



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO
CITY OF CLOVIS**

FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**STATE OF NEW MEXICO
CITY OF CLOVIS
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For the Year Ended June 30, 2017**

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**STATE OF NEW MEXICO
CITY OF CLOVIS
Official Roster
As of June 30, 2017**

City Officials

Name	Title
David Lansford	Mayor
Chris Bryant	City Commissioner – District 4
Ladona K. Clayton	City Commissioner – District 1
Juan F. Garza	Mayor Pro Tem – District 1
Fidel Madrid	City Commissioner – District 3
Helen Casaus	City Commissioner – District 3
Thomas W. Martin III	City Commissioner – District 4
Sandra Taylor-Sawyer	City Commissioner – District 2
Gary L. Elliot	City Commissioner – District 2

Administrative Officials

Tom M. Phelps	Interim City Manager
Claire Burroughes	Assistant City Manager
Leigh Ann Melancon	Finance Director

FINANCIAL SECTION



INDEPENDENT AUDITOR’S REPORT

Tim Keller
New Mexico State Auditor
To the City Manager and City Commission
The City of Clovis
Clovis, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City of Clovis (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the City’s basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City’s nonmajor governmental, internal service funds, and fiduciary funds, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, internal service, and fiduciary fund of the City as of

June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 23 to the financial statements, the 2017 financial statements have been restated to correct balances in revenue, unearned revenue, and capital asset accounts. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 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.

Accounting principles generally accepted in the United States of America require that the Schedules related to PERA and Net Pension Liabilities, listed as "Required Supplemental Information" in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements, the combining and individual fund financial statements, and the schedule of changes in assets and liabilities - agency funds. The Schedule of Expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules listed as "other supplementary information" in the table of contents, required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Schedule of Expenditures of federal awards and other schedules listed as "other supplementary information (audited)" in the table of contents, required by 2.2.2 NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures and other schedules listed as "other supplementary information" in the table of contents required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that

report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hinkle & Landers, P.C.

Hinkle + Landers, PC
Albuquerque, New Mexico
November 30, 2017

**STATE OF NEW MEXICO
CITY OF CLOVIS
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

As management of the City of Clovis, we offer the readers of the City of Clovis financial statements this narrative overview and analysis of the financial activities of the City of Clovis for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Clovis and additional information provided.

Financial Highlights

- The assets of the City of Clovis exceeded its liabilities at the close of the most recent fiscal year by \$130,280,054 (*net position*). Of this amount, \$20,958,031 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$778,861. The majority of this increase is due to operating grants and miscellaneous income.
- As of the close of the current fiscal year, the City of Clovis' governmental funds reported combined ending fund balances of \$36,106,339, an increase of \$4,807,004 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$9,365,807 or 40 percent of total general fund expenditures.
- The City of Clovis' total debt decreased by \$3,118,985 (9 percent), during the current fiscal year. There was a new issue for street construction and refinancing of Civic Center bonds in fiscal year 2016. The annual principal payments decreased a portion of the total debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Clovis' basic financial statements. The City of Clovis' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Clovis' finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Clovis that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Clovis include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Clovis include an airport, solid waste, wastewater and golf course.

The government-wide financial statements can be found on pages 11 thru 13 of this report.

Fund financial statements. 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. The City of Clovis, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Clovis can be divided into two categories: governmental funds and proprietary funds.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

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 *near-term inflows and outflows of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *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 a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The City of Clovis adopts an annual appropriated budget for its general fund and all other governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. In addition, the individual financial statements of the remaining governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found on pages 14 thru 17 of this report.

Proprietary funds. The City of Clovis maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Clovis uses enterprise funds to account for its airport, solid waste, wastewater, and golf course funds. *Internal Service Funds* accounts for workers compensation and unemployment insurance services provided to other departments of the government. Services are provided on a cost reimbursement basis.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste, wastewater airport and golf course, all of which are considered major funds of the City of Clovis.

The basic proprietary fund financial statements can be found on pages 20 thru 27 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 financial statements. The notes to the financial statements can be found on pages 29 thru 58 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 59 thru 82 of the report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Clovis, assets exceeded liabilities by \$130,208,054 at the close of the most recent fiscal year.

The largest portion of the City of Clovis' net position (68 percent) reflect its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Clovis uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Clovis' investment in its capital assets is reported net of related

**STATE OF NEW MEXICO
CITY OF CLOVIS
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Clovis
Net Position
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current and other assets	\$ 40,858	46,064	9,323	9,437	50,182	55,501
Capital assets, net of accumulated depreciation	69,285	64,664	59,262	60,871	128,547	125,535
Deferred outflows of resources	4,549	1,338	-	-	4,549	1,338
Total assets and deferred outflows or resources	<u>114,693</u>	<u>112,066</u>	<u>68,585</u>	<u>70,308</u>	<u>183,278</u>	<u>182,374</u>
Long-term liabilities outstanding	25,764	22,914	21,487	23,662	47,251	46,576
Other Liabilities	3,574	3,927	1,774	1,954	5,348	5,881
Deferred inflows of resources	399	416	-	-	399	416
Total liabilities and deferred inflows of resources	\$ <u>29,736</u>	<u>27,257</u>	<u>23,262</u>	<u>25,616</u>	<u>52,998</u>	<u>52,873</u>
Net position	\$ <u>84,956</u>	<u>84,809</u>	<u>45,324</u>	<u>44,692</u>	<u>130,280</u>	<u>129,501</u>

An additional portion of the City of Clovis' net position of \$10,666,440 (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$20,958,031 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Clovis is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a net increase of \$3,012,651 in capital assets reported. The majority of this increase resulted from the purchase of vehicles and equipment and the adjustment of on-going building and infrastructure construction in progress.

Governmental activities. Governmental activities increased the City of Clovis' net position by \$603,651. Key elements of this increase are as follows:

- The total expenses for governmental activities increased by \$2,996,150, while revenues increased \$1,342,241 due mainly to increased operating grants and ICMA forfeiture.
- The gross receipts tax revenue decreased \$222,464.

Business-type activities. Business-type activities increased the City of Clovis' net position by \$99,095. Revenues increased \$1,590,973 due to an increase in charges for services. Expenses experienced a decrease of \$1,027,594.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

**City of Clovis
Comparison of Key Elements
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenues						
Taxes	\$ 30,082	30,118	487	494	30,569	30,612
Intergovernmental	5,375	2,825	198	284	5,573	3,109
Charges for services	2,840	2,748	8,587	8,097	11,428	10,845
Other	3,868	4,017	635	555	4,503	4,572
Total revenue	42,165	39,708	9,908	9,430	52,072	49,138
Expenses						
General government	8,659	6,294	-	-	8,659	6,294
Public safety	16,480	15,982	-	-	16,480	15,982
Public works	7,959	7,876	-	-	7,959	7,876
Culture and recreation	6,818	6,758	-	-	6,818	6,758
Health and welfare	610	600	-	-	610	600
Interest on long-term debt	428	448	-	-	428	448
Solid waste	-	-	4,466	5,859	4,466	5,859
Wastewater	-	-	3,588	4,005	3,588	4,005
Airport	-	-	1,933	1,126	1,933	1,126
Golf Course	-	-	427	453	427	453
Total expenses	40,955	37,958	10,415	11,443	51,370	49,401
Transfers	(606)	507	606	(507)	-	-
Change in net position	\$ 604	2,257	99	(2,520)	703	(263)

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Clovis' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Clovis' financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Clovis' governmental funds reported combined ending fund balances of \$36,106,339, an increase of \$4,807,004 in comparison with the prior year. Approximately 26 percent of this total amount, \$9,339,665 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder, \$26,766,674 is non-spendable as it is for inventory and prepaid expenses, restricted, committed and assigned expenses.

The general fund is the chief operating fund of the City of Clovis. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9,365,807, and represents 40 percent of total general fund expenditures. The fund balance of the City of Clovis' general fund increased by \$412,451 during the current fiscal year.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

Proprietary funds. The City of Clovis' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

There were no major differences between the original budget and the final amended budget.

Detailed budget performance is examined through the Statement of Revenues, Expenditures and Changes in Fund Balance for the general fund found on page 18. Actual general fund expenditures were \$4,347,249 less than the final budget amount (favorable variance). This was due primarily to the general government expenditure favorable variance of \$2,142,146.

Capital Asset and Debt Administration

Capital assets. The City of Clovis' amount invested in capital assets for its governmental and business type activities as of June 30, 2017, amounts to \$128,547,153 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, computers, equipment, furniture and fixtures, vehicles, infrastructure and zoo.

City of Clovis Capital Assets (In thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Land	\$ 3,386	3,285	6,160	6,190	9,546	9,475
Land improvements	2,366	2,401	1,384	108	3,750	2,508
Buildings and improvements	13,945	14,461	10,471	10,703	24,416	25,164
Equipment and vehicles	4,930	5,387	2,513	2,730	7,443	8,118
Infrastructure	35,731	38,180	38,458	40,269	74,189	78,449
Construction in progress	8,928	950	276	871	9,203	1,821
Net capital assets	<u>\$ 69,285</u>	<u>64,664</u>	<u>59,262</u>	<u>60,871</u>	<u>128,547</u>	<u>125,535</u>

Additional information on the City of Clovis' capital assets can be found in Note 6 on pages 40-41 of this report.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

Long-term debt. At the end of the current fiscal year, the City of Clovis had total debt from outstanding bonds of \$17,264,745 and loans and notes outstanding of \$12,489,019.

**City of Clovis
Long-term Debt
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue bonds	\$ 8,700	10,215	8,565	9,337	17,265	19,552
Notes payable	2,611	2,758	9,878	10,562	12,489	13,320
	<u>\$ 11,311</u>	<u>12,973</u>	<u>18,443</u>	<u>19,900</u>	<u>29,754</u>	<u>32,873</u>

Additional information on the City of Clovis' long-term debt can be found in Note 7 on pages 42-47 of this report.

Economic Factors and Next Year's Budget

City of Clovis is located in Curry County. Curry County, like the rest of urban New Mexico, has a strong and balanced economy. Employment in the area has been stable for the past three years.

City of Clovis receives approximately 64 percent of its annual operating budget for general fund from gross receipts taxes.

Request for Information

This financial report is designed to provide a general overview of the City of Clovis' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Clovis, P.O. Box 760, Clovis, New Mexico 88102. See Note 1 for requests for information in the separate financial statements of the component unit.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Net Position
As of June 30, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 33,366,949	7,178,254	40,545,203
Receivables:			
Property taxes receivable	125,367	-	125,367
Intergovernmental	5,124,966	81,075	5,206,041
Other receivables	1,534,301	4,403	1,538,704
Customer receivables	-	1,329,411	1,329,411
Prepays	440,534	92,810	533,344
Inventory	76,720	105,810	182,530
Internal balances	-	-	-
Total Current Assets	40,668,837	8,791,763	49,460,600
Noncurrent assets			
Restricted cash and investments	189,595	-	189,595
Bond discounts, net of amortization of \$14,768	-	-	-
Capital assets	134,464,549	108,504,177	242,968,726
Less: accumulated depreciation	(65,179,500)	(49,242,073)	(114,421,573)
Total Noncurrent Assets	69,474,644	59,262,104	128,736,748
Total Assets	110,143,481	68,053,867	178,197,348
Deferred Outflows of Resources	4,549,092	531,580	5,080,672
Total Assets and Deferred Outflows of Resources	\$ 114,692,573	68,585,447	183,278,020

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Net Position (continued)
As of June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 280,295	34,457	314,752
Accrued payroll expenses	696,748	93,218	789,966
Accrued compensated absences	665,144	131,709	796,853
Accrued interest	24,620	33,472	58,092
Meter and other refundable deposits	111,883	-	111,883
Unearned revenue	100,000	-	100,000
Current portion of bonds and notes payable	1,695,000	1,481,641	3,176,641
Total Current Liabilities	3,573,690	1,774,497	5,348,187
Noncurrent liabilities			
Accrued compensated absences	358,154	-	358,154
Meter and other refundable deposits	-	-	-
Landfill closure liability	-	3,986,566	3,986,566
Bond premium, net of amortization of \$32,120	137,806	8,036	145,842
Bonds and notes payable	9,616,000	16,961,123	26,577,123
Net pension liability	15,651,859	-	15,651,859
Total noncurrent liabilities	25,763,819	20,955,725	46,719,544
Total Liabilities	29,337,509	22,730,222	52,067,731
Deferred Inflows of Resources	398,655	531,580	930,235
Net Position			
Net investment in capital assets	57,836,243	40,819,340	98,655,583
Restricted for:			
Debt service	219,359	-	219,359
Capital projects and improvements	2,113,357	-	2,113,357
Other purposes	8,333,724	-	8,333,724
Unrestricted	16,453,726	4,504,305	20,958,031
Total Net Position	84,956,409	45,323,645	130,280,054
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 114,692,573	68,585,447	183,278,020

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
General government	\$ 8,658,833	85,555	1,209,809	-	(7,363,469)	-	(7,363,469)
Public safety	16,480,210	2,526,655	994,088	-	(12,959,467)	-	(12,959,467)
Public works	7,959,087	-	20,710	3,032,683	(4,905,694)	-	(4,905,694)
Culture and recreation	6,818,371	228,131	117,271	-	(6,472,969)	-	(6,472,969)
Health and welfare	609,949	-	223	-	(609,726)	-	(609,726)
Interest on long-term debt	428,216	-	-	-	(428,216)	-	(428,216)
<i>Total governmental activities</i>	<u>40,954,666</u>	<u>2,840,341</u>	<u>2,342,101</u>	<u>3,032,683</u>	<u>(32,739,541)</u>	<u>-</u>	<u>(32,739,541)</u>
Business-type Activities:							
Solid Waste	4,466,466	4,607,054	-	-	-	140,588	140,588
Wastewater	3,587,796	3,151,638	-	-	-	(436,158)	(436,158)
Airport	1,933,460	783,955	-	197,830	-	(951,675)	(951,675)
Golf Course	427,238	44,822	-	-	-	(382,416)	(382,416)
<i>Total business-type activities</i>	<u>10,414,960</u>	<u>8,587,469</u>	<u>-</u>	<u>197,830</u>	<u>-</u>	<u>(1,629,661)</u>	<u>(1,629,661)</u>
<i>Total Primary Government</i>	<u><u>51,369,626</u></u>	<u><u>11,427,810</u></u>	<u><u>2,342,101</u></u>	<u><u>3,230,513</u></u>	<u><u>(32,739,541)</u></u>	<u><u>(1,629,661)</u></u>	<u><u>(34,369,202)</u></u>
General Revenues:							
Taxes							
Property taxes, levied for general purposes					\$ 2,058,219	-	2,058,219
Gross receipts taxes					25,612,989	487,389	26,100,378
Gasoline and motor vehicle taxes					607,561	-	607,561
Franchise taxes					1,042,055	-	1,042,055
Cigarette and lodger's taxes					760,686	-	760,686
Licenses and fees					432,409	-	432,409
Fines, forfeitures, and penalties					323,053	20,873	343,926
Investment income					123,436	244,864	368,300
Miscellaneous income					3,221,555	369,357	3,590,912
Gain/(loss) on sale of capital assets					(232,498)	-	(232,498)
Transfers					(606,273)	606,273	-
Total general revenues and transfers					<u>33,343,192</u>	<u>1,728,756</u>	<u>35,071,948</u>
Change in net position					603,651	99,095	702,746
Beginning net position					84,808,511	44,692,682	129,501,193
Restatement					(455,753)	531,868	76,115
Beginning net position as restated					<u>84,352,758</u>	<u>45,224,550</u>	<u>129,577,308</u>
Ending net position					<u><u>\$ 84,956,409</u></u>	<u><u>45,323,645</u></u>	<u><u>130,280,054</u></u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Balance Sheet
Governmental Funds
As of June 30, 2017**

	Major Funds				Total
	01, 18	22	24	Other Non-Major Governmental Funds	
	General Fund	Spec Revenue Street Improvement	Capital Project Street Improvement		
<i>Assets</i>					
Cash and investments	\$ 8,378,942	-	54,318	22,319,766	30,753,026
Restricted cash and investments	-	-	-	189,595	189,595
Receivables:					
Property taxes	125,367	-	-	-	125,367
Intergovernmental	2,766,427	-	-	2,358,539	5,124,966
Other receivables	1,277,173	-	-	257,128	1,534,301
Inventory	9,571	-	-	67,149	76,720
Prepaid insurance	377,200	-	-	62,835	440,035
Due from other funds	27,746	-	-	-	27,746
<i>Total assets</i>	<u>\$ 12,962,426</u>	<u>-</u>	<u>54,318</u>	<u>25,255,012</u>	<u>38,271,756</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 161,089	-	8,005	73,328	242,422
Accrued payroll expenses	586,711	-	-	106,681	693,392
Other accrued expenses	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Deposits held in trust	111,883	-	-	-	111,883
Accrued interest	-	-	-	24,620	24,620
Other unearned revenue	-	-	-	100,000	100,000
Due to other funds	-	-	-	942,142	942,142
<i>Total liabilities</i>	<u>859,683</u>	<u>-</u>	<u>8,005</u>	<u>1,246,771</u>	<u>2,114,459</u>
<i>Deferred inflows of resources</i>	<u>50,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,958</u>
<i>Total Liabilities and Deferred Inflow of Resources</i>	<u>910,641</u>	<u>-</u>	<u>8,005</u>	<u>1,246,771</u>	<u>2,165,417</u>
<i>Fund balances</i>					
Nonspendable	386,771	-	-	129,984	516,755
Restricted	2,299,207	-	46,313	7,621,805	9,967,325
Committed	-	-	-	14,003,074	14,003,074
Assigned	-	-	-	2,279,520	2,279,520
Unassigned	9,365,807	-	-	(26,142)	9,339,665
<i>Total fund balances</i>	<u>12,051,785</u>	<u>-</u>	<u>46,313</u>	<u>24,008,241</u>	<u>36,106,339</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 12,962,426</u>	<u>-</u>	<u>54,318</u>	<u>25,255,012</u>	<u>38,271,756</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
TO STATEMENT OF NET POSITION
As of June 30, 2017**

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

Fund balances - total governmental funds	\$	36,106,339
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		69,269,198
Delinquent property taxes and grant receivables not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities		50,958
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Bond discounts		-
Bond premium		(137,806)
Restatement - net pension liability		-
Net pension related deferrals and liability		(11,501,422)
Other liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Internal service funds assets and liabilities included governmental activities in the statement of net position		3,499,985
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Current accrued compensated absences		(665,144)
Noncurrent accrued compensated absences (less internal service fund)		(354,699)
Current bonds and notes payable		(1,695,000)
Bonds payable		(9,616,000)
Differences due to rounding		-
Net position of governmental activities	\$	<u><u>84,956,409</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			Other Non-major Governmental Funds	Total
	01, 18 General Fund	22 Spec Revenue Street Improvement	24 Cap Projects Street Improvement		
<i>Revenues:</i>					
<i>Taxes:</i>					
Property	\$ 2,007,261	-	-	-	2,007,261
Gross receipts	14,452,904	-	-	11,160,085	25,612,989
Gasoline and motor vehicle	34,082	-	-	573,479	607,561
Other	1,042,055	-	-	760,686	1,802,741
<i>Intergovernmental:</i>					
Federal operating grants	168,178	-	-	209,434	377,612
Federal capital grants	-	-	-	654,960	654,960
State operating grants	204,543	-	-	1,195,430	1,399,973
State capital grants	-	-	-	2,931,931	2,931,931
Charges for services	2,627,571	-	-	658,830	3,286,401
Fines, forfeitures, and penalties	1,292,127	-	-	9,284	1,301,411
Licenses and fees	428,964	-	-	402,166	831,130
Investment income	45,986	59	6,221	74,362	126,628
Miscellaneous	453,268	-	-	322,325	775,593
<i>Total revenues</i>	<u>22,756,939</u>	<u>59</u>	<u>6,221</u>	<u>18,952,972</u>	<u>41,716,191</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	4,769,556	-	-	1,338,266	6,107,822
Public safety	14,447,486	-	-	753,993	15,201,479
Public works	409,160	-	-	5,585,802	5,994,962
Culture and recreation	2,546,309	-	-	2,737,244	5,283,553
Health and welfare	255,531	-	-	328,848	584,379
Capital outlay	794,353	21,993	5,358,940	4,023,113	10,198,399
<i>Debt service:</i>					
Principal	-	-	-	1,662,000	1,662,000
Interest	-	-	-	434,627	434,627
<i>Total expenditures</i>	<u>23,222,395</u>	<u>21,993</u>	<u>5,358,940</u>	<u>16,863,893</u>	<u>45,467,221</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(465,456)</u>	<u>(21,934)</u>	<u>(5,352,719)</u>	<u>2,089,079</u>	<u>(3,751,030)</u>
<i>Other financing sources (uses)</i>					
Transfers in/(out)	877,907	-	-	(1,483,881)	(605,974)
Proceeds from sale of capital asset	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>877,907</u>	<u>-</u>	<u>-</u>	<u>(1,483,881)</u>	<u>(605,974)</u>
<i>Net change in fund balance</i>	412,451	(21,934)	(5,352,719)	605,198	(4,357,004)
<i>Beginning fund balance</i>	11,639,334	21,934	5,399,032	23,853,043	40,913,343
<i>Restatement</i>	-	-	-	(450,000)	(450,000)
<i>Beginning fund balance as restated</i>	<u>11,639,334</u>	<u>21,934</u>	<u>5,399,032</u>	<u>23,403,043</u>	<u>40,463,343</u>
<i>Ending fund balance</i>	<u>\$ 12,051,785</u>	<u>-</u>	<u>46,313</u>	<u>24,008,241</u>	<u>36,106,339</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
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, 2017**

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

Net change in fund balances - total governmental funds	\$	(4,357,004)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures recorded in capital outlay		10,238,625
Capital assets received as donations		-
Capital expenditures recorded in other expense lines		-
Capital asset transfer from proprietary fund		(58,749)
Less: CIP reclassifications		(470,624)
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.</p>		
		(4,835,110)
<p>In the Statement of Activities, a loss is recorded for assets that are removed from service that are not fully depreciated. Thus, the change in net position differs from the change in fund balance by the amount of loss recorded for deleted capital assets.</p>		
		(232,498)
<p>Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. The net change of the internal service funds resulting from transactions not recorded with governmental funds.</p>		
		33,269
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Pension expense		(1,323,148)
<p>The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Amortization of bond discounts		(12,083)
Amortization of bond premiums		11,329
Decrease in accrued interest		3
Change in noncurrent and current accrued compensated absences		(10,491)
Issuance of long-term debt		-
Principal payments on bonds and notes payable		1,662,000
<p>Other reclassifications are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting to show the revenue earned from the current year's tax levy.</p>		
		(41,868)
Change in net position of governmental activities	\$	603,651

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 2,015,097	2,015,097	2,007,618	(7,479)
Gross receipts	13,730,000	13,730,000	14,402,861	672,861
Gasoline and motor vehicle	30,000	30,000	33,942	3,942
Other	1,110,836	1,110,836	1,033,821	(77,015)
Intergovernmental income:				
Federal operating grants	297,560	442,217	191,917	(250,300)
State operating grants	182,715	385,644	215,637	(170,007)
Charges for services	2,467,000	2,725,820	2,627,571	(98,249)
Licenses and fees	278,000	278,000	428,964	150,964
Fines, forfeitures and penalties	115,000	116,498	1,292,127	1,175,629
Investment income	24,000	24,000	45,986	21,986
Miscellaneous	124,000	322,846	594,845	271,999
<i>Total revenues</i>	20,374,208	21,180,958	22,875,289	1,694,331
<i>Expenditures:</i>				
Current:				
General government	6,271,904	6,478,957	4,777,355	1,701,602
Public safety	15,760,761	16,243,839	14,454,663	1,789,176
Public Works	402,606	405,091	405,088	3
Culture and recreation	2,742,569	2,983,854	2,556,082	427,772
Health and welfare	402,889	401,882	255,700	146,182
Capital outlay	679,456	1,076,867	794,353	282,514
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	26,260,185	27,590,490	23,243,241	4,347,249
<i>Excess (deficiency) of revenues over expenditures</i>	(5,885,977)	(6,409,532)	(367,952)	6,041,580
<i>Other financing sources (uses)</i>				
Designated cash	5,885,977	6,409,532	-	(6,409,532)
Transfers in	-	-	3,046,435	3,046,435
Transfers out	-	-	(2,316,743)	(2,316,743)
<i>Total other financing sources (uses)</i>	5,885,977	6,409,532	729,692	(5,679,840)
<i>Net change in fund balance</i>	-	-	361,740	361,740
<i>Fund balance - beginning of year</i>	-	-	11,639,334	11,639,334
<i>Fund balance - end of year</i>	\$ -	-	12,001,074	12,001,074
Net change in fund balance (GAAP)				\$ 412,451
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals				29,865
Adjustments to expenditures for accrued wages, compensated absences, insurance and function expenditures				20,846
Net change in fund balance (non-GAAP budgetary basis)				\$ 361,740

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
2012 GRT Improvement Bonds - Street Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	56	59	3
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	56	59	3
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	141,128	141,187	141,187	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	141,128	141,187	141,187	-
<i>Excess (deficiency) of revenues over expenditures</i>	(141,128)	(141,131)	(141,128)	3
<i>Other financing sources (uses)</i>				
Designated cash/ other assets	141,128	141,131	-	(141,131)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from debt issuance	-	-	-	-
<i>Total other financing sources (uses)</i>	141,128	141,131	-	(141,131)
<i>Net change in fund balance</i>	-	-	(141,128)	(141,128)
<i>Fund balance - beginning of year</i>	-	-	21,934	21,934
<i>Fund balance - end of year</i>	\$ -	-	(119,194)	(119,194)
Net change in fund balance (GAAP)			\$	(21,934)
No adjustments to revenues				-
Adjustments to expenditures for applicable accruals and payments				119,194
Net change in fund balance (non-GAAP budgetary basis)			\$	(141,128)

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Net Position
Proprietary Funds
As of June 30, 2017

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		
	2	10	12
<i>Assets</i>	Solid Waste	Wastewater	Airport
<i>Current Assets</i>			
Cash and investments	\$ 2,248,443	4,840,415	19,333
Receivables:			
Intergovernmental	81,075	-	-
Other receivables	-	-	-
Customer receivables, net of allowance	707,356	622,055	-
Inventory	11,287	55,149	39,374
Prepays	37,467	34,452	18,792
<i>Total current assets</i>	<u>3,085,628</u>	<u>5,552,071</u>	<u>77,499</u>
<i>Noncurrent Assets</i>			
Capital assets	24,256,503	59,699,753	22,246,082
Less: accumulated depreciation	(11,858,777)	(29,849,021)	(7,350,543)
<i>Total noncurrent assets</i>	<u>12,397,726</u>	<u>29,850,732</u>	<u>14,895,539</u>
<i>Total Assets</i>	<u>15,483,354</u>	<u>35,402,803</u>	<u>14,973,038</u>
<i>Deferred Outflows of Resources</i>	-	531,580	-
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 15,483,354</u>	<u>35,934,383</u>	<u>14,973,038</u>
<i>Liabilities and Net Position</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 829	24,299	3,993
Accrued payroll expenses	58,829	25,024	9,365
Accrued compensated absences	106,459	18,666	6,584
Accrued interest	5,777	19,279	-
Due to other funds	-	-	-
Current portion of bonds and notes payable	475,375	885,266	-
<i>Total current liabilities</i>	<u>647,269</u>	<u>972,534</u>	<u>19,942</u>
<i>Noncurrent Liabilities</i>			
Landfill closure	3,986,566	-	-
Bonds and notes payable	3,009,370	11,844,753	-
Bond premium, net of amortization of \$4,018	-	8,036	-
<i>Total noncurrent liabilities</i>	<u>6,995,936</u>	<u>11,852,789</u>	<u>-</u>
<i>Total liabilities</i>	<u>7,643,205</u>	<u>12,825,323</u>	<u>19,942</u>
<i>Deferred Inflows of Resources</i>	-	531,580	-
<i>Net Position:</i>			
Net investment in capital assets	8,912,981	17,120,713	14,895,539
Unrestricted	(1,072,832)	5,456,767	57,557
<i>Total Net Position</i>	<u>7,840,149</u>	<u>22,577,480</u>	<u>14,953,096</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	<u>\$ 15,483,354</u>	<u>35,934,383</u>	<u>14,973,038</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Net Position
Proprietary Funds, Cont.
As of June 30, 2017

	Business-Type Activities Enterprise Funds		Governmental Activities
	Major Funds		
	19 Golf Course	Total	48, 53, 54 Internal Service Funds
<i>Assets</i>			
<i>Current Assets</i>			
Cash and investments	\$ 70,063	7,178,254	2,613,923
Receivables:			
Intergovernmental	-	81,075	-
Other receivables	4,403	4,403	-
Customer receivables, net of allowance	-	1,329,411	-
Due from other funds	-	-	914,396
Inventory	-	105,810	-
Prepays	2,099	92,810	499
<i>Total current assets</i>	<u>76,565</u>	<u>8,791,763</u>	<u>3,528,818</u>
<i>Noncurrent Assets</i>			
Capital assets	2,301,839	108,504,177	115,376
Less: accumulated depreciation	(183,732)	(49,242,073)	(99,525)
<i>Total noncurrent assets</i>	<u>2,118,107</u>	<u>59,262,104</u>	<u>15,851</u>
<i>Total Assets</i>	<u>2,194,672</u>	<u>68,053,867</u>	<u>3,544,669</u>
<i>Deferred Outflows of Resources</i>	-	531,580	-
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 2,194,672</u>	<u>68,585,447</u>	<u>3,544,669</u>
<i>Liabilities and Net Position</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 5,336	34,457	37,873
Accrued payroll expenses	-	93,218	3,356
Accrued compensated absences	-	131,709	3,455
Accrued interest	8,416	33,472	-
Due to other funds	-	-	-
Current portion of bonds and notes payable	121,000	1,481,641	-
<i>Total current liabilities</i>	<u>134,752</u>	<u>1,774,497</u>	<u>44,684</u>
<i>Noncurrent Liabilities</i>			
Landfill closure	-	3,986,566	-
Bonds and notes payable	2,107,000	16,961,123	-
Bond premium, net of amortization of \$4,018	-	8,036	-
<i>Total noncurrent liabilities</i>	<u>2,107,000</u>	<u>20,955,725</u>	<u>-</u>
<i>Total liabilities</i>	<u>2,241,752</u>	<u>22,730,222</u>	<u>44,684</u>
<i>Deferred Inflows of Resources</i>	-	531,580	-
<i>Net Position:</i>			
Net investment in capital assets	(109,893)	40,819,340	15,851
Restricted	-	-	-
Unrestricted	62,813	4,504,305	3,484,134
<i>Total net position</i>	<u>(47,080)</u>	<u>45,323,645</u>	<u>3,499,985</u>
<i>Total Liabilities, Deferred Inflows or Resources, and Net Position</i>	<u>\$ 2,194,672</u>	<u>68,585,447</u>	<u>3,544,669</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		
	2	10	12
	Solid Waste	Wastewater	Airport
<i>Operating revenues:</i>			
Charges for services	\$ 4,607,054	3,151,638	783,955
<i>Total operating revenues</i>	<u>4,607,054</u>	<u>3,151,638</u>	<u>783,955</u>
<i>Operating expenses:</i>			
General and administrative	477,699	53,134	4,286
Personnel services	1,717,433	764,462	246,264
Contractual services	18,268	-	-
Supplies and purchased power	320,842	144,522	-
Maintenance and materials	1,050,079	419,924	985,839
Utilities	9,508	234,051	55,533
Depreciation	800,741	1,659,846	641,538
Miscellaneous	-	14,993	-
<i>Total operating expenses</i>	<u>4,394,570</u>	<u>3,290,932</u>	<u>1,933,460</u>
<i>Operating income (loss)</i>	<u>212,484</u>	<u>(139,294)</u>	<u>(1,149,505)</u>
<i>Non-operating revenues (expenses):</i>			
Gain/loss on disposal of capital assets	-	-	-
Federal nonoperating grants	-	-	-
State nonoperating grants	-	-	197,830
Interest income	110,725	133,685	403
Interest expense	(71,896)	(296,864)	-
Gross receipts and other taxes	487,389	-	-
Miscellaneous	227,844	150,885	8,517
<i>Total non-operating revenues (expenses)</i>	<u>754,062</u>	<u>(12,294)</u>	<u>206,750</u>
Transfers in	-	671,806	450,348
Transfers out	(407,236)	(535,719)	(9,051)
<i>Net capital grants and transfers</i>	<u>(407,236)</u>	<u>136,087</u>	<u>441,297</u>
<i>Change in net position</i>	559,310	(15,501)	(501,458)
<i>Net position, beginning of year</i>	6,721,883	22,622,749	15,451,874
<i>Restatement</i>	558,956	(29,768)	2,680
<i>Beginning net position, as restated</i>	<u>7,280,839</u>	<u>22,592,981</u>	<u>15,454,554</u>
<i>Net position, end of year</i>	<u>\$ 7,840,149</u>	<u>22,577,480</u>	<u>14,953,096</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds, Cont.
For the Year Ended June 30, 2017

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Major Funds		
	19		48, 53, 54
	Golf		Internal
	Course	Total	Service Funds
<i>Operating revenues:</i>			
Charges for services	\$ 44,822	8,587,469	543,483
<i>Total operating revenues</i>	<u>44,822</u>	<u>8,587,469</u>	<u>543,483</u>
<i>Operating expenses:</i>			
General and administrative	-	535,119	483,537
Personnel services	-	2,728,159	89,321
Contractual services	-	18,268	-
Supplies and purchased power	-	465,364	-
Maintenance and materials	346,128	2,801,970	-
Utilities	54,249	353,341	-
Depreciation	26,861	3,128,986	14,468
Miscellaneous	-	14,993	-
<i>Total operating expenses</i>	<u>427,238</u>	<u>10,046,200</u>	<u>587,326</u>
<i>Operating income (loss)</i>	<u>(382,416)</u>	<u>(1,458,731)</u>	<u>(43,843)</u>
<i>Non-operating revenues (expenses):</i>			
Gain/loss on disposal of capital assets	-	-	-
Federal nonoperating grants	-	-	-
State nonoperating grants	-	197,830	-
Interest income	51	244,864	16,712
Interest expense	-	(368,760)	-
Gross receipts and other taxes	-	487,389	-
Miscellaneous	2,984	390,230	69,750
<i>Total non-operating revenues (expenses)</i>	<u>3,035</u>	<u>951,553</u>	<u>86,462</u>
Transfers in	436,125	1,558,279	17,550
Transfers out	-	(952,006)	(26,900)
<i>Net capital grants and transfers</i>	<u>436,125</u>	<u>606,273</u>	<u>(9,350)</u>
<i>Change in net position</i>	56,744	99,095	33,269
<i>Net position, beginning of year</i>	(103,824)	44,692,682	3,466,716
<i>Restatement</i>	-	531,868	-
<i>Beginning net position, as restated</i>	<u>(103,824)</u>	<u>45,224,550</u>	<u>3,466,716</u>
<i>Net position, end of year</i>	<u>\$ (47,080)</u>	<u>45,323,645</u>	<u>3,499,985</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Proprietary Funds
Statement of Cash Flows
For The Year Ended June 30, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		
	2	10	12
	Solid Waste	Wastewater	Airport
Cash flows from operating activities			
Receipts from customers and users	\$ 4,779,403	3,163,676	798,499
Receipts from interfund services provided	-	-	-
Payments to suppliers and employees	<u>(3,833,707)</u>	<u>(1,643,101)</u>	<u>(1,344,451)</u>
Net cash provided (used) by operating activities	<u>945,696</u>	<u>1,520,575</u>	<u>(545,952)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	-	671,806	450,348
Operating transfers to other funds	(407,236)	(535,719)	(9,051)
Payments received from note receivable	-	-	-
Tax receipts	487,389	-	-
Intergovernmental receipts	-	-	197,830
Miscellaneous income	<u>227,844</u>	<u>150,885</u>	<u>8,517</u>
Net cash provided (used) by noncapital financing activities	<u>307,997</u>	<u>286,972</u>	<u>647,644</u>
Cash flows from capital and related financing activities:			
Acquisitions and construction of capital assets	(814,489)	(362,948)	(342,777)
Loss from sale of capital assets	-	-	-
Principal paid on notes payable	(472,539)	(866,446)	-
Interest paid on notes payable	(71,896)	(296,864)	-
Long-term debt proceeds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(1,358,924)</u>	<u>(1,526,258)</u>	<u>(342,777)</u>
Cash flows from investing activities:			
Interest income	<u>110,725</u>	<u>133,685</u>	<u>403</u>
Net cash provided by investing activities	<u>110,725</u>	<u>133,685</u>	<u>403</u>
Net increase/(decrease) in cash and temporary investments	<u>\$ 5,494</u>	<u>414,974</u>	<u>(240,682)</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Proprietary Funds
Statement of Cash Flows
For The Year Ended June 30, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		
	2	10	12
	Solid Waste	Wastewater	Airport
Net increase/(decrease) in cash and cash equivalents-previous page	\$ 5,494	414,974	(240,682)
Cash and investments June 30, 2016	<u>2,242,949</u>	<u>4,425,441</u>	<u>260,015</u>
Cash and investments June 30, 2017	<u><u>\$ 2,248,443</u></u>	<u><u>4,840,415</u></u>	<u><u>19,333</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 212,484	(139,294)	(1,149,505)
Restatement	558,956	(29,768)	2,680
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	800,741	1,659,846	641,538
(Increase) decrease in:			
Accounts receivable	172,349	145,534	14,544
Inventory	(1,814)	2,068	(39,374)
Prepays	(13,960)	(1,927)	(4,468)
(Decrease) increase in:			
Accounts payable	(222,308)	7,537	(900)
Accrued payroll	534	13,210	1,894
Unearned revenue	-	(133,496)	-
Compensated absences	(2,093)	(1,399)	2,183
Accrued interest	(236)	(1,736)	-
Due to other funds	-	-	(14,544)
Estimated landfill postclosure costs	<u>(558,957)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ 945,696</u></u>	<u><u>1,520,575</u></u>	<u><u>(545,952)</u></u>
Non-cash transfer of capital assets	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Proprietary Funds
Statement of Cash Flows, Cont.
For The Year Ended June 30, 2017**

	Business-Type Activities Enterprise Funds		Governmental Activities
	Major Funds		
	19 Golf Course	Total	48, 53, 54 Internal Service Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 47,278	8,788,856	-
Receipts from interfund services provided	-	-	(370,914)
Payments to suppliers and employees	(402,749)	(7,224,008)	(563,124)
Net cash provided (used) by operating activities	(355,471)	1,564,848	(934,038)
Cash flows from noncapital financing activities:			
Transfers from other funds	436,125	1,558,279	17,550
Operating transfers to other funds	-	(952,006)	(26,900)
Payments received from note receivable	-	-	-
Tax receipts	-	487,389	-
Intergovernmental receipts	-	197,830	-
Miscellaneous income	2,984	390,230	69,750
Net cash provided (used) by noncapital financing activities	439,109	1,681,722	60,400
Cash flows from capital and related financing activities:			
Acquisitions and construction of capital assets	-	(1,520,214)	-
Proceeds from sale of capital assets	-	-	-
Principal paid on notes payable	(118,000)	(1,456,985)	-
Interest paid on notes payable	-	(368,760)	-
Long-term debt proceeds	-	-	-
Net cash provided (used) by capital and related financing activities	(118,000)	(3,345,959)	-
Cash flows from investing activities:			
Interest income	51	244,864	16,712
Net cash provided by investing activities	51	244,864	16,712
Net increase (decrease) in cash and temporary investments	\$ (34,311)	145,475	(856,926)

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Proprietary Funds
Statement of Cash Flows
For The Year Ended June 30, 2017**

	Business-Type Activities Enterprise Funds		Governmental Activities
	Major Funds		
	19 Golf Course	Total	48, 53, 54 Internal Service Funds
Net increase (decrease) in cash and cash equivalents-previous page	\$ (34,311)	145,475	(856,926)
Cash and investments June 30, 2016	<u>104,374</u>	<u>7,032,779</u>	<u>3,470,849</u>
Cash and investments June 30, 2017	<u>\$ 70,063</u>	<u>7,178,254</u>	<u>2,613,923</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (382,416)	(1,458,731)	(43,843)
Restatement	-	531,868	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	26,861	3,128,986	14,468
(Increase) decrease in:			
Accounts receivable	2,456	334,883	(914,397)
Inventory	-	(39,120)	-
Prepays	(1,282)	(21,637)	(462)
(Decrease) increase in:			
Accounts payable	(816)	(216,487)	7,883
Accrued payroll	-	15,638	369
Unearned revenue	-	(133,496)	-
Compensated absences	-	(1,309)	1,944
Accrued interest	(274)	(2,246)	-
Due to other funds	-	(14,544)	-
Estimated landfill postclosure costs	-	(558,957)	-
Net cash provided (used) by operating activities	<u>\$ (355,471)</u>	<u>1,564,848</u>	<u>(934,038)</u>
Non-cash transfer of capital assets	<u>\$ -</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Fiduciary Assets and Liabilities
Agency Funds
As of June 30, 2017**

Cash and investments	\$ <u>74,555</u>
<i>Total assets</i>	\$ <u><u>74,555</u></u>
<i>Liabilities</i>	
Deposits held in trust	\$ <u>74,555</u>
<i>Total liabilities</i>	\$ <u><u>74,555</u></u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

NOTE 1 – Summary of Significant Accounting Policies

The City of Clovis (City) was incorporated during 1909 under the laws of the State of New Mexico. The City operates under an elected Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water supply, airport operations, and general government administrative services.

This summary of significant accounting policies of the City is presented to assist in the understanding of the City's financial statements. The financial statements and notes are the representation of the City's management, who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has elected not to follow subsequent private-sector guidance. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB No. 14 and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity. Based upon the application of these criteria, there were no component units identified as needing to be disclosed or presented as part of the reporting entity.

B. Government-Wide and Fund Financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has 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.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or 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, if applicable, 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 and fiduciary fund financial statements, if applicable. 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 receivables in the year for which they are billed.

Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered 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. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City has elected to report 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.

Street Improvement Fund (Ordinance 1985-2012) – Special Revenue Fund- To account for all revenues directly related to or assigned to street improvements. This includes grants, charges for services, and other revenues.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

Street Improvement Fund (Ordinance 1985-2012) – Capital Project Fund - To account for the City's cost of constructing, acquiring and improving the City's storm drainage system.

The government reports the following major proprietary funds:

The *Solid Waste Fund* accounts for the provision of garbage and refuse removal services to the residents of the City of Clovis. All activities necessary to provide such services are accounted for in this fund.

The *Wastewater Fund* accounts for the wastewater system service provided for residents of the City of Clovis, including administration, operation, maintenance, debt service, billing and collection.

The *Airport Fund* accounts for the activities of the City's airport. All activities necessary to provide such services are accounted for in this fund.

The *Golf Course Fund* for the activities of the City's golf course. All activities necessary to provide such services are accounted for in this fund

Additionally, the government reports the following fund types:

Internal Service Funds account for workers compensation, unemployment insurance services, and property and liability self-insurance provided to other departments of the government. Services are provided on a cost reimbursement basis.

Fiduciary Funds account for monies collected and expended to veterinarians on behalf of City residents who have had their unvaccinated animals detained and for the municipal court service used to account for bonds collected from alleged law violators.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City services, facilities, etc., (b) program-specific operating grants, which include revenues received from state and federal sources to be used as specified within each program grant agreement and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the airport, solid waste, wastewater, and golf course funds are charges to customers for sales and services. Operating expenses for enterprise 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 non-operating revenues and expenses.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool.

Investments for the City are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

F. Receivables and Payables

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. A reimbursement occurs from one fund incurring a cost, charging the appropriate benefiting fund and reducing its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied, net of estimated refunds and uncollectable amounts.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

G. Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the

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governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the City during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Land	Perpetuity
Construction in progress	Perpetuity
Land improvements	40
Buildings and improvements	40
Infrastructure	25
Equipment and vehicles	3-10

I. Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2017, along with applicable PERA and Retiree Health Care.

J. Unearned Revenue/Deferred Revenue

There are two types of unearned revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. The other type of unearned revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue.

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L. Compensated Absences

City employees are entitled to certain compensated absences based on their employment classification and length of employment. With minor exceptions, the City allows 40-hour workweek employees to accumulate unused sick leave to a maximum of 1,000 hours. 24-hour shift employees can accumulate up to 1,400 hours. Earned vacation, up to the amount the employee accrues each year, is allowed to be carried over from one calendar year to the next. Upon termination, employees shall receive payment for unused accrued vacation. Employees with service to City in excess of 20 years will be paid for 50% of accumulated sick leave.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Part-time employees are granted vacation benefits on a prorated basis. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For bonds issued after GASB 34 was implemented, 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. For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

N. Net Position

Equity is classified as net position and displayed in three components in the government-wide financial statements and the proprietary funds:

- *Net investment in capital assets* – Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position* – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

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.

O. Governmental Fund Balances

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The Statement only applies to Governmental

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funds and does not extend to Proprietary fund types. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* – Amounts not in a spendable form, such as prepaid expenses, inventories, or long-term portions of receivables or property held for resale, if the use of the proceeds from the collection/sale of property held for resale is not otherwise constrained. Nonspendable amounts also include amounts legally or contractually required to remain intact, such as the principal of a permanent fund.
- *Restricted* – Amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government).
- *Committed* – Amounts constrained to specific purposes by the governmental entity's highest level of decision-making authority (the City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes the same highest level action to remove or change the constraint.
- *Assigned* – Amounts constrained by the City to be used for a specific purpose. Intent can be expressed by the governing body (City Commission) or an official or body to which the governing body delegates authority.
- *Unassigned* – Balances available for any purpose. Positive amounts are reported only in the general fund.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes).

See the Schedule of Fund Balances, per the table of contents, for additional information about fund balances.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Commission or the finance department has provided otherwise in its commitment or assignment actions.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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.

Q. Indirect expenses

The City allocated indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other administrative services. Allocations are charged to programs based on use of the services determined by various allocation methodologies.

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NOTE 2 – Stewardship, Compliance and Accountability

Budgetary Information

The City Charter establishes the City’s fiscal year as the twelve-month period beginning July 1 and ending June 30. Prior to June 1 the Budget Director submits to management a proposed operating budget of estimated revenues, expenditures, and transfers for the ensuing fiscal year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund and Enterprise Funds. Management subsequently submits the budget (1) to the New Mexico Department of Finance and Administration for review and approval; and (2) to the City Council for review and enactment of a resolution legally adopting the budget. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Additionally, the New Mexico Department of Finance and Administration must approve any amendments to the budget.

Each fund’s appropriated budget is prepared on a Non-GAAP cash basis at the detailed line item level. Revenues are budgeted by department and general ledger account. Expenditures are budgeted by department and general ledger account. Expenditures may not exceed appropriations at the fund level. All budget revisions at this level are subject to final review and approval by the City Council. Revisions to the budget were made throughout the year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

The accompanying Statements of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3 – Deposits and Investments

The City’s cash, cash equivalents, investments, and collateral pledged are identified on the table of contents of this report.

A summary of the City’s cash and investments as of June 30, 2017 is as follows:

<u>Cash and investments</u>	<u>Amount</u>
Cash and cash equivalents	
Cash on hand	\$ 7,880
Cash	<u>17,939,837</u>
Subtotal cash and cash equivalents	<u>17,947,717</u>
Investments	
State Treasurer's Investment Pool	16,891,024
Certificates of deposit - maturities > 90 days	<u>5,970,612</u>
Subtotal investments	<u>22,861,636</u>
Total cash and investments	<u>\$ 40,809,353</u>

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<u>Cash and investments by fund type</u>	<u>Amount</u>
Governmental funds	\$ 30,942,621
Internal service funds	<u>2,613,923</u>
Subtotal governmental activities	33,556,544
 Enterprise funds	 7,178,254
 Fiduciary funds	 <u>74,555</u>
 Total cash and investments	 \$ <u>40,809,353</u>

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bonds given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least 50% of the amount on deposit or 102% of the amount on deposit in the case of repurchase agreements with the institution. At June 30, 2017, \$24,379,515 of the City's bank balances of \$25,133,596 was exposed to custodial credit risk because it was collateralized with collateral held by the pledging bank's trust department, not in the City's name. At June 30, 2017, \$-0- was exposed to custodial credit risk because it was not collateralized or insured.

For the custodial credit risk of the workers compensation deposit of \$72,958 in the NM Self Insurer's fund see the separately issued financial statements for the NM Municipal Self Insurer's Fund available through the New Mexico Office of the State Auditor at www.saonm.org.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk. At June 30, 2017, the City's investment balances were exposed to custodial credit risk as follows. The local short-term investment fund, along with other public monies in the State Treasurer's investment account including amounts held by the NM Self Insurer's fund, is invested in repurchase agreements secured at

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102% by U.S. Government Securities. The State Treasurer has the responsibility to pledge collateral at 102% of investment balances for the City. All investing is performed in accordance with State Statutes and the City Charter. For more information, refer to separately issued financial statements for the State Treasurer, which disclose the collateral pledged to secure the State Treasurer's cash and investments.

The US Treasury Mutual Funds are all backed by the full faith and credit of the U.S. government and are therefore insured against loss.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, city or political subdivision of the State of New Mexico.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. In addition, the City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in the State LGIP and certificates of deposit. These investments are 74% and 26%, respectively, of the City's total investments. The City's investments at June 30, 2017 include the following:

Investments	Maturity	Fair Value
New MexiGROW LGIP	WAM - 60 days	\$ 16,891,024
Certificates of deposit	12 months	5,970,612
Total		\$ 22,861,636

The LGIP's portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investment to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The LGIP portfolio's weighted average maturity (WAM) was 60 days as of June 30, 2017.

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. Collateral pledged to secure State Treasurer cash and investments is reported in the State Treasurer's separately issued financial statements. Per review of GASB Statement No. 79, the State Treasurer Local Government Investment Pool is exempt from GASB 79, and should continue to be measured and disclosed in accordance with existing literature.

Credit Risk

As of June 30, 2017, the City's investments were rated as follows:

Investment Type	Rating
New MexiGROW LGIP	AAAm
Certificates of deposit	No rating
Repurchase agreements	No rating

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NOTE 4 – Receivables

Receivables as of June 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	(01) General Fund	(22) Street Improvement	(24) Cap. Project Street Improvement	Nonmajor Funds	Total Governmental
Accounts	\$ 3,456,865	-	-	28,078	3,484,943
Taxes (Property, GRT, etc.)	2,772,147	-	-	1,996,484	4,768,631
Grants:					
State	46,338	-	-	142,867	189,205
Federal	73,310	-	-	219,188	292,498
Other	-	-	-	229,050	229,050
Subtotal	<u>6,348,660</u>	<u>-</u>	<u>-</u>	<u>2,615,667</u>	<u>8,964,327</u>
Less: Allowance for uncollectibles	<u>(2,179,693)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,179,693)</u>
Net receivables	<u>\$ 4,168,967</u>	<u>-</u>	<u>-</u>	<u>2,615,667</u>	<u>6,784,634</u>
Proprietary Funds	(02) Solid Waste	(10) Wastewater	(12) Airport	(19) Golf Course	Total Proprietary
Accounts	\$ 1,203,184	1,066,492	151	4,403	2,274,230
Taxes (Property, GRT, etc)	81,075	-	-	-	81,075
Grants:					
State	-	-	-	-	-
Federal	-	-	-	-	-
Other (deferred outflow of resources)	-	531,580	-	-	531,580
Subtotal	<u>1,284,259</u>	<u>1,598,072</u>	<u>151</u>	<u>4,403</u>	<u>2,886,885</u>
Less: Allowance for uncollectibles	<u>(495,828)</u>	<u>(444,437)</u>	<u>(151)</u>	<u>-</u>	<u>(940,416)</u>
Net receivables	<u>\$ 788,431</u>	<u>1,153,635</u>	<u>-</u>	<u>4,403</u>	<u>1,946,469</u>

In accordance with GASB No. 63 and 65, the property tax revenues totaling \$50,958 that were not collected within the period of availability have been reclassified as deferred inflow of resources in the governmental fund financial statements.

NOTE 5 – Interfund Balances and Transfers

The City recorded an interfund receivable/payable to reflect a temporary loan between funds. The purpose of the loan was to cover cash shortages until grant reimbursements could be obtained. All interfund receivables/payables are expected to be repaid within one year. Interfund balances as of June 30, 2017, are as follows:

Due from other funds	Fund #	Due to other funds	Fund #	Amount
General Fund	01	Clovis Recycling Fund - Non-major Spec Rev Fund	76	\$ 2,717
General Fund	01	Drug Control Fund - Non-major Spec Rev Fund	98	25,029
Worker's Comp	48	Fire Equipment	7	914,396
				<u>\$ 942,142</u>

The City recorded interfund transfers to reflect transfers of cash in accordance with the budget. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions and funding capital projects, primarily street projects. All transfers made during the year were considered routine and were consistent with the general characteristics of the City's transfer policy. The composition of interfund transfers during the year ended June 30, 2017 is as follows:

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	Transfers In							
	01/18	10, 11, 44 67, 68	12	19	Non-Major	48, 53, 54		
	General	Waste- water	Airport	Golf Course	Govern- mental	Internal Service	Total	
Transfers Out	General	\$ 44,791	-	-	318,125	1,998,618	-	2,361,534
	Solid Waste	407,215	-	-	-	21	-	407,236
	Wastewater	150,000	184,939	-	-	200,780	-	535,719
	Non-Major Governmental	2,610,535	486,867	450,348	118,000	2,965,210	17,550	6,648,510
	Internal Service	26,900	-	-	-	-	-	26,900
	Total	\$ 3,239,441	671,806	450,348	436,125	5,164,629	17,550	9,979,899

Of the transfers in to the general fund shown above, a total of \$2,343,136 was related to the transfer of capital assets and debt into the general fund from other fund types. These amounts are not shown on the governmental fund financial statements, but are reflected on the government-wide financial statements.

NOTE 6 – Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Primary Government

Governmental Activities includes

	Balance June 30, 2016	Additions and Transfers In	Deletions and Transfers Out	Reclass and Adjustments	Balance June 30, 2017
<i>Internal Service Funds</i>					
Capital assets not being depreciated:					
Land	\$ 3,285,053	100,720	-	-	3,385,773
Construction in progress	949,624	8,448,608	(470,624)	-	8,927,608
Total capital assets not being depreciated	<u>4,234,677</u>	<u>8,549,328</u>	<u>(470,624)</u>	<u>-</u>	<u>12,313,381</u>
Capital assets being depreciated:					
Land improvements	2,564,818	-	-	-	2,564,818
Buildings and improvements	23,509,360	84,979	-	-	23,594,339
Equipment and vehicles	20,818,719	1,193,672	(1,856,895)	-	20,155,496
Infrastructure	75,425,870	410,646	-	-	75,836,516
Total capital assets being depreciated	<u>122,318,767</u>	<u>1,689,297</u>	<u>(1,856,895)</u>	<u>-</u>	<u>122,151,169</u>
Total capital assets	<u>126,553,444</u>	<u>10,238,625</u>	<u>(2,327,519)</u>	<u>-</u>	<u>134,464,550</u>
Less accumulated depreciation:					
Land improvements	(164,271)	(34,374)	-	-	(198,645)
Buildings and improvements	(9,048,766)	(600,827)	-	-	(9,649,593)
Equipment and vehicles	(15,431,291)	(1,354,157)	1,624,394	(64,500)	(15,225,554)
Infrastructure	(37,245,489)	(2,860,220)	-	-	(40,105,709)
Total accumulated depreciation	<u>(61,889,817)</u>	<u>(4,849,578)</u>	<u>1,624,394</u>	<u>(64,500)</u>	<u>(65,179,501)</u>
Total capital assets net of depreciation	<u>\$ 64,663,627</u>	<u>5,389,047</u>	<u>(703,125)</u>	<u>(64,500)</u>	<u>69,285,049</u>

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Proprietary Funds

<i>Business-Type Activities</i>	Balance June 30, 2016	Additions and Transfers In	Deletions and Transfers Out	Reclass and Adjustments	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 6,189,578	-	-	(29,767)	6,159,811
Construction in progress	870,962	545,663	(1,140,740)	-	275,885
Total capital assets not being depreciated	<u>7,060,540</u>	<u>545,663</u>	<u>(1,140,740)</u>	<u>(29,767)</u>	<u>6,435,696</u>
Capital assets being depreciated:					
Land improvements	204,640	1,293,738	-	-	1,498,378
Buildings and improvements	16,220,998	279,981	-	-	16,500,979
Equipment and vehicles	13,595,263	498,641	(385,852)	97,185	13,805,237
Infrastructure	70,097,067	164,140	-	2,680	70,263,887
Total capital assets being depreciated	<u>100,117,968</u>	<u>2,236,500</u>	<u>(385,852)</u>	<u>99,865</u>	<u>102,068,481</u>
Total capital assets	<u>107,178,508</u>	<u>2,782,163</u>	<u>(1,526,592)</u>	<u>70,098</u>	<u>108,504,177</u>
Less accumulated depreciation:					
Land improvements	(96,866)	(17,676)	-	-	(114,542)
Buildings and improvements	(5,517,688)	(512,109)	-	-	(6,029,797)
Equipment and vehicles	(10,864,974)	(621,398)	376,801	(182,255)	(11,291,826)
Infrastructure	(29,828,105)	(1,977,803)	-	-	(31,805,908)
Total accumulated depreciation	<u>(46,307,633)</u>	<u>(3,128,986)</u>	<u>376,801</u>	<u>(182,255)</u>	<u>(49,242,073)</u>
Total capital assets net of depreciation	<u>\$ 60,870,875</u>	<u>(346,823)</u>	<u>(1,149,791)</u>	<u>(112,157)</u>	<u>59,262,104</u>

Depreciation expense for the year ended June 30, 2017 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 225,373
Public safety	967,557
Public works	3,015,616
Culture and recreation	599,670
Health and welfare	25,204
Economic Development	1,690
Total	<u>4,835,110</u>
Internal Service Fund	14,468
Total governmental activities	<u>\$ 4,849,578</u>
Business type activities:	
Solid Waste	800,741
Wastewater	1,659,846
Airport	641,538
Golf Course	26,861
Total business-type activities	<u>\$ 3,128,986</u>

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NOTE 7 – Long-term Debt

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Balance 2016	Additions	Retirements	Balance 2017	Due Within One Year
Governmental Activities:					
Gross receipts tax revenue bonds					
Series 2012	4,625,000	-	(340,000)	4,285,000	360,000
Series 2015	5,590,000	-	(1,175,000)	4,415,000	1,185,000
Total bonds payable	<u>10,215,000</u>	<u>-</u>	<u>(1,515,000)</u>	<u>8,700,000</u>	<u>1,545,000</u>
NMFA Notes payable					
2011 Clovis 6-A - Park	2,758,000	-	(147,000)	2,611,000	150,000
Total notes payable	<u>2,758,000</u>	<u>-</u>	<u>(147,000)</u>	<u>2,611,000</u>	<u>150,000</u>
Compensated Absences	<u>1,233,263</u>	<u>981,503</u>	<u>(1,191,468)</u>	<u>1,023,298</u>	<u>665,144</u>
Net pension liability	<u>11,099,613</u>	<u>4,552,246</u>	<u>-</u>	<u>15,651,859</u>	<u>-</u>
Governmental-activities long-term liabilities	<u>\$ 25,305,876</u>	<u>5,533,749</u>	<u>(2,853,468)</u>	<u>27,986,157</u>	<u>2,360,144</u>
	Balance 2016	Additions	Retirements	Balance 2017	Due Within One Year
Business-type Activities:					
Notes payable					
NM Environmental Dept.	\$ 5,652,243	-	(421,429)	5,230,814	429,858
2011 Clovis 6-B - Golf Course	2,346,000	-	(118,000)	2,228,000	121,000
2013 NM Finance Authority	1,322,845	-	(81,139)	1,241,706	81,341
2015 Water Project Fund	1,241,377	-	(63,878)	1,177,499	64,067
Total notes payable	<u>10,562,465</u>	<u>-</u>	<u>(684,446)</u>	<u>9,878,019</u>	<u>696,266</u>
Gross receipts tax revenue bonds					
Series 2010	5,380,000	-	(300,000)	5,080,000	310,000
Series 2014	3,957,284	-	(472,539)	3,484,745	475,375
Total bonds payable	<u>9,337,284</u>	<u>-</u>	<u>(772,539)</u>	<u>8,564,745</u>	<u>785,375</u>
Compensated absences	<u>117,472</u>	<u>145,085</u>	<u>(130,848)</u>	<u>131,709</u>	<u>131,709</u>
Business-type-activities long-term liabilities	<u>\$ 20,017,221</u>	<u>145,085</u>	<u>(1,587,833)</u>	<u>18,574,473</u>	<u>1,613,350</u>

In prior years, the general fund has typically been used to liquidate long-term compensated absence liabilities.

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Bonds payable for governmental funds at June 30, 2017 are comprised of the following:

	Sales Tax Revenue Bonds Series <u>October 3, 2012</u>	Sales Tax Revenue Bonds Series <u>July 1, 2015</u>
Original issue:	10/3/2012	7/1/2015
Principal:	\$ 9,000,000	\$ 6,705,000
Interest:	June 1 & December 1	June 1 & December 1
Rates:	2.00% to 2.50%	2.00% to 3.00%

The October 3, 2012 Gross Receipts Tax Improvement Revenue Bonds, Series 2012, were issued for the purpose of acquiring, constructing, reconstructing, resurfacing, maintaining, repairing or otherwise improving municipal streets, including storm drainage and sanitary sewer projects directly related to a street project or combination of the foregoing and paying the costs of issuance of the bonds. The Bonds are being issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 2012 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to the City by the New Mexico Taxation and Revenue Department pursuant to Sections 7-9-4, NMSA 1978, as amended, 7-1-6.1 and 7-1-6.4 NMSA, as amended and 7-1-6.15 NMSA, 1978 as amended. The bonds mature on June 1, 2025.

The annual requirements to amortize the 2012 Bond Issue outstanding as of June 30, 2017, including interest payments are as follows:

2012 Gross Receipts Tax Revenue Bonds

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2018	\$	360,000	92,125	452,125
2019		440,000	84,924	524,924
2020		440,000	76,125	516,125
2021		440,000	67,327	507,327
2022		440,000	58,525	498,525
2023-2027		<u>2,165,000</u>	<u>141,700</u>	<u>2,306,700</u>
	\$	<u><u>4,285,000</u></u>	<u><u>520,726</u></u>	<u><u>4,805,726</u></u>

The July 1, 2015 Gross Receipts Tax Refunding and Improvement Revenue Bonds, Series 2015, were issued for (i) refunding, redeeming, paying and discharging the City's outstanding Gross Receipts Tax Revenue Bonds, Series 2005, in the amount of \$2,110,000 (ii) acquiring, constructing, reconstructing, resurfacing, maintaining, repairing or otherwise improving municipal streets, and (iii) paying costs of issuance of the bonds. The Bonds are being issued pursuant to Section 7-1-6.4 NMSA 1978 providing for the disposition of tax receipts derived from the state-shared gross receipts tax. The 2015 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues from the revenues distributed to the City by the New Mexico Taxation and Revenue Department pursuant to Sections 7-9-4, NMSA 1978 as amended, 7-1-6.1 and 7-1-6.4 NMSA, as amended and 7-1-6.15 NMSA, 1978 as amended. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the City's liabilities. The new bonds mature June 1, 2030.

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The annual requirements to amortize the 2015 Bond Issue outstanding as of June 30, 2017, including interest payments are as follows:

2015 Refunding and Improvement

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 1,185,000	101,300	1,286,300
2019	335,000	77,600	412,600
2020	340,000	70,900	410,900
2021	350,000	64,100	414,100
2022	350,000	57,100	407,100
2023-2027	1,395,000	163,550	1,558,550
2028-2032	460,000	27,750	487,750
	<u>\$ 4,415,000</u>	<u>562,300</u>	<u>4,977,300</u>

Advanced refundings consisted of the following:

On July 22, 2011, the City borrowed \$3,527,000 with an average interest rate of 3.72% from the NM Finance Authority. The net proceeds of \$3,437,000 (after estimated issuance costs of \$37,095 and processing fees of \$52,905) were used to advance refund Gross Receipts Tax Revenue Bonds, Series 1999 with a total principal amount of \$880,000 and an average interest rate of 4.68%. The February 1, 1999 Gross Receipts Tax Revenue Bonds, Series 1999, were issued to defray, in part (i) the cost of constructing, purchasing, furnishing, equipment (including, specifically, the purchase of computer hardware and software for use in taking care of "Year 2000" issues that the City may have), rehabilitating, making addition to or making improvement to one or more public buildings or purchasing or improving any ground related thereto. The NM Finance Authority transferred \$2,594,095 to the Bank of New York Mellon Trust Company, N.A. for the City of Clovis. The Bank transferred the net proceeds to the City of Clovis to pay off the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the City's liabilities.

The remaining proceeds were used for the improvement of park infrastructure. The note matures on June 30, 2031.

The annual requirements to amortize the note outstanding as of June 30, 2017, including interest payments are as follows:

Governmental - Clovis 6-A Park

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 150,000	96,888	246,888
2019	154,000	93,712	247,712
2020	158,000	89,631	247,631
2021	162,000	85,049	247,049
2022	167,000	79,930	246,930
2023-2027	930,000	305,824	1,235,824
2028-2032	890,000	99,160	989,160
	<u>\$ 2,611,000</u>	<u>850,194</u>	<u>3,461,194</u>

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Bonds payable for proprietary funds at June 30, 2017 are comprised of the following:

	Sales Tax Revenue Bonds Series September 21, 2010	Sales Tax Revenue Bonds Series April 18, 2014
Original issue:	9/21/2010	4/18/2014
Principal:	\$ 7,000,000	4,888,665
Interest:	June 1 & December 1	June 1 & December 1
Rates:	2.00% to 4.00%	0.25% to 2.79%

The September 21, 2010 Gross Receipts Tax Revenue Bonds, Series 2010, were issued to defray, in part (i) the cost of constructing, purchasing, furnishing, equipping or making improvement to the City's waste water treatment plant and (ii) paying all costs incidental to the issuance of the bonds. The Bonds are being issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 2010 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to the City by the New Mexico Taxation and Revenue Department pursuant to Sections 7-9-4, NMSA 1978, as amended, 7-1-6.1 and 7-1-6.4 NMSA, as amended and 7-1-6.15 NMSA, 1978 as amended. The bonds mature on June 1, 2025.

The annual requirements to amortize the 2010 Bond Issue outstanding as of June 30, 2017, including interest payments are as follows:

Proprietary - Series 2010 GRT Bonds

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2018	\$	310,000	175,938	485,938
2019		315,000	166,638	481,638
2020		330,000	157,188	487,188
2021		340,000	143,988	483,988
2022		355,000	133,788	488,788
2023-2027		2,005,000	490,375	2,495,375
2028-2032		1,425,000	110,275	1,535,275
	\$	5,080,000	1,378,190	6,458,190

The April 18, 2014 Gross Receipts Tax Improvement Revenue Bonds, Series 2014 were issued for the purpose of acquiring, constructing, extending, enlarging, bettering, repairing, and otherwise improving or maintaining the City's landfill or any combination of the foregoing and paying the costs of issuance of the bonds. The Bonds are being issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978 as amended. The 2014 Bonds and all payments of principal and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from revenues distributed to the City by the New Mexico Taxation and Revenue Department pursuant to Sections 7-9-4, NMSA 1978, as amended, 7-1-6.1 and 7-1-6.4, as amended and 7-1-6.15, 1978 as amended. The Bonds mature June 1, 2024.

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The annual requirements to amortize the 2014 Bond Issue outstanding as of June 30, 2017, including interest payments are as follows:

Proprietary - GRT Revenue Bonds Series 2014

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 475,375	69,318	544,693
2019	479,605	65,086	544,691
2020	485,648	59,043	544,691
2021	493,904	50,787	544,691
2022	504,079	40,613	544,692
2023-2027	<u>1,046,134</u>	<u>43,248</u>	<u>1,089,382</u>
	<u>\$ 3,484,745</u>	<u>328,095</u>	<u>3,812,840</u>

The notes payable of the City's proprietary funds as of June 30, 2017 are comprised of the following:

Wastewater loan with the NM Environment Department dated, June 18, 2008 with annual principal installments ranging from \$359,686 to \$523,994 due June 30 annually. Interest rate at 2.0%. The loan matures on June 11, 2027. \$ 5,230,814

Golf Course loan with the NM Finance Authority dated July 22, 2011, with annual principal installments ranging from \$80,000 to \$211,000 due June 30 annually. Blended interest rate at 4.53%. The loan matures on June 30, 2031. 2,228,000

Aeration Identification Treatment Plant Loan with NM Finance Authority with annual principal installments ranging from \$80,332 to \$84,233 due June 1, annually. Interest rate at 2.50%. The loan matures on June 1, 2032. 1,241,706

Water project loan with the NM Finance Authority dated October 23, 2015 with annual principal installments ranging from \$63,878 to \$66,814 due June 30 annually. Interest rate at 0.25%. The loan matures on June 1, 2035. 1,177,499

	9,878,019
Less current portion	(696,266)
Total outstanding long-term debt - proprietary funds	\$ 9,181,753

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The annual requirements to amortize the proprietary fund loans outstanding as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 696,266	211,661	907,927
2019	709,198	198,912	908,110
2020	722,331	185,417	907,748
2021	736,640	171,284	907,924
2022	752,130	156,514	908,644
2023-2027	4,006,540	537,196	4,543,736
2028-2032	2,058,001	112,279	2,170,280
2032-2036	199,943	1,001	200,944
	<u>\$ 9,881,049</u>	<u>1,574,264</u>	<u>11,455,313</u>

NOTE 8 – Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City established limited risk management programs for workers' compensation (as discussed below) and unemployment claims. Premiums for unemployment claims are paid to the appropriate internal service fund by all other funds and are available to pay claims, claims reserves, and administrative costs of the program.

Effective January 1, 1991, the City established a limited risk management program for workers compensation. The City contracted with the New Mexico Self Insurer Fund (Fund) as administrator for this program. At the beginning of each policy period, the City pays a retention premium which covers expenses of the Fund, including, but not limited to, reinsurance expenses, claims adjusting, rating and underwriting, safety and loss control, reporting and administration. In the retention rating year (1/1/91 – 1/1/92), the City paid a "loss fund deposit" to the Fund equal to 15% of the estimated "manual premium". This deposit is retained by the Fund for the benefit of the City in paying all applicable claims and costs for all policy periods. Each anniversary date, the deposit will be reviewed and revised if necessary. The City's self-insured specific retention is \$250,000 per accident, with aggregate of 150% of the "manual premium" for a policy period.

The City accounts for this program in its Internal Service Fund, Workers Compensation. The Workers Compensation Fund allocates the cost of providing claim servicing and claim payments by charging a "premium" to each participating governmental and business-type activities fund, based on each fund's percentage of the estimated "manual premium". This charge considers recent trends in actual claims experience and makes provision for catastrophic loss.

The Workers Compensation fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payout), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claims adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for the current fiscal year.

The City continues to carry commercial insurance for all other risks. The City is in the process of establishing a fund for property and liability self-insurance. As of June 30, 2017, no claims activity had taken place in the fund. The only activity for the year ended June 30, 2017 consisted of interest earned from the fund's bank account.

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NOTE 9 – PERA Pension Plan

Plan Description: Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015.

The City, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR, and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

Funding Policy: Plan members are required to contribute the following percentages of their gross salary: 17.8% for law enforcement, 17.7% for fire protection employees; and 14.65% for municipal employees. The City was required to contribute the following percentages of the gross covered salary: 18.9% for law enforcement plan members, 21.26% for fire protection plan members; and 9.55% for municipal plan members. The contribution requirements of plan members and the City of Clovis are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The City of Clovis' contributions to PERA for the years ending June 30, 2017, 2016 and 2015 were approximately \$704,587, \$680,010, and \$675,397, respectively, which equal the amount of the required contributions for all years.

NOTE 10 – Pension Plan and Post-Employment Benefits

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA's. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description – Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits provided - Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined

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under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II – The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. See PERA's publicly available financial report and comprehensive annual financial report obtained at <http://saonm.org/> using the Audit Report Search function for agency 366, for the employer and employee contribution rates in effect for fiscal year, 2017.. The PERA coverage options that apply to the City are: Municipal General Division, Municipal Police Division, and Municipal Fire Division. Statutorily required contributions to the pension plan from the City were \$715,855 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Municipal General Division, at June 30, 2017, the City reported a liability of \$2,001,873 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was .1253%, which was a decrease of 0.0084% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized PERA Fund Division; Municipal General Division pension expense of \$208,114. At June 30, 2017, the City reported PERA Fund Division; Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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Municipal General Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 100,022	19,537
Changes of assumptions	117,386	333
Net difference between projected and actual earnings on pension plan investments	368,341	-
Change in proportion and differences between the City contributions and proportionate share of contributions	37,781	66,368
The City contributions subsequent to the measurement date	107,270	-
Total	<u>\$ 730,800</u>	<u>86,238</u>

\$107,270 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2018	\$ (118,853)
2019	(118,853)
2020	(208,319)
2021	(91,267)
2022	-
Thereafter	-
	<u>\$ (537,292)</u>

Municipal Police Division, at June 30, 2017, the City reported a liability of \$4,903,616 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was .6644%, which was an increase of 0.0114% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized PERA Fund Division; Municipal Police Division pension expense of \$681,667. At June 30, 2017, the City reported PERA Fund Division; Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal Police Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 359,997	-
Changes of assumptions	324,788	88,436
Net difference between projected and actual earnings on pension plan investments	775,535	-
Change in proportion and differences between the City contributions and proportionate share of contributions	40,350	187,791
The City contributions subsequent to the measurement date	273,377	-
Total	<u>\$ 1,774,047</u>	<u>276,227</u>

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\$273,377 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2018	\$ (256,313)
2019	(256,313)
2020	(512,228)
2021	(199,589)
2022	-
Thereafter	-
	\$ (1,224,443)

Municipal Fire Division, at June 30, 2017, the City reported a liability of \$8,746,370 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was 1.3111%, which was an increase of 0.0332% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized PERA Fund Division; Municipal Fire Division pension expense of \$1,152,365. At June 30, 2017, the City reported PERA Fund Division; Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal Fire Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 396,078	-
Changes of assumptions	462,649	-
Net difference between projected and actual earnings on pension plan investments	728,527	-
Change in proportion and differences between the City contributions and proportionate share of contributions	121,783	36,190
The City contributions subsequent to the measurement date	335,208	-
Total	\$ 2,044,245	36,190

\$335,208 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended		Amount
June 30:		
2018	\$	(462,821)
2019		(462,821)
2020		(554,971)
2021		(192,234)
2022		-
Thereafter		-
	\$	<u>(1,672,847)</u>

Actuarial assumptions. – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 10 years, then 3.25 annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	Includes inflation at 2.25% for the first 10 years and 2.75% thereafter
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>All Funds - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	<u>100.0%</u>	

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CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

Discount rate – A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This rate was an increase from the fiscal year 2016 rate of 7.45%. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the employer name’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

<u>PERA Fund Division - Municipal General Division</u>	<u>1% Decrease (6.48%)</u>	<u>Current Discount Rate (7.48%)</u>	<u>1% Increase (8.48%)</u>
The City's proportionate share of the net pension liability	\$ <u>2,984,614</u>	\$ <u>2,001,873</u>	\$ <u>1,186,739</u>
<u>PERA Fund Division - Municipal Police Division</u>	<u>1% Decrease (6.48%)</u>	<u>Current Discount Rate (7.48%)</u>	<u>1% Increase (8.48%)</u>
The City's proportionate share of the net pension liability	\$ <u>7,214,437</u>	\$ <u>4,903,616</u>	\$ <u>3,013,635</u>
<u>PERA Fund Division - Municipal Fire Division</u>	<u>1% Decrease (6.48%)</u>	<u>Current Discount Rate (7.48%)</u>	<u>1% Increase (8.48%)</u>
The City's proportionate share of the net pension liability	\$ <u>11,440,207</u>	\$ <u>8,746,370</u>	\$ <u>6,533,665</u>

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERA financial reports, available at <http://www.nmpera.org/>.

NOTE 11 – Pension Plan

The City contributes to a defined contribution pension plan adopted under the provision of Internal Revenue Code Section 401.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant’s account and the returns earned on investment on those contributions. As established by local ordinance, all employees of the City participating in the Deferred Compensation Plan are eligible to participate. The City is required to contribute 14% of the employee’s gross earnings. Contributions by the City belong to the participant upon retirement or termination, provided the vesting requirements have been satisfied.

The vesting provisions for all new employees hired on or after July 8, 1990, are as follows:

30% after 3 years of completed service

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Notes to Financial Statements
For the Year Ended June 30, 2017**

40% after 4 years of completed service
100% after 5 years of completed service

All employees hired prior to July 8, 1990, were 100% vested on the date of hire.

For the years ended June 30, 2017, 2016, and 2015, the City's required and actual contributions totaled \$1,291,898, \$1,321,234, and \$1,294,144, respectively.

NOTE 12 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by International City/County Management Association.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Participating employees are mandated to contribute a minimum of 3% of their gross salary but may elect to contribute up to 100% of their salary up to a maximum dollar amount of \$18,500 per year into the plan. Eligible employees may also make catch-up contributions totaling \$5,500 per year. There are employees that are making contributions to the Deferred Compensation Plan. All contributions withheld from participant's wages by the City have been paid to the plan administrator. Employee contributions withheld and remitted to the plan were \$869,452, \$904,588 and \$859,020 for the years ended June 30, 2017, 2016 and 2015, respectively.

NOTE 13 – Post Employment Benefits – State Retiree Healthcare Plan

Plan Description: The City of Clovis contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy: The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

**STATE OF NEW MEXICO
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Notes to Financial Statements
For the Year Ended June 30, 2017**

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City of Clovis' contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$261,510, \$258,720, and \$257,771, respectively, which equal the required contributions for each year.

NOTE 14 – Contingencies

The City of Clovis participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City of Clovis may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City of Clovis.

The City of Clovis is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 15 – Deficit Fund Balances/Net Position, Excess of Expenditures Over Appropriations and Designated cash appropriation in excess of available balances

U.S. generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Deficit fund balances of individual funds:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Golf Course - 19	Proprietary/Net position	\$ (47,080)
Older Adults - 5	Spec Rev/Fund balance	(3,249)
Fire Equipment - 7	Spec Rev/Fund balance	(92,528)
Recycling - 76	Spec Rev/Fund balance	(875)
Street Improvement -40	Debt Service/Fund balance	(5,405)
Civic Center -46	Debt Service/Fund balance	(7,214)
		<u>\$ (149,137)</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

Excess of expenditures over appropriations:

None

Designated cash appropriation in excess of available balances. The following funds exceeded approved budgetary authority for the year ended June 30, 2017:

None

NOTE 16 – Landfill Closure and Post-Closure Care

State and federal laws and regulations require that the City of Clovis place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure of the landfill site. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The total estimated liability for landfill closure costs is \$3,986,566 as of June 30, 2017, which is based on the cumulative capacity to date as a percentage of projected capacity at the time of landfill closure. This represents a decrease of \$558,957 from the prior year as a result of current engineering estimates. It is estimated that an additional \$1,965,415 will be recognized as closure and post-closure care costs between the balance sheet date and the date the landfill site is expected to close in accordance with State of New Mexico Environmental Division and Federal EPA regulations. Approximately 85.00% of the landfill capacity has been used to date and the estimated remaining landfill life is one year. The estimated total current cost of the landfill closure and post-closure care of \$4,690,078 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2017. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in state and federal landfill laws and regulations.

The City of Clovis is required by the State of New Mexico Environmental Regulation Board to demonstrate financial assurance for the closure and post-closure costs. The City of Clovis obtained permanent financing from the NM Finance Authority for landfill expansion, closure, and post-closure care. The agreement establishes terms for use of the proceeds, and repayment of amounts loaned. In addition, the City has designated funds totaling \$5,951,981 to offset the future estimated post-closure liability amounts. These are reported as restricted assets on the proprietary fund statement of net position. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 17 – Leases in the Financial Statements of Lessors

Operating leases arise from the leasing of the City's land and buildings to customers in varying industries in Clovis. Initial lease terms generally range from 12 to 120 months. Leases are cancellable by the Lessee with 30-120 days' notice as defined by the lease agreement. Depreciation expense for assets subject to operating leases is provided primarily on the straight-line method over the term of the lease in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense for the year ended June 30, 2017 related to land and buildings held as rental property under operating leases is included in depreciation expense of the Airport in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. Historical cost and accumulated depreciation as of June 30, 2017 related to land and buildings held as rental property under operating leases is included in property, plant and equipment of the Airport in the Proprietary Funds Statement of Net Position.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

NOTE 18—Operating Leases

The reporting entity has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

Fiscal Year Ending June 30,	Amount
2018	\$ 546,056
2019	312,528
2020	249,728
2021	124,220
2022	115,287
	<u>\$ 1,347,819</u>

Lease expenditures for the year ended June 30, 2017 were approximately \$552,639.

NOTE 19 – Commitments

The City of Clovis has several projects under construction related to water and wastewater utilities. Below is a summary list of projects.

<u>Project</u>	<u>Contract Type</u>	<u>Contract Price</u>	<u>Amount Expended at 6/30/17</u>	<u>% of Completion</u>
Otter Exhibit	Construction	\$ 10,000	8,746	87.46%
7th Street - Main to Norris	Professional Service	652,691	618,848	94.81%
Wilhite - Design East of Thornton	Professional Service	371,042	368,405	99.29%
Airport Runway 12/30	Professional Service	134,058	66,148	49.34%
Wilhite - Norris to Prince	Professional Service	207,678	207,678	99.00%
Wilhite - Norris to Prince	Construction	6,368,349	5,516,156	86.62%
Effluent - Phase 2	Construction	2,884,629	2,510,131	87.02%
		<u>\$ 10,628,447</u>	<u>9,296,111</u>	

NOTE 20 – Restricted Net Position

The government-wide statement of net position reports \$10,666,440 of restricted assets, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue, debt service and capital project funds, see schedules in the supplementary information section of this report.

NOTE 21 – Surety Bonds

The City maintains surety bonds for the following employees in the amounts of coverage listed below:

<u>Employee Position</u>	<u>Coverage</u>
Finance	\$50,000
Director/City Clerk	

**STATE OF NEW MEXICO
CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

NOTE 22 – Deferred Inflows/Outflows of Resources

The balance in deferred inflows/outflows of resources at year end is composed of the following elements:

<u>Deferred Outflows of Resources</u>	
Long-term note receivable (Wastewater Fund) - Government-Wide	\$ 531,580
Pension deferrals - Government-Wide	<u>4,549,092</u>
	<u>\$ 5,080,672</u>
<u>Deferred Inflows of Resources</u>	
Deferred note receivable revenue (Wastewater Fund) - Government-Wide	\$ 531,580
Deferred property tax revenue (General Fund) - Fund Financials	50,958
Pension deferrals - Government-Wide	<u>398,655</u>
	<u>\$ 981,193</u>

NOTE 23 – Restatement of Net Position

Beginning net position were restated as follows:

<u>Description</u>	<u>Fund</u>	<u>Reason</u>	<u>Amount</u>
Government-wide statements	N/A	Prior period adjustment to agree depreciation expense, accumulated depreciation, and capital assets to current supporting documentation	\$ (5,753)
Economic development - non-major	64	Amounts recorded as revenue in prior year but wasn't earned until current year	(350,000)
Lodger's tax - non-major	77+78	Amounts recorded as revenue in prior year but has not been earned as of year end 2017	<u>(100,000)</u>
		Total governmental activities	<u>(455,753)</u>
Sanitation - Major enterprise fund	02	Prior period adjustment to reduce landfill closure to current year engineering estimates	<u>558,956</u>
		Total fund 2	558,956
Wastewater - Major enterprise fund	10	Prior period adjustment to agree depreciation expense, accumulated depreciation, and capital assets to current supporting documentation	<u>(29,768)</u>
		Total fund 10	(29,768)
Airport	12	Prior period adjustment to agree depreciation expense, accumulated depreciation, and capital assets to current supporting documentation	<u>2,680</u>
		Total fund 12	2,680
		Total business-type activities	<u>531,868</u>
		Total restatements	<u>\$ 76,115</u>

NOTE 24 – Tax Abatement Disclosures

The City negotiates property tax abatement agreements and has a tax abatement agreement with Southwest Cheese as of June 30, 2017. The City's entire disclosure as an abating agency is presented in this report, in the Schedule of Tax Abatements – Abating Agency, as stated in the table of contents.

NOTE 25 – Evaluation of Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date but before the financial statements are issued. The City recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements. The City's financial statements do not recognize subsequent events that provide evidence

**STATE OF NEW MEXICO
CITY OF CLOVIS
Notes to Financial Statements
For the Year Ended June 30, 2017**

about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before financial statements are available to be issued. The City has evaluated subsequent events through November 30, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Funds
For the Year Ended June 30, 2017**

NONMAJOR SPECIAL REVENUE FUNDS

Municipal Road Fund (NMSA, 7-24A-1 to 7-24A-21) - To account for motor vehicle fees – 10 percent, which is to be used only for additions and improvements to the City's streets and highways.

Recreation Fund (NMSA, 7-12-1 to 7-12-17) - To account for state and city cigarette tax revenue, which is to be used to operate and maintain the City's various recreational facilities.

Older Adults Division Fund (Authorized by Commission at Budget Approval) - To account for the City's share of the cost of operating and administering a senior citizens facility. Funding is contributed directly to the facility from other governmental agencies.

Environmental Tax Fund (NMSA, 7-19D-1 to 7-19D-11) - To account for the City's share of gross receipts taxes that are to be used for environmental clean-up issues.

Fire Equipment Fund (NMSA, 59-15-1 to 59-15-17) – Annual grant from the State of New Mexico Fire Marshall's office. Funds are restricted for use on the maintenance of the fire department, the purchase, construction, maintenance, repair and operation of fire apparatus and equipment.

Sanitary Sewer Improvement Fund (NMSA, 3-26) - To account for the proceeds of wastewater connection fees, which are to be used for the improvement of sewer distribution lines.

Ned Houk Park Fund (Ordinance 864) - To account for state and county grants that are to be used for the operation, maintenance of and additions to park facilities.

Carver Library Fund (Ordinance 864) - To account for all revenues directly related to or assigned to use for Carver Library. This includes grants, charges for services, fines and other revenues.

2011 GRT Park Improvement Fund (Ordinance 864) - To account for all revenues directly related to or assigned to park improvements. This includes grants, charges for services, and other revenues.

Infrastructure Improvement Fund (Authorized by Commission at Budget Approval) - To account for the City's cost of rehabilitating, making additions to or making improvements to one or more public buildings, public parks, public recreational buildings and other public facilities.

Special Parks Improvement Fund (Ordinance 1520-96) – To account for municipal gross receipts revenue, which will be used for the acquisition, construction, operation and maintenance of parks and recreation facilities.

Civic Center Fund (Ordinance 1520-96) - To account for municipal gross receipts revenue, which will be used for the acquisition, construction, operation and maintenance of a multi-purpose special events center.

Special Designated Fund (Authorized by Commission at Budget Approval) – To account for excess revenues generated in various funds for use on specific department improvements.

Economic Development Fund (Ordinance 1615-99) – To account for municipal gross receipts revenue, which will be used for the purpose of furthering or implementing economic development plans and projects as defined in the Local Economic Act and in accordance with the regulation.

Capital Outlay Gross Receipts Tax Fund (NMSA, 7-19-10 to 7-19-18) – To account for the City's portion of gross receipts taxes collected by the State of New Mexico. These proceeds are used for various department capital asset replacements.

Gross Receipts Tax Water Project (Ordinance 1953-2012) – To account for the financing of the City's obligation to the Eastern New Mexico Water Utility Authority for the development, planning, financing, construction, operation, and the payment of bonds for the Ute Reservoir Pipeline Project.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Funds
For the Year Ended June 30, 2017**

Emergency Medical Services Fund (NMSA, 24-10A to 24-10A-9) – To account for annual grant from the Emergency Medical Services Fund Act. Funding is made available to municipalities in proportion to their needs, for use in the establishment and enhancement of local emergency medical services that assist in reducing injury and loss of life.

Special Street Fund (NMSA, 3-34-1 to 3-34-5; 7-19A-1 to 7-19A-7) – To account for specifically designated state shared gross receipts taxes. Expenditures are restricted to street maintenance.

Recycling Fund (Authorized by Commission at Budget Approval) – To account for revenues and expenditures related to refuse recycling.

Lodger's Tax Fund (NMSA, 3-38-18 to 3-38-24) – To account for the collections and disbursement of local lodging tax whose use is restricted to the promotion of rural areas within the County.

Special Fire & Police Fund (NMSA, 59A-53-1 to 59A-53-16) – To account for the City's share of gross receipts taxes and the City's share of revenues that are restricted to expenditure for fire protection equipment and supplies.

Local Government Corrections Fund (NMSA, 33-3-25) – To account for the proceeds of State of New Mexico approved assessments by the City's municipal court, for which expenditures are designated for the care of prisoners.

Law Enforcement Protection Fund (NMSA, 29-13-1 to 29-13-9) – To account for state grant funds from the State of New Mexico which are to be utilized to enhance the efficiency and effectiveness of law enforcement protection.

Clovis Area Transit System Fund (authorized by Commission at Budget Approval) – To account for state and federal grants, which are to provide transportation service to the general public.

Department of Justice Fund (Authorized by Commission at Budget Approval) – To account for federal grants, which are to provide law enforcement with opportunities to reduce crime and improve public safety by increasing personnel and equipment resources.

Drug Control Fund (Authorized by Commission at Budget Approval) – To account for state and federal grants which are to be used for implementation of improved drug control and awareness.

NONMAJOR DEBT SERVICE FUNDS

Drainage Improvement Fund – To account for the accumulation of resources for, and the payment of governmental activities long-term debt principal, interest and related costs specifically for the drainage acquisition and improvement excise tax bonds. The fund's source of revenue is a one sixteenth of one percent gross receipts tax and a 1.5 property tax mill levy approved by the City of Clovis Commission for note obligation repayment.

GRT Improvement Revenue Bonds Series 2014 (Landfill Cell#5) – To account for the accumulation of resources for, and the payment of governmental activities long term debt principal, interest, and related costs specifically for acquiring, constructing, extending, enlarging, bettering, repairing and otherwise improving or maintaining the City's Landfill.

Street Improvement Fund – To account for the accumulation of resources for, and the payment of governmental activities long-term debt principal, interest and related costs specifically for street improvement tax bonds. The fund's source of revenue is a one sixteenth of one percent gross receipts tax and a one quarter gross receipts tax approved by the City of Clovis Commission for note obligation repayment.

Civic Center Fund – To account for the accumulation of resources for, and the payment of governmental activities long-term debt principal, interest and related costs specifically for the civic center excise tax bonds. The fund's source of revenue is a one and two hundred and twenty-five thousandths percent gross receipts tax approved by the City of Clovis Commission for note obligation repayment.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Funds
For the Year Ended June 30, 2017**

Parks & Infrastructure Fund – To account for the accumulation of resources for, and the payment of governmental activities long-term debt principal, interest and related costs specifically for the parks and infrastructure excise tax bonds. The fund's source of revenue is a one eighth of one percent gross receipts tax approved by the City of Clovis Commission for note obligation repayment.

NONMAJOR CAPITAL PROJECTS FUND

GRT Improvement Revenue Bonds Series 2014 (Landfill Cell#5)- Acquiring, constructing, extending, enlarging, bettering, repairing and otherwise improving or maintaining the City's Landfill or any combination of the foregoing and paying the costs of issuance of the Bonds, providing that the bonds will be payable and collectible from and secured by a pledge of the State-shared gross receipts tax.

Street Construction – To account for expenditures relating to state-shared projects, such as the repairs and maintenance of City streets, which are part of the State arterial system. Funding is from the Local Government road fund with matching funds transferred from the City of Clovis General Fund.

Drainage Improvement Fund – To account for the City's cost of constructing, acquiring and improving the City's storm drainage system.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2017**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<i>Assets</i>				
Cash and investments	\$ 20,361,959	93,036	1,864,771	22,319,766
Restricted Cash and investments	39,144	150,451	-	189,595
Receivables:				
Property taxes	-	-	-	-
Intergovernmental	2,155,774	-	202,765	2,358,539
Other receivables	257,128	-	-	257,128
Inventory	67,149	-	-	67,149
Prepaid insurance	62,835	-	-	62,835
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>22,943,989</u>	<u>243,487</u>	<u>2,067,536</u>	<u>25,255,012</u>
<i>Liabilities</i>				
Accounts payable	73,328	-	-	73,328
Accrued payroll expenses	106,681	-	-	106,681
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Accrued interest	-	24,128	492	24,620
Other unearned revenue	100,000	-	-	100,000
Due to other funds	942,142	-	-	942,142
<i>Total liabilities</i>	<u>1,222,151</u>	<u>24,128</u>	<u>492</u>	<u>1,246,771</u>
<i>Deferred Inflow of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Inflow of Resources</i>	<u>1,222,151</u>	<u>24,128</u>	<u>492</u>	<u>1,246,771</u>
<i>Fund balances</i>				
Nonspendable	129,984	-	-	129,984
Restricted	6,021,898	231,978	1,367,929	7,621,805
Committed	13,303,959	-	699,115	14,003,074
Assigned	2,279,520	-	-	2,279,520
Unassigned	(13,523)	(12,619)	-	(26,142)
<i>Total fund balances</i>	<u>21,721,838</u>	<u>219,359</u>	<u>2,067,044</u>	<u>24,008,241</u>
<i>Total liabilities and fund balances</i>	<u>\$ 22,943,989</u>	<u>243,487</u>	<u>2,067,536</u>	<u>25,255,012</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2017**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	-	-	-
Gross receipts	10,664,610	-	495,475	11,160,085
Gasoline and motor vehicle	573,479	-	-	573,479
Other	760,686	-	-	760,686
<i>Intergovernmental:</i>				
Federal operating grants	209,434	-	-	209,434
Federal capital grants	554,208	-	100,752	654,960
State operating grants	1,195,430	-	-	1,195,430
State capital grants	-	-	2,931,931	2,931,931
Charges for services	658,830	-	-	658,830
Fines, forfeitures & penalties	9,284	-	-	9,284
Licenses and fees	402,166	-	-	402,166
Investment income	64,342	7,047	2,973	74,362
Miscellaneous	322,100	-	225	322,325
<i>Total revenues</i>	<u>15,414,569</u>	<u>7,047</u>	<u>3,531,356</u>	<u>18,952,972</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	1,338,266	-	-	1,338,266
Public safety	753,993	-	-	753,993
Public works	5,058,629	-	527,173	5,585,802
Culture and recreation	2,737,244	-	-	2,737,244
Health and welfare	328,848	-	-	328,848
Capital outlay	1,010,932	-	3,012,181	4,023,113
<i>Debt service:</i>				
Principal	-	1,662,000	-	1,662,000
Interest	6,411	427,971	245	434,627
<i>Total expenditures</i>	<u>11,234,323</u>	<u>2,089,971</u>	<u>3,539,599</u>	<u>16,863,893</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,180,246</u>	<u>(2,082,924)</u>	<u>(8,243)</u>	<u>2,089,079</u>
<i>Other financing sources (uses)</i>				
Transfers in/(out)	(3,783,318)	2,090,261	209,176	(1,483,881)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from debt issuance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3,783,318)</u>	<u>2,090,261</u>	<u>209,176</u>	<u>(1,483,881)</u>
<i>Net change in fund balances</i>	396,928	7,337	200,933	605,198
<i>Fund balances - beginning of year</i>	<u>21,774,910</u>	<u>212,022</u>	<u>1,866,111</u>	<u>23,853,043</u>
<i>Restatement</i>	<u>(450,000)</u>	<u>-</u>	<u>-</u>	<u>(450,000)</u>
<i>Fund balance - beginning of year, as restated</i>	<u>21,324,910</u>	<u>212,022</u>	<u>1,866,111</u>	<u>23,403,043</u>
<i>Fund balances - end of year</i>	<u>\$ 21,721,838</u>	<u>219,359</u>	<u>2,067,044</u>	<u>24,008,241</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
As of June 30, 2017

	3	4	5	6	7	8
	Municipal Road	Recreation	Older Adults Division	Environmental Tax	Fire Equipment	Sanitary Sewer Improvement
<i>Assets</i>						
Cash and investments	\$ -	23,824	167	5,951,981	821,868	147,166
Restricted Cash and investments	7,304	-	-	-	-	-
Receivables:						
Property taxes	-	-	-	-	-	-
Intergovernmental	9,513	-	-	81,068	-	-
Other receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid insurance	-	3,733	6,170	-	-	-
Due from other funds	-	-	-	-	-	-
<i>Total assets</i>	<u>16,817</u>	<u>27,557</u>	<u>6,337</u>	<u>6,033,049</u>	<u>821,868</u>	<u>147,166</u>
<i>Liabilities</i>						
Accounts payable	-	2,129	3,066	-	-	-
Accrued payroll expenses	-	8,405	6,520	-	-	-
Other accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	914,396	-
<i>Total liabilities</i>	<u>-</u>	<u>10,534</u>	<u>9,586</u>	<u>-</u>	<u>914,396</u>	<u>-</u>
<i>Deferred Inflow of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Inflow of Resources</i>	<u>-</u>	<u>10,534</u>	<u>9,586</u>	<u>-</u>	<u>914,396</u>	<u>-</u>
<i>Fund balances</i>						
Nonspendable	-	3,733	6,170	-	-	-
Restricted	16,817	-	-	-	-	-
Committed	-	13,290	-	6,033,049	-	147,166
Assigned	-	-	-	-	-	-
Unassigned	-	-	(9,419)	-	(92,528)	-
<i>Total fund balances</i>	<u>16,817</u>	<u>17,023</u>	<u>(3,249)</u>	<u>6,033,049</u>	<u>(92,528)</u>	<u>147,166</u>
<i>Total liabilities and fund balances</i>	<u>\$ 16,817</u>	<u>27,557</u>	<u>6,337</u>	<u>6,033,049</u>	<u>821,868</u>	<u>147,166</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
As of June 30, 2017

	13	14+95	21	60	61	62
	Ned Houk Park	Carver Library	2011 GRT Improvement Bonds-Park	Infrastructure Improvement	Special Parks Improvement	Civic Center
<i>Assets</i>						
Cash and investments	\$ 108,433	54,395	-	603,642	180,988	521,113
Restricted Cash and investments	-	-	-	-	-	-
Receivables:						
Property taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	82,450	82,450	82,450
Other receivables	5,945	1,000	-	-	-	-
Inventory	165	-	-	-	-	-
Prepaid insurance	2,754	9,670	-	-	-	4,346
Due from other funds	-	-	-	-	-	-
<i>Total assets</i>	<u>117,297</u>	<u>65,065</u>	<u>-</u>	<u>686,092</u>	<u>263,438</u>	<u>607,909</u>
<i>Liabilities</i>						
Accounts payable	2,571	2,451	-	-	-	602
Accrued payroll expenses	4,845	20,104	-	-	-	-
Other accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<i>Total liabilities</i>	<u>7,416</u>	<u>22,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>602</u>
<i>Fund balances</i>						
Nonspendable	2,919	9,670	-	-	-	4,346
Restricted	-	-	-	-	-	-
Committed	-	-	-	686,092	263,438	-
Assigned	106,962	32,840	-	-	-	602,961
Unassigned	-	-	-	-	-	-
<i>Total fund balances</i>	<u>109,881</u>	<u>42,510</u>	<u>-</u>	<u>686,092</u>	<u>263,438</u>	<u>607,307</u>
<i>Total liabilities and fund balances</i>	<u>\$ 117,297</u>	<u>65,065</u>	<u>-</u>	<u>686,092</u>	<u>263,438</u>	<u>607,909</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
As of June 30, 2017

	63	64	65	66	72	75
	Special Designated	Economic Development	Capital Outlay Gross Receipts Tax	GRT Water Project	Emergency Medical Services	Special Street
<i>Assets</i>						
Cash and investments	\$ 1,536,757	2,673,845	857,372	3,560,755	-	1,172,159
Restricted Cash and investments	-	-	-	-	10	-
Receivables:						
Property taxes	-	-	-	-	-	-
Intergovernmental	-	162,151	324,302	300,829	-	397,918
Other receivables	-	229,050	-	-	-	21,133
Inventory	-	-	-	-	-	66,984
Prepaid insurance	-	-	-	-	-	24,468
Due from other funds	-	-	-	-	-	-
<i>Total assets</i>	<u>1,536,757</u>	<u>3,065,046</u>	<u>1,181,674</u>	<u>3,861,584</u>	<u>10</u>	<u>1,682,662</u>
<i>Liabilities</i>						
Accounts payable	-	-	-	-	-	60,598
Accrued payroll expenses	-	-	-	-	-	44,464
Due to other funds	-	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,062</u>
<i>Deferred Inflow of Resources</i>						
	-	-	-	-	-	-
<i>Total Liabilities and Deferred Inflow of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,062</u>
<i>Fund balances</i>						
Nonspendable	-	-	-	-	-	91,452
Restricted	-	-	-	3,861,584	10	-
Committed	-	3,065,046	1,181,674	-	-	1,486,148
Assigned	1,536,757	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<i>Total fund balances</i>	<u>1,536,757</u>	<u>3,065,046</u>	<u>1,181,674</u>	<u>3,861,584</u>	<u>10</u>	<u>1,577,600</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,536,757</u>	<u>3,065,046</u>	<u>1,181,674</u>	<u>3,861,584</u>	<u>10</u>	<u>1,682,662</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
As of June 30, 2017**

	<u>76</u>	<u>77+78</u>	<u>86</u>	<u>89</u>	<u>90</u>	<u>92</u>
	<u>Recycling</u>	<u>Lodger's Tax</u>	<u>Special Fire & Police</u>	<u>Local Government Corrections</u>	<u>Law Enforcement Protection</u>	<u>Clovis Area Transit System</u>
<i>Assets</i>						
Cash and investments	\$ -	1,938,606	98,257	8,321	-	102,310
Restricted Cash and investments	-	-	-	-	16,343	-
Receivables:						
Property taxes	-	-	-	-	-	-
Intergovernmental	1,842	81,814	329,799	-	-	194,159
Other receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	10,515
Due from other funds	-	-	-	-	-	-
<i>Total assets</i>	<u>1,842</u>	<u>2,020,420</u>	<u>428,056</u>	<u>8,321</u>	<u>16,343</u>	<u>306,984</u>
<i>Liabilities</i>						
Accounts payable	-	1,131	-	-	-	780
Accrued payroll expenses	-	-	-	-	-	22,343
Other accrued expenses	-	-	-	-	-	-
Other unearned revenue	-	100,000	-	-	-	-
Due to other funds	2,717	-	-	-	-	-
<i>Total liabilities</i>	<u>2,717</u>	<u>101,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,123</u>
<i>Fund balances</i>						
Nonspendable	-	-	-	-	-	10,515
Restricted	-	1,919,289	-	8,321	16,343	184,047
Committed	-	-	428,056	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(875)	-	-	-	-	89,299
<i>Total fund balances</i>	<u>(875)</u>	<u>1,919,289</u>	<u>428,056</u>	<u>8,321</u>	<u>16,343</u>	<u>283,861</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,842</u>	<u>2,020,420</u>	<u>428,056</u>	<u>8,321</u>	<u>16,343</u>	<u>306,984</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
As of June 30, 2017

	96	98	
	Department of Justice	Drug Control	Total Special Revenue Funds
<i>Assets</i>			
Cash and investments	\$ -	-	20,361,959
Restricted Cash and investments	1,035	14,452	39,144
Receivables:			-
Property taxes	-	-	-
Intergovernmental	-	25,029	2,155,774
Other receivables	-	-	257,128
Inventory	-	-	67,149
Prepaid insurance	-	1,179	62,835
Due from other funds	-	-	-
<i>Total assets</i>	<u>1,035</u>	<u>40,660</u>	<u>22,943,989</u>
<i>Liabilities</i>			
Accounts payable	-	-	73,328
Accrued payroll expenses	-	-	106,681
Other accrued expenses	-	-	-
Accrued compensated absences	-	-	-
Deferred property tax revenue	-	-	-
Other unearned revenue	-	-	100,000
Due to other funds	-	25,029	942,142
<i>Total liabilities</i>	<u>-</u>	<u>25,029</u>	<u>1,222,151</u>
<i>Deferred Inflow of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Inflow of Resources</i>	<u>-</u>	<u>25,029</u>	<u>1,222,151</u>
<i>Fund balances</i>			
Nonspendable	-	1,179	129,984
Restricted	1,035	14,452	6,021,898
Committed	-	-	13,303,959
Assigned	-	-	2,279,520
Unassigned	-	-	(13,523)
<i>Total fund balances</i>	<u>1,035</u>	<u>15,631</u>	<u>21,721,838</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,035</u>	<u>40,660</u>	<u>22,943,989</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Debt Service Funds
Combining Balance Sheet
As of June 30, 2017**

	40	41	42	46	47	
	Drainage Improvement	Landfill Cell #5	Street Improvement	Civic Center	Parks & Infrastructure	Total Debt Service Funds
<i>Assets</i>						
Cash and investments	\$ -	80,228	4,704	-	8,104	93,036
Restricted Cash and investments	3,405	-	-	-	147,046	150,451
Receivables:						-
Property taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<i>Total assets</i>	<u>3,405</u>	<u>80,228</u>	<u>4,704</u>	<u>-</u>	<u>155,150</u>	<u>243,487</u>
<i>Liabilities</i>						
Accounts payable	-	-	-	-	-	-
Accrued payroll expenses	-	-	-	-	-	-
Accrued interest	8,810	-	-	7,214	8,104	24,128
Due to other funds	-	-	-	-	-	-
<i>Total liabilities</i>	<u>8,810</u>	<u>-</u>	<u>-</u>	<u>7,214</u>	<u>8,104</u>	<u>24,128</u>
<i>Fund balances</i>						
Nonspendable	-	-	-	-	-	-
Restricted	-	80,228	4,704	-	147,046	231,978
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(5,405)	-	-	(7,214)	-	(12,619)
<i>Total fund balances</i>	<u>(5,405)</u>	<u>80,228</u>	<u>4,704</u>	<u>(7,214)</u>	<u>147,046</u>	<u>219,359</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,405</u>	<u>80,228</u>	<u>4,704</u>	<u>-</u>	<u>155,150</u>	<u>243,487</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Capital Project Funds
Combining Balance Sheet
As of June 30, 2017**

	<u>23</u>	<u>87</u>	<u>88</u>	
	<u>Landfill Cell #5</u>	<u>Street Construction</u>	<u>Drainage Improvement</u>	<u>Total Capital Project Funds</u>
<i>Assets</i>				
Cash and investments	\$ -	1,248,106	616,665	1,864,771
Restricted Cash and investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Intergovernmental	-	120,315	82,450	202,765
Other receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>1,368,421</u>	<u>699,115</u>	<u>2,067,536</u>
<i>Liabilities</i>				
Accounts payable	-	-	-	-
Accrued payroll expenses	-	-	-	-
Accrued interest	-	492	-	492
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>492</u>	<u>-</u>	<u>492</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	1,367,929	-	1,367,929
Committed	-	-	699,115	699,115
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>1,367,929</u>	<u>699,115</u>	<u>2,067,044</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>1,368,421</u>	<u>699,115</u>	<u>2,067,536</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017**

	3	4	5	6	7	8
	Municipal Road	Recreation	Older Adults Division	Environmental Tax	Fire Equipment	Sanitary Sewer Improvement
<i>Revenues:</i>						
Taxes:						
Property	\$ -	-	-	-	-	-
Gross receipts	-	-	-	487,327	-	-
Gasoline and motor vehicle	107,517	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
Federal operating grants	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
State operating grants	-	-	-	-	680,061	-
State capital grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	29,036
Investment income	14	43	19	18,711	213	14
Miscellaneous	-	3	24	-	-	-
<i>Total revenues</i>	<u>107,531</u>	<u>46</u>	<u>43</u>	<u>506,038</u>	<u>680,274</u>	<u>29,050</u>
<i>Expenditures:</i>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	495,381	-
Public works	-	-	-	-	-	-
Culture and recreation	-	304,662	-	-	-	-
Health and welfare	-	-	287,566	-	-	-
Capital outlay	-	-	-	-	385,018	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>304,662</u>	<u>287,566</u>	<u>-</u>	<u>880,399</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>107,531</u>	<u>(304,616)</u>	<u>(287,523)</u>	<u>506,038</u>	<u>(200,125)</u>	<u>29,050</u>
<i>Other financing sources (uses)</i>						
Transfers in/(out)	(105,769)	303,553	267,794	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(105,769)</u>	<u>303,553</u>	<u>267,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	1,762	(1,063)	(19,729)	506,038	(200,125)	29,050
<i>Fund balance - beginning of year</i>	15,055	18,086	16,480	5,527,011	107,597	118,116
<i>Fund balances - end of year</i>	<u>\$ 16,817</u>	<u>17,023</u>	<u>(3,249)</u>	<u>6,033,049</u>	<u>(92,528)</u>	<u>147,166</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017**

	13	14+95	21	60	61	62
	Ned Houk Park	Carver Library	2011 GRT Improvement Bonds-Park	Infrastructure Improvement	Special Parks Improvement	Civic Center
<i>Revenues:</i>						
Taxes:						
Property	\$ -	-	-	-	-	-
Gross receipts	-	-	-	495,475	495,476	495,475
Gasoline and motor vehicle	-	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
Federal operating grants	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
State operating grants	-	47,162	-	-	-	-
State capital grants	-	-	-	-	-	-
Charges for services	-	35,084	-	-	-	568,509
Fines, forfeitures & penalties	-	9,284	-	-	-	-
Licenses and fees	-	-	-	-	-	-
Investment income	457	24	299	1,868	551	748
Miscellaneous	12,944	1,124	-	-	-	6,678
<i>Total revenues</i>	<u>13,401</u>	<u>92,678</u>	<u>299</u>	<u>497,343</u>	<u>496,027</u>	<u>1,071,410</u>
<i>Expenditures:</i>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	85,248	-	-	-
Culture and recreation	347,045	840,699	-	-	-	836,392
Health and welfare	-	-	-	-	-	-
Capital outlay	53,101	-	147,986	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<i>Total expenditures</i>	<u>400,146</u>	<u>840,699</u>	<u>233,234</u>	<u>-</u>	<u>-</u>	<u>836,392</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(386,745)</u>	<u>(748,021)</u>	<u>(232,935)</u>	<u>497,343</u>	<u>496,027</u>	<u>235,018</u>
<i>Other financing sources (uses)</i>						
Transfers in/(out)	284,258	735,911	45,173	(220,000)	(510,728)	(105,750)
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>284,258</u>	<u>735,911</u>	<u>45,173</u>	<u>(220,000)</u>	<u>(510,728)</u>	<u>(105,750)</u>
<i>Net change in fund balances</i>	(102,487)	(12,110)	(187,762)	277,343	(14,701)	129,268
<i>Fund balances - beginning of year</i>	212,368	54,620	187,762	408,749	278,139	478,039
<i>Fund balances - end of year</i>	<u>\$ 109,881</u>	<u>42,510</u>	<u>-</u>	<u>686,092</u>	<u>263,438</u>	<u>607,307</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	63	64	65	66	72	75
	Special Designated	Economic Development	Capital Outlay Gross Receipts Tax	GRT Water Project	Emergency Medical Services	Special Street
<i>Revenues:</i>						
<i>Taxes:</i>						
Property	\$ -	-	-	-	-	-
Gross receipts	-	974,778	1,949,467	1,802,810	-	1,981,901
Gasoline and motor vehicle	-	-	-	-	-	465,962
Other	-	-	-	-	-	-
<i>Intergovernmental:</i>						
Federal operating grants	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
State operating grants	-	350,000	-	-	26,397	20,710
State capital grants	-	-	-	-	-	-
Charges for services	55,237	-	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-	-	-
Licenses and fees	275,842	-	-	-	-	-
Investment income	239	8,500	2,338	13,708	-	8,313
Miscellaneous	110,909	52,000	-	-	-	110,026
<i>Total revenues</i>	<u>442,227</u>	<u>1,385,278</u>	<u>1,951,805</u>	<u>1,816,518</u>	<u>26,397</u>	<u>2,586,912</u>
<i>Expenditures:</i>						
<i>Current:</i>						
General government	-	499,157	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	1,203,428	-	3,769,953
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	26,568	-
Capital outlay	-	-	-	-	-	369,817
<i>Debt service:</i>						
Principal	-	-	-	-	-	-
Interest	-	-	6,411	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>499,157</u>	<u>6,411</u>	<u>1,203,428</u>	<u>26,568</u>	<u>4,139,770</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>442,227</u>	<u>886,121</u>	<u>1,945,394</u>	<u>613,090</u>	<u>(171)</u>	<u>(1,552,858)</u>
<i>Other financing sources (uses)</i>						
Transfers in/(out)	(193,836)	(341,850)	(2,085,340)	-	-	(8,396)
Proceeds from sale of capital assets	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(193,836)</u>	<u>(341,850)</u>	<u>(2,085,340)</u>	<u>-</u>	<u>-</u>	<u>(8,396)</u>
<i>Net change in fund balances</i>	248,391	544,271	(139,946)	613,090	(171)	(1,561,254)
<i>Fund balances - beginning of year</i>	1,288,366	2,870,775	1,321,620	3,248,494	181	3,138,854
<i>Restatement</i>	-	(350,000)	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>1,288,366</u>	<u>2,520,775</u>	<u>1,321,620</u>	<u>3,248,494</u>	<u>181</u>	<u>3,138,854</u>
<i>Fund balances - end of year</i>	<u>\$ 1,536,757</u>	<u>3,065,046</u>	<u>1,181,674</u>	<u>3,861,584</u>	<u>10</u>	<u>1,577,600</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	76	77+78	86	89	90	92
	Recycling	Lodger's Tax	Special Fire & Police	Local Government Corrections	Law Enforcement Protection	Clovis Area Transit System
<i>Revenues:</i>						
Taxes:						
Property	\$ -	-	-	-	-	-
Gross receipts	-	-	1,981,901	-	-	-
Gasoline and motor vehicle	-	-	-	-	-	-
Other	-	760,686	-	-	-	-
Intergovernmental:						
Federal operating grants	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	554,208
State operating grants	7,500	-	-	-	63,600	-
State capital grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-	-	-
Licenses and fees	-	-	-	97,288	-	-
Investment income	-	7,323	642	33	220	-
Miscellaneous	5,305	-	-	-	-	110
<i>Total revenues</i>	<u>12,805</u>	<u>768,009</u>	<u>1,982,543</u>	<u>97,321</u>	<u>63,820</u>	<u>554,318</u>
<i>Expenditures:</i>						
Current:						
General government	-	-	-	-	-	839,109
Public safety	-	-	-	-	65,092	-
Public works	-	-	-	-	-	-
Culture and recreation	-	408,446	-	-	-	-
Health and welfare	14,714	-	-	-	-	-
Capital outlay	-	-	-	-	-	55,010
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<i>Total expenditures</i>	<u>14,714</u>	<u>408,446</u>	<u>-</u>	<u>-</u>	<u>65,092</u>	<u>894,119</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,909)</u>	<u>359,563</u>	<u>1,982,543</u>	<u>97,321</u>	<u>(1,272)</u>	<u>(339,801)</u>
<i>Other financing sources (uses)</i>						
Transfers in/(out)	-	(150,000)	(2,014,952)	(112,527)	-	429,141
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(150,000)</u>	<u>(2,014,952)</u>	<u>(112,527)</u>	<u>-</u>	<u>429,141</u>
<i>Net change in fund balances</i>	(1,909)	209,563	(32,409)	(15,206)	(1,272)	89,340
<i>Fund balances - beginning of year</i>	1,034	1,809,726	460,465	23,527	17,615	194,521
<i>Restatement</i>	-	(100,000)	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>1,034</u>	<u>1,709,726</u>	<u>460,465</u>	<u>23,527</u>	<u>17,615</u>	<u>194,521</u>
<i>Fund balances - end of year</i>	<u>\$ (875)</u>	<u>1,919,289</u>	<u>428,056</u>	<u>8,321</u>	<u>16,343</u>	<u>283,861</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	96	98	
	Dept of Justice	Drug Control	Total Special Revenue Funds
<i>Revenues:</i>			
<i>Taxes:</i>			
Property	\$ -	-	-
Gross receipts	-	-	10,664,610
Gasoline and motor vehicle	-	-	573,479
Other	-	-	760,686
<i>Intergovernmental:</i>			
Federal operating grants	20,082	189,352	209,434
Federal capital grants	-	-	554,208
State operating grants	-	-	1,195,430
State capital grants	-	-	-
Charges for services	-	-	658,830
Fines, forfeitures & penalties	-	-	9,284
Licenses and fees	-	-	402,166
Investment income	-	65	64,342
Miscellaneous	-	22,977	322,100
<i>Total revenues</i>	<u>20,082</u>	<u>212,394</u>	<u>15,414,569</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General government	-	-	1,338,266
Public safety	17,537	175,983	753,993
Public works	-	-	5,058,629
Culture and recreation	-	-	2,737,244
Health and welfare	-	-	328,848
Capital outlay	-	-	1,010,932
<i>Debt service:</i>			
Principal	-	-	-
Interest	-	-	6,411
<i>Total expenditures</i>	<u>17,537</u>	<u>175,983</u>	<u>11,234,323</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,545</u>	<u>36,411</u>	<u>4,180,246</u>
<i>Other financing sources (uses)</i>			
Transfers in/(out)	-	-	(3,783,318)
Proceeds from sale of capital assets	-	-	-
Proceeds from debt issuance	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(3,783,318)</u>
<i>Net change in fund balances</i>	2,545	36,411	396,928
<i>Fund balances - beginning of year</i>	(1,510)	(20,780)	21,774,910
<i>Restatement</i>	-	-	(450,000)
<i>Fund balance - beginning of year, as restated</i>	<u>(1,510)</u>	<u>(20,780)</u>	<u>21,324,910</u>
<i>Fund balances - end of year</i>	<u>\$ 1,035</u>	<u>15,631</u>	<u>21,721,838</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	40	41	42	46	47	
	Drainage Improvement	Landfill Cell #5	Street Improvement	Civic Center	Parks & Infrastructure	Total Debt Service Funds
<i>Revenues:</i>						
Taxes:						
Property	\$ -	-	-	-	-	-
Gross receipts	-	-	-	-	-	-
Gasoline and motor vehicle	-	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
Federal operating grants	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
State operating grants	-	-	-	-	-	-
State capital grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-
Investment income	1,012	1,390	3,309	-	1,336	7,047
Miscellaneous	-	-	-	-	-	-
<i>Total revenues</i>	<u>1,012</u>	<u>1,390</u>	<u>3,309</u>	<u>-</u>	<u>1,336</u>	<u>7,047</u>
<i>Expenditures:</i>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	340,000	-	1,175,000	-	147,000	1,662,000
Interest	98,925	-	124,800	-	204,246	427,971
<i>Total expenditures</i>	<u>438,925</u>	<u>-</u>	<u>1,299,800</u>	<u>-</u>	<u>351,246</u>	<u>2,089,971</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(437,913)</u>	<u>1,390</u>	<u>(1,296,491)</u>	<u>-</u>	<u>(349,910)</u>	<u>(2,082,924)</u>
<i>Other financing sources (uses)</i>						
Transfers in/(out)	438,925	21	1,299,800	-	351,515	2,090,261
Proceeds from debt issuance	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>438,925</u>	<u>21</u>	<u>1,299,800</u>	<u>-</u>	<u>351,515</u>	<u>2,090,261</u>
<i>Net change in fund balances</i>	1,012	1,411	3,309	-	1,605	7,337
<i>Fund balances - beginning of year</i>	(6,417)	78,817	1,395	(7,214)	145,441	212,022
<i>Fund balances - end of year</i>	<u>\$ (5,405)</u>	<u>80,228</u>	<u>4,704</u>	<u>(7,214)</u>	<u>147,046</u>	<u>219,359</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF CLOVIS
Nonmajor Governmental Funds - Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	23	87	88	
	<u>Landfill Cell #5</u>	<u>Street Construction</u>	<u>Drainage Improvement</u>	<u>Total Capital Project Funds</u>
<i>Revenues:</i>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	495,475	495,475
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	100,752	-	100,752
State operating grants	-	-	-	-
State capital grants	-	2,931,931	-	2,931,931
Charges for services	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	1,437	1,536	2,973
Miscellaneous	-	196	29	225
<i>Total revenues</i>	<u>-</u>	<u>3,034,316</u>	<u>497,040</u>	<u>3,531,356</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	521,143	6,030	527,173
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	2,399,030	613,151	3,012,181
Debt service:				
Principal	-	-	-	-
Interest	-	245	-	245
<i>Total expenditures</i>	<u>-</u>	<u>2,920,418</u>	<u>619,181</u>	<u>3,539,599</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>113,898</u>	<u>(122,141)</u>	<u>(8,243)</u>
<i>Other financing sources (uses)</i>				
Transfers in/(out)	-	209,176	-	209,176
Proceeds from debt issuance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>209,176</u>	<u>-</u>	<u>209,176</u>
<i>Net change in fund balances</i>	-	323,074	(122,141)	200,933
<i>Fund balances - beginning of year</i>	-	1,044,855	821,256	1,866,111
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>1,367,929</u>	<u>699,115</u>	<u>2,067,044</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017**

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS				
Veterinary				
Cash and cash equivalents	\$ 71,587	1,870	-	73,457
Municipal Court				
Cash and cash equivalents	<u>1,412</u>	<u>-</u>	<u>(314)</u>	<u>1,098</u>
<i>Total assets</i>	<u>\$ 72,999</u>	<u>1,870</u>	<u>(314)</u>	<u>74,555</u>
 LIABILITIES				
Veterinary				
Deposits held in trust for others	\$ 71,587	1,870	-	73,457
Municipal Court				
Deposits held in trust for others	<u>1,412</u>	<u>-</u>	<u>(314)</u>	<u>1,098</u>
<i>Total liabilities</i>	<u>\$ 72,999</u>	<u>1,870</u>	<u>(314)</u>	<u>74,555</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
For the Year Ended June 30, 2017**

INTERNAL SERVICE FUNDS

Workers Compensation Fund – To account for the provision of workers compensation coverage for employees of the City of Clovis.

Unemployment Reserve Fund – To account for the provision of unemployment insurance coverage for employees of the City of Clovis.

Property and Liability Self-Insurance Fund – To account for property and liability self-insurance costs for the City.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Combining Balance Sheet
Internal Service Funds
As of June 30, 2017**

	48	53	54	
	Workers Compensation	Unemployment Reserve	Property and Liability Self-Insurance Fund	Total
<i>Assets</i>				
<i>Current assets</i>				
Cash and investments	\$ 1,696,005	765,463	152,455	2,613,923
Receivables	-	-	-	-
Due from other funds	914,396	-	-	914,396
Prepays	499	-	-	499
<i>Total current assets</i>	<u>2,610,900</u>	<u>765,463</u>	<u>152,455</u>	<u>3,528,818</u>
<i>Noncurrent assets</i>				
Restricted Cash and investments	-	-	-	-
Capital assets	115,376	-	-	115,376
Less: accumulated depreciation	(99,525)	-	-	(99,525)
<i>Total noncurrent assets</i>	<u>15,851</u>	<u>-</u>	<u>-</u>	<u>15,851</u>
<i>Total Assets</i>	<u><u>2,626,751</u></u>	<u><u>765,463</u></u>	<u><u>152,455</u></u>	<u><u>3,544,669</u></u>
<i>Liabilities and Net Position</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	37,873	-	-	37,873
Accrued payroll expenses	3,356	-	-	3,356
Accrued compensated absences	3,455	-	-	3,455
<i>Total current liabilities</i>	<u>44,684</u>	<u>-</u>	<u>-</u>	<u>44,684</u>
<i>Net Position:</i>				
Net investment in capital assets	15,851	-	-	15,851
Restricted	-	-	-	-
Unrestricted	2,566,216	765,463	152,455	3,484,134
<i>Total net position</i>	<u>2,582,067</u>	<u>765,463</u>	<u>152,455</u>	<u>3,499,985</u>
<i>Total Liabilities and Net Position</i>	<u><u>\$ 2,626,751</u></u>	<u><u>765,463</u></u>	<u><u>152,455</u></u>	<u><u>3,544,669</u></u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2017**

	48	53	54	
	Workers Compensation	Unemployment Reserve	Property and Liability Self-Insurance Fund	Total
<i>Operating revenues:</i>				
Charges for services	\$ 543,483	-	-	543,483
<i>Total operating revenues</i>	<u>543,483</u>	<u>-</u>	<u>-</u>	<u>543,483</u>
<i>Operating expenses:</i>				
General and administrative	470,825	12,712	-	483,537
Personnel services	89,321	-	-	89,321
Depreciation	14,468	-	-	14,468
<i>Total operating expenses</i>	<u>574,614</u>	<u>12,712</u>	<u>-</u>	<u>587,326</u>
<i>Operating income (loss)</i>	<u>(31,131)</u>	<u>(12,712)</u>	<u>-</u>	<u>(43,843)</u>
<i>Non-operating revenues (expenses):</i>				
Gain/(loss) on disposal of capital assets	-	-	-	-
Interest income	12,264	3,703	745	16,712
Miscellaneous	38	69,712	-	69,750
<i>Total non-operating revenues (expenses)</i>	<u>12,302</u>	<u>73,415</u>	<u>745</u>	<u>86,462</u>
Transfers in	17,550	-	-	17,550
Transfers out	(26,900)	-	-	(26,900)
<i>Net transfers</i>	<u>(9,350)</u>	<u>-</u>	<u>-</u>	<u>(9,350)</u>
<i>Change in net position</i>	<u>(28,179)</u>	<u>60,703</u>	<u>745</u>	<u>33,269</u>
<i>Net position, beginning of year</i>	<u>2,610,246</u>	<u>704,760</u>	<u>151,710</u>	<u>3,466,716</u>
<i>Net position, end of year</i>	<u>\$ 2,582,067</u>	<u>765,463</u>	<u>152,455</u>	<u>3,499,985</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Internal Service Funds
Statement of Cash Flows
For the Year Ended June 30, 2017**

	<u>48</u>	<u>53</u>	<u>54</u>	
	Workers Compensation	Unemployment Reserve	Property and Liability Self-Insurance Fund	Total
Cash flows from operating activities				
Receipts from interfund services provided	\$ (370,914)	-	-	(370,914)
Payments to suppliers and employees	<u>(550,412)</u>	<u>(12,712)</u>	<u>-</u>	<u>(563,124)</u>
Net cash provided by operating activities	<u>(921,326)</u>	<u>(12,712)</u>	<u>-</u>	<u>(934,038)</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	(9,350)	-	-	(9,350)
Miscellaneous income	<u>38</u>	<u>69,712</u>	<u>-</u>	<u>69,750</u>
Net cash provided (used) by noncapital financing activities	<u>(9,312)</u>	<u>69,712</u>	<u>-</u>	<u>60,400</u>
Cash flows from capital and related financing activities:				
Acquisitions of capital assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest income	<u>12,264</u>	<u>3,703</u>	<u>745</u>	<u>16,712</u>
Net cash provided by investing activities	<u>12,264</u>	<u>3,703</u>	<u>745</u>	<u>16,712</u>
Net increase in cash and investments	\$ <u>(918,374)</u>	<u>60,703</u>	<u>745</u>	<u>(856,926)</u>
Balances-beginning of year	<u>2,614,379</u>	<u>704,760</u>	<u>151,710</u>	<u>3,470,849</u>
Balances-end of year	<u>\$ 1,696,005</u>	<u>765,463</u>	<u>152,455</u>	<u>2,613,923</u>
Reconciliation of operating income (loss) to net cash provided/(used) by operating activities:				
Operating income/(loss)	\$ (31,131)	(12,712)	-	(43,843)
Adjustments:				
Depreciation expense	14,468	-	-	14,468
(Increase) decrease in:				
Receivables	(914,397)	-	-	(914,397)
Prepays	(462)	-	-	(462)
(Decrease) increase in:				
Accounts payable	7,883	-	-	7,883
Accrued payroll	369	-	-	369
Compensated absences	1,944	-	-	1,944
Net cash provided by operating activities	<u>\$ (921,326)</u>	<u>(12,712)</u>	<u>-</u>	<u>(934,038)</u>
Non-cash transfer of capital assets into fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF CLOVIS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION;
MUNICIPAL GENERAL DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Measurement Date as of		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The City's proportion of the net pension liability (asset) (%)	0.1253%	0.1337%	0.1271%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 2,001,873	1,363,187	991,516
The City's covered payroll	\$ 1,305,581	1,102,859	1,146,456
The City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	153%	124%	86%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

Notes to Required Supplementary Information

Changes of Benefit Terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

Changes of Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF CLOVIS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION;
MUNICIPAL POLICE DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Measurement Date as of		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The City's proportion of the net pension liability (asset) (%)	0.6646%	0.6532%	0.7284%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 4,903,616	3,140,952	2,374,505
The City's covered payroll	\$ 1,551,727	1,657,838	1,544,617
The City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	316%	189%	154%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF CLOVIS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION;
MUNICIPAL FIRE DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Measurement Date as of		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The City's proportion of the net pension liability (asset) (%)	1.3111%	1.2779%	1.2928%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 8,746,370	6,595,474	5,396,139
The City's covered payroll	\$ 1,767,380	1,758,475	1,610,783
The City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	495%	375%	335%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF CLOVIS' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION; MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 107,270	124,683	105,323
Contributions in relation to the contractually required contribution	<u>107,270</u>	<u>124,683</u>	<u>105,323</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
The City's covered payroll	\$ 1,123,246	1,305,581	1,102,859
Contributions as a percentage of covered payroll	9.55%	9.55%	9.55%

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Notes to Required Supplementary Information

Changes of Benefit Terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

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**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF CLOVIS' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION; MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 273,377	238,966	255,307
Contributions in relation to the contractually required contribution	<u>273,377</u>	<u>238,966</u>	<u>255,307</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
The City's covered payroll	\$ 1,775,175	1,551,727	1,657,838
Contributions as a percentage of covered payroll	15.40%	15.40%	15.40%

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**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF CLOVIS' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION; MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 335,208	316,361	314,767
Contributions in relation to the contractually required contribution	<u>335,208</u>	<u>316,361</u>	<u>314,767</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
The City's covered payroll	\$ 1,872,670	1,767,380	1,758,475
Contributions as a percentage of covered payroll	17.90%	17.90%	17.90%

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

Notes to Required Supplementary Information

Changes of Benefit Terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

Changes of Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

	CFDA Number	Federal Grantors Number	Federal Expenditures
U.S. Department of Transportation			
Passed through NM Department of Transportation			
Formula Grants for Rural Areas	(1) 20.509		\$ 554,208
Highway Planning and Construction	20.205		100,752
State and Community Highway Safety	20.600	16-PT-DS-023/ 16-DD-02-023	6,126
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	16-AL-64-023/ 17-AL-64-023	13,312
Total U.S. Department of Transportation			674,398
U.S. Department of Justice			
Passed through NM Department of Public Safety			
Bulletproof Vest Partnership Program	16.607		7,880
Metro Task Force	16.738	15-JAG-Region V/ 16-Jag-Region V	189,352
LLEGB	16.738	2015-DJ-BX-1209/ 2016-DJ-BX-0644	20,082
Total U.S. Department of Justice			217,314
U.S. Department of Homeland Security			
Passed through NM Department of Homeland Security			
Emergency Management Performance Grants	97.042	EMS-2012-EP-00039	56,627
Homeland Security Grant Program	97.067	EMW-2015-EP-00066	84,233
Total U.S. Department of Homeland Security			140,860
Total Federal Financial Assistance			\$ 1,032,572
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds			
Federal grant revenue per fund financials			\$ 1,032,572
Federal Expenditures per SEFA			1,032,572
Difference			\$ -

(1) Denotes Major Program

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Clovis, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 2 - Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended June 30, 2017.

Note 3 - Subrecipients

The organization provided no federal awards presented above to sub-recipients during the year.

Note 4 - Cost Rate

The City of Clovis did not use the 10% de minimis indirect cost rate

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Fund Balances
As of June 30, 2017**

	Major Funds			Other Non-Major Governmental Funds	Total
	01, 18	22	24		
	General Fund	Street Improvement	Cap Projects Street Improvement		
Fund Balances:					
Nonspendable:					
Inventory	\$ 9,571	-	-	67,149	76,720
Prepaid expenses	377,200	-	-	62,835	440,035
Subtotal nonspendable	<u>386,771</u>	<u>-</u>	<u>-</u>	<u>129,984</u>	<u>516,755</u>
Restricted for:					
DFA reserve requirement (1/12th)	2,299,207	-	-	-	2,299,207
Road/drainage improvements	-	-	46,313	5,246,330	5,292,643
Transportation services	-	-	-	184,047	184,047
Drug abuse prevention/awareness	-	-	-	14,452	14,452
Debt service reserve	-	-	-	231,978	231,978
Fire fighting efforts/equipment	-	-	-	10	10
Economic development projects	-	-	-	1,919,289	1,919,289
Law enforcement enhancement	-	-	-	25,699	25,699
Subtotal restricted	<u>2,299,207</u>	<u>-</u>	<u>46,313</u>	<u>7,621,805</u>	<u>9,967,325</u>
Committed to:					
Operate/maintain recreational facilities	-	-	-	276,728	276,728
Operating/administering senior citizens facility	-	-	-	-	-
Improvement of sewer distribution lines	-	-	-	147,166	147,166
Public safety efforts/equipment	-	-	-	428,056	428,056
Improvement of City property/equipment	-	-	-	1,181,674	1,181,674
Recycling efforts	-	-	-	-	-
Economic development projects	-	-	-	3,065,046	3,065,046
Road/drainage improvements	-	-	-	2,871,355	2,871,355
Environmental projects	-	-	-	6,033,049	6,033,049
Subtotal committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,003,074</u>	<u>14,003,074</u>
Assigned to:					
Operate/maintain recreational facilities	-	-	-	106,962	106,962
Library operations	-	-	-	32,840	32,840
Departmental improvements	-	-	-	1,536,757	1,536,757
Multi-purpose special events center	-	-	-	602,961	602,961
Subtotal assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,279,520</u>	<u>2,279,520</u>
Unassigned:	9,365,807	-	-	(26,142)	9,339,665
Total fund balances	<u>12,051,785</u>	<u>-</u>	<u>46,313</u>	<u>24,008,241</u>	<u>36,106,339</u>

See independent auditor's report.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Joint Powers
For the Year Ended June 30, 2017**

Joint Powers Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Agency	Amount contributed by City during current FY	Audit Responsibility	Fiscal agent and responsible reporting entity	Joint Powers Agreement	Participants
1 Older Adults Services	Curry County City of Clovis	City	Provide services for older adults program	8/4/1969 indefinite	N/A	\$ -	N/A	City of Clovis	Older Adults Services	Curry County City of Clovis
2 Emergency Override System	Cannon AFB City of Clovis	City Cos Communication	Provide Cannon AFB an Emergency Override System	7/1/1992 thru 6/30/2002 or term of franchise agree	N/A	-	N/A	City of Clovis	Emergency Override System	Cannon AFB City of Clovis
3 Drug Task Force	City of Clovis Curry County City of Portales Roosevelt County Quay County City of Tucumcari any other agencies involved in Region V Task Force	City	Region V Task Force for prevention, investigation control & prosecution of drugs	7/1/1992 continues with existence of task force	Federal/state funds \$154,798 No matching required	-	City	City of Clovis	Drug Task Force	City of Clovis Curry County City of Portales Roosevelt County Quay County City of Tucumcari any other agencies involved in Region V Task Force
4 Ute Reservoir	City of Clovis	City	Acquisition and	10/13/1987			City	City of Clovis	Ute Reservoir	City of Clovis
	Curry County City of Portales Village of Grady Town of Elida City of Texico City of Melrose		distribution of waters from Ute Reservoir	indefinite	Member share is 10% State share is 15% Fed share is 75%		City	*Effective July 1, 2015 Eastern NM Water Utility Authority is the fiscal agent and responsible for reporting entity* City of Clovis		Curry County City of Portales Village of Grady Town of Elida City of Texico City of Melrose
5 Fire Control	City of Clovis State of New Mexico	City	Control of fires in and adjacent to suburban areas	4/19/1979 indefinite	n/a	-	N/A	City of Clovis	Fire Control	City of Clovis State of New Mexico

See independent auditor's report.

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Joint Powers
For the Year Ended June 30, 2017**

Joint Powers Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Agency	Amount contributed by City during current FY	Audit Responsibility	Fiscal agent and responsible reporting entity	Joint Powers Agreement	Participants
6 Emergency Services	City of Clovis Clovis Comm College	City	Define conditions under which emergency services are to be provided	1/27/1982 indefinite	n/a	-	N/A	City of Clovis	Emergency Services	City of Clovis Clovis Comm College
7 Civil Defense	City of Clovis Curry County	City	Combining of civil defense efforts	8/29/1969 to 8/29/1970 and then continuing indefinitely.	\$0.00	-	N/A	n/a	Civil Defense	City of Clovis Curry County
8 Street Maintenance	City of Clovis Curry County	City	Street Maintenance through own available services	1/1/1976 to 12/31/1976 then indefinite	\$0.00	-	N/A	n/a	Street Maintenance	City of Clovis Curry County
9 DWI Prevention	City of Clovis Curry County City of Texico	City	Funds for comprehensive community programs for DWI prevention purposes/	1/14/1992 to 1/13/1993 then as long as funding is available thru state	State funding of \$10,729 No matching funds	-	City	City of Clovis	DWI Prevention	City of Clovis Curry County City of Texico
10 Self Insurance	NMSIF City of Clovis	NMSIF	Insurance services, needs and pooling	7/1/1996 until terminated	Varies	219,091	NMSIF	NMSIF	Self Insurance	NMSIF City of Clovis
11 Services for Community	City of Clovis Curry County	City and County	Providing or receiving services from one entity to the other	7/1/1999 to 6/30/2000 Subject to annual renewal	Net amount is in favor of County for jail services	\$ 130,000	City and County	County	Services for Community	City of Clovis Curry County

See independent auditor's report.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CASH, INVESTMENTS AND PLEDGED COLLATERAL
BY BANK AND ACCOUNT
As of June 30, 2017**

Account Name	Account Type	New Mexico Bank and Trust	Citizen's Bank	Bank of Clovis	Western Bank	NM Self-Insurer's Fund	State of New Mexico	City of Clovis	Reconciling Items	Book Balance
Cash and cash equivalents										
General Fund Investment	Checking*	\$ 6,625,779	-	-	-	-	-	-	(820,754)	5,805,025
Money Market Account	Money Market*	3,074,120	-	-	-	-	-	-	-	3,074,120
Fire Account (7)	Checking*	34,565	-	-	-	-	-	-	(34,565)	-
2012 GRT Bonds Street	Checking*	3,002	-	-	-	-	-	-	(3,002)	-
Payroll Account (18)	Checking*	85,228	-	-	-	-	-	-	(7,612)	77,616
Dept of Justice	Checking*	1,035	-	-	-	-	-	-	-	1,035
Credit Cards Account	Checking*	80,444	-	-	-	-	-	-	-	80,444
Finance Credit Card	Checking*	4,065	-	-	-	-	-	-	(3,522)	543
Zoo Credit Card	Checking*	10,644	-	-	-	-	-	-	(4,365)	6,279
Landfill Credit Card	Checking*	32,540	-	-	-	-	-	-	-	32,540
EFT Account	Checking*	1,512	-	-	-	-	-	-	-	1,512
Municipal Court	Checking*	1,206	-	-	-	-	-	-	(108)	1,098
Drug Control Fund	Checking*	1,251	-	-	-	-	-	-	-	1,251
Aquatic Center Credit Cards	Checking*	13,963	-	-	-	-	-	-	(174)	13,789
Animal Shelter	Checking*	5,185	-	-	-	-	-	-	(2,684)	2,501
Series 2011 Revenue Bonds Construction	Money Market*	-	299	-	-	-	-	-	(299)	-
General Fund	Checking*	-	4,033,065	-	-	-	-	-	(79,180)	3,953,885
Special Streets	Checking*	-	262,948	-	-	-	-	-	(233,249)	29,699
NM Law Enforcement	Checking*	-	19,430	-	-	-	-	-	(3,099)	16,331
2015 Street Improvement Bonds	Checking*	-	-	4,081	-	-	-	-	(4,081)	-
Lodgers' Tax	Checking*	-	-	-	274,627	-	-	-	(26,453)	248,174
Money Market Investment Account	Money Market*	-	-	-	4,521,037	-	-	-	-	4,521,037
Policy Deposit	Deposit	-	-	-	-	72,958	-	-	-	72,958
Petty cash	Petty Cash	-	-	-	-	-	-	7,880	-	7,880
Subtotal cash and cash equivalents		<u>9,974,539</u>	<u>4,315,742</u>	<u>4,081</u>	<u>4,795,664</u>	<u>72,958</u>	-	<u>7,880</u>	<u>(1,223,147)</u>	<u>17,947,717</u>
Investments										
General Fund	Repurchase	-	-	-	-	-	-	-	-	-
Certificates of deposit	CD maturity >90 days	-	5,970,612	-	-	-	-	-	-	5,970,612
State of New Mexico	LGIP Fund (POOL-4101)	-	-	-	-	-	16,891,024	-	-	16,891,024
Subtotal investments		<u>-</u>	<u>5,970,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,891,024</u>	<u>-</u>	<u>-</u>	<u>22,861,636</u>
Total amount of deposit in bank		9,974,539	10,286,354	4,081	4,795,664	72,958	-	-	-	-
FDIC coverage		(250,000)	(250,000)	(250,000)	(250,000)	-	-	-	-	-
Total uninsured public funds		9,724,539	10,036,354	-	4,545,664	72,958	-	-	-	-
50% Collateral Requirement (Section 6-10-17 NMSA 1978)		4,862,270	16,339	-	2,272,832	36,479	-	-	-	-
102% Collateral Requirement (Section 6-10-10(H) NMSA 1978)		-	3,988,726	-	-	-	-	-	-	-
Total collateral requirement		\$ 4,862,270	4,005,065	-	2,272,832	36,479	-	-	-	-
Pledged security at:										
Suntrust 4.00% - 400424KD8 Due 11/1/26		\$ 909,747	-	-	-	-	-	-	-	-
Suntrust 5.00% - 488764XD8 Due 2/1/33		1,133,370	-	-	-	-	-	-	-	-
Suntrust 4.50% - 508642FH3 Due 1/1/31		905,174	-	-	-	-	-	-	-	-
Suntrust 4.50% - 512714DR4 Due 12/1/30		1,132,144	-	-	-	-	-	-	-	-
Suntrust 5.00% - 67919PEE9 Due 4/1/29		801,038	-	-	-	-	-	-	-	-
Suntrust 5.00% - 67919PEE6 Due 4/1/30		801,038	-	-	-	-	-	-	-	-
Suntrust 3.96% - 71783DAF2 Due 4/15/26		61,661	-	-	-	-	-	-	-	-
Suntrust 5.00% - 455057WF2 Due 2/1/28		1,912,464	-	-	-	-	-	-	-	-
Suntrust 4.00% - 743482U4 Due 12/15/23		398,555	-	-	-	-	-	-	-	-
The Independent Bankers, Dallas, TX		-	-	-	-	-	-	-	-	-

See independent auditor's report.

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CASH, INVESTMENTS AND PLEDGED COLLATERAL
BY BANK AND ACCOUNT
As of June 30, 2017

Account Name	Account Type	New Mexico Bank and Trust	Citizen's Bank	Bank of Clovis	Western Bank	NM Self-Insurer's Fund	State of New Mexico	City of Clovis	Reconciling Items	Book Balance
GNR 2012-143 BD 1.50% - 38378GVR6 Due 12/16/27		-	1,114,036	-	-	-	-	-	-	-
GNR 2012-106QC 1.250% - 38378HKUP Due 7/20/42		-	508,667	-	-	-	-	-	-	-
GNR 2015-100PJ 2.00% - 37379NQ54 Due 7/20/45		-	881,021	-	-	-	-	-	-	-
SBIC 2012-10B1 2.245% - 83164EX9 Due 9/20/22		-	2,195,900	-	-	-	-	-	-	-
SBAP 2012-20I1 2.20% - 83162CVA8 Due 9/1/32		-	1,214,550	-	-	-	-	-	-	-
SBA Pool#509619 1.50% - 83164LVL2 Due 12/25/32		-	2,066,258	-	-	-	-	-	-	-
78309 3.00% - 313625AJ4 Due 9/20/20		-	-	-	2,029	-	-	-	-	-
8871 2.50% - 36202K2CB Due 8/15/20		-	-	-	29,050	-	-	-	-	-
1393000056 3.00% - 312MMQ48 Due 2/15/27		-	-	-	655,752	-	-	-	-	-
1393000066 3.00% - 3128MJZM5 Due 2/15/27		-	-	-	1,010,672	-	-	-	-	-
1393000067 2.50% - 3138WJM96 Due 2/15/27		-	-	-	1,005,701	-	-	-	-	-
1393000029 3.50% - 31412QHM4 Due 4/20/38		-	-	-	541,879	-	-	-	-	-
SBAP 2016-200 2.00% 83162CX57 Due 9/1/20		-	-	-	1,407,592	-	-	-	-	-
See NMSIF audited financials		-	-	-	-	72,958	-	-	-	-
Total collateral		<u>8,055,191</u>	<u>7,980,432</u>	<u>-</u>	<u>4,652,675</u>	<u>72,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount over/(under) collateralized	\$	<u>3,192,922</u>	<u>3,975,367</u>	<u>-</u>	<u>2,379,843</u>	<u>36,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total book balance	\$	<u>9,097,753</u>	<u>3,999,915</u>	<u>5,970,612</u>	<u>4,769,211</u>	<u>72,958</u>	<u>16,891,024</u>	<u>7,680</u>		

*denotes interest bearing account

40,809,353

See independent auditor's report.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF TAX ABATEMENTS - ABATING AGENCY
As of June 30, 2017**

Agency Number	6038
Agency Name	City of Clovis
Agency Type	Municipality
Tax Abatement Agreement Name	\$160,000,000.00 City of Clovis, New Mexico Taxable Industrial Revenue Bonds, (Southwest Cheese), Series 2016 - as described by Ordinance
Recipient(s) of tax abatement	Southwest Cheese
Parent company(ies) of recipient(s) of tax abatement	Southwest Cheese
Tax abatement program (name and brief description)	Southwest Cheese expansion
Specific Tax(es) Being Abated	Real and Personal Property Taxes
Legal authority under which tax abatement agreement was entered into	Ordinance 1498-96, Relating to Economic Development Planning, State of New Mexico Industrial Revenue Bond Act
Criteria that make a recipient eligible to receive a tax abatement	City of Clovis Ordinance No. 1498-96
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	Land conveyed as tax exempt, tax exemption against assessed value of improvements and personal property
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	Abatement is determined by applying current tax year property tax rates against the assessed value as determined by the County Assessor. The rates are applied "as if" the property were taxable, allowing determination of the abated taxes for each affected entity and total taxes abated.
Are there provisions for recapturing abated taxes? (Yes or No)	None
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	None
List each specific commitment made by the recipient of the abatement.	<p>1 - Southwest Cheese will continuously operate the project property to the expiration of the term as a cheese plant. The company will acquire, equip and construct facilities on the project property for this purpose.</p> <p>2. Southwest Cheese will file returns for the reporting and paying compensating tax which is due because of the project and will pay, as a Related cost, any gross receipts or compensating tax due from the issuer under any such returns pursuant to Section 7-9-54, NMSA 1978. The Company will promptly pay any gross receipts or compensating tax plus applicable penalty and interest which may become due.</p> <p>3. Company agrees to pay all taxes, assessments and governmental charges at any time they may be lawfully assessed; all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the property; all lawful governmental assessments for public improvements. Company is solely responsible for all costs related to maintenance, insurance and operation of the project property.</p> <p>4. If the agreement has not been terminated on or before December 31, 2045, the company will take all necessary action to have the project property assessed for property tax purposes upon completion of the term. The company agrees to pay all ad valorem taxes on the project property from and after December 31, 2045. Otherwise, the company will undertake the assessment and assume payment of ad valorem taxes from the date termination of the agreement.</p> <p>5. Company will give the City prompt notices of any material damage or destruction of the project property, or any notice of imminent domain against the property. Company also agrees to adhere to all environmental laws and will not cause, contribute to or permit any contamination of the property, and bear all costs of compliance including any treatment, disposal, and storage of any waste connected with any activity on the project site.</p> <p>6. The company will make all of the principal and interest payments on the bonds in accordance with the bond indenture. Company also agrees to pay reasonable fees for the depository, issuer's fees and other expenses related to the bonds.</p> <p>7. The company agrees to pay the issuer payments in lieu of taxes (PILT) for the project during each year of the agreement. The company will make the payment by December 31st of each year (beginning in 2017) as specified in the agreement.</p> <p>8. Company agrees to use its good faith efforts to employ contractors and other related services from individuals and business entities within the State of New Mexico, Curry County and City of Clovis; to purchase materials, supplies and other items from vendors within the State, County and City, and to pay the prevailing rates for all goods and services.</p> <p>9. Company agrees to hire 50 new high wage jobs. The company shall provide a report to the City within 60 days of the end of the year setting forth the numbers of employees for each year.</p>

See independent auditor's report.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF TAX ABATEMENTS - ABATING AGENCY
As of June 30, 2017**

Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$836,796.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	Ordinance No. 2069-2016 is the authority for the PILOT payments. Southwest Cheese will make annual fixed payments of PILOT by December 31 of each year to City of Clovis, Clovis Municipal Schools and Clovis Community College in the amounts set forth in the agreement.
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	None
List each specific commitment made by your agency or any other government, other than the tax abatement.	City agrees to provide the company, as agent for the issuer, a supply of Nontaxable Transaction Certificates to be issued to vendors and contractors by the company, as agent for the issues, in order to permit the vendors and contracts to claim deductions available under the New Mexico Gross Receipts and Compensating Tax Act for their receipt from selling certain tangible property for the project.
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	Clovis Municipal Schools and Clovis Community College
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None

See independent auditor's report.

COMPLIANCE SECTION



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

Tim Keller
New Mexico State Auditor
To the City Manager and City Commission
The City of Clovis
Clovis, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds, of the City of Clovis (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and the combining and individual funds of the City presented as supplementary information and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a material weakness: 2013-001.

Compliance and Other Matters

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

The City's Response to the Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, P.C.
Albuquerque, NM 87102
November 30, 2017

FEDERAL FINANCIAL ASSISTANCE



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Tim Keller
New Mexico State Auditor
The City Commission
City of Clovis
Clovis, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the City of Clovis, State of New Mexico’s (City) compliance with the types of compliance requirements described in the *OMB 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, 2017. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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



Hinkle + Landers, P.C.
Albuquerque, NM
November 30, 2017

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor's report issued | Unmodified |
| 1. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | | | | |
|--|--------------------------------|------------------------|--------|--------------------------------|--|
| 1. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | No | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | No | | | | |
| 2. Type of auditor's report issued on compliance for major programs | Unmodified | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 50%;"><u>CFDA
Number</u></td> <td style="text-align: center; width: 50%;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">20.509</td> <td style="text-align: center;">Formula Grants for Rural Areas</td> </tr> </table> | <u>CFDA
Number</u> | <u>Federal Program</u> | 20.509 | Formula Grants for Rural Areas | |
| <u>CFDA
Number</u> | <u>Federal Program</u> | | | | |
| 20.509 | Formula Grants for Rural Areas | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | |

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Finding	Status of Current and Prior Year Findings	Type of Finding*
Prior Year Findings		
2013-001[13-01] SAS 115 MATERIAL ADJUSTMENTS BY AUDITOR	Modified	A
2013-002[13-02] CAPITAL ASSET TRACKING	Resolved	A
Current Year Findings		
None		

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance to Federal Awards
- G. Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance

PRIOR YEAR FINDINGS

2013-001[13-01] – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS - MODIFIED

Type of Finding: A

Statement of Condition

Statement of Auditing Standards (SAS) 115 effectively states that an auditor cannot serve as a part of the internal controls of the client. While conducting the audit of the City of Clovis, it was determined that the City operates on a cash basis and does not add a 13th period to the end of their accounting cycle to transition into modified accrual (the reporting basis for the fund financials). It has been common practice at the City to rely on the auditors to make that transition for them. This is potentially acceptable if the client were to provide all of the necessary information to the auditors on any and all accruals necessary in order to satisfy that they were able to identify the necessary adjustments to take the books into modified accrual. During the audit, it was determined that while controls were in place to properly capture information for cash basis presentation, not all adjustments were identified by the City to transition into modified accrual.

Although the City's staff has made vast improvements in regard to providing all necessary adjustments, some areas still required audit adjustments. Those areas include construction in progress, unearned revenue, state grant revenue, and the fund balance reconciliation. Below are the approximate dollar amounts of proposed audit adjustments:

- Construction in progress (governmental) – \$796,457
- Construction in progress (business-type) - \$296,736
- Unearned revenue - \$100,000
- Revenue - \$350,000

**STATE OF NEW MEXICO
CITY OF CLOVIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Criteria

Some of the key underlying concepts of AU Section 325 include:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the review of the financial statements.

Recording these adjustments is considered a significant process that the client needs to maintain.

Effect

Because these adjustments were made/identified by the auditor, and not by the City, it shows an internal control weakness in maintaining the general ledger at the modified accrual level and would potentially extend to the audit report. This significantly increases the potential for misstated financial statements.

Cause

The City's personnel and internal control procedures were not effective in identifying and correcting necessary accruals to the general ledger that would have resulted in material misstatement of the financial statements had they not been identified/corrected by the auditor.

Recommendation

We recommend that the City make adjustments to their general ledger in a timely manner. Asking for technical advice from the auditor or from someone else when these adjustments are needed is not considered a control deficiency as long as the staff of the City initiates/makes the adjustment and understands how and why the adjustments were made. We recommend that at year end and in the months directly after year end, the City identify and provide support for those accruals and deferrals necessary to take the books into the modified-accrual basis. This information should be provided to the auditors during the annual audit for further testing.

Management Response

The Finance Director continues to identify and prepare a large portion of the necessary adjusting entries. The Finance Director will continue to work with the auditors in identifying the remaining entries that should be prepared by the City. The Finance Director will work toward preparing all the necessary entries by the 2019 audit if not sooner and seek opportunities for additional training. Funding has been approved to move to a new financial software package. The City will review potential software for the addition of the "13th" month option. There are plans for a demonstration in early 2017, with the procurement process and implementation expected to take 18 months to 2 years.

Progress on correction plan

The City has started the implementation of Tyler "Munis" software with a planned timeframe of 186 working days. Significant progress is expected for the 2018 audit to assist taking the books into the modified-accrual basis. By the 2019 audit the system will be fully functional and staff should be appropriately trained.

Corrective Action Plan Timeline

Implementation has started with a planned scheduled of 186 working days.

Designation of Employee Position Responsible for Meeting Deadline

Finance Director

CURRENT YEAR FINDINGS

None

**STATE OF NEW MEXICO
CITY OF CLOVIS
Exit Conference
For the Year Ended June 30, 2017**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the City and are based on information from the City's financial records. Assistance was provided by Hinkle + Landers, PC to the City in preparing the financial statements.

B. EXIT CONFERENCE

The contents of the report for the City of Clovis were discussed on November 30, 2017. The following individuals were in attendance.

City of Clovis Officials

Juan Garza, Mayor pro tem

Justin Howalt, City Manager

LeighAnn Melancon, Finance Director

Hinkle + Landers, P.C.

Farley Vener, CPA, CFE, CGMA

Maclen Enriquez, CPA