9 million or 14% and decreased \$2 million or 18% from 2011 as a result of the dissolution of Redevelopment. Transportation expenses were \$11 million or 17%, Cultural and Recreation expenses were \$5 million or 8%, and General government expenses were \$5 million or 8% of the total expenses.

Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities

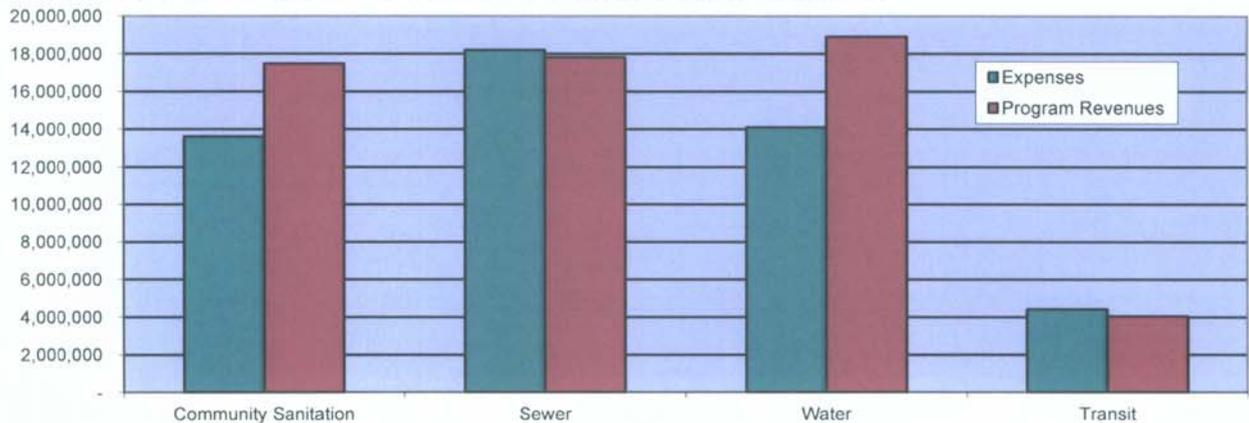


Program revenues that include charges for services and grants specific to certain programs account for \$50 million or 59% of the total governmental activity revenue. The

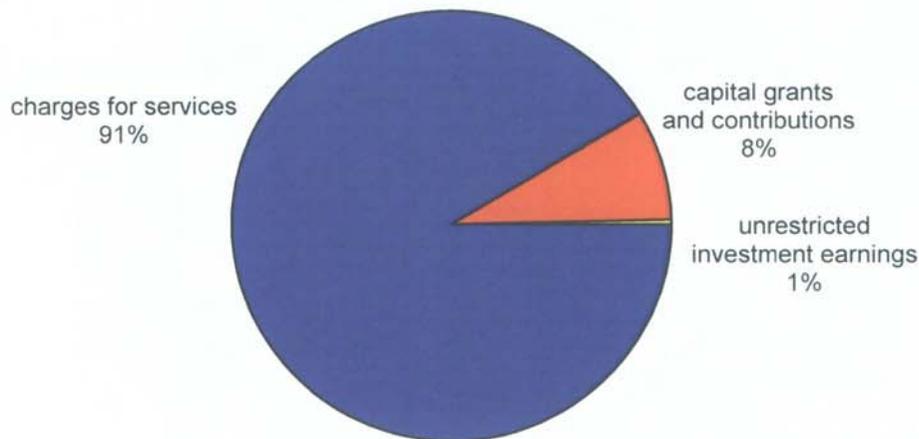
amounts necessary to fully fund the governmental activity programs are made up of "general" revenues such as taxes, interest, and unrestricted grants and contributions.

Business-type Activities. Business-type activities account for \$169 million or 25% of the total Government-wide net assets. This is an increase of \$7 million or 5% from June 30, 2011. The component, "Invested in Capital Assets" accounts for \$125 million or 74% of the total net assets and is an increase of \$13 million from 2011. The amount restricted for debt service represents \$5 million or 3% of the total net assets and is the same as 2011. The amount in "Unrestricted Net Assets," \$39 million or 23% of total net assets, is near the same as 2011. Charges for current services were \$53 million or 91% percent of the total business-type activity revenue and increased \$5 million from 2011 as a result of rate increases. Capital grants and contributions of \$5 million represent \$4 million in contributions of sewer and water mains from developers and a \$1 million capital grant.

Expenses and Program Revenues-Business-type Activities



Revenues by Source-Business-type Activities



Included in charges for current services are development fees relating to the construction of capital improvements for sewer disposal and water operations and as a result in a given year, as is the case in sewer for 2011, revenues may not be sufficient to cover total

expenses which indicates the use of accumulated excess revenues from prior years. The revenues generated by these development fees are normally accumulated until such time as there are sufficient reserves to construct or acquire capital assets or to pay debt service on previously incurred debt. Debt service payments of principal are not considered a program expense and are, therefore, not reflected in this chart.

Financial Analysis of the City's Funds

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

Governmental funds. Fund balance is defined in five categories, nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balances cannot be spent because of their form. Restricted fund balance has limitations imposed externally by creditors, grantors, contributors, or laws and regulations of other governments. Committed fund balance has self-imposed limitations set in place prior to the end of the period. Assigned fund balance is the amount left available for appropriation at the City's discretion within the fund's purpose.

All of the City's governmental funds ended the year with positive fund balances. The ending fund balance for all funds is \$32 million, which is \$12 million less than the previous year and is related to the elimination of redevelopment. Of the total fund balance, \$11 million or 34% is unassigned, which, within the limitations of the fund's purpose, is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted, assigned or committed for the following: (in millions)

Assets held for resale	\$2.3
Long-term Receivables	5.4
Debt service	0.4
Landscape Maintenance	2.7
Parking and Business Improvement	<0.1
Law Enforcement	<0.1
Services materials and supplies	0.6
Capital	11.8
Emergencies	6.5

The general fund is the chief operating fund of the City. As of June 30, 2012, the *total* fund balance (including all reserves and designations) of the general fund was \$11.4 million, up \$0.4 million from June 30, 2011. The total fund balance of \$11.4 million includes restricted balances of \$2.8 million, assigned balances of \$7.2 million and an unassigned balance of \$0.6 million.

The general fund *restricted* balances of \$2.8 million decreased by \$0.2 million from 2011 due to a reduction in the amount for the landscape maintenance. The *assigned* balance

for unforeseen expenditures increased by \$0.6 million; from \$5.9 million to \$6.5 million; or 12% of expenditures in order to reach the 10%-15% minimum level established by council policy. The *unassigned* fund balance remained the same as June 30, 2011. The \$0.6 million unassigned portion is the amount carried over to offset the impact of any revenue shortfall that may occur in the next year due to economic uncertainty.

Revenues exceeded expenditures by \$0.6 million excluding landscape maintenance where expenditures exceeded revenues by \$0.2 million and PBI A expenditures exceeded revenues by \$0.1 million. Some general fund revenues came in higher than budgeted; they were "Sales Taxes," \$0.3 million; "Other taxes," \$0.2 million and "Charges for services," \$0.3 million. Other general fund revenues came in under budgeted amounts, they were "Property Taxes," \$0.5 million; "From other Agencies," \$0.7 million; and "Other revenues," \$0.3 million. The greater than expected sales tax was mostly due to higher fuel prices and improved automobile sales. The decrease in property tax was the result of the county's downward valuation of commercial properties. The shortfall in "From Other Agencies" represents some grant funding for public safety operations being carried over for next year and the decrease in "Other revenues" represents lower than anticipated charges to the capital improvement program.

Several departments experienced expenditure savings including "Manager," \$0.1 million, "Finance," \$0.5 million, "Police," \$0.2 million, "Fire," \$0.4 million, "Public Utilities," \$0.4 million, and "Planning and Development Services," \$0.4 million. Most of the expenditure savings in the departments were savings achieved by staffing vacancies, savings in services and supplies and postponed capital expenditures. Most savings attributed to "projects" that were not commenced before the end of the fiscal year, but are included in the "Assigned for Capital" amount, will be spent in the next fiscal year.

The local transportation fund, used to account for all street construction projects, incurred less than budgeted expenditures as a result of several large projects awarded towards the end of the fiscal year and limited staff resources. The ending fund balance of \$8.9 million is \$2 million more than June 30, 2011.

The Community Development fund shows an ending balance of zero and is the result of the State of California's elimination of redevelopment agencies. The housing activities of the former redevelopment agency are now accounted for in the Housing and Community Development fund. The general (non-housing) activities are reported in the private-purpose trust fund and are therefore no longer included in the entity wide statements.

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

All the internal service funds finished with positive unrestricted net assets with the exception of the Employee Benefits Fund. The Employee Benefits Fund ended the year with a deficit unrestricted net asset balance of \$5.0 million. This deficit balance is

attributable to the liability of workers' compensation program claims. The current liability for workers' compensation claims is \$9.3 million. The City funds the current year workers' compensation expenditures with charges to City programs. The City has also funded approximately \$2.5 million of the accrued liability through charges to City programs in prior years. The balance of the liability is of a long-term nature, not requiring current resources, and therefore has not been funded.

General Fund Budgetary Highlights

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

\$ 144,000	City Attorney-additional costs incurred for consulting services provided for litigation
\$ 60,000	Finance/Treasurer-additional costs for upgrade of financial system
\$ 501,000	Police Department-Various grant expenditures offset by additional grant revenues
\$ 306,000	Fire Department-additional costs for equipment offset by grants

The budget variances were the result of additional grants awarded during the year to the Police Department and Fire Department, litigation incurred by the City Attorney and for upgrades to the financial system in Finance.

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, 2012, amounts to \$779 million (net of depreciation/amortization) an increase of \$20 million over 2011. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and road network and intangible capacity rights for water and sewer.

Major capital asset additions this year include the following:

Road network improvements and land acquisitions	\$ 26 million
Buildings and improvements (solar and animal shelter)	5 million
Sewer system improvements	3 million
Water system improvements	5 million
Equipment purchases (police vehicles and refuse trucks)	2 million
Landfill improvements	4 million

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

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

CITY OF CLOVIS'
Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 203,013,616	\$ 200,675,273	\$ 36,081,421	\$ 36,081,421	\$ 239,095,037	\$ 236,756,694
Buildings and improvements	85,228,173	83,538,163	218,482,900	215,125,109	303,711,073	298,663,272
Machinery and equipment	12,525,793	12,247,350	2,109,520	2,620,693	14,635,313	14,868,043
Road network	191,639,299	180,431,361	-	-	191,639,299	180,431,361
Intangibles	-	-	29,442,740	27,317,661	29,442,740	27,892,619
Total	\$ 492,406,881	\$ 476,892,147	\$ 286,116,581	\$ 281,144,884	\$ 778,523,462	\$ 758,037,031

Long-term Debt. The City's long-term debt as of June 30, 2012, was \$185 million with governmental activities accounting for \$27 million or 15% and business-type activities accounting for \$158 million or 85%.

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

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Tax allocation bonds		\$ 18,020,000				\$ 18,020,000
Capital leases	\$ 10,131,380	10,156,335			\$ 10,131,380	10,156,335
Loans payable	2,348,201	1,314,655			2,348,201	1,314,655
Revenue bonds	14,735,000	15,390,000	\$ 146,995,000	\$ 150,415,000	161,730,000	165,805,000
Contracts payable			11,181,113	12,818,719	11,181,113	12,818,719
Total	\$ 27,214,581	\$ 44,880,990	\$ 158,176,113	\$ 163,233,719	\$ 185,390,694	\$ 208,114,709

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

Economic Factors and Next Year's Budgets and Rates

The City is closely watching the national economy and keeping up with the state's budget issues and the impact these have on Clovis. During the budget development process for the 2012/13 fiscal year, the City was able to increase general fund expenditures by \$2.2 million compared to the estimated 2011/12 expenditures. This increase is due to vacancies being filled, 5 additional positions, a 1% salary increase, debt service on safety equipment as well as increased costs for services materials and supplies.

Economic forecasts for the Central Valley and Fresno County indicate continued economic recovery when compared to the rest of California and the nation. The good news is the local economy is improving. Commercial property values are expected to continue declining affecting property tax values but it is anticipated assessed property values will stabilize after 2012/13. Taxable sales are projected to increase by 6% compared to the previous year due to increased retail sales and automobile sales. The City of Clovis' population is continuing to grow and is anticipated to reach 100,000 by the year 2014.

Residential building activity saw growth in 2012 and modest growth is projected throughout 2013. The City of Clovis continues to be a premier city with one of the best school districts in the county and as such there is still demand for new homes in the city and the new smaller, more affordable product lines being built by local developers have been well received by home buyers. With the previously implemented economic development programs designed to stimulate job creation and promote the development of industrial and office construction the City has seen increased interest from new businesses wanting to locate in Clovis. The Clovis Community Medical Center continues its growth and expansion, nearly doubling its capacity for private rooms. The Clovis Community Medical Center is emerging as a top employer in the City of Clovis.

Total city-wide expenditures, excluding capital expenditures, were projected to decrease approximately 1.7% due to the elimination of redevelopment. Total city-wide revenues were projected to decrease approximately the same also elimination of redevelopment.

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

At June 30, 2012 the General Fund has an assigned fund balance of \$6.5 million or 11.6% of budgeted expenditures set aside for unforeseen emergencies.

The Community Sanitation Fund has an approved rate increase of 4% however the council determined that only the recycling and greenwaste programs needed the increase and therefore implemented the increase for these two programs and not the refuse collection and disposal program. The Sewer Fund, and the Water Fund have 6% and 5%, respectively, planned increases in 2012-13.

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, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$58,545,754	\$41,060,847	\$99,606,601
Receivables	8,160,517	8,629,375	16,789,892
Internal balances	(844,205)	844,205	0
Due from other governments	6,216,450	1,227,112	7,443,562
Inventories	565,000		565,000
Assets held for resale	2,266,237		2,266,237
Restricted assets:			
Cash and investments	2,403,471	5,292,363	7,695,834
Capital assets, not being depreciated			
Land	203,013,616	36,081,421	239,095,037
Capital assets (net of accumulated depreciation):			
Buildings and improvements	85,228,173	218,482,900	303,711,073
Machinery and equipment	12,525,793	2,109,520	14,635,313
Road network	191,639,299		191,639,299
Intangible assets (net of accumulated amortization)		29,442,740	29,442,740
Total assets	<u>569,720,105</u>	<u>343,170,483</u>	<u>912,890,588</u>
LIABILITIES			
Accounts payable	5,758,878	6,626,794	12,385,672
Unearned revenue	3,650,707	2,207,413	5,858,120
Noncurrent liabilities:			
Due within one year	5,591,859	5,650,813	11,242,672
Due in more than one year	49,857,866	159,480,450	209,338,316
Total liabilities	<u>64,859,310</u>	<u>173,965,470</u>	<u>238,824,780</u>
NET ASSETS			
Invested in capital assets, net of related debt	469,870,590	125,252,722	595,123,312
Restricted for:			
Debt service	968,309	5,292,363	6,260,672
Streets and roads	11,717,558		11,717,558
Community development	8,616,369		8,616,369
Unrestricted	13,687,969	38,659,928	52,347,897
Total net assets	<u>\$504,860,795</u>	<u>\$169,205,013</u>	<u>\$674,065,808</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, 2012

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Asset			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$4,951,680	\$3,223,635			(\$1,728,045)		(\$1,728,045)
Public safety	35,184,832	2,070,876	\$1,501,669	\$44,032	(31,568,255)		(31,568,255)
Transportation	10,803,296	8,586,346		22,056,879	19,839,929		19,839,929
Community development	8,924,774	7,960,843	396,355	161,026	(406,550)		(406,550)
Cultural and recreation	5,435,666	4,025,030	64,857		(1,345,779)		(1,345,779)
Total governmental activities	<u>65,300,248</u>	<u>25,866,730</u>	<u>1,962,881</u>	<u>22,261,937</u>	<u>(15,208,700)</u>	<u>0</u>	<u>(15,208,700)</u>
Business-type activities:							
Community sanitation	13,617,008	16,575,605		901,073		\$3,859,670	3,859,670
Sewer	18,207,235	16,294,143		1,519,045		(394,047)	(394,047)
Water	14,114,057	16,550,262	48,492	2,316,192		4,800,889	4,800,889
Transit	4,418,954	3,950,130		93,102		(375,722)	(375,722)
Total business-type activities	<u>50,357,254</u>	<u>53,370,140</u>	<u>48,492</u>	<u>4,829,412</u>	<u>0</u>	<u>7,890,790</u>	<u>7,890,790</u>
Total primary government	<u>\$115,657,502</u>	<u>\$79,236,870</u>	<u>\$2,011,373</u>	<u>\$27,091,349</u>	<u>(15,208,700)</u>	<u>7,890,790</u>	<u>(7,317,910)</u>
General revenues:							
Property taxes					15,294,164		15,294,164
Sales taxes					13,853,122		13,853,122
Business License/Franchise Fees					4,184,448		4,184,448
Other taxes					1,739,920		1,739,920
Grants and contributions not restricted to specific programs					190,183		190,183
Unrestricted investment earnings					147,887	195,323	343,210
Transfers					727,000	(727,000)	0
Total general revenues and transfers					<u>36,136,724</u>	<u>(531,677)</u>	<u>35,605,047</u>
Extraordinary Item-Dissolution of CCDA					(2,256,771)		(2,256,771)
Change in net assets					18,671,253	7,359,113	26,030,366
Net assets-beginning					486,189,542	161,845,900	648,035,442
Net assets-ending					<u>\$504,860,795</u>	<u>\$169,205,013</u>	<u>\$674,065,808</u>

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

**City of Clovis
Balance Sheet
Governmental Funds
June 30, 2012**

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Local Transportation		
ASSETS				
Cash and investments	\$9,310,227	\$23,117,052	\$3,642,385	\$36,069,664
Cash with agents-restricted		240,970	1,597,999	1,838,969
Receivables	1,528,399	43,481	6,183,879	7,755,759
Due from other funds	63,000			63,000
Due from other governments	4,258,881	1,782,473	92,418	6,133,772
Assets held for resale			2,266,237	2,266,237
Total assets	\$15,160,507	\$25,183,976	\$13,782,918	\$54,127,401
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$891,125	\$2,003,931	\$1,374,469	\$4,269,525
Due to other funds			63,000	63,000
Deposits and other liabilities	853,546	12,673,404	434,200	13,961,150
Deferred revenue	2,029,167	1,621,541		3,650,708
Total liabilities	3,773,838	16,298,876	1,871,669	21,944,383
Fund balances:				
Nonspendable:				
Assets held for resale			2,266,237	2,266,237
Long-term receivables	855,000		4,584,199	5,439,199
Restricted for:				
Capital projects		5,858,130	2,597,458	8,455,588
Community development			1,824,547	1,824,547
Debt service			403,808	403,808
Landscape maintenance	2,734,757			2,734,757
Parking and business improvement	32,120			32,120
Law enforcement	586			586
Assigned for:				
Services, materials and supplies	626,000			626,000
Capital	42,000	3,026,970	235,000	3,303,970
Emergencies	6,540,000			6,540,000
Unassigned, reported in:				
General fund	556,206			556,206
Total fund balances	11,386,669	8,885,100	11,911,249	32,183,018
Total liabilities and fund balances	\$15,160,507	\$25,183,976	\$13,782,918	

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 \$82,245,079 of internal service fund capital assets)	410,161,802
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 \$844,205 allocated to business-type activities)	64,798,975
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,283,000)
Net Assets of Governmental Activities	\$504,860,795

No column is presented for Community Development as this fund was closed on February 1, 2012. All assets, liabilities and equity were transferred to the Redevelopment Successor Agency Private Purpose Trust Fund or to the Housing and Community Development Fund.

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, 2012

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Local Transportation</u>	<u>Community Development ⁽¹⁾</u>		
REVENUES					
Property taxes	\$16,572,908		\$1,343	\$79,283	\$16,653,534
Sales taxes	14,076,648				14,076,648
Business license/Franchise fee	4,183,484				4,183,484
Other taxes	1,801,884				1,801,884
Licenses and permits	1,305,849				1,305,849
Fines and forfeitures	208,227				208,227
Use of money and property	44,514	\$51,075		29,482	125,071
From other agencies	3,807,545	8,088,381	78,248	825,651	12,799,825
Charges for current services	5,600,487	2,182,406		893,905	8,676,798
Other revenues	5,996,438	15,495	302,081	4,405	6,318,419
Total revenue	<u>53,597,984</u>	<u>10,337,357</u>	<u>381,672</u>	<u>1,832,726</u>	<u>66,149,739</u>
EXPENDITURES					
Current:					
General government	4,726,595				4,726,595
Public safety	34,576,576				34,576,576
Transportation	3,333,681				3,333,681
Community development	5,804,671			710,035	6,514,706
Cultural and recreation	4,719,477				4,719,477
Debt service:					
Principal				575,000	575,000
Interest and fiscal charges				789,378	789,378
Capital outlays		8,339,696	1,488,764	1,338,961	11,167,421
Total expenditures	<u>53,161,000</u>	<u>8,339,696</u>	<u>1,488,764</u>	<u>3,413,374</u>	<u>66,402,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>436,984</u>	<u>1,997,661</u>	<u>(1,107,092)</u>	<u>(1,580,648)</u>	<u>(253,095)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in			188,744	1,342,952	1,531,696
Transfers out			(1,531,696)	(68,000)	(1,599,696)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(1,342,952)</u>	<u>1,274,952</u>	<u>(68,000)</u>
Extraordinary item-Dissolution of CCDA			(18,819,444)	7,267,727	(11,551,717)
Net change in fund balances	<u>436,984</u>	<u>1,997,661</u>	<u>(21,269,488)</u>	<u>6,962,031</u>	<u>(11,872,812)</u>
Fund balances-beginning	10,949,685	6,887,439	21,269,488	4,949,218	44,055,830
Fund balances-ending	<u>\$11,386,669</u>	<u>\$8,885,100</u>	<u>\$0</u>	<u>\$11,911,249</u>	<u>\$32,183,018</u>

⁽¹⁾ Period is for seven months from 7/1/2011 - 1/31/2012
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, 2012

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)	(\$11,872,812)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,239,120
The net effect of donations and miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets.	18,037,109
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 (\$575,000) 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 (\$17,500) 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.	557,500
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.	431,312
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 \$710,225 allocated to business-type activities.	984,078
In the fund statements, debt transferred to the Successor Agency in the amount of \$17,445,000 and related deferred charges in the amount of \$789,043 as well as Capital Assets of \$7,669,861 and the related accumulated depreciation of \$308,850 were reported as part of extraordinary item. These transactions are not recorded in the Statement of Activities and Changes in Net Assets. Instead, these transactions are recorded as deferred charges, long-term debt payable, and capital assets in the Statement of Net Assets.	<u>9,294,946</u>
Change in net assets of governmental activities (page 31)	<u><u>\$18,671,253</u></u>

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

City of Clovis
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$17,037,000	\$17,037,000	\$16,572,908	(\$464,092)
Sales taxes	13,822,000	13,822,000	14,076,648	254,648
Business license/Franchise fee	4,203,000	4,203,000	4,183,484	(19,516)
Other taxes	1,604,000	1,604,000	1,801,884	197,884
Licenses and permits	1,250,000	1,250,000	1,305,849	55,849
Fines and forfeitures	172,000	172,000	208,227	36,227
Use of money and property	72,000	72,000	44,514	(27,486)
From other agencies	3,715,000	4,539,000	3,807,545	(731,455)
Charges for current services	5,332,500	5,332,500	5,600,487	267,987
Other revenues	6,256,500	6,256,500	5,996,438	(260,062)
Total revenues	53,464,000	54,288,000	53,597,984	(690,016)
EXPENDITURES				
Council	251,500	251,500	246,891	4,609
Clerk	199,800	199,800	195,783	4,017
Attorney	695,900	839,900	839,845	55
Manager	1,179,868	1,179,868	1,070,426	109,442
General services	1,196,900	1,196,900	1,147,073	49,827
Finance/Treasurer	2,403,371	2,463,371	1,938,533	524,838
Police	22,884,264	23,385,264	23,135,427	249,837
Fire	11,577,958	11,883,958	11,441,149	442,809
Public utilities	7,743,817	7,743,817	7,341,202	402,615
Planning and development services	6,254,960	6,254,960	5,804,671	450,289
Total expenditures	54,388,338	55,399,338	53,161,000	2,238,338
Excess (deficiency) of revenues over expenditures	(924,338)	(1,111,338)	436,984	1,548,322
Fund balances-beginning	10,949,685	10,949,685	10,949,685	
Fund balances-ending	\$10,025,347	\$9,838,347	\$11,386,669	\$1,548,322

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, 2012

	<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	\$35,000	\$35,000	\$51,075	\$16,075
From other agencies	11,635,000	11,635,000	8,088,381	(3,546,619)
Charges for services	4,575,000	4,575,000	2,182,406	(2,392,594)
Other revenues	0	0	15,495	15,495
Total revenues	<u>16,245,000</u>	<u>16,245,000</u>	<u>10,337,357</u>	<u>(5,907,643)</u>
EXPENDITURES				
Capital Outlay	19,474,242	24,903,242	8,339,696	16,563,546
Total expenditures	<u>19,474,242</u>	<u>24,903,242</u>	<u>8,339,696</u>	<u>16,563,546</u>
Excess (deficiency) of revenues over expenditures	(3,229,242)	(8,658,242)	1,997,661	10,655,903
Fund balances-beginning	6,887,439	6,887,439	6,887,439	
Fund balances-ending	<u>\$3,658,197</u>	<u>(\$1,770,803)</u>	<u>\$8,885,100</u>	<u>\$10,655,903</u>

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

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City of Clovis
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities-Enterprise Funds				Totals	Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit		
ASSETS						
Current assets:						
Cash and investments	\$5,889,069	\$17,975,094	\$16,923,051	\$273,633	\$41,060,847	\$22,476,091
Receivables	3,404,478	2,239,903	2,968,598	16,396	8,629,375	404,761
Due from other governments				1,227,112	1,227,112	82,678
Inventories						565,000
Total current assets	9,293,547	20,214,997	19,891,649	1,517,141	50,917,334	23,528,530
Noncurrent assets:						
Restricted cash and investments:						
Cash with fiscal agent-bond accounts	921,314	4,371,048	1		5,292,363	564,501
Total restricted assets	921,314	4,371,048	1	0	5,292,363	564,501
Capital assets:						
Land	18,020,873	4,287,312	13,773,236		36,081,421	9,403,364
Buildings and improvements	6,169,673	153,591,684	102,798,713		262,560,070	78,825,168
Machinery and equipment	1,664,768	556,671	1,067,889	3,399,465	6,688,793	33,330,415
Less accumulated depreciation	(1,571,974)	(23,284,468)	(21,682,611)	(2,117,390)	(48,656,443)	(39,313,868)
Total capital assets (net of accumulated depreciation)	24,283,340	135,151,199	95,957,227	1,282,075	256,673,841	82,245,079
Intangible assets		35,728,306	6,618,786		42,347,092	
Less accumulated amortization		(12,083,493)	(820,859)		(12,904,352)	
Total intangible assets (net of accumulated amortization)	0	23,644,813	5,797,927	0	29,442,740	0
Total noncurrent assets	25,204,654	163,167,060	101,755,155	1,282,075	291,408,944	82,809,580
Total assets	34,498,201	183,382,057	121,646,804	2,799,216	342,326,278	106,338,110

	Business-Type Activities-Enterprise Funds				Totals	Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit		
LIABILITIES						
Current liabilities:						
Accounts payable	1,461,498	3,094,919	2,060,671	9,706	6,626,794	1,489,353
Claims and judgments payable					0	2,548,000
Accrued compensated absences	50,900	18,300	41,700	28,800	139,700	864,000
Deposits and other liabilities	823		1,272,775		1,273,598	2,033,976
Unearned revenue		207,200	1,050,000	950,213	2,207,413	
Capital leases-current					0	1,311,256
Loans payable-current					0	200,905
Revenue bonds-current	565,000	1,440,000	1,555,000		3,560,000	680,000
Contracts payable-current		677,515			677,515	
Total current liabilities	<u>2,078,221</u>	<u>5,437,934</u>	<u>5,980,146</u>	<u>988,719</u>	<u>14,485,020</u>	<u>9,127,490</u>
Noncurrent liabilities:						
Claims and judgments payable						6,750,000
Accrued compensated absences	141,646	50,820	115,812	80,186	388,464	119,669
Capital leases					0	8,788,446
Loans payable					0	2,142,292
Revenue bonds (net of deferred amount on refunding and discount/premium)	3,889,707	107,257,159	34,975,983		146,122,849	13,767,033
Contracts payable		10,503,597			10,503,597	
Landfill closure	2,465,540				2,465,540	
Total noncurrent liabilities	<u>6,496,893</u>	<u>117,811,576</u>	<u>35,091,795</u>	<u>80,186</u>	<u>159,480,450</u>	<u>31,567,440</u>
Total liabilities	<u>8,575,114</u>	<u>123,249,510</u>	<u>41,071,941</u>	<u>1,068,905</u>	<u>173,965,470</u>	<u>40,694,930</u>
NET ASSETS						
Invested in capital assets, net of related debt	19,828,633	38,917,843	65,224,171	1,282,075	125,252,722	60,552,993
Restricted for debt service	921,314	4,371,048	1		5,292,363	564,501
Unrestricted	5,173,140	16,843,656	15,350,691	448,236	37,815,723	4,525,686
Total net assets	<u>\$25,923,087</u>	<u>\$60,132,547</u>	<u>\$80,574,863</u>	<u>\$1,730,311</u>	<u>168,360,808</u>	<u>\$65,643,180</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					844,205	
Net assets of business-type activities					<u>\$169,205,013</u>	

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

City of Clovis
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities-Enterprise Funds				Totals	Governmental Activities Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit		
Operating revenues:						
Charges for services	\$17,447,372	\$16,293,965	\$16,129,428	\$1,463,320	\$51,334,085	\$32,846,421
From other agencies			48,492		48,492	1,076,365
Other revenues	29,304	179	420,833	376	450,692	727,073
Total operating revenues	<u>17,476,676</u>	<u>16,294,144</u>	<u>16,598,753</u>	<u>1,463,696</u>	<u>51,833,269</u>	<u>34,649,859</u>
Operating expenses:						
Salaries and benefits	4,032,747	989,722	2,908,560	2,275,326	10,206,355	3,604,013
Services, materials and supplies	7,033,608	5,101,994	5,152,446	1,261,058	18,549,106	25,168,902
Administration	1,751,600	1,714,800	1,892,175	432,100	5,790,675	959,311
Depreciation/amortization	179,577	4,490,133	2,318,641	346,670	7,335,021	4,282,064
Total operating expenses	<u>12,997,532</u>	<u>12,296,649</u>	<u>12,271,822</u>	<u>4,315,154</u>	<u>41,881,157</u>	<u>34,014,290</u>
Operating income (loss)	<u>4,479,144</u>	<u>3,997,495</u>	<u>4,326,931</u>	<u>(2,851,458)</u>	<u>9,952,112</u>	<u>635,569</u>
Nonoperating revenues (expenses):						
Interest income	63,001	84,717	46,446	1,159	195,323	60,455
Interest expense	(267,823)	(5,774,345)	(1,675,842)		(7,718,010)	(1,250,536)
Sales tax override					0	11,569
State transit assistance				2,579,537	2,579,537	0
Gain (loss) on sale of capital assets	(47,861)				(47,861)	(4,311)
Total nonoperating revenue (expense)	<u>(252,683)</u>	<u>(5,689,628)</u>	<u>(1,629,396)</u>	<u>2,580,696</u>	<u>(4,991,011)</u>	<u>(1,182,823)</u>
Income before contributions and transfers	4,226,461	(1,692,133)	2,697,535	(270,762)	4,961,101	(547,254)
Capital contributions-development fees		1,519,045	2,316,192		3,835,237	26,107
Transfers in	68,000				68,000	795,000
Transfer out	(265,000)	(265,000)	(265,000)		(795,000)	
Changes in net assets	4,029,461	(438,088)	4,748,727	(270,762)	8,069,338	273,853
Total net assets-beginning	21,893,626	60,570,635	75,826,136	2,001,073		65,369,327
Total net assets-ending	<u>\$25,923,087</u>	<u>\$60,132,547</u>	<u>\$80,574,863</u>	<u>\$1,730,311</u>		<u>\$65,643,180</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					(710,225)	
Change in net assets of business-type activities (page 31)					<u>\$7,359,113</u>	

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

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City of Clovis
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities-Enterprise Funds				Totals	Governmental Activities-Internal Service Funds
	Community Sanitation	Sewer Disposal	Water	Transit		
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$17,157,158	\$15,878,407	\$15,765,509	\$1,454,674	\$50,255,748	\$33,577,815
Payments to suppliers	(7,539,918)	(7,047,151)	(6,975,446)	(1,693,322)	(23,255,837)	(25,073,876)
Payments to employees	(4,062,172)	(991,139)	(2,921,604)	(2,277,691)	(10,252,606)	(3,715,513)
Other operating revenues	29,304	179	1,470,833	376	1,500,692	1,794,105
Net cash provided/(used) by operating activities	5,584,372	7,840,296	7,339,292	(2,515,963)	18,247,997	6,582,531
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from Sales Tax Override					68,000	11,569
Transfers-in from other funds	68,000				(795,000)	795,000
Transfers-out to other funds	(265,000)	(265,000)	(265,000)			
Transportation funding-State				2,679,965	2,679,965	
Net cash provided/(used) by noncapital financing activities	(197,000)	(265,000)	(265,000)	2,679,965	1,952,965	806,569
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(4,216,759)	(1,665,929)	(2,671,154)		(8,553,842)	(7,890,994)
Principal paid on loans, bonds, and capital leases	(494,202)	(3,022,606)	(1,495,000)		(5,011,808)	(1,984,767)
Interest paid on loans, bonds and capital leases	(308,209)	(5,834,798)	(1,779,935)		(7,922,942)	(1,239,719)
Proceeds from capital leases					34,500	2,338,360
Proceeds from sale of capital assets	34,500					31,210
Proceeds from donation for capital project						2,000,000
Net cash provided/(used) by capital and related financing activities	(4,984,670)	(10,523,333)	(5,946,089)	0	(21,454,092)	(6,745,910)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments	80,129	265,097	88,387	1,159	434,772	62,294
Net cash provided by investing activities	80,129	265,097	88,387	1,159	434,772	62,294
Net increase/(decrease) in cash and cash equivalents	482,831	(2,682,940)	1,216,590	165,161	(818,358)	705,484
Cash and cash equivalents-beginning of year	6,327,552	25,029,082	15,706,462	108,472	47,171,568	22,335,108
Cash and cash equivalents-end of year	\$6,810,383	\$22,346,142	\$16,923,052	\$273,633	\$46,353,210	\$23,040,592

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

Operating income/(loss)	\$4,479,144	\$3,997,495	\$4,326,931	(\$2,851,458)	\$9,952,112	\$635,569
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation/amortization expense	179,577	4,490,133	2,318,641	346,670	7,335,021	4,282,064
Landfill closure expense	179,900				179,900	
(Increase)/decrease in accounts receivable	(290,214)	(381,297)	(568,456)	(8,646)	(1,248,613)	713,842
(Increase)/decrease in due from other governments						26,601
(Increase)/decrease in inventories						(30,000)
(Increase)/decrease in prepaid items						794,702
Increase/(decrease) in accounts payable	1,064,567	(230,357)	69,175	(164)	903,221	211,635
Increase/(decrease) in accrued compensated absences	(29,425)	(1,417)	(13,044)	(2,365)	(46,251)	(111,500)
Increase/(decrease) in unearned revenue		(29,600)	1,050,000		1,020,400	
Increase/(decrease) in claims and judgments payable						78,000
Increase/(decrease) in deposits	823	(4,661)	156,045		152,207	(18,382)
Total adjustments	1,105,228	3,842,801	3,012,361	335,495	8,295,885	5,946,962
Net cash provided/(used) by operating activities	\$5,584,372	\$7,840,296	\$7,339,292	(\$2,515,963)	\$18,247,997	\$6,582,531

Noncash investing, capital, and financing activities:

- During the year the Sewer Disposal Fund, an enterprise fund, received \$1,519,045 in donated assets.
- During the year the Water Fund, an enterprise fund, received \$2,316,192 in donated assets.
- During the year the Fleet Maintenance Fund, an internal service fund, received \$26,107 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, 2012

	Redevelopment Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$3,125,180	\$984,002
Cash with agent-restricted	7,801,845	486,310
Receivables	2,164,928	3,243
Assets held for resale	679,542	
Capital Assets (net of accumulated depreciation)	7,361,011	
Total assets	\$21,132,506	\$1,473,555
 LIABILITIES		
Accrued payroll		\$150,792
Accounts payable	\$322,139	
Agency funds payable		1,322,763
Notes Payable	1,030,000	
Tax Allocation Bonds Payable	16,668,357	
Total liabilities	18,020,496	\$1,473,555
 NET ASSETS		
Held in trust for Redevelopment Successor Agency Fund	\$3,112,010	

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

City of Clovis
Statement of Changes in Fiduciary Net Assets
For the Five Months Ended June 30, 2012

	Redevelopment Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property Taxes	\$1,750,016
From other agencies	132,700
Interest	7,330
Total additions	1,890,046
DEDUCTIONS	
Capital outlays	380,895
Bond payments:	
Interest and other fiscal charges	328,765
Total deductions	709,660
Change in net assets	1,180,386
Net Assets-Beginning	0
Transfer of operations from the Dissolution of Clovis Community Development Agency	1,931,624
Net Assets-Ending	\$3,112,010

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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 agency was dissolved on February 1, 2012. See Note I. D. 12 for further discussion.

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. 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 and private-purpose funds are the only fiduciary funds the City reports. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirement imposed by the provider have been met.

Governmental fund financial statements are reported using the "*current financial resources*" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of "the end of the current fiscal period." Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

The community development fund accounts for the resources and capital projects within the Clovis redevelopment project areas. This fund has been closed as of February 1, 2012.

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

Private-purpose trust funds are used to account for the assets of the former Clovis Community Development Agency during the wind down period. See Note I.D.12 for further details.

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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.

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

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

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

D. Assets, liabilities, and net 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.

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

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

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

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

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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

2. Receivables

Billed but unpaid services provided to individuals or non-governmental entities are recorded as "receivables." Services provided to other governmental entities are recorded as "due from other governments." The City's utility enterprise funds include an estimated amount for services rendered but not yet billed as of June 30, 2012, determined by prorating the July 2012 bi-monthly billing.

The City has not experienced any material write-off of receivables; and therefore, an "allowance for bad debts" is not included on the City's balance sheets or statements of net 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, consisting of fuel and vehicle parts, are valued at either the lower of cost or market using the first-in/first-out (FIFO) method.

5. Assets held for resale

Assets held for resale consist of land and improvements held by the Clovis Community Development Agency for the purpose of improving and reselling them. 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, and an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date donated. Intangible assets are valued at historical cost.

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

Intangible assets include the purchase of sewer capacity rights and water entitlement rights. The City purchased sewer capacity rights from the City of Fresno at the Fresno Regional Waste Water Treatment Plant. The total amount of \$23,644,813 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 \$5,797,927 is reported in the City's Water Fund.

Donated assets include developer donated land as well as the improvements on the land including streets, curbs and gutters, sidewalks, street lighting and landscaping. Included in the total amount of capital grants and contributions on the government-wide statement of activities is \$18,037,109 of developer donated assets.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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

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

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

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 balances

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

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

The local transportation fund is the City's only major special revenue fund. This fund accounts for the capital street projects paid for out of the City's share of Transportation Development Act (SB 325) funds allocated by the state, 1/2 cent sales tax for transportation, Special Gas Tax Select Street funds, and federal funding sources under the Federal

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

Intermodal Surface Transportation Efficiency Act. In addition, funds are transferred from the Developer Trust Fund as reimbursements are made for developer-financed projects.

10. Net 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 in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Recent Changes in Legislation Affecting California Redevelopment Agencies

On December 29, 2011, the Supreme Court of the State of California (the “Court”) upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies, but struck down the Assembly Bill X1 27 which would have provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. As a result of the Court ruling, the dissolution of California Redevelopment Agencies was effective as of February 1, 2012.

Assembly Bill 1X26 signed into law as part of the State’s budget package on June 29, 2011, requires each California Redevelopment Agency to suspend nearly all activities except to complete existing contracts, meet already-incurred obligations, preserve its assets, prepare for the impending dissolution of the agency, and transfer all of its assets to a Successor Agency that is governed by an oversight board representing the various taxing jurisdictions in the community.

Assembly Bill 1X26 also required each agency to adopt an Enforceable Obligation Payment Schedule and draft a Recognized Obligation Payment Schedule prior to September 30, 2011. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with Agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in Assembly Bill X1 26. Only the amount of tax revenues necessary to fund the payments reflected on the Enforceable Obligation Payment Schedule will be allocated to the Successor Agencies.

Assembly Bill 1X26 directs the Department of Finance of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the Successor Agency as defined in Assembly Bill IX26.

On January 9, 2012, The City Council of the City of Clovis adopted Resolution No. 12-03 electing to retain the housing assets and functions previously performed by the dissolved Clovis Community Development Agency pursuant to Section 34176(a)(1) of the California Health and Safety Code. Accordingly, the City has assumed the responsibility of the housing assets and functions for the Low and Moderate Income Housing Funds and transferred housing assets and liabilities in the amount of \$8,589,630 to the Housing and Community Development Special Revenue Fund. All remaining assets and liabilities of the Agency under the Community Development Debt Service Fund and Community Development Capital Projects Fund in the amount of \$1,931,624 were transferred to the Redevelopment Successor Agency Private-purpose Trust Fund and are reported in the Fiduciary Funds.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

Balance as of January 31, 2012 (Modified Accrual Basis):	
Community Development Capital Projects Fund	\$ 18,819,444
Community Development Debt Service Fund	1,321,903
Reconciliation to Accrual Basis:	
Capital Assets	7,361,011
Long-Term Debt	<u>(16,655,957)</u>
Balance as of February 1, 2012 (Accrual Basis)	10,846,401
Less: Housing Assets Transfer to Housing and Community Development Special Revenue Fund	<u>(8,589,630)</u>
Extraordinary Loss - Total Government-wide	2,256,771
Community Development Capital Project Fund - Non Dissolved CCDA	<u>(325,147)</u>
Extraordinary Loss - Dissolved	<u>\$ 1,931,624</u>

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 (\$2,283,000) difference are as follows:

Accrued compensated absences (net of \$864,000 reported in Internal Service Funds)	\$ <u>(2,283,000)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ <u>(2,283,000)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net 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 \$1,239,120 difference are as follows:

Capital outlay	\$ 9,465,085
Depreciation expense (net of \$4,282,064 reported in Internal Service Funds)	<u>(8,225,965)</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>\$ 1,239,120</u>

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

The details of this \$9,465,085 difference are as follows:

General government capital asset additions	\$ 35,419,295
Internal service fund capital asset additions	(7,917,101)
Donated capital asset additions	<u>(18,037,109)</u>
 Net capital outlay	 <u>\$ 9,465,085</u>

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 \$557,500 represents the net of long-term debt principal repayments and the amortization of bond premium/discount.

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 \$431,312 difference are as follows:

Compensated absences	\$ 110,000
Accrued interest	<u>321,312</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>\$ 431,312</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 (\$5,028,272) as of June 30, 2012. 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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

IV. Detailed notes on all funds

A. Cash and investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 99,606,601
Cash and investments held by bond trustee	7,695,834
Fiduciary funds:	
Cash and investments	4,109,182
Cash and investments held by bond trustee	8,288,155
Total cash and investments	<u>\$ 119,699,772</u>

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 9,015
Demand deposits with financial institutions - Demand Deposits	21,191,141
Investments	98,499,616
Total cash and investments	<u>\$ 119,699,772</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	\$10,000,000	\$10,000,000
Local Agency Investment Fund (LAIF)	N/A	None	None

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

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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

Disclosures Relating to Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Clovis manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City of Clovis monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City of Clovis investment policy states that no investment can have a maturity in excess of three years unless approved by the City Manager.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Money Market	\$ 9,625,604	N/A
U.S. Agency Securities	18,026,310	2.60
Local Agency Investment Fund (LAIF)	49,556,330	N/A
Held by Bond Trustee:		
Money Market Funds	<u>21,291,372</u>	N/A
Total	<u>\$ 98,499,616</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.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

<u>Investment Type Rating</u>	<u>Amount</u>	<u>Minimum Rating Required</u>	<u>Ratings as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Money Market	\$ 9,625,604	N/A		\$ 9,625,604
U.S. Agency Securities	18,026,310	N/A	\$ 18,026,310	
LAIF	49,556,330	N/A		49,556,330
Held by Bond Trustee:				
Money Market Funds	<u>21,291,372</u>	N/A		<u>21,291,372</u>
Total	<u>\$ 98,499,616</u>		<u>\$ 18,026,310</u>	<u>\$ 80,473,306</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	\$12,025,710

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, 2012, 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, 2012, no investments were held by the same broker dealer (counterparty) that was used by the City of Clovis to purchase the securities.

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2012 included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2012, the City had \$49,556,330 invested in LAIF, which had invested 2.75% of the pool investment funds in Structured Notes and Asset-Backed Securities. Fair value of LAIF was calculated by applying a factor of 1.001219643 to total investments held by LAIF.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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

B. Property taxes

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

C. Receivables

Receivables as of June 30, 2012 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	<u>General</u>	<u>Local Transportation</u>	<u>Community Sanitation</u>	<u>Sewer Disposal</u>	<u>Water</u>	<u>Transit</u>	<u>Nonmajor & Other Funds</u>
Interest	\$ 4,732	\$ 17,861	\$ 20,413	\$ 14,110	\$ 12,903	\$ 422	\$ 17,771
Taxes	273,848						
Accounts	1,249,819	25,620	3,384,065	2,225,793	2,955,695	15,974	6,570,869
	<u>\$ 1,528,399</u>	<u>\$ 43,481</u>	<u>\$ 3,404,478</u>	<u>\$ 2,239,903</u>	<u>\$2,968,598</u>	<u>\$ 16,396</u>	<u>\$ 6,588,640</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, 2012, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Workforce Investment	temporary cash loan	\$ 63,000
	Total interfund receivables/payables		<u>\$ 63,000</u>

Interfund transfers:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Purpose</u>	<u>Amount</u>
Enterprise Fund	Capital Project Fund	development capital cost	\$ 68,000
Internal Service Fund	Enterprise Fund	capital cost	795,000
Debt Service Fund	Capital Project Fund	debt service	1,531,696
	Total transfers		<u>\$ 2,394,696</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

E. Capital assets and intangible assets

Capital activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Retirements	Transferred to Trust Fund	Ending Balance
Government activities:					
Capital assets, not being depreciated:					
Land	\$ 200,675,273	\$ 7,822,233		\$ (5,483,890)	\$ 203,013,616
Capital assets, being depreciated:					
Buildings and improvements	104,068,094	6,456,297		(2,185,971)	108,338,420
Machinery and equipment	33,869,299	2,834,181	\$ (925,923)		35,777,557
Road network	241,145,336	18,306,584			259,451,920
Total capital assets being depreciated	379,082,729	27,597,062	(925,923)	(2,185,971)	403,567,897
Less accumulated depreciation for					
Buildings and improvements	(20,529,931)	(2,889,166)		308,850	(23,110,247)
Machinery and equipment	(21,621,949)	(2,520,217)	890,402		(23,251,764)
Road network	(60,713,975)	(7,098,646)			(67,812,621)
Total accumulated depreciation	(102,865,855)	(12,508,029)	890,402	308,850	(114,174,632)
Total capital assets, being depreciated, net	276,216,874	15,089,033	(35,521)	(1,877,121)	289,393,265
Governmental activities capital assets, net	<u>\$ 476,892,147</u>	<u>\$ 22,911,266</u>	<u>\$ (35,521)</u>	<u>\$ (7,361,011)</u>	<u>\$ 492,406,881</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 36,081,421				\$ 36,081,421
Capital assets, being depreciated:					
Buildings and improvements	253,498,983	\$ 9,061,087			262,560,070
Machinery and equipment	6,956,442	108,241	\$ (375,890)		6,688,793
Total capital assets being depreciated	260,455,425	9,169,328	(375,890)	0	269,248,863
Less accumulated depreciation for					
Buildings and improvements	(38,373,874)	(5,703,296)			(44,077,170)
Machinery and equipment	(4,335,749)	(537,053)	293,529		(4,579,273)
Total accumulated depreciation	(42,709,623)	(6,240,349)	293,529	0	(48,656,443)
Total capital assets, being depreciated, net	217,745,802	2,928,979	(82,361)	0	220,592,420
Intangible assets, being amortized	39,127,341	3,219,751			42,347,092
Less accumulated amortization	(11,809,680)	(1,094,672)			(12,904,352)
Business-type activities intangible assets, net	27,317,661	2,125,079	0	0	29,442,740
Business-type activities capital assets, net	<u>\$ 281,144,884</u>	<u>\$ 5,054,058</u>	<u>\$ (82,361)</u>	<u>\$ 0</u>	<u>\$ 286,116,581</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

Depreciation/amortization expense was charged to functions as follows:

Governmental activities depreciation expense:	
General government	\$ 90,826
Public safety	233,235
Transportation	7,178,383
Cultural and recreation	660,748
Community development	62,773
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	4,282,064
Total governmental activities depreciation expense	\$ 12,508,029
Business-type activities depreciation/amortization:	
Community Sanitation	\$ 179,577
Sewer	4,490,133
Water	2,318,641
Transit	346,670
Total business type activities depreciation/amortization expense	\$ 7,335,021

Donated assets to governmental activities consisted of \$18,306,584 of which the majority is donated to the City by developers for streets. Donated assets to business-type activities consisted of \$3,835,237 of which represents sewer and water infrastructure donated by developers.

F. Long-term debt

The following is a summary of long-term debt for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Reductions	Transferred to Trust Fund	Balance June 30, 2012	Classification	
						Due in One Year	Due in more than One Year
Governmental Activities:							
Tax allocation bonds	\$ 18,020,000		\$ (575,000)	\$(17,445,000)			
Revenue bonds	15,390,000		(655,000)		\$ 14,735,000	\$ 680,000	\$ 14,055,000
Less deferred amounts:							
Discounts	(1,113,708)		36,697	789,043	(287,968)		(287,968)
Total bonds payable	32,296,292	0	(1,193,303)	(16,655,957)	14,447,032	680,000	13,767,032
Capital leases	10,156,335	\$ 1,165,000	(1,189,955)		10,131,380	1,311,256	8,820,124
Discounts	(32,945)		1,267		(31,678)		(31,678)
Total capital leases	10,123,390	1,165,000	(1,188,688)	0	10,099,702	1,311,256	8,788,446
Loans payable	1,314,655	1,173,360	(139,814)		2,348,201	200,904	2,147,297
Less deferred amounts:							
Discounts	(5,560)		555		(5,005)		(5,005)
Total loans payable	1,309,095	1,173,360	(139,259)	0	2,343,196	200,904	2,142,292
Deposits & other liabilities:							
Developer deposits	9,498,738	3,526,373	(1,019,585)		12,005,526		12,005,526
Section 108 HUD	1,560,000		(120,000)	(1,030,000)	410,000	30,000	380,000
Other deposits & liabilities	764,985	3,843,067	(1,028,452)		3,579,600	5,599	3,574,001
Total deposits & other liabilities	11,823,723	7,369,440	(2,168,037)	(1,030,000)	15,995,126	35,599	15,959,527
Claims and judgments	9,220,000	3,006,097	(2,928,097)		9,298,000	2,500,000	6,798,000
Compensated absences	3,488,169	3,250,269	(3,471,769)		3,266,669	864,100	2,402,569
Total governmental activities	\$ 68,260,669	\$ 15,964,166	\$(11,089,153)	\$(17,685,957)	\$ 55,449,725	\$ 5,591,859	\$ 49,857,866

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

	Balance July 1, 2011	Additions	Reductions	Transferred to Trust Fund	Balance June 30, 2012	Classification	
						Due in One Year	Due in more than One Year
Business-Type Activities:							
Revenue bonds	\$ 150,415,000		\$ (3,420,000)		\$ 146,995,000	\$ 3,560,000	\$ 143,435,000
Less deferred amounts:							
Deferred refunding	(75,738)		75,738		0		0
(Discounts)/premiums	2,797,284		(109,436)		2,687,848		2,687,848
Total bonds payable	153,136,546	0	(3,453,698)	0	149,682,848	3,560,000	146,122,848
Contracts payable	12,818,719		(1,637,606)		11,181,113	677,515	10,503,598
Landfill closure	2,285,640	\$ 179,900			2,465,540		2,465,540
Compensated absences	574,415	694,218	(740,469)		528,164	139,700	388,464
Deposits and other liabilities	1,121,391	709,987	(557,780)		1,273,598	1,273,598	0
Total business-type activities	\$ 169,936,711	\$ 1,584,105	\$ (6,389,553)	\$ 0	\$ 165,131,263	\$ 5,650,813	\$ 159,480,450

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 \$983,669 of internal service funds compensated absences are included in the above amounts. Included in deposits and other liabilities in business-type activities are utility customer deposits of \$1,267,227 and miscellaneous deposits and other liabilities of \$6,371. For the governmental activities, accrued compensated absences are generally liquidated by the general fund.

Governmental activities long-term debt

1. Tax allocation bonds

Tax Allocation Bonds at June 30, 2012, consisted of the following:

	Balance July 1, 2011	Additions	Reductions	Transferred to Trust Fund	Balance June 30, 2012
2008 Tax allocation bonds	\$ 18,020,000		\$ (575,000)	\$ (17,445,000)	\$ 0
Total tax allocation bonds	\$ 18,020,000	\$ 0	\$ (575,000)	\$ (17,445,000)	\$ 0

2008 Tax allocation bonds

The Clovis Community Development Agency issued tax allocation bonds in the amount of \$19,100,000 in April 2008. The net proceeds of \$18,204,140 (after the original issue discount of \$233,214 and payment of \$662,646 in underwriting fees, insurance, and other issuance costs) from the bonds were used to aid in the financing of the Agency's projects and to refund the \$7,170,000 aggregate principal amount outstanding on the Agency's 1996 tax allocation bonds. The aggregate debt service payments of the new debt are \$21,290,161 more than the old debt. The issuance of the new debt and refunding of the old debt resulted in an economic gain (the difference between the present value of the old debt and new debt service payments) of approximately \$590,000. Bonds outstanding at January 31, 2012 were \$17,445,000 and were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency.

2. Special assessment district bonds

The 1998-1 Temperance Barstow District and the 2000-1 Shepherd Temperance District are not reported as debt by the City since the City is not obligated in any way for the repayment of the debt. Transactions relating to debt service for this district are reported under an agency fund and reflect that the City's responsibility is limited to acting only as an agent. Total debt for this district at June 30, 2012, for the Temperance Barstow District is \$464,728 including interest of \$89,728 and for the 2000-1 Shepherd Temperance District is \$905,288 including interest of \$230,288.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

3. Revenue bonds

Revenue bonds at June 30, 2012, consisted of the following:

	Balance			Balance June 30, 2012	Classification	
	July 1, 2011	Additions	Reductions		Due in One Year	Due in more than One Year
2001 corp yard revenue bonds	\$ 15,390,000		\$ (655,000)	\$ 14,735,000	\$ 680,000	\$ 14,055,000
Total revenue bonds	\$ 15,390,000	\$ 0	\$ (655,000)	\$ 14,735,000	\$ 680,000	\$ 14,055,000

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2012:

Land, structures and equipment	\$ 20,513,691
Less accumulated depreciation	<u>(5,011,387)</u>
Total	<u>\$ 15,502,304</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>
2013	\$ 680,000	\$ 744,876	\$ 1,424,876
2014	710,000	714,956	1,424,956
2015	750,000	679,456	1,429,456
2016	785,000	643,081	1,428,081
2017	820,000	603,831	1,423,831
2018-2022	4,815,000	2,312,119	7,127,119
2023-2027	6,175,000	956,750	7,131,750
Total	<u>\$ 14,735,000</u>	<u>\$ 6,655,069</u>	<u>\$ 21,390,069</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

4. Capital leases

Capital leases at June 30, 2012, consisted of the following:

	Balance			Balance June 30, 2012	Classification	
	July 1, 2011	Additions	Reductions		Due in One Year	Due in more than One Year
2000 fire station capital lease	\$ 515,149		\$ (126,996)	\$ 388,153	\$ 134,295	\$ 253,858
2002 equipment capital lease	80,126		(52,933)	27,193	27,193	0
2007 fire station #1 capital lease	4,612,050		(361,333)	4,250,717	375,930	3,874,787
2008 fire truck capital lease	669,435		(159,086)	510,349	164,478	345,871
2010 police vehicle capital lease	409,064		(112,067)	296,997	115,850	181,147
2011 equipment capital lease	791,000		(148,077)	642,923	152,974	489,949
2011 solar project capital lease	2,454,100		(74,130)	2,379,970	77,845	2,302,125
2011 fire truck capital lease	625,411		(53,599)	571,812	55,412	516,400
2012 police vehicle capital lease		\$ 665,000	(62,964)	602,036	128,220	473,816
2012 SCBA capital lease		500,000	(38,770)	461,230	79,059	382,171
Total capital leases	\$ 10,156,335	\$ 1,165,000	\$ (1,189,955)	\$ 10,131,380	\$1,311,256	\$ 8,820,124

The City has entered into multiple lease agreements for financing the acquisition of a fire station, fire trucks, fire equipment (non-capitalized), communication equipment (non-capitalized), refuse replacement trucks, police vehicles, and new and replacement landfill equipment. These lease agreements qualify as capital leases for accounting purposes. These leases have interest rates varying from 3.04% to 8.25% and the final payment on these leases is scheduled for August 2017. The City has pledged a portion of future revenues to repay these bonds. The following is an analysis of the land and structures and equipment leased as of June 30, 2012:

Land, structures and equipment	\$ 10,819,374
Less accumulated depreciation	<u>(3,556,117)</u>
Total	<u>\$ 7,263,257</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, 2012, was \$388,153.

The annual debt service requirements for the 2000 Capital Lease for fire station outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 134,295	\$ 18,283	\$ 152,578
2014	142,014	10,564	152,578
2015	111,844	2,589	114,433
Total	<u>\$ 388,153</u>	<u>\$ 31,436</u>	<u>\$ 419,589</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

2002 Capital lease for equipment

In November 2002, the City entered into capital lease agreements with Suntrust Leasing, to lease a fire truck, landfill equipment, and refuse equipment. The purchase price of the equipment was \$3,174,126 and is payable over a period from eighty-four to one hundred and twenty months. Semi-annual payments on the contract are currently \$27,689. The effective interest rate on the contract is 5.2% per annum. The balance outstanding as of June 30, 2012, was \$27,193.

The annual debt service requirements for the 2002 Capital Lease for equipment outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 27,193	\$ 496	\$ 27,689
Total	<u>\$ 27,193</u>	<u>\$ 496</u>	<u>\$ 27,689</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, 2012, was \$4,250,717.

The annual debt service requirements for the 2007 Capital Lease for fire station #1 outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 375,930	\$ 166,307	\$ 542,237
2014	391,117	151,119	542,236
2015	406,919	135,318	542,237
2016	423,358	118,878	542,236
2017	440,462	101,775	542,237
2018-2022	2,212,931	227,133	2,440,064
Total	<u>\$ 4,250,717</u>	<u>\$ 900,530</u>	<u>\$ 5,151,247</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, 2012, was \$510,349.

The annual debt service requirements for the 2008 Capital Lease for fire truck outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 164,478	\$ 15,784	\$ 180,262
2014	170,053	10,209	180,262
2015	175,818	4,444	180,262
Total	<u>\$ 510,349</u>	<u>\$ 30,437</u>	<u>\$ 540,786</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

2010 Capital lease for police vehicles

In August 2009, the City entered into a capital lease agreement with Banc of America, to lease fifteen police vehicles. The purchase price of the equipment was \$570,342 and is payable over a period of sixty months. Semi-annual payments on the contract are \$62,414. The effective interest rate on the contract is 3.35% per annum. The balance outstanding as of June 30, 2012, was \$296,997.

The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 115,850	\$ 8,979	\$ 124,829
2014	119,760	5,069	124,829
2015	61,387	1,027	62,414
Total	<u>\$ 296,997</u>	<u>\$ 15,075</u>	<u>\$ 312,072</u>

2011 Capital lease for landfill equipment

In January 2011, the City entered into a capital lease agreement with Commerce Bank, to lease a landfill compactor. The purchase price of the equipment is \$791,000 and is payable over a period of sixty months. Semi-annual payments on the contract are \$86,409. The effective interest rate on the contract is 3.28% per annum. The balance outstanding as of June 30, 2012, was \$642,923.

The annual debt service requirements for the 2011 Capital Lease for landfill equipment outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 152,974	\$ 19,844	\$ 172,818
2014	158,033	14,785	172,818
2015	163,259	9,559	172,818
2016	168,657	4,160	172,817
Total	<u>\$ 642,923</u>	<u>\$ 48,348</u>	<u>\$ 691,271</u>

2011 Capital lease for solar project

In June 2011, the City entered into a capital lease agreement with Municipal Finance Corporation, to lease a solar project. The solar project includes installing solar panels on City properties including public safety headquarters and fire station #1 and #5. The City has pledged fire station #5 as collateral on the lease. The purchase price of the equipment is \$2,454,100 and is payable over a period of twenty years. Semi-annual payments on the contract are \$97,351. The effective interest rate on the contract is 4.95% per annum. The balance outstanding as of June 30, 2012, was \$2,379,970.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

The annual debt service requirements for the 2011 Capital Lease for solar project outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2013	\$ 77,845	\$ 116,857	\$ 194,702
2014	81,746	112,956	194,702
2015	85,842	108,860	194,702
2016	90,144	104,558	194,702
2017	94,662	100,040	194,702
2018-2022	549,400	424,109	973,509
2023-2027	701,566	271,943	973,509
2028-2031	698,765	80,043	778,808
Total	<u>\$ 2,379,970</u>	<u>\$ 1,319,366</u>	<u>\$ 3,699,336</u>

2011 Capital lease for fire truck

In June 2011, the City entered into a capital lease agreement with Bank of America, to lease a fire truck. The purchase price of the equipment was \$625,411 and is payable over a period of seven years. Semi-annual payments on the contract are \$37,068. The effective interest rate on the contract is 3.36% per annum. The balance outstanding as of June 30, 2012, was \$571,812.

The annual debt service requirements for the 2011 Capital Lease for fire truck outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2013	\$ 55,412	\$ 18,725	\$ 74,137
2014	57,287	16,850	74,137
2015	59,225	14,911	74,136
2016	61,229	12,908	74,137
2017	63,301	10,836	74,137
2018-2021	275,358	21,191	296,549
Total	<u>\$ 571,812</u>	<u>\$ 95,421</u>	<u>\$ 667,233</u>

2012 Capital lease for police vehicles

In August 2011, the City entered into a capital lease agreement with Banc of America, to lease eighteen police vehicles. The purchase price of the equipment was \$665,000 and is payable over a period of sixty months. Semi-annual payments on the contract are \$70,998. The effective interest rate on the contract is 2.42% per annum. The balance outstanding as of June 30, 2012, was \$602,036.

The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2013	\$ 128,220	\$ 13,777	\$ 141,997
2014	131,337	10,660	141,997
2015	134,529	7,468	141,997
2016	137,799	4,197	141,996
2017	70,151	848	70,999
Total	<u>\$ 602,036</u>	<u>\$ 36,950</u>	<u>\$ 638,986</u>

2012 Capital lease for SCBA equipment

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

In August 2011, the City entered into a capital lease agreement with Banc of America, to lease SCBA equipment. The purchase price of the equipment was \$500,000 and is payable over a period of seventy-two months. Semi-annual payments on the contract are \$45,272. The effective interest rate on the contract is 2.60% per annum. The balance outstanding as of June 30, 2012, was \$461,230.

The annual debt service requirements for the 2010 Capital Lease for police vehicles outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 79,059	\$ 11,486	\$ 90,545
2014	81,128	9,416	90,544
2015	83,252	7,292	90,544
2016	85,432	5,113	90,545
2017	87,668	2,876	90,544
2018	44,691	581	45,272
Total	<u>\$ 461,230</u>	<u>\$ 36,764</u>	<u>\$ 497,994</u>

5. Loans payable

Loans payable at June 30, 2012, consisted of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Classification</u>	
					<u>July 1, 2011</u>	<u>June 30, 2012</u>
					<u>One Year</u>	<u>than One Year</u>
R&T park loan payable	\$ 447,455		\$ (38,924)	\$ 408,531	\$ 40,115	\$ 368,416
2010 energy loan payable	867,200		(97,094)	770,106	99,384	670,722
2012 energy loan payable		\$ 953,239		953,239	38,634	914,605
2012 PG&E energy loan payable		220,121	(3,796)	216,325	22,771	193,554
Total loans payable	<u>\$ 1,314,655</u>	<u>\$ 1,173,360</u>	<u>\$ (139,814)</u>	<u>\$ 2,348,201</u>	<u>\$ 200,904</u>	<u>\$ 2,147,297</u>

The following is an analysis of the assets acquired with the proceeds as of June 30, 2012:

Buildings and improvements	\$ 2,446,360
Less accumulated depreciation	<u>(123,311)</u>
Total	<u>\$ 2,323,049</u>

Research and Technology Park loan payable

In April 2001, the City entered into an agreement with the California infrastructure and economic development bank for improvements at the City's Research and Technology Park. The agreement has an interest rate of 3.06% and the final payment is scheduled for August 2021. The City has pledged Building B at 1033 Fifth Street as collateral on the lease. In September 2002, the City received the first draw down of this loan. The balance outstanding as of June 30, 2012, was \$408,531.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

The annual debt service requirements for the Research and Technology Park loan payable outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2013	\$ 40,115	\$ 11,887	\$ 52,002
2014	41,343	10,641	51,984
2015	42,608	9,357	51,965
2016	43,912	8,033	51,945
2017	45,255	6,669	51,924
2018-2021	195,298	12,177	207,475
Total	<u>\$ 408,531</u>	<u>\$ 58,764</u>	<u>\$ 467,295</u>

2010 Energy project loan payable

In January 2010, the City entered into an agreement with the California Energy Commission for the purchase of lighting efficiency upgrades and heating, ventilating, and air conditioning equipment replacement. The agreement has an interest rate of 1.0% and the final payment is scheduled for December 2018. The balance outstanding as of June 30, 2012, was \$770,106.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2013	\$ 99,384	\$ 7,454	\$ 106,838
2014	100,381	6,458	106,839
2015	101,387	5,451	106,838
2016	102,392	4,446	106,838
2017	103,430	3,408	106,838
2018-2020	263,132	3,963	267,095
Total	<u>\$ 770,106</u>	<u>\$ 31,180</u>	<u>\$ 801,286</u>

2011 Energy project loan payable

In April 2011, the City entered into an agreement with the California Energy Commission for the installation of solar panels on City properties including public safety headquarters and fire station #1 and #5. The agreement has an interest rate of 3.0% and the final payment is scheduled for June 2026. The balance outstanding as of June 30, 2012, was \$953,238.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	Principal	Interest	Total
2013	\$ 38,634	\$ 46,860	\$ 85,494
2014	58,489	27,004	85,493
2015	60,257	25,237	85,494
2016	62,016	23,015	85,031
2017	63,953	21,541	85,494
2018-2022	349,911	77,558	427,469
2023-2026	319,979	21,998	341,977
Total	<u>\$ 953,239</u>	<u>\$ 243,213</u>	<u>\$ 1,196,452</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

2012 PG&E Energy loan payable

In April 2012, the City entered into an agreement with Pacific Gas & Electric for the retrofit of 436 street lights with LED fixtures. The agreement has an interest rate of 0.0% and the final payment is scheduled for December 2021. The balance outstanding as of June 30, 2012, was \$216,325.

The annual debt service requirements for the energy project loan payable outstanding at June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Total</u>
2013	\$ 22,771	\$ 22,771
2014	22,771	22,771
2015	22,771	22,771
2016	22,771	22,771
2017	22,771	22,771
2018-2022	102,470	102,470
Total	\$ 216,325	\$ 216,325

Business-type activities long-term debt

1. Revenue bonds

Revenue bonds at June 30, 2012, consisted of the following:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</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	\$ 14,040,000	\$ (145,000)	\$ 13,895,000	\$ 150,000	\$ 13,745,000
1998 refuse revenue bonds	5,155,000	(540,000)	4,615,000	565,000	4,050,000
2003 water revenue bonds	36,945,000	(1,495,000)	35,450,000	1,555,000	33,895,000
2005 wastewater revenue bonds	25,735,000	(310,000)	25,425,000	320,000	25,105,000
2007 wastewater revenue bonds	68,540,000	(930,000)	67,610,000	970,000	66,640,000
Total revenue bonds	\$ 150,415,000	\$ (3,420,000)	\$ 146,995,000	\$3,560,000	\$ 143,435,000

The following is an analysis of the improvements made with the proceeds of these bonds through June 30, 2012:

Land, structures and equipment	\$ 140,291,752
Less accumulated depreciation	(19,619,638)
Total	\$ 120,672,114

1998 sewer revenue bonds

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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>
2013	\$ 150,000	\$ 722,058	\$ 872,058
2014	425,000	707,870	1,132,870
2015	445,000	686,120	1,131,120
2016	470,000	663,245	1,133,245
2017	495,000	637,883	1,132,883
2018-2022	2,905,000	2,742,675	5,647,675
2023-2027	5,395,000	1,787,630	7,182,630
2028-2029	3,610,000	190,059	3,800,059
Total	\$ 13,895,000	\$ 8,137,540	\$ 22,032,540

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>
2013	\$ 565,000	\$ 216,625	\$ 781,625
2014	595,000	187,625	782,625
2015	625,000	157,125	782,125
2016	655,000	125,125	780,125
2017	690,000	91,500	781,500
2018-2019	1,485,000	75,125	1,560,125
Total	\$ 4,615,000	\$ 853,125	\$ 5,468,125

2003 water revenue bonds

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

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,555,000	\$ 1,693,388	\$ 3,248,388
2014	1,600,000	1,642,850	3,242,850
2015	1,670,000	1,578,850	3,248,850
2016	1,735,000	1,512,050	3,247,050
2017	1,825,000	1,425,300	3,250,300
2018-2022	10,555,000	5,665,500	16,220,500
2023-2027	13,420,000	2,809,600	16,229,600
2028	3,090,000	154,499	3,244,499
Total	\$ 35,450,000	\$ 16,482,037	\$ 51,932,037

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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>
2013	\$ 320,000	\$ 1,266,641	\$ 1,586,641
2014	70,000	1,259,881	1,329,881
2015	75,000	1,257,169	1,332,169
2016	75,000	1,254,497	1,329,497
2017	75,000	1,251,731	1,326,731
2018-2022	470,000	6,205,913	6,675,913
2023-2027	2,425,000	5,918,806	8,343,806
2028-2032	9,125,000	4,714,919	13,839,919
2033-2036	12,790,000	1,319,000	14,109,000
Total	<u>\$ 25,425,000</u>	<u>\$ 24,448,557</u>	<u>\$ 49,873,557</u>

2007 wastewater revenue bonds

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

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 970,000	\$ 3,128,250	\$ 4,098,250
2014	1,275,000	3,076,975	4,351,975
2015	1,340,000	3,011,600	4,351,600
2016	1,390,000	2,945,225	4,335,225
2017	1,480,000	2,875,350	4,355,350
2018-2022	8,515,000	13,227,225	21,742,225
2023-2027	12,510,000	10,768,500	23,278,500
2028-2032	12,505,000	7,414,763	19,919,763
2033-2037	14,715,000	4,930,088	19,645,088
2038-2039	12,910,000	587,474	13,497,474
Total	<u>\$ 67,610,000</u>	<u>\$ 51,965,450</u>	<u>\$ 119,575,450</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

2. Contracts payable

Contracts payable at June 30, 2012, consisted of the following:

	Balance			Balance June 30, 2012	Classification	
	July 1, 2011	Additions	Reductions		Due in One Year	Due in more than One Year
1993 waste water renovation	\$ 11,818,719		\$ (637,606)	\$11,181,113	\$ 677,515	\$ 10,503,598
1995 waste water expansion	1,000,000		(1,000,000)	0		
Total contracts payable	\$ 12,818,719	\$ 0	\$ (1,637,606)	\$ 11,181,113	\$ 677,515	\$ 10,503,598

1993 waste water renovation

The City has entered into a contract with the City of Fresno to purchase capacity rights in the form of participation in the cost of sewer system improvements. These improvements include the renovation and expansion of the Fresno Clovis Regional Wastewater Treatment Plant. The 1993 contract is for the City's share of the 1993 renovation of the Fresno Clovis Regional Wastewater Treatment Plant. The underlying City of Fresno 1993 Revenue Bonds on which the City of Clovis' contract payable amount is based have interest rates varying from 3.50%-6.25% and the final payments are scheduled for September 2023. The City's \$14,514,844 share of the renovation is capitalized as an intangible asset in the Sewer Service Fund, an enterprise fund, as disclosed in Note I. D. 6.

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>
2013	\$ 677,515	\$ 559,048	\$ 1,236,563
2014	720,241	515,368	1,235,609
2015	764,846	468,959	1,233,805
2016	812,736	423,723	1,236,459
2017	855,463	379,933	1,235,396
2018-2022	4,994,737	1,168,727	6,163,464
2023-2024	2,355,575	107,174	2,462,749
Total	\$ 11,181,113	\$ 3,622,932	\$ 14,804,045

1995 waste water expansion

The City's 1993 contract was amended to include the purchase of additional capacity rights in the form of participation in 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%. The City's \$9,187,339 share of the expansion of the Plant is capitalized as an intangible asset in the Sewer Service Fund, an enterprise fund, as disclosed in Note I. D. 6. The final payment was made on September 1, 2011.

G. Landfill closure

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

The City is currently estimating at June 30, 2012 that the capacity of the landfill used is approximately 27%, the estimated remaining life is approximately 35 years and the estimated remaining cost to be recognized is \$14,217,433. The estimated capacity remaining is 6,112,613 cubic yards and the estimated landfill closure liability is \$2,465,540. The current estimated cost of known and/or reasonably foreseeable corrective action is \$974,049 and the City currently has \$1,000,000 set aside for this purpose. These estimates are based on a closure and postclosure maintenance plan and corrective action plan. The estimates have been adjusted for inflation and other factors such as technology and laws and regulations.

V. Other information

A. Self insurance

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

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

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

Incurred but not reported claims have been accrued as a liability for the workers' compensation and dental programs as required in the amount of \$4,902,500 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, 06/30/10	\$ 9,128,000	\$ 48,000	\$ 9,176,000
Claims provision	2,678,696	320,272	2,998,968
Claims paid	(2,634,696)	(320,272)	(2,954,968)
Balance, 06/30/11	9,172,000	48,000	9,220,000
Claims provision	2,668,085	338,012	3,006,097
Claims paid	(2,590,085)	(338,012)	(2,928,097)
Balance, 06/30/12	<u>\$ 9,250,000</u>	<u>\$ 48,000</u>	<u>\$ 9,298,000</u>

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

B. Deferred compensation

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

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

C. Postretirement benefits

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

D. Contingent liabilities

The City entered into a settlement agreement and release of all claims with various chemical corporations in May 1997 which entitled the City to significant recovery of future costs associated with the treatment of contaminated wells. The City expects to incur costs in future years for the treatment of contaminated wells. However, as of June 30, 2012, these costs cannot be reasonably estimated.

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

All transfers were made to satisfy encumbered obligations of the Housing Assets Special Revenue Fund. These transfers are subject to review by the Department of Finance and the State Controller of the State of California. In the opinion of management with the consultation of legal counsel, disqualification of transfers, if any, will be adjusted in the subsequent period upon final ruling from the Department of Finance and State Controller of the State of California.

On February 1, 2012, the City transferred assets from the former Clovis Community Development Agency. These transfers were made to reduce the loans from the City to the dissolved Agency and is subject to review by the Department of Finance and State Controller of the State of California. In the opinion of management with the consultation of legal counsel, disqualification of transfers, if any, will be adjusted in the subsequent period upon final ruling from the Department of Finance and State Controller of the State of California.

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

E. Subsequent events

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

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

In October 2012, the City's bargaining units voted and agreed unanimously to initiate implementation of the PERS benefit known as the Employees Sharing Cost of Additional Benefits as a Public Service Option, which allows eligible City employees to pay an additional 2% towards the city PERS cost in fiscal year 2012/13, and an additional 2% in fiscal year 2013/14. There is minimal financial impact to the City. The employees will pay the additional 2% each year with a corresponding 2% increase in pay for each of the two fiscal years.

On October 15, 2012, the Successor Agency submitted the Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California Department of Finance pursuant to Health and Safety Code Section 34179.6(c). The purpose of the review was to determine the amount of cash and cash equivalents available for distributing to the affected taxing entities. The Department of Finance issued a letter to the City dated November 9, 2012, determining that \$1,092,050 transferred to the City of February 1, 2012, is considered unencumbered LMIHF cash and cash equivalents and is subject to distribution to the taxing entities.

F. Employee retirement system

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

Funding Policy. Plan participants are 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 2011/12 was 16.59% for miscellaneous members and 27.885% for public safety members. The contribution requirements of the plan members are established by state statute, and the contribution rate of the employer is established and may be amended by PERS.

Annual Pension Cost. For fiscal year 2011/12, the City's annual pension cost of \$7,005,251 was equal to the City's required actual contributions. The required contribution was determined as part of the June 30, 2010 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 3.55% to 14.45% for miscellaneous members and 3.55% 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, 2010 was 18 years for miscellaneous members and 30 years for safety members.

CITY OF CLOVIS
Notes to Financial Statements
June 30, 2012

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:			
6/30/2009	\$ 2,923	100	0
6/30/2010	2,607	100	0
6/30/2011	2,730	100	0
Safety Plan:			
6/30/2009	\$ 3,074	100	0
6/30/2010	3,036	100	0
6/30/2011	3,062	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:						
6/30/2010	\$ 89,323	\$ 109,144	\$ 19,821	81.8%	\$ 19,195	103.3%
Safety Plan:						
6/30/2010	\$ 99,231	\$ 123,150	\$ 23,919	80.6%	\$ 12,755	187.5%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(Dollar Amounts in Thousands)

<u>Valuation Date</u>	<u>Actuarial Value Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age Normal</u>	<u>Unfunded AAL (UAAL)/ (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<u>Miscellaneous Plan</u>						
6/30/08	\$76,990	\$90,515	\$13,525	85.1%	\$20,920	64.6%
6/30/09	83,093	101,931	18,838	81.5	20,118	93.6
6/30/10	89,323	109,144	19,821	81.8	19,195	103.3
<u>Safety Plan</u>						
6/30/08	\$89,829	\$107,943	\$18,114	83.2%	\$14,811	122.3%
6/30/09	94,756	116,758	22,002	81.2	13,157	167.2
6/30/10	99,231	123,150	23,919	80.6	12,755	187.5

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

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

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

City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
ASSETS				
Cash and investments	\$65,592	\$109	\$233,150	\$298,851
Cash with agents-restricted			1,597,999	1,597,999
Receivables	53	60,248	6,094,768	6,155,069
Due from other governments			72,694	72,694
Assets held for resale			2,266,237	2,266,237
Total assets	<u>\$65,645</u>	<u>\$60,357</u>	<u>\$10,264,848</u>	<u>\$10,390,850</u>
LIABILITIES				
Accounts payable		\$4,388	\$1,223,479	\$1,227,867
Due to other funds		63,000		63,000
Deposits and other liabilities			425,000	425,000
Total Liabilities	<u>0</u>	<u>67,388</u>	<u>1,648,479</u>	<u>1,715,867</u>
FUND BALANCES				
Nonspendable:				
Assets held for resale			\$2,266,237	\$2,266,237
Long-term receivables			4,584,199	4,584,199
Restricted for:				
Capital projects				
Community Development	\$65,645	(7,031)	1,765,933	1,824,547
Debt service				
Assigned for:				
Capital				
Total fund balances	<u>65,645</u>	<u>(7,031)</u>	<u>8,616,369</u>	<u>8,674,983</u>
Total liabilities and fund balances	<u>\$65,645</u>	<u>\$60,357</u>	<u>\$10,264,848</u>	<u>\$10,390,850</u>

Note: No column is presented for Community Development Debt Service, Nonmajor governmental fund as this fund was closed on 2/1/12 and all assets, liabilities and equity were transferred to the Redevelopment Successor Agency Private-purpose trust fund. (See Note I.D.12)

**City of Clovis
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

<u>Debt Service</u>	<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>		
<u>1976 Fire and Sewer</u>	<u>Park and Recreation</u>	<u>Refuse Equipment</u>	<u>Total</u>		
\$403,502	\$1,835,616	\$1,104,416	\$2,940,032	\$3,642,385	1,597,999
306	27,623	881	28,504	6,183,879	92,418
	19,724		19,724	2,266,237	
<u>\$403,808</u>	<u>\$1,882,963</u>	<u>\$1,105,297</u>	<u>\$2,988,260</u>	<u>\$13,782,918</u>	
	\$146,602		\$146,602	\$1,374,469	63,000
	9,200		9,200	434,200	
<u>0</u>	<u>155,802</u>	<u>0</u>	<u>155,802</u>	<u>1,871,669</u>	
				\$2,266,237	4,584,199
\$403,808	1,492,161	\$1,105,297	2,597,458	2,597,458	1,824,547
				403,808	
	235,000		235,000	235,000	
<u>403,808</u>	<u>1,727,161</u>	<u>1,105,297</u>	<u>2,832,458</u>	<u>11,911,249</u>	
<u>\$403,808</u>	<u>\$1,882,963</u>	<u>\$1,105,297</u>	<u>\$2,988,260</u>	<u>\$13,782,918</u>	

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue			Total
	Off Highway Use	Workforce Investment	Housing & Comm Development	
REVENUES				
Property taxes			\$79,283	\$79,283
Use of money and property	\$170		9,727	9,897
From other agencies		\$347,980	292,147	640,127
Charges for current services				
Other revenues			302	302
Total revenue	<u>170</u>	<u>347,980</u>	<u>381,459</u>	<u>729,609</u>
EXPENDITURES				
Current:				
Community development		355,223	354,812	710,035
Debt service:				
Principal				
Interest and fiscal charges				
Capital outlays				
Total expenditures	<u>0</u>	<u>355,223</u>	<u>354,812</u>	<u>710,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>170</u>	<u>(7,243)</u>	<u>26,647</u>	<u>19,574</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out				
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXTRAORDINARY ITEM				
Extraordinary item-Dissolution of CCDA			8,589,630	8,589,630
Net change in fund balances	170	(7,243)	8,616,277	8,609,204
Fund balances-beginning	<u>65,475</u>	<u>212</u>	<u>92</u>	<u>65,779</u>
Fund balances-ending	<u>\$65,645</u>	<u>(\$7,031)</u>	<u>\$8,616,369</u>	<u>\$8,674,983</u>

¹ Period is for seven months, 7/1/2011 - 1/31/2012; this fund was closed and all assets, liabilities and equity were transferred to the Redevelopment Successor Agency Private-purpose trust fund on 2/1/2012.

City of Clovis
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

<u>Community Development</u> ¹	<u>Debt Service 1976 Fire and Sewer</u>	<u>Total</u>	<u>Park and Recreation</u>	<u>Capital Projects Refuse Equipment</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
						\$79,283
\$10,427	\$995	\$11,422	\$5,327	\$2,836	\$8,163	29,482
			185,524		185,524	825,651
			774,915	118,990	893,905	893,905
			4,103		4,103	4,405
<u>10,427</u>	<u>995</u>	<u>11,422</u>	<u>969,869</u>	<u>121,826</u>	<u>1,091,695</u>	<u>1,832,726</u>
						710,035
575,000		575,000				575,000
789,378		789,378				789,378
			1,338,961		1,338,961	1,338,961
<u>1,364,378</u>	<u>0</u>	<u>1,364,378</u>	<u>1,338,961</u>	<u>0</u>	<u>1,338,961</u>	<u>3,413,374</u>
(1,353,951)	995	(1,352,956)	(369,092)	121,826	(247,266)	(1,580,648)
1,342,952		1,342,952				1,342,952
				(68,000)	(68,000)	(68,000)
<u>1,342,952</u>	<u>0</u>	<u>1,342,952</u>	<u>0</u>	<u>(68,000)</u>	<u>(68,000)</u>	<u>1,274,952</u>
(1,321,903)		(1,321,903)				7,267,727
(1,332,902)	995	(1,331,907)	(369,092)	53,826	(315,266)	6,962,031
1,332,902	402,813	1,735,715	2,096,253	1,051,471	3,147,724	4,949,218
<u>\$0</u>	<u>\$403,808</u>	<u>\$403,808</u>	<u>\$1,727,161</u>	<u>\$1,105,297</u>	<u>\$2,832,458</u>	<u>\$11,911,249</u>

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Community Development Capital Project Fund
For the Seven Months Ended January 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original ¹</u>	<u>Final ¹</u>		
REVENUE				
Property taxes	\$3,880,000	\$3,880,000	\$1,343	(\$3,878,657)
Use of money and property	61,000	61,000	0	(61,000)
From other agencies	1,467,000	1,467,000	78,248	(1,388,752)
Other revenues	335,000	335,000	302,081	(32,919)
Total revenues	<u>5,743,000</u>	<u>5,743,000</u>	<u>381,672</u>	<u>(5,361,328)</u>
EXPENDITURES				
Capital outlays	6,608,709	7,345,709	1,488,764	5,856,945
Total expenditures	<u>6,608,709</u>	<u>7,345,709</u>	<u>1,488,764</u>	<u>5,856,945</u>
Excess (deficiency) of revenues over expenditures	<u>(865,709)</u>	<u>(1,602,709)</u>	<u>(1,107,092)</u>	<u>495,617</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	188,744	188,744
Transfers Out	(1,366,000)	(1,366,000)	(1,531,696)	(165,696)
Total other financing sources (uses)	<u>(1,366,000)</u>	<u>(1,366,000)</u>	<u>(1,342,952)</u>	<u>23,048</u>
Extraordinary item-dissolution of CCDA	<u>0</u>	<u>0</u>	<u>(18,819,444)</u>	<u>(18,819,444)</u>
Net change in fund balances	<u>(2,231,709)</u>	<u>(2,968,709)</u>	<u>(21,269,488)</u>	<u>(18,300,779)</u>
Fund balances-beginning	21,269,488	21,269,488	21,269,488	
Fund balances-ending	<u><u>\$19,037,779</u></u>	<u><u>\$18,300,779</u></u>	<u><u>\$0</u></u>	<u><u>(\$18,300,779)</u></u>

¹ Period is for seven months, 7/1/2011 - 1/31/2012; however, the budget was prepared based on a 12-month period ended June 30, 2012.

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$0	\$0	\$170	\$170
Total revenues	0	0	170	170
EXPENDITURES				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	170	170
Fund balances-beginning	65,475	65,475	65,475	
Fund balances-ending	\$65,475	\$65,475	\$65,645	\$170

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, 2012

	<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	\$370,000	\$370,000	\$347,980	(\$22,020)
Total revenues	<u>370,000</u>	<u>370,000</u>	<u>347,980</u>	<u>(22,020)</u>
EXPENDITURES				
Community development	386,500	386,500	355,223	31,277
Total expenditures	<u>386,500</u>	<u>386,500</u>	<u>355,223</u>	<u>31,277</u>
Excess (deficiency) of revenues over expenditures	(16,500)	(16,500)	(7,243)	9,257
Fund balances-beginning	212	212	212	
Fund balances-ending	<u><u>(\$16,288)</u></u>	<u><u>(\$16,288)</u></u>	<u><u>(\$7,031)</u></u>	<u><u>\$9,257</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$0	\$0	\$79,283	\$79,283
Use of money and property	0	0	9,727	9,727
From other agencies	100,000	100,000	292,147	192,147
Other revenues	0	0	302	302
Total revenues	100,000	100,000	381,459	281,459
EXPENDITURES				
Community development	89,500	355,500	354,812	688
Total expenditures	89,500	355,500	354,812	688
Excess (deficiency) of revenues over expenditures	10,500	(255,500)	26,647	282,147
EXTRAORDINARY ITEM				
Extraordinary item-Dissolution of CCDA	0	0	8,589,630	8,589,630
Total other financing sources	0	0	8,589,630	8,589,630
Net change in fund balances	10,500	(255,500)	8,616,277	8,871,777
Fund balances-beginning	92	92	92	
Fund balances-ending	\$10,592	(\$255,408)	\$8,616,369	\$8,871,777

Beginning this fiscal year, the Redevelopment Housing Successor activities are included in this fund.
(See Note I.D.12)

City of Clovis
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Community Development Debt Service Fund
For the Seven Months Ended January 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts ¹</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original ¹</u>	<u>Final ¹</u>		
REVENUE				
Use of money and property	\$2,000	\$2,000	\$10,427	\$8,427
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>10,427</u>	<u>8,427</u>
EXPENDITURES				
Debt service:				
Principal	575,000	575,000	575,000	0
Interest and fiscal charges	791,000	791,000	789,378	1,622
Total expenditures	<u>1,366,000</u>	<u>1,366,000</u>	<u>1,364,378</u>	<u>1,622</u>
Excess (deficiency) of revenues over expenditures	<u>(1,364,000)</u>	<u>(1,364,000)</u>	<u>(1,353,951)</u>	<u>10,049</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,366,000	1,366,000	1,342,952	23,048
Total other financing sources (uses)	<u>1,366,000</u>	<u>1,366,000</u>	<u>1,342,952</u>	<u>23,048</u>
Extraordinary item-dissolution of CCDA	<u>0</u>	<u>0</u>	<u>(1,321,903)</u>	<u>(1,321,903)</u>
Net change in fund balances	2,000	2,000	(1,332,902)	(1,288,806)
Fund balances-beginning	1,332,902	1,332,902	1,332,902	
Fund balances-ending	<u>\$1,334,902</u>	<u>\$1,334,902</u>	<u>\$0</u>	<u>(\$1,288,806)</u>

¹ Period is for seven months, 7/1/2011 - 1/31/2012; however, the budget was prepared based on a 12-month period ended June 30, 2012. (See Note I.D.12)

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, 2012

	<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	\$995	\$995
Total revenues	<u>0</u>	<u>0</u>	<u>995</u>	<u>995</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	995	995
Fund balances-beginning	402,813	402,813	402,813	
Fund balances-ending	<u>\$402,813</u>	<u>\$402,813</u>	<u>\$403,808</u>	<u>\$995</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, 2012

	<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	\$21,000	\$21,000	\$5,327	(\$15,673)
From other agencies	377,000	377,000	185,524	(191,476)
Charges for current services	800,000	800,000	774,915	(25,085)
Other revenues	130,000	130,000	4,103	(125,897)
Total revenues	<u>1,328,000</u>	<u>1,328,000</u>	<u>969,869</u>	<u>(358,131)</u>
EXPENDITURES				
Capital outlays	<u>2,943,268</u>	<u>3,438,268</u>	<u>1,338,961</u>	<u>2,099,307</u>
Total expenditures	<u>2,943,268</u>	<u>3,438,268</u>	<u>1,338,961</u>	<u>2,099,307</u>
Excess (deficiency) of revenues over expenditures	(1,615,268)	(2,110,268)	(369,092)	1,741,176
Fund balances-beginning	2,096,253	2,096,253	2,096,253	
Fund balances-ending	<u>\$480,985</u>	<u>(\$14,015)</u>	<u>\$1,727,161</u>	<u>\$1,741,176</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	\$0	\$0	\$2,836	\$2,836
Charges for current services	0	0	118,990	118,990
Total revenues	0	0	121,826	121,826
EXPENDITURES				
Capital outlays	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	121,826	121,826
OTHER FINANCING SOURCES (USES)				
Transfers Out	(68,000)	(68,000)	(68,000)	0
Total other financing sources (uses)	(68,000)	(68,000)	(68,000)	0
Net change in fund balances	(68,000)	(68,000)	53,826	121,826
Fund balances-beginning	1,051,471	1,051,471	1,051,471	
Fund balances-ending	\$983,471	\$983,471	\$1,105,297	\$121,826

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Internal Service Funds

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

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

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

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

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

City of Clovis
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Self Insurance	Fleet	Employee Benefits	General Services	Total
ASSETS					
Current assets:					
Cash and investments	\$1,013,967	\$6,800,241	\$5,356,446	\$9,305,437	\$22,476,091
Receivables	227,200	4,648	124,780	48,133	404,761
Due from other governments				82,678	82,678
Inventories		565,000			565,000
Total current assets	<u>1,241,167</u>	<u>7,369,889</u>	<u>5,481,226</u>	<u>9,436,248</u>	<u>23,528,530</u>
Noncurrent assets:					
Restricted cash and investments:					
Cash with fiscal agent-bond accounts				564,501	564,501
Total restricted assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>564,501</u>	<u>564,501</u>
Capital assets:					
Land				9,403,364	9,403,364
Buildings and improvements		940,271		77,884,897	78,825,168
Machinery and equipment		26,451,539		6,878,876	33,330,415
Less accumulated depreciation		(15,830,078)		(23,483,790)	(39,313,868)
Total capital assets (net of accumulated depreciation)	<u>0</u>	<u>11,561,732</u>	<u>0</u>	<u>70,683,347</u>	<u>82,245,079</u>
Total noncurrent assets	<u>0</u>	<u>11,561,732</u>	<u>0</u>	<u>71,247,848</u>	<u>82,809,580</u>
Total assets	<u>1,241,167</u>	<u>18,931,621</u>	<u>5,481,226</u>	<u>80,684,096</u>	<u>106,338,110</u>
LIABILITIES					
Current liabilities:					
Accounts payable	19,887	156,703	390,498	922,265	1,489,353
Claims and judgements payable			2,548,000		2,548,000
Accrued compensated absences		11,700	821,000	31,300	864,000
Deposits and other liabilities				2,033,976	2,033,976
Capital leases-current		616,934		694,322	1,311,256
Loans payable-current				200,905	200,905
Revenue bonds-current				680,000	680,000
Total current liabilities	<u>19,887</u>	<u>785,337</u>	<u>3,759,498</u>	<u>4,562,768</u>	<u>9,127,490</u>
Noncurrent liabilities:					
Claims and judgements payable			6,750,000		6,750,000
Accrued compensated absences		32,631		87,038	119,669
Capital leases		2,007,182		6,781,264	8,788,446
Loans payable				2,142,292	2,142,292
Revenue bonds (net of discount)				13,767,033	13,767,033
Total noncurrent liabilities	<u>0</u>	<u>2,039,813</u>	<u>6,750,000</u>	<u>22,777,627</u>	<u>31,567,440</u>
Total liabilities	<u>19,887</u>	<u>2,825,150</u>	<u>10,509,498</u>	<u>27,340,395</u>	<u>40,694,930</u>
NET ASSETS					
Invested in capital assets, net of related debt		9,602,616		50,950,377	60,552,993
Restricted for debt service				564,501	564,501
Unrestricted	1,221,280	6,503,855	(5,028,272)	1,828,823	4,525,686
Total net assets	<u>\$1,221,280</u>	<u>\$16,106,471</u>	<u>(\$5,028,272)</u>	<u>\$53,343,701</u>	<u>\$65,643,180</u>

City of Clovis
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	<u>Self Insurance</u>	<u>Fleet</u>	<u>Employee Benefits</u>	<u>General Services</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$792,777	\$6,680,537	\$17,526,282	\$7,846,825	\$32,846,421
From other agencies		901,073		175,292	1,076,365
Other revenues	423,560			303,513	727,073
Total operating revenues	<u>1,216,337</u>	<u>7,581,610</u>	<u>17,526,282</u>	<u>8,325,630</u>	<u>34,649,859</u>
Operating expenses:					
Salaries and benefits	132,085	1,329,597	237,546	1,904,785	3,604,013
Services, materials and supplies	1,274,591	2,992,018	16,808,944	4,093,349	25,168,902
Administration	18,500	754,500	35,800	150,511	959,311
Depreciation		1,897,577		2,384,487	4,282,064
Total operating expenses	<u>1,425,176</u>	<u>6,973,692</u>	<u>17,082,290</u>	<u>8,533,132</u>	<u>34,014,290</u>
Operating income (loss)	<u>(208,839)</u>	<u>607,918</u>	<u>443,992</u>	<u>(207,502)</u>	<u>635,569</u>
Nonoperating revenues (expenses):					
Interest income	2,855	15,330	13,134	29,136	60,455
Interest expense		(91,096)		(1,159,440)	(1,250,536)
Sales tax override				11,569	11,569
Gain (loss) on sale of capital assets		(4,311)			(4,311)
Total nonoperating revenue (expense)	<u>2,855</u>	<u>(80,077)</u>	<u>13,134</u>	<u>(1,118,735)</u>	<u>(1,182,823)</u>
Income before contributions and transfers	<u>(205,984)</u>	<u>527,841</u>	<u>457,126</u>	<u>(1,326,237)</u>	<u>(547,254)</u>
Capital contributions		26,107			26,107
Transfers in				795,000	795,000
Changes in net assets	<u>(205,984)</u>	<u>553,948</u>	<u>457,126</u>	<u>(531,237)</u>	<u>273,853</u>
Total net assets-beginning	1,427,264	15,552,523	(5,485,398)	53,874,938	65,369,327
Total net assets-ending	<u>\$1,221,280</u>	<u>\$16,106,471</u>	<u>(\$5,028,272)</u>	<u>\$53,343,701</u>	<u>\$65,643,180</u>

City of Clovis
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Self Insurance	Fleet	Employee Benefits	General Services	Total
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$793,476	\$6,686,537	\$17,535,004	\$8,562,798	\$33,577,815
Payments to suppliers	(1,315,779)	(3,818,879)	(16,758,179)	(3,181,039)	(25,073,876)
Payments to employees	(132,085)	(1,350,344)	(303,546)	(1,929,538)	(3,715,513)
Other operating revenues	406,008	901,073		487,024	1,794,105
Net cash provided/(used) by operating activities	<u>(248,380)</u>	<u>2,418,387</u>	<u>473,279</u>	<u>3,939,245</u>	<u>6,582,531</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from Sales Tax Override				11,569	11,569
Transfers-in from other funds				795,000	795,000
Net cash provided/(used) by noncapital financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>806,569</u>	<u>806,569</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(2,651,086)		(5,239,908)	(7,890,994)
Principal paid on loans, bonds and capital leases		(535,794)		(1,448,973)	(1,984,767)
Interest paid on loans, bonds and capital leases		(91,096)		(1,148,623)	(1,239,719)
Proceeds from capital leases and loans		665,000		1,673,360	2,338,360
Proceeds from sale of property and equipment		31,210			31,210
Proceeds from donation for capital project				2,000,000	2,000,000
Net cash provided/(used) by capital and related financing activities	<u>0</u>	<u>(2,581,766)</u>	<u>0</u>	<u>(4,164,144)</u>	<u>(6,745,910)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	3,421	15,867	13,333	29,673	62,294
Net cash provided by investing activities	<u>3,421</u>	<u>15,867</u>	<u>13,333</u>	<u>29,673</u>	<u>62,294</u>
Net increase/(decrease) in cash and cash equivalents	(244,959)	(147,512)	486,612	611,343	705,484
Cash and cash equivalents-beginning of year	1,258,926	6,947,753	4,869,834	9,258,595	22,335,108
Cash and cash equivalents-end of year	<u>\$1,013,967</u>	<u>\$6,800,241</u>	<u>\$5,356,446</u>	<u>\$9,869,938</u>	<u>\$23,040,592</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:					
Operating income/(loss)	(\$208,839)	\$607,918	\$443,992	(\$207,502)	\$635,569
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:					
Depreciation/amortization expense		1,897,577		2,384,487	4,282,064
(Increase)/decrease in accounts receivable	(16,853)	6,000	8,722	715,973	713,842
(Increase)/decrease in due from other governments				26,601	26,601
(Increase)/decrease in inventories		(30,000)			(30,000)
(Increase)/decrease in prepaid items		28,046		766,656	794,702
Increase/(decrease) in accounts payable	(22,688)	(70,407)	8,565	296,165	211,635
Increase/(decrease) in accrued compensated absences		(20,747)	(66,000)	(24,753)	(111,500)
Increase/(decrease) in claims and judgments payable			78,000		78,000
Increase/(decrease) in deposits				(18,382)	(18,382)
Total adjustments	<u>(39,541)</u>	<u>1,810,469</u>	<u>29,287</u>	<u>4,146,747</u>	<u>5,946,962</u>
Net cash provided/(used) by operating activities	<u>(\$248,380)</u>	<u>\$2,418,387</u>	<u>\$473,279</u>	<u>\$3,939,245</u>	<u>\$6,582,531</u>

Noncash investing, capital, and financing activities:

During the year the Fleet Maintenance Fund, an internal service fund, received \$26,107 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, 2012

	Agency Funds						Total
	Senior Citizen Memorial	Blackhorse Assessment	Payroll Tax and Withholdings	Temperance Barstow Assessment	Shepherd Temperance Assessment	Asset Forfeiture	
ASSETS							
Cash and investments	\$45,861	\$76,499	\$150,792	\$175,801	\$210,801	\$324,248	\$984,002
Cash with agent-restricted				178,460	307,850		486,310
Receivables	39	1,200		383	1,349	272	3,243
Total assets	<u>\$45,900</u>	<u>\$77,699</u>	<u>\$150,792</u>	<u>\$354,644</u>	<u>\$520,000</u>	<u>\$324,520</u>	<u>\$1,473,555</u>
LIABILITIES							
Accrued payroll			\$150,792				\$150,792
Agency funds payable	\$45,900	\$77,699		\$354,644	\$520,000	\$324,520	1,322,763
Total liabilities	<u>\$45,900</u>	<u>\$77,699</u>	<u>\$150,792</u>	<u>\$354,644</u>	<u>\$520,000</u>	<u>\$324,520</u>	<u>\$1,473,555</u>

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City of Clovis
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
Senior Citizen Memorial				
Assets				
Cash and investments	\$46,043	\$2,698	\$2,880	\$45,861
Receivables	54	199	214	39
Total assets	<u>\$46,097</u>	<u>\$2,897</u>	<u>\$3,094</u>	<u>\$45,900</u>
Liabilities				
Agency funds payable	\$46,097	\$2,897	\$3,094	\$45,900
Total liabilities	<u>\$46,097</u>	<u>\$2,897</u>	<u>\$3,094</u>	<u>\$45,900</u>
Blackhorse Assessment				
Assets				
Cash and investments	\$66,366	\$65,038	\$54,905	\$76,499
Receivables	1,632	1,372	1,804	1,200
Total assets	<u>\$67,998</u>	<u>\$66,410</u>	<u>\$56,709</u>	<u>\$77,699</u>
Liabilities				
Agency funds payable	\$67,998	\$66,410	\$56,709	\$77,699
Total liabilities	<u>\$67,998</u>	<u>\$66,410</u>	<u>\$56,709</u>	<u>\$77,699</u>
Payroll Tax and Withholding				
Assets				
Cash and investments	\$1,324,064	\$150,792	\$1,324,064	\$150,792
Total assets	<u>\$1,324,064</u>	<u>\$150,792</u>	<u>\$1,324,064</u>	<u>\$150,792</u>
Liabilities				
Accrued Payroll	\$1,324,064	\$150,792	\$1,324,064	\$150,792
Total liabilities	<u>\$1,324,064</u>	<u>\$150,792</u>	<u>\$1,324,064</u>	<u>\$150,792</u>

Temperance/Barstow Assessment

Assets				
Cash and investments	\$171,596	\$87,658	\$83,453	\$175,801
Cash with agent-restricted	178,442	18		178,460
Receivables	416	665	698	383
Total assets	<u>\$350,454</u>	<u>\$88,341</u>	<u>\$84,151</u>	<u>\$354,644</u>
Liabilities				
Agency funds payable	\$350,454	\$88,341	\$84,151	\$354,644
Total liabilities	<u>\$350,454</u>	<u>\$88,341</u>	<u>\$84,151</u>	<u>\$354,644</u>

Shepherd/Temperance Assessment

Assets				
Cash and investments	\$201,239	\$121,206	\$111,644	\$210,801
Cash with agent-restricted	307,819	31		307,850
Receivables	1,057	1,502	1,210	1,349
Total assets	<u>\$510,115</u>	<u>\$122,739</u>	<u>\$112,854</u>	<u>\$520,000</u>
Liabilities				
Agency funds payable	\$510,115	\$122,739	\$112,854	\$520,000
Total liabilities	<u>\$510,115</u>	<u>\$122,739</u>	<u>\$112,854</u>	<u>\$520,000</u>

Asset Forfeiture

Assets				
Cash and investments	\$305,650	\$41,481	\$22,883	\$324,248
Receivables	397	1,330	1,455	272
Total assets	<u>\$306,047</u>	<u>\$42,811</u>	<u>\$24,338</u>	<u>\$324,520</u>
Liabilities				
Agency funds payable	\$306,047	\$42,811	\$24,338	\$324,520
Total liabilities	<u>\$306,047</u>	<u>\$42,811</u>	<u>\$24,338</u>	<u>\$324,520</u>

Grand Total All Agency Funds

Assets				
Cash and investments	\$2,114,958	\$468,873	\$1,599,829	\$984,002
Cash with agent-restricted	486,261	49	0	486,310
Receivables	3,556	5,068	5,381	3,243
Total assets	<u>\$2,604,775</u>	<u>\$473,990</u>	<u>\$1,605,210</u>	<u>\$1,473,555</u>
Liabilities				
Accrued payroll	\$1,324,064	\$150,792	\$1,324,064	\$150,792
Agency funds payable	1,280,711	323,198	281,146	1,322,763
Total liabilities	<u>\$2,604,775</u>	<u>\$473,990</u>	<u>\$1,605,210</u>	<u>\$1,473,555</u>

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Statistical Section

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

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Statistical Section

Contents	Page
Financial Trends	103
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	111
These schedules contain information to help the reader assess the governments' most significant local revenue source, the property tax.	
Debt Capacity	115
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	121
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	124
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

CITY OF CLOVIS
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)
(in thousands)

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets,										
net of related debt	\$ 57,643	\$ 173,735	\$ 204,308	\$ 240,241	\$ 294,905	\$ 375,445	\$ 394,479	\$ 414,755	\$ 436,785	\$ 469,871
Restricted	18,383	19,396	22,187	26,196	29,022	39,670	38,672	35,940	33,283	21,302
Unrestricted	19,573	17,530	25,016	25,143	17,918	8,968	11,485	13,991	16,121	13,688
Total net assets	\$ 95,599	\$ 210,661	\$ 251,511	\$ 291,580	\$ 341,845	\$ 424,083	\$ 444,636	\$ 464,686	\$ 486,189	\$ 504,861
Business-type activities:										
Invested in capital assets,										
net of related debt	\$ 59,628	\$ 71,643	\$ 75,486	\$ 82,793	\$ 94,552	\$ 105,729	\$ 107,645	\$ 107,065	\$ 112,383	\$ 125,253
Restricted	4,868	4,734	4,905	5,307	4,940	7,174	8,370	7,706	5,269	5,292
Unrestricted	35,487	36,167	43,880	48,198	52,680	53,724	50,645	43,031	44,194	38,660
Total net assets	\$ 99,983	\$ 112,544	\$ 124,271	\$ 136,298	\$ 152,172	\$ 166,627	\$ 166,660	\$ 157,802	\$ 161,846	\$ 169,205
Total Primary government:										
Invested in capital assets,										
net of related debt	\$ 117,271	\$ 245,378	\$ 279,794	\$ 323,034	\$ 389,457	\$ 481,174	\$ 502,124	\$ 521,820	\$ 549,168	\$ 595,124
Restricted	23,251	24,130	27,092	31,503	33,961	46,844	47,042	43,646	38,552	26,594
Unrestricted	55,060	53,697	68,896	73,341	70,598	62,692	62,130	57,022	60,315	52,348
Total net assets	\$ 195,582	\$ 323,205	\$ 375,782	\$ 427,878	\$ 494,016	\$ 590,710	\$ 611,296	\$ 622,488	\$ 648,035	\$ 674,066

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

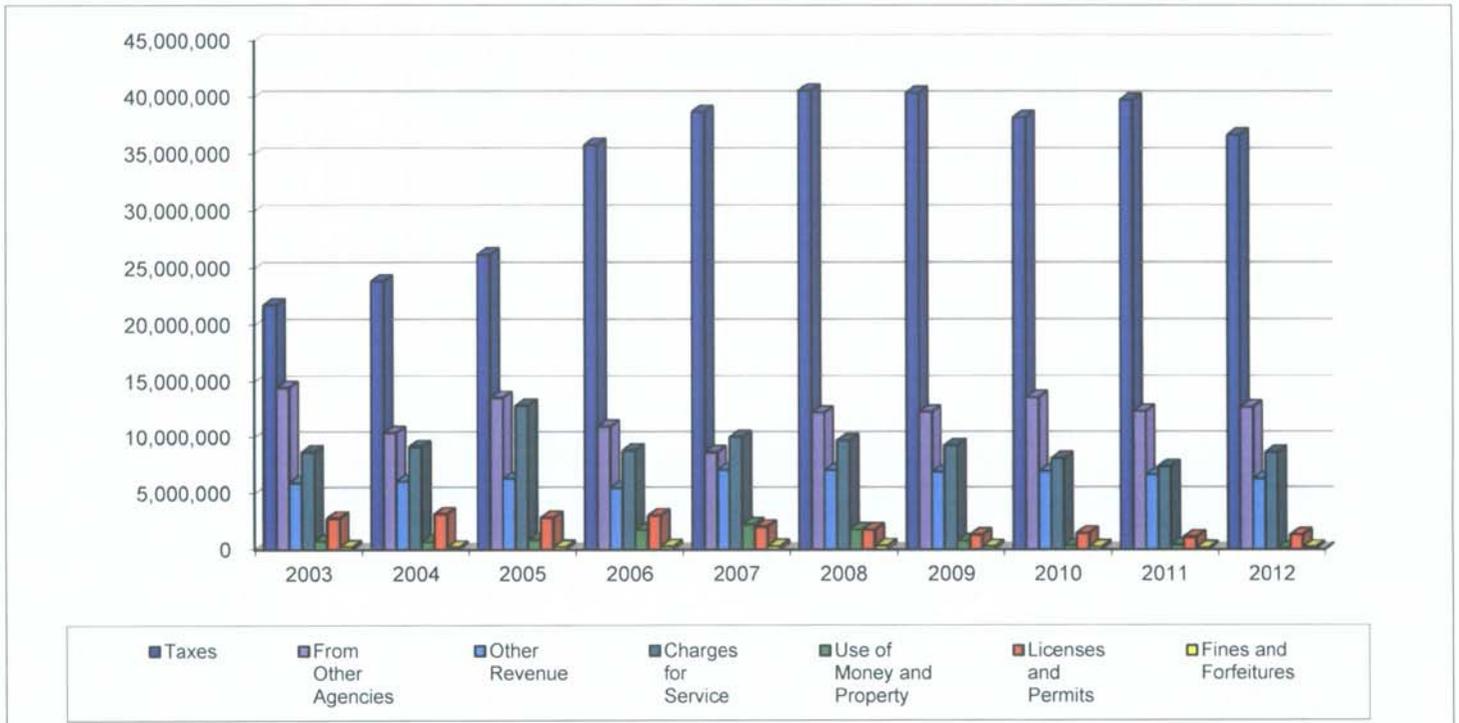
For the Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	\$ 3,685	\$ 3,691	\$ 3,697	\$ 4,668	\$ 5,319	\$ 5,495	\$ 5,265	\$ 4,282	\$ 4,684	\$ 4,952
Public safety	23,139	26,147	25,793	31,499	34,586	36,476	35,238	31,345	33,331	35,185
Transportation	5,998	8,296	9,715	6,658	7,932	7,982	8,886	10,123	9,869	10,803
Community development	7,985	8,775	9,370	10,377	11,531	11,437	11,065	11,289	10,931	8,925
Cultural and recreation	2,536	3,269	3,448	5,673	4,520	4,955	5,786	4,659	5,585	5,435
Special assessment	158	133	109	81	48	-	-	-	-	-
Total governmental activities expenses	43,501	50,311	52,132	58,956	63,936	66,345	66,240	61,698	64,400	65,300
Business-type activities:										
Refuse	8,513	9,740	10,646	10,849	10,997	12,207	12,400	13,793	13,097	13,617
Sewer	8,239	9,106	11,986	10,684	11,210	15,054	15,159	19,631	17,139	18,207
Water	8,474	11,838	11,707	13,175	13,087	13,672	13,775	14,098	13,352	14,114
Transit	2,021	2,184	2,300	2,618	2,678	3,397	3,897	3,980	4,226	4,419
Street Cleaning	616	675	674	862	871	963	877	944	-	-
Total business-type activities expenses	27,863	33,543	37,313	38,188	38,843	45,293	46,108	52,446	47,814	50,357
Total primary government expenses	71,364	83,854	89,445	97,144	102,779	111,638	112,348	114,144	112,214	115,657
Program revenues:										
Governmental activities:										
Charges for services:										
General Government	1,787	1,565	2,040	2,537	3,064	3,374	3,338	3,005	3,765	3,224
Public Safety	1,138	1,294	1,277	1,648	2,231	2,563	2,658	1,906	2,094	2,071
Transportation	15,161	24,047	31,398	4,893	5,383	7,398	8,872	6,558	7,637	8,586
Community development	7,886	8,600	8,348	9,065	9,178	8,370	7,348	6,735	6,153	7,961
Cultural and recreation	2,804	3,730	6,199	5,627	5,496	5,204	4,217	4,349	4,171	4,025
Special assessment	220	203	219	223	132	-	-	-	-	-
Operating grants and contributions	1,171	593	807	836	626	581	737	1,115	1,524	1,963
Capital grants and contributions	3,406	2,886	2,666	32,044	41,644	73,664	16,330	19,652	21,427	22,262
Total governmental activities program revenues	33,573	42,918	52,954	56,873	67,754	101,154	43,500	43,320	46,771	50,092

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>
2003	21,814,595	2,814,669	251,923	775,809	14,525,129	8,722,223	5,948,284	54,852,632
2004	23,872,863	3,187,377	199,677	701,924	10,452,635	9,171,410	6,077,956	53,663,842
2005	26,228,864	2,848,845	246,111	890,843	13,623,863	12,915,218	6,313,457	63,067,201
2006	35,823,839	3,054,428	298,091	1,762,543	10,988,153	8,855,189	5,499,742	66,281,985
2007	38,707,722	2,050,759	306,592	2,245,415	8,698,857	10,045,798	7,120,738	69,175,881
2008	40,593,526	1,763,279	352,647	1,776,955	12,284,310	9,740,854	7,073,402	73,584,973
2009	40,381,087	1,302,368	275,406	778,310	12,364,635	9,305,542	6,925,095	71,332,443
2010	38,232,859	1,454,196	240,622	371,328	13,649,374	8,129,216	6,969,861	69,047,456
2011	39,776,909	1,113,238	166,010	433,979	12,418,299	7,432,331	6,671,487	68,012,253
2012	36,715,550	1,305,849	208,227	125,071	12,799,825	8,676,798	6,318,419	66,149,739

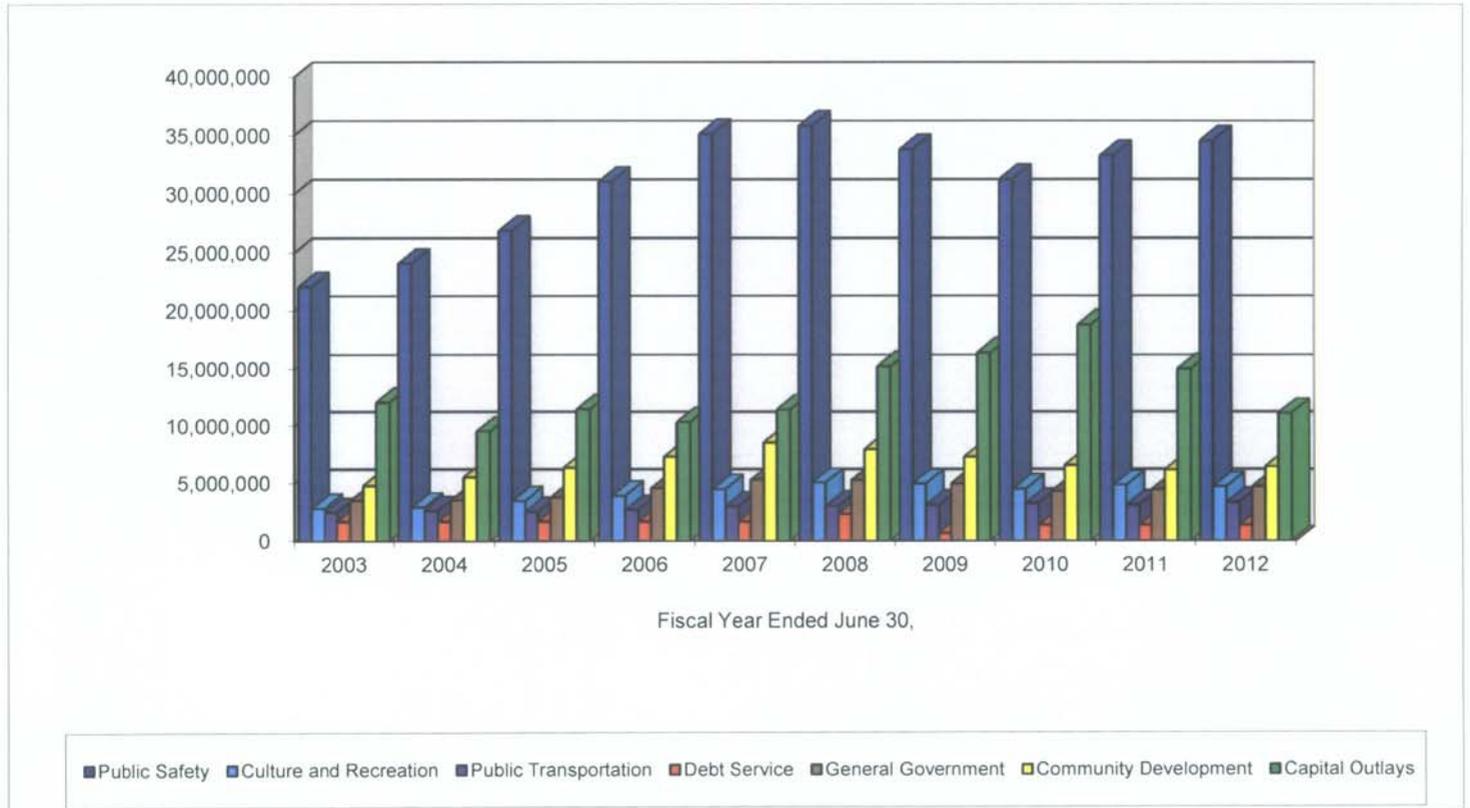
Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Funds).



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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>General</u> <u>Government</u>	<u>Public</u> <u>Safety</u>	<u>Transportation</u>	<u>Community</u> <u>Development</u>	<u>Culture and</u> <u>Recreation</u>	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Outlays</u>	<u>Total</u>
2003	3,520,408	22,067,748	2,489,293	4,807,990	2,812,035	1,674,338	12,080,200	49,452,012
2004	3,542,824	24,090,704	2,638,198	5,547,459	2,933,512	1,684,134	9,565,890	50,002,721
2005	3,798,831	26,884,832	2,535,611	6,403,121	3,471,047	1,674,305	11,477,441	56,245,188
2006	4,562,085	31,075,548	2,695,872	7,343,255	3,914,096	1,674,344	10,368,325	61,633,525
2007	5,293,459	35,131,624	3,011,329	8,601,267	4,482,704	1,667,645	11,457,349	69,645,377
2008	5,275,513	35,837,948	3,030,319	7,991,154	5,059,317	2,344,585	15,254,647	74,793,483
2009	4,979,945	33,824,405	3,110,287	7,348,048	4,970,931	642,966	16,425,668	71,302,250
2010	4,317,898	31,289,958	3,288,404	6,622,952	4,496,927	1,361,979	18,825,875	70,203,993
2011	4,468,062	33,303,647	3,134,317	6,223,288	4,843,250	1,364,129	15,066,781	68,403,474
2012	4,726,595	34,576,576	3,333,681	6,514,706	4,719,477	1,364,378	11,167,421	66,402,834

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,			
	2003	2004	2005	2006
Revenues:				
Property taxes	\$ 7,131,132	\$ 8,011,258	\$ 8,867,480	\$ 16,444,472
Sales taxes	8,777,324	9,634,234	10,190,462	11,707,495
Business license/Franchise	2,634,833	2,747,359	3,048,661	3,307,514
Other taxes	3,271,306	3,480,012	4,122,261	4,364,358
Licenses and permits	2,814,669	3,187,377	2,848,845	3,054,428
Fines and forfeitures	251,923	199,677	246,111	298,091
Use of money and property	775,809	701,924	890,843	1,762,543
From other agencies	14,525,129	10,452,635	13,623,863	10,988,153
Charges for current services	8,722,223	9,171,410	12,915,218	8,855,189
Other revenues	5,948,284	6,077,956	6,313,457	5,499,742
Total revenues	54,852,632	53,663,842	63,067,201	66,281,985
Expenditures				
Current:				
General government	3,520,408	3,542,824	3,798,831	4,562,085
Public safety	22,067,748	24,090,704	26,884,832	31,075,548
Transportation	2,489,293	2,638,198	2,535,611	2,695,872
Community development	4,807,990	5,547,459	6,403,121	7,343,255
Cultural and recreation	2,812,035	2,933,512	3,471,047	3,914,096
Debt service:				
Principal	923,399	970,297	1,012,195	1,065,042
Interest and fiscal charges	750,939	713,837	662,110	609,302
Bond issue costs				
Capital outlays	12,080,200	9,565,890	11,477,441	10,368,325
Total expenditures	49,452,012	50,002,721	56,245,188	61,633,525
Excess (deficiency) of revenues over (under) expenditures	5,400,620	3,661,121	6,822,013	4,648,460
Other financing sources (uses):				
Transfers in	889,400	1,004,694	1,338,300	1,615,000
Transfers out	(1,746,500)	(1,602,875)	(1,780,140)	(1,747,000)
Issuance of bonds				
Bond discount				
Payment to bond escrow agent				
Total other financing sources (uses)	(857,100)	(598,181)	(441,840)	(132,000)
Extraordinary item-Dissolution of CCDA				
Net change in Fund balances	\$ 4,543,520	\$ 3,062,940	\$ 6,380,173	\$ 4,516,460
Debt service as a percentage of noncapital expenditures	3.9%	3.9%	3.5%	3.0%

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,					
2007	2008	2009	2010	2011	2012
\$ 19,083,256	\$ 21,482,384	\$ 22,509,936	\$ 20,425,109	\$ 20,764,779	\$ 16,653,534
11,350,453	14,266,968	12,993,878	12,404,059	13,329,533	14,076,648
3,570,363	4,054,455	3,992,374	4,054,563	4,080,924	4,183,484
4,703,650	789,719	884,899	1,349,128	1,601,673	1,801,884
2,050,759	1,763,279	1,302,368	1,454,196	1,113,238	1,305,849
306,592	352,647	275,406	240,622	166,010	208,227
2,245,415	1,776,955	778,310	371,328	433,979	125,071
8,698,857	12,284,310	12,364,635	13,649,374	12,418,299	12,799,825
10,045,798	9,740,854	9,305,542	8,129,216	7,432,331	8,676,798
7,120,738	7,073,402	6,925,095	6,969,861	6,671,487	6,318,419
<u>69,175,881</u>	<u>73,584,973</u>	<u>71,332,443</u>	<u>69,047,456</u>	<u>68,012,253</u>	<u>66,149,739</u>
5,293,459	5,275,513	4,979,945	4,317,898	4,468,062	4,726,595
35,131,624	35,837,948	33,824,405	31,289,958	33,303,647	34,576,576
3,011,329	3,030,319	3,110,287	3,288,404	3,134,317	3,333,681
8,601,267	7,991,154	7,348,048	6,622,952	6,223,288	6,514,706
4,482,704	5,059,317	4,970,931	4,496,927	4,843,250	4,719,477
1,111,939	1,164,786		530,000	550,000	575,000
555,706	516,771	642,966	831,979	814,129	789,378
	663,028				
<u>11,457,349</u>	<u>15,254,647</u>	<u>16,425,668</u>	<u>18,825,875</u>	<u>15,066,781</u>	<u>11,167,421</u>
<u>69,645,377</u>	<u>74,793,483</u>	<u>71,302,250</u>	<u>70,203,993</u>	<u>68,403,474</u>	<u>66,402,834</u>
<u>(469,496)</u>	<u>(1,208,510)</u>	<u>30,193</u>	<u>(1,156,537)</u>	<u>(391,221)</u>	<u>(253,095)</u>
1,624,000	899,000	862,175	1,350,000	1,388,000	1,531,696
(1,194,000)	(1,269,000)	(852,175)	(1,399,000)	(2,487,000)	(1,599,696)
	19,100,000				
	(233,214)				
	(7,162,780)				
<u>430,000</u>	<u>11,334,006</u>	<u>10,000</u>	<u>(49,000)</u>	<u>(1,099,000)</u>	<u>(68,000)</u>
					(11,551,717)
<u>\$ (39,496)</u>	<u>\$ 10,125,496</u>	<u>\$ 40,193</u>	<u>\$ (1,205,537)</u>	<u>\$ (1,490,221)</u>	<u>\$ (11,872,812)</u>
2.6%	3.3%	0.9%	2.1%	2.1%	2.2%

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

General Fund					
Fiscal Year Ended June 30,	Nonspendable	Restricted	Assigned	Unassigned	Total
2003	-	571,506	4,246,460	1,716,457	6,534,423
2004	-	631,991	4,393,599	2,293,424	7,319,014
2005	-	903,576	5,787,142	4,180,052	10,870,770
2006	-	1,676,595	6,550,258	3,178,619	11,405,472
2007	-	2,359,832	5,657,082	1,440,184	9,457,098
2008	855,000	3,236,197	4,138,000	147,846	8,377,043
2009	855,000	3,373,603	3,525,000	1,576,248	9,329,851
2010	855,000	3,278,491	5,320,000	1,209,788	10,663,279
2011	855,000	2,984,719	6,565,000	544,966	10,949,685
2012	855,000	2,767,463	7,208,000	556,206	11,386,669

All Other Governmental Funds					
Fiscal Year Ended June 30,	Nonspendable	Restricted	Assigned	Unassigned	Total
2003	4,830,872	10,242,612	1,942,707		17,016,191
2004	5,181,872	13,414,689	697,979		19,294,540
2005	5,207,879	14,355,534	2,559,544		22,122,957
2006	6,341,149	18,344,090	1,419,476		26,104,715
2007	6,204,553	19,772,849	2,036,191		28,013,593
2008	7,240,974	29,791,170	2,187,000		39,219,144
2009	9,075,743	25,491,786	3,739,000		38,306,529
2010	11,082,808	22,186,756	2,498,000		35,767,564
2011	9,010,607	20,907,638	3,187,900		33,106,145
2012	6,850,436	10,683,943	3,261,970		20,796,349

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

Fiscal Year Ended June 30,	Real Property		Personal Property		Exemptions	Net		Total Direct
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Homeowners	Assessed	Estimated Actual	Tax Rate
2003	3,375,559,809	3,375,559,809	157,032,205	157,032,205	87,689,300	3,444,902,714	3,532,592,014	0%
2004	3,803,806,069	3,803,806,069	155,968,986	155,968,986	90,700,600	3,869,074,455	3,959,775,055	0%
2005	4,532,815,964	4,532,815,964	175,378,831	175,378,831	90,984,100	4,617,210,695	4,708,194,795	0%
2006	5,376,895,146	5,376,895,146	176,182,372	176,182,372	95,724,300	5,457,353,218	5,553,077,518	0%
2007	6,441,754,743	6,441,754,743	185,287,815	185,287,815	98,770,200	6,528,272,358	6,627,042,558	0%
2008	7,453,513,829	7,453,513,829	231,559,017	231,559,017	100,075,996	7,584,996,850	7,685,072,846	0%
2009	7,575,659,027	7,575,659,027	175,147,109	175,147,109	102,754,800	7,648,051,336	7,750,806,136	0%
2010	7,244,885,892	7,244,885,892	214,587,308	214,587,308	104,305,200	7,355,168,000	7,459,473,200	0%
2011	7,201,539,162	7,201,539,162	215,795,027	215,795,027	104,977,700	7,312,356,489	7,417,334,189	0%
2012	7,133,083,317	7,133,083,317	205,900,352	205,900,352	104,273,160	7,234,710,509	7,338,983,669	0%

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

Source: Fresno County Auditor Controller/Treasurer Tax Collector

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

<u>Fiscal Year Ended June 30,</u>	<u>City of Clovis</u>	<u>Clovis Unified School District Bond</u>	<u>State Center General Obligation Bond</u>	<u>County Wide</u>	<u>Total</u>
2003	0.000000	0.197500	0.000000	1.000000	1.197500
2004	0.000000	0.197500	0.015644	1.000000	1.213144
2005	0.000000	0.197500	0.014372	1.000000	1.211872
2006	0.000000	0.197500	0.005886	1.000000	1.203386
2007	0.000000	0.197500	0.005038	1.000000	1.202538
2008	0.000000	0.197500	0.015618	1.000000	1.213118
2009	0.000000	0.197488	0.000594	1.000000	1.198082
2010	0.000000	0.197500	0.013294	1.000000	1.210794
2011	0.000000	0.186740	0.010050	1.000000	1.196790
2012	0.000000	0.155352	0.007070	1.000000	1.162422

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 SIX YEARS AGO
(in thousands)

Taxpayer	2012			2006		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Fresno Community Hospital & Med CTR	\$116,037	1	1.59%	-	-	0
Pelco	\$78,512	2	1.07%	\$41,931	2	0.77%
Prindiville Dennis Trustee	43,739	3	0.60	55,564	1	1.02
BRE Throne Clovis Commons LLC	32,350	4	0.00	-	-	0.00
Anlin Industries	20,248	5	0.29	21,234	4	0.39
Copper Beech Townhome Communities	19,520	6	0.28	-	-	0.00
Kaiser Foundation Health Plan Inc	17,229	7	0.24	17,088	7	0.31
Winco Foods LLC	17,081	8	0.25	13,525	9	0.25
Brown Garold C Family LTD Partnership	16,951	9	0.23	-	-	0.00
Burgess Smith & Wathen Partnership VII	15,532	10	0.00	-	-	0.00
Save Mart Supermarkets	-	-	0.00	26,075	3	0.48
Clovis I LLC	-	-	0.00	18,018	6	0.33
Clovis Coventry Place LP	-	-	0.00	15,396	8	0.28
Fletcher K LLC	-	-	0.00	12,693	10	0.23
Vons Companies Inc	-	-	0.00	20,162	5	0.37
	<u>\$261,162</u>		<u>5.16%</u>	<u>\$221,524</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>
2003	4,487,532	4,078,805	90.9	139,862	4,218,667	94.0	116,003	2.585 %
2004	5,076,572	4,741,762	93.4	111,142	4,852,904	95.6	127,016	2.502
2005	5,281,724	5,025,680	95.2	238,739	5,264,419	99.7	108,909	2.062
2006	7,666,490	7,317,096	95.4	523,714	7,840,810	102.3	183,536	2.394
2007	9,146,452	8,732,938	95.5	191,802	8,924,740	97.6	320,126	3.500 *
2008	10,136,188	9,745,493	96.1	345,091	10,090,584	99.6	463,224	4.570 *
2009	9,853,029	9,353,774	94.9	469,608	9,823,382	99.7	382,987	3.887 *
2010	9,510,716	8,756,447	92.1	317,985	9,074,432	95.4	307,101	3.229 *
2011	9,158,780	8,702,520	95.0	531,780	9,234,301	100.8	243,624	2.660 *
2012	9,176,983	8,787,604	95.8	323,208	9,110,811	99.3	185,100	2.017 *

Notes: Amounts include only General Fund tax collections.

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

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

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tax</u> <u>Allocation</u> <u>Bonds</u>	<u>Special</u> <u>Assessment</u> <u>Bonds</u>	<u>Lease</u> <u>Revenue</u> <u>Bonds</u>	<u>Certificates</u> <u>of</u> <u>Participation</u>	<u>Revenue</u> <u>Bonds</u>	<u>Loans/</u> <u>Contracts</u> <u>Payable</u>	<u>Total</u>	<u>Debt</u> <u>Per</u> <u>AV</u>	<u>Debt</u> <u>Per</u> <u>Capita</u>
Governmental Activities									
2003	9,240,000	2,980,000	1,186,517	0	33,935,000	720,000	48,061,517	0.014	632
2004	8,865,000	2,435,000	968,919	0	32,605,000	689,416	45,563,335	0.012	563
2005	8,470,000	1,870,000	743,111	0	31,230,000	657,896	42,971,007	0.009	500
2006	8,055,000	1,275,000	504,987	0	29,800,000	2,625,411	42,260,398	0.008	470
2007	7,625,000	650,000	258,652	0	28,315,000	1,925,266	38,773,918	0.006	420
2008	19,100,000	0	0	0	26,765,000	1,224,096	47,089,096	0.006	499
2009	19,100,000	0	0	0	16,610,000	521,871	36,231,871	0.005	381
2010	18,570,000	0	0	0	16,010,000	1,352,424	35,932,424	0.005	371
2011	18,020,000	0	0	0	15,390,000	1,314,655	34,724,655	0.005	357
2012	17,470,000	0	0	0	14,770,000	1,276,886	33,516,886	0.005	340
Business-type Activities									
2003	0	0	258,482	0	67,199,707	22,044,176	89,502,365	0.026	1,178
2004	0	0	211,079	0	66,290,102	20,933,986	87,435,167	0.023	1,081
2005	0	0	161,888	0	91,190,499	19,772,172	111,124,559	0.024	1,292
2006	0	0	110,011	0	90,325,896	18,552,518	108,988,425	0.020	1,212
2007	0	0	56,347	0	157,971,292	17,268,807	175,296,446	0.027	1,900
2008	0	0	0	0	156,157,035	17,194,949	173,351,984	0.023	1,839
2009	0	0	0	0	154,292,777	15,815,472	170,108,249	0.022	1,788
2010	0	0	0	0	152,358,519	14,359,233	166,717,752	0.023	1,721
2011	0	0	0	0	150,339,262	12,818,719	163,157,981	0.022	1,678
2012	0	0	0	0	148,320,000	11,278,205	159,598,205	0.022	1,618
Total Primary Government									
2003	9,240,000	2,980,000	1,444,999	0	101,134,707	22,764,176	137,563,882	0.040	1,810
2004	8,865,000	2,435,000	1,179,998	0	98,895,102	21,623,402	132,998,502	0.034	1,644
2005	8,470,000	1,870,000	904,999	0	122,420,499	20,430,068	154,095,566	0.033	1,791
2006	8,055,000	1,275,000	614,998	0	120,125,896	21,177,929	151,248,823	0.028	1,682
2007	7,625,000	650,000	314,999	0	186,286,292	19,194,073	214,070,364	0.033	2,320
2008	19,100,000	0	0	0	182,922,035	18,419,045	220,441,080	0.029	2,338
2009	19,100,000	0	0	0	170,902,777	16,337,343	206,340,120	0.027	2,169
2010	18,570,000	0	0	0	168,368,519	15,711,657	202,650,176	0.028	2,092
2011	18,020,000	0	0	0	165,729,262	14,133,374	197,882,636	0.027	2,035
2012	17,470,000	0	0	0	163,090,000	12,555,091	193,115,091	0.027	1,958

Source: City of Clovis Finance Department

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

Fiscal Year	Estimated	Assessed	Gross Bonded	Less Debt	Net	Ratio of Net	Net
Ended	Population	Valuation	Debt (1)	Service Fund	Bonded Debt	Bonded Debt to	Bonded Debt
June 30,						Assessed Value	Per Capita
2003	75,997	3,444,902,714	0	0	0	0.00%	0
2004	80,884	3,869,074,455	0	0	0	0.00%	0
2005	86,015	4,617,210,695	0	0	0	0.00%	0
2006	89,924	5,457,353,218	0	0	0	0.00%	0
2007	92,269	6,528,272,358	0	0	0	0.00%	0
2008	94,278	7,584,996,850	0	0	0	0.00%	0
2009	95,128	7,648,051,336	0	0	0	0.00%	0
2010	96,868	7,355,168,000	0	0	0	0.00%	0
2011	97,218	7,312,356,489	0	0	0	0.00%	0
2012	98,611	7,234,710,509	0	0	0	0.00%	0

(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>
2003	0	0	0	49,452,012	0.0
2004	0	0	0	50,002,721	0.0
2005	0	0	0	56,245,188	0.0
2006	0	0	0	61,633,525	0.0
2007	0	0	0	69,645,377	0.0
2008	0	0	0	74,793,483	0.0
2009	0	0	0	71,302,250	0.0
2010	0	0	0	70,203,993	0.0
2011	0	0	0	68,403,474	0.0
2012	0	0	0	66,402,834	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, 2012

2011-2012 Assessed Valuation: \$6,754,426,944 (after deducting \$584,556,725 redevelopment incremental valuation)

<u>Direct and Overlapping Bonded Debt:</u>	<u>% Applicable</u>	<u>Debt</u>
Direct Bonded Debt:		
City of Clovis Revenue Bonds	100.000%	\$ 14,735,000
Total Gross Direct Bonded Debt		<u>14,735,000</u>
Overlapping Bonded Debt:		
Fresno County General Fund Obligations	12.412%	\$ 9,732,249
Fresno County Pension Obligations	12.412%	57,171,875
State Center Community College District	11.484%	12,220,124
Clovis Unified School District	37.211%	73,043,612
Clovis Unified School District Certificates of Participation	37.211%	13,907,611
Fresno Unified School District	2.506%	9,675,879
Fresno Unified School District General Fund Obligations	2.506%	749,294
Total Gross Overlapping Bonded Debt		<u>176,500,644</u>
Total Gross Direct and Overlapping Bonded Debt		<u>191,235,644</u> (1)
Total Net Direct and Overlapping Bonded Debt		<u>\$191,235,644</u>

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

Ratios to Assessed Valuation:

Total Direct Bonded Debt (\$14,735,000)	0.218%
Combined Total Debt	2.831%

Share of Authorized and Unsold Bonds:

City of Clovis	\$ 2,000,000
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State School Building Aid Repayable as of 6/30/12: \$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
2002	\$ 479,591,529	\$0	\$ 479,591,529	0%
2003	529,888,802	0	529,888,802	0
2004	593,966,258	0	593,966,258	0
2005	706,229,219	0	706,229,219	0
2006	832,961,628	0	832,961,628	0
2007	994,056,384	0	994,056,384	0
2008	1,152,760,927	0	1,152,760,927	0
2009	1,162,620,920	0	1,162,620,920	0
2010	1,118,920,980	0	1,118,920,980	0
2011	1,112,600,128	0	1,112,600,128	0
2012	1,100,847,550	0	1,100,847,550	0

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2011

Assessed Valuations:

Assessed Value	\$7,234,710,509
Add back exempt property	<u>104,273,160</u>

Total Assessed Value \$7,338,983,669

Legal Debt Margin:

Debt Limitation-15 percent of total assessed value \$1,100,847,550

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: \$1,100,847,550

**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>	
2003	7,863,675	7,856,504	7,171	430,000	422,697	852,697	0.01
2004	8,515,053	8,702,359	(187,306)	415,000	405,823	820,823	-0.23
2005	10,616,687	10,403,811	212,876	395,000	389,361	784,361	0.27
2006	12,280,701	10,351,583	1,929,118	410,000	372,110	782,110	2.47
2007	13,386,126	10,628,469	2,757,657	430,000	353,620	783,620	3.52
2008	14,413,377	11,289,716	3,123,661	450,000	334,005	784,005	3.98
2009	15,116,271	11,570,964	3,545,307	465,000	311,819	776,819	4.56
2010	15,519,039	12,275,661	3,243,378	490,000	287,628	777,628	4.17
2011	15,691,270	11,526,394	4,164,876	515,000	262,089	777,089	5.36
2012	16,515,045	11,747,301	4,767,744	540,000	235,299	775,299	6.15

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>	
2003	17,076,636	4,777,242	12,299,394	95,000	775,353	870,353	14.13
2004	17,356,735	5,581,386	11,775,349	100,000	770,873	870,873	13.52
2005	17,701,122	8,587,003	9,114,119	105,000	860,138	965,138	9.44
2006	16,637,445	5,513,294	11,124,151	110,000	2,137,772	2,247,772	4.95
2007	16,886,582	5,104,538	11,782,044	115,000	2,857,535	2,972,535	3.96
2008	15,988,470	6,561,113	9,427,357	120,000	5,323,098	5,443,098	1.73
2009	11,225,176	5,504,389	5,720,787	125,000	5,197,580	5,322,580	1.07
2010	9,633,733	9,213,349	420,384	130,000	5,206,043	5,336,043	0.08
2011	14,193,351	6,819,675	7,373,676	140,000	5,199,784	5,339,784	1.38
2012	16,378,861	7,806,516	8,572,345	145,000	5,162,329	5,307,329	1.62

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
2009	10,921,272	9,530,338	1,390,934	1,350,000	1,881,568	3,231,568	0.43
2010	11,049,053	10,090,509	958,544	1,390,000	1,836,111	3,226,111	0.30
2011	13,936,677	9,231,283	4,705,394	1,440,000	1,786,880	3,226,880	1.46
2012	16,645,199	9,953,181	6,692,018	1,495,000	1,733,364	3,228,364	2.07

- (1) Total revenues, including interest.
- (2) Total operating expenses exclusive of depreciation.
- (3) Includes principal and interest of revenue bonds only. It does not include the other debt reported in the refuse and sewer funds.
- (4) Total revenues, including interest and capital contributed by developers. The amount contributed by developers is available for payment of annual debt service and is therefore included in gross revenue for the purposes of this schedule.

Note: This schedule does not represent legal bond covenants.

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

Fiscal Year Ended <u>June 30.</u>	City <u>Population</u>	<u>% Change</u>	Fresno County <u>Population</u>	City Population as % of <u>County Population</u>	Fresno County Unemployment <u>Rate</u>
2003	75,997	4.39	841,560	9.03	13.50
2004	80,884	6.43	862,260	9.38	12.70
2005	86,015	6.34	883,537	9.74	8.40
2006	89,924	4.54	899,514	10.00	6.50
2007	92,269	2.61	917,515	10.06	8.10
2008	94,278	2.18	931,098	10.13	9.70
2009	95,128	0.90	942,298	10.10	15.30
2010	96,868	1.83	953,761	10.16	16.00
2011	97,218	0.36	940,220	10.34	16.80
2012	98,611	1.43	945,711	10.43	15.20

Sources: County of Fresno
Labor market Info EDD

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

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

Employer	2012			2003		
	Number of Employees	Rank	Percent of Total Employment*	Number of Employees	Rank	Percent of Total Employment
Clovis Unified School District	5,343	1	12.28%	5,146	1	12.43
Pelco	1,205	2	2.77	1,400	2	3.38
Clovis Community Hospital	1,110	3	2.55	773	3	1.87
City of Clovis	698	4	1.60	555	4	1.34
Wawona Frozen Foods	455	5	1.05	-	-	-
Target	436	6	1.00	170	10	0.41
Wal-Mart	335	7	0.77	388	5	0.94
Savemart	273	8	0.63	329	6	0.79
Costco	227	9	0.52	-	-	-
Vons	213	10	0.49	-	-	-
Pacific Bell	-	-	-	275	7	0.66
Anlin Industries	-	-	-	270	8	0.65
Home Depot	-	-	-	215	9	0.52

* "Total Employment" as used above represents the total employment of all employers located within City limits based on a projection for 2012.

Source: Employment Development Department

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

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Governmental Activities</u>										
General Government	23.250	23.250	26.050	29.050	30.750	29.750	35.700	24.100	36.550	38.050
Public Safety										
Police	137.000	141.000	146.000	158.000	170.000	174.000	151.000	146.000	146.000	148.000
Fire	61.000	61.000	65.000	71.000	76.000	76.000	65.000	60.500	66.500	64.500
Transportation	13.600	13.600	13.600	13.700	13.800	13.500	13.550	13.500	13.800	13.800
Community Development	55.250	58.250	60.250	65.250	67.250	62.250	46.250	52.250	41.500	40.000
Culture & Recreation	25.475	25.475	26.475	32.475	37.225	43.525	31.025	30.500	30.500	28.100
Internal Service	29.950	30.950	31.150	33.050	34.950	38.450	26.000	26.525	26.525	26.525
Total Governmental Activities	<u>345.525</u>	<u>353.525</u>	<u>368.525</u>	<u>402.525</u>	<u>429.975</u>	<u>436.475</u>	<u>368.525</u>	<u>353.375</u>	<u>361.375</u>	<u>358.975</u>
<u>Business-Type Activities</u>										
Refuse	36.050	36.050	35.200	37.400	37.610	39.610	39.460	39.610	41.860	41.860
Sewer	9.300	9.300	9.300	9.650	10.750	11.000	10.850	10.750	11.250	11.250
Water	24.250	24.250	30.100	30.550	32.750	34.750	34.550	34.350	34.600	34.600
Street Cleaning	4.750	4.750	4.750	5.750	5.790	5.840	5.790	4.790	4.790	4.790
Transit	16.125	17.125	17.125	17.125	19.125	22.325	22.825	22.125	22.125	22.525
Total Business-Type Activities	<u>90.475</u>	<u>91.475</u>	<u>96.475</u>	<u>100.475</u>	<u>106.025</u>	<u>113.525</u>	<u>113.475</u>	<u>111.625</u>	<u>114.625</u>	<u>115.025</u>
Total Full-Time Employees	<u>436.000</u>	<u>445.000</u>	<u>465.000</u>	<u>503.000</u>	<u>536.000</u>	<u>550.000</u>	<u>482.000</u>	<u>465.000</u>	<u>476.000</u>	<u>474.000</u>

Source: City of Clovis

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

Internal Service Functions have been included in Governmental Activities.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	4	4	4	4	4	5	5	5	5	5
Public utilities:										
Streets (miles)	328	345	353	361	369	313	315	315	359	362
Streetlights	6,688	7,113	7,311	7,744	8,391	8,929	8,930	8,938	9,567	9,576
Cultural and recreation:										
Parks	42	45	45	46	46	50	51	53	54	55
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	369	384	403	421	440	459	469	475	479	484
Sewer										
Sanitary sewers (miles)	274	285	300	310	330	342	349	352	356	358

Source: City of Clovis

CITY OF CLOVIS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Arrests	4,185	4,422	4,162	5,521	5,168	4,761	4,674	4,396	4,503	4,612
Parking citations issued	2,558	2,736	2,054	2,810	2,501	1,596	1,414	878	797	513
Fire:										
Number of emergency calls	5,377	5,813	6,722	6,994	6,184	6,492	9,139	8,135	6,970	8,945
Parks and recreation:										
Number of recreation classes	121	142	154	189	305	270	97	63	86	93
Number of facility rentals	5	5	5	5	5	5	18	18	18	13
Water:										
New connections	1,958	1,377	1,018	1,185	1,005	573	353	325	543	282
Average daily consumption (thousands of gallons)	19,135	21,738	20,945	23,253	25,416	25,521	24,930	22,889	21,918	22,453
Sewer:										
New connections	1,958	1,377	1,018	1,185	1,005	573	353	350	352	425
Average daily sewage treatment (thousands of gallons)	6,700	6,937	7,017	7,088	7,210	7,365	7,397	7,279	7,269	6,996

Source: City of Clovis

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Valuation (in Thousands)										
Residential	\$363,549	\$419,823	\$325,085	\$299,916	\$189,387	\$126,584	\$115,217	\$118,545	\$99,320	\$110,041
Non-residential	60,489	55,689	88,842	81,513	85,670	81,666	75,262	74,849	31,386	45,056
Total	\$424,038	\$475,512	\$413,927	\$381,429	\$275,057	\$208,250	\$190,479	\$193,394	\$130,706	\$155,097
New Dwelling Units										
Single Family	1,510	1,542	1,144	954	688	408	431	474	370	378
Multiple Family	87	490	105	302	30	116	16	0	60	100
Total	1597	2032	1249	1256	718	524	447	474	430	478

Source: City of Clovis Building Department

**CITY OF CLOVIS
MISCELLANEOUS STATISTICS
JUNE 30, 2012**

Date of Incorporation	February 27, 1912
Form of Government	Council/Manager
Number of Employees (full-time and part-time)	698
Area (square miles)	23.13
Miles of Streets	
Number of Street Lights	9,576
Fire Protection:	
Number of Stations	5
Number of Firefighters and Officers	61
Police Protection:	
Number of Police Officers and Other Sworn Personnel	96
Water Department:	
Number of Water Services	31,137
Miles of Water Mains	484
Sewers:	
Miles of Sanitary Sewers	358

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**INDEPENDENT AUDITORS' 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 financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clovis, California (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

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

Paul J. Mc Geady LLP

San Diego, California
November 27, 2012



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

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

Compliance

We have audited the City of Clovis, California's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are disclosed in Section III of the accompanying Schedule of Findings and Questioned Costs as item SA 2012-01.

Internal Control over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified one deficiency in internal control over compliance that we consider to be a significant deficiency.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item SA 2012-01 to be a significant deficiency.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

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

 Paul J. McGeedy LLP

San Diego, California
November 27, 2012

City of Clovis
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Program:</i>			
Community Development Block Grant - Entitlement	14.218	N/A	\$ 665,209
<i>Pass-Through State Housing and Community Development:</i>			
Neighborhood Stabilization Program	14.228	09-NSP1-6251	202,002
<i>Pass-Through California State University, Fresno Foundation:</i>			
Sustainable Communities Regional Planning Grant Program	14.703	CARIP0004-10	135,409
Total U.S. Department of Housing and Urban Development			1,002,620
U.S. Department of Justice			
<i>Direct Programs:</i>			
Bulletproof Vest Partnership Program	16.607	N/A	6,991
Public Safety Partnership and Community Policing Grants (ARRA)	16.710	N/A	498,768
<i>JAG Program Cluster:</i>			
Justice Assistance Grant Program	16.738	N/A	10,460
<i>Pass-Through City of Fresno:</i>			
Justice Assistance Grant Program	16.738	2009-DJ-BX-0571	7,399
Justice Assistance Grant Program (ARRA)	16.804	2009-SB-B9-0686	24,893
<i>JAG Program Cluster</i>			42,752
Total U.S. Department of Justice			548,511
U.S. Department of Labor			
<i>Pass-Through Workforce Investment Corporation:</i>			
Workforce Investment Board - WIA Youth Activities	17.259	340	347,980
Total U.S. Department of Labor			347,980
U.S. Department of Transportation			
<i>Pass-Through State Department of Transportation:</i>			
Highway Planning and Construction	20.205	06-5208	3,070,925
<i>Pass-Through CA Office of Traffic Safety:</i>			
State and Community Highway Safety	20.608	N/A	276,053
Total U.S. Department of Transportation			3,346,978
U.S. Department of Energy			
<i>Pass-Through the California Energy Commission:</i>			
State Energy Program (ARRA)	81.041	008-10-ECE-ARRA	953,239
Total U.S. Department of Energy			953,239
U.S. Department of Health and Human Services			
<i>Pass-Through Fresno-Madera Area Agency on Aging:</i>			
Special Programs for the Aging, Title III, Part C	93.045	960051	9,144
Total U.S. Department of Health and Human Services			9,144
U.S. Department of Homeland Security			
<i>Direct Programs:</i>			
Staffing for Adequate Fire and Emergency Response	97.083	N/A	543,291
<i>Pass-Through County of Fresno:</i>			
Homeland Security Program (SHSP)	97.073	01900000	50,412
Total U.S. Department of Homeland Security			593,703
Total Expenditures of Federal Awards			\$ 6,802,175

See Notes to Schedule of Expenditures of Federal Awards.

City of Clovis
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2012

1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, City of Clovis, California (the "City"), (b) organizations for which the primary government is financially accountable, including the Clovis Community Development Agency (dissolved on February 1, 2012 and established a Successor Agency, which is reported as a private-purpose trust fund in the City's financial statements), Clovis Municipal Development Corporation, and Clovis Public Financing Authority, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Schedule of Expenditures of Federal Awards

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

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

City of Clovis
Schedule of Findings and Questioned Costs
For the year ended June 30, 2012

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Types of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? SA 2012-01

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

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

Identification of major programs:

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Major Programs:		
Public Safety Partnership and Community Policing Grants (ARRA)	16.710	\$ 498,768
Highway Planning and Construction	20.205	3,070,925
State and Community Highway Safety	20.608	276,053
State Energy Program (ARRA)	81.041	953,239
Total Major Program Expenditures		\$ 4,798,985
Total Expenditures of Federal Awards		\$ 6,802,175
Percentage of Total Expenditures of Federal Awards		70.55%

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

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

City of Clovis
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted in the current fiscal year.

B. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Findings: FS 2011-01 Internal Controls Over Financial Reporting

Criteria:

Effective internal control over financial reporting provides reasonable assurance for the completeness and accuracy of accounting records and proper year end closing.

Condition:

We noted the City recorded a prior period adjustment in the Community Development Fund in the amount of \$884,792 in order to remove revenues and assets recorded erroneously in prior years. This resulted in a restatement and reduction of the June 30, 2010 fund balance. The amount recorded as revenue at June 30, 2010 was also reported as reserved fund balance and therefore there was no effect on the unreserved fund balance.

Cause:

The City's policies and procedures for evaluating, reviewing, and properly recording financial transactions arising from new funding sources were not effectively complied within the prior year.

Effect:

The Community Development Fund's beginning fund balance was overstated by \$884,792.

Recommendation:

The City should enhance its review processes over transactions arising from new funding sources to ensure that they are thoroughly evaluated, reviewed and recorded in order to facilitate the accurate and complete year-end closing of the general ledger and the preparation of its basic financial statements.

Current Status:

Corrected.

City of Clovis
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2012

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

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

Findings: SA 2012-01 Davis-Bacon Act

Information on the Federal Program:

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

Criteria or Specific Requirements:

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

Condition:

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

Questioned Costs:

No specific questioned costs identified.

Context and Effect:

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

Cause:

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

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

The City will have the project/grant manager review and approve the weekly certified payrolls and finance will work with new grant managers as they begin to manage the grants and the City is creating a compliance checklist for the grant managers to follow.

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

No findings or questioned costs were noted on the City's major programs for the year ended June 30, 2011.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN
AUDIT OF THE BASIC FINANCIAL STATEMENTS IN RELATION 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 (the "City"), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 27, 2012. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

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, 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. 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 with the California Public Utilities Code Section 142257 regulations as applies to Local Transportation Purpose Funds that are required to be reported herein under *Government Auditing Standards*.

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

Pun & McGeady LLP

San Diego, California
November 27, 2012



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**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
APPLIED TO THE APPROPRIATIONS LIMIT SCHEDULE OF THE
CITY OF CLOVIS, CALIFORNIA**

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Clovis, California (the "City") for the year ended June 30, 2012, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings were described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ended June 30, 2012, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

Finding:

No exceptions were noted as a result of our procedures.

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

Finding:

No exceptions were noted as a result of our procedures.

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

Finding:

No exceptions were noted as a result of our procedures.

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

Finding:

No exceptions were noted as a result of our procedures.

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

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

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

Paul J. Mc Geady LLP

San Diego, California
November 27, 2012

City of Clovis
Appropriations Limit Schedule
For the year ended June 30, 2012

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit FY 2010-11	\$ 147,937,890	Prior Year
B. Calculation Factors:		
Population increase %	1.0182	State Department of Finance
Inflation increase %	<u>1.0615</u>	City of Clovis' Building Department
Total adjustment %	1.0808	B1*B2
C. Annual Adjustment Increase	11,956,237	A*(B3-1)
D. Other Adjustments:		
Loss responsibility (-)	-	N/A
Transfer to private (-)	-	N/A
Transfer to fee (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total Adjustments	<u>11,956,237</u>	(C+D)
F. Appropriations Limit FY 2011-12	<u>\$ 159,894,127</u>	(A+E)

City of Clovis
Notes to Appropriations Limit Schedule
For the year ended June 30, 2012

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 2011-2012 represents the annual percentage change of local nonresidential construction.

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 2011-2012 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, 2012.