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6200 Uptown Blvd., NE Suite 400

Albuquerque, NM 87110

505 338 0800 office riccicpa.com

**STATE OF NEW MEXICO
CITY OF CLOVIS**

**FINANCIAL STATEMENTS
AND INDEPENDENT
AUDITOR'S REPORT**

JUNE 30, 2018

**STATE OF NEW MEXICO
CITY OF CLOVIS**

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**STATE OF NEW MEXICO
CITY OF CLOVIS**

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**STATE OF NEW MEXICO
CITY OF CLOVIS**

OFFICIAL ROSTER

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
David Lansford	Mayor
Juan F. Garza	Mayor Pro Tem – District 1
Ladona K. Clayton	City Commissioner – District 1
Sandra Taylor-Sawyer	City Commissioner – District 2
Gary Elliot	City Commissioner – District 2
Fidel Madrid	City Commissioner – District 3
Helen Casaus	City Commissioner – District 3
Rube Render	City Commissioner – District 4
Chris Bryant	City Commissioner – District 4

ADMINISTRATIVE OFFICIALS

Justin A. Howalt, P.E.	City Manager
Claire Burroughes	Assistant City Manager
LeighAnn Melancon	Finance Director

FINANCIAL SECTION



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505 338 0800 office www.riccicpa.com

Independent Auditor's Report

Mr. Wayne Johnson, New Mexico State Auditor
and
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, 2018, and the related notes to the financial statements which collectively comprise the City's basic financial statements 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 modified 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, 2018, 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.

Emphasis of Matter

As discussed in Note 22 to the financial statements, during the year ended June 30, 2018 the City adopted GASBS No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* which establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenditures. Changes adopted to conform the provisions of this statement require a retroactive restatement. Additionally, restatements were made net positions to correct balances in 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 schedule of the City's proportionate share of the net pension liability, and schedule of the City's contributions, schedule of the City's Proportionate Share of the Net OPEB Liability, schedule of the City's Contributions, and Schedule of the City's OPEB Liability and Related Ratios – Life Insurance OPEB, 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.

Management has omitted Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 December 17, 2018 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.

Ricci & Company LLC

Albuquerque, New Mexico
December 17, 2018

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF NET POSITION
June 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 34,158,328	7,837,385	41,995,713
Receivables			
Property taxes receivable	34,262	-	34,262
Intergovernmental	5,275,778	-	5,275,778
Other receivables	890,946	4,989	895,935
Customer receivables, net of allowance	-	1,810,020	1,810,020
Current portion of notes receivable	-	137,392	137,392
Inventory	76,722	105,810	182,532
Prepays	420,116	92,810	512,926
Internal balances	670,644	-	670,644
Total current assets	41,526,796	9,988,406	51,515,202
Noncurrent assets:			
Restricted cash and investments	201,189	-	201,189
Notes receivable, net of current portion	-	258,763	258,763
Capital assets	140,094,930	109,901,032	249,995,962
Less: accumulated depreciation	(68,413,214)	(52,281,828)	(120,695,042)
Total noncurrent assets	71,882,905	57,877,967	129,760,872
Total assets	113,409,701	67,866,373	181,276,074
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,859,750	109,307	2,969,057
Deferred outflows related to OPEB	232,790	32,093	264,883
Total deferred outflows of resources	3,092,540	141,400	3,233,940
Total assets and deferred outflows of resources	\$ 116,502,241	68,007,773	184,510,014

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities			
Accounts payable	\$ 244,166	50,294	294,460
Accrued payroll expenses	738,423	109,765	848,188
Accrued compensated absences	469,237	198,874	668,111
Accrued interest	24,619	33,224	57,843
Deposits held in trust	111,883	-	111,883
Current portion of bonds and notes payable	929,000	1,504,465	2,433,465
Internal balances	-	670,644	670,644
Total current liabilities	2,517,328	2,567,266	5,084,594
Noncurrent liabilities:			
Accrued compensated absences	395,792	-	395,792
Unearned revenue	100,000	396,155	496,155
Landfill closure liability	-	6,068,579	6,068,579
Bonds and notes payable	8,687,000	15,456,688	24,143,688
Bond premium, net of amortization	126,477	7,418	133,895
Net pension liability	12,632,463	412,564	13,045,027
Net OPEB liability	12,129,465	1,672,198	13,801,663
Total noncurrent liabilities	34,071,197	24,013,602	58,084,799
Total liabilities	36,588,525	26,580,868	63,169,393
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	2,161,541	35,481	2,197,022
Deferred inflows related to OPEB	2,760,638	380,588	3,141,226
Total deferred inflows of resources	4,922,179	416,069	5,338,248
Net position			
Net investment in capital assets	61,939,239	40,650,633	102,589,872
Restricted for:			
Debt service	251,134	-	251,134
Capital projects and improvements	1,183,683	-	1,183,683
Other purposes	9,135,172	-	9,135,172
Unrestricted	2,482,309	360,203	2,842,512
Total net position	74,991,537	41,010,836	116,002,373
Total liabilities, deferred inflows of resources, and net position	\$ 116,502,241	68,007,773	184,510,014

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
General government	\$ 5,650,130	720,214	342,074	-	\$ (4,587,842)	-	(4,587,842)
Public safety	16,587,773	2,058,138	805,335	558,091	(13,166,209)	-	(13,166,209)
Public works	8,204,671	-	335,804	441,436	(7,427,431)	-	(7,427,431)
Cultural and recreation	5,482,702	640,249	18,067	-	(4,824,386)	-	(4,824,386)
Health and welfare	714,108	-	-	-	(714,108)	-	(714,108)
Interest on long-term debt	397,617	-	-	-	(397,617)	-	(397,617)
Total governmental activities	37,037,001	3,418,601	1,501,280	999,527	(31,117,593)	-	(31,117,593)
Business-type activities:							
Solid waste	7,418,698	5,507,447	-	-	-	(1,911,251)	(1,911,251)
Wastewater	3,993,832	3,299,686	-	-	-	(694,146)	(694,146)
Airport	1,836,626	958,032	-	223,678	-	(654,916)	(654,916)
Golf course	382,967	43,518	-	-	-	(339,449)	(339,449)
Total business-like activities	13,632,123	9,808,683	-	223,678	-	(3,599,762)	(3,599,762)
Total primary government	\$ 50,669,124	13,227,284	1,501,280	1,223,205	\$ (31,117,593)	(3,599,762)	(34,717,355)
General Revenues							
Taxes							
Property taxes, levied for general purposes					\$ 1,990,032	-	1,990,032
Gross receipts taxes					26,507,128	-	26,507,128
Gasoline and motor vehicle taxes					690,717	-	690,717
Franchise tax					1,032,294	-	1,032,294
Lodgers tax					741,336	-	741,336
Fines, forfeitures, and penalties					754,337	-	754,337
Licenses and fees					657,296	-	657,296
Investment income					474,278	316,521	790,799
Payment in lieu of taxes					77,892	-	77,892
Miscellaneous income					444,480	246,680	691,160
Gain/(loss) on sale of capital assets					(27,434)	(45,442)	(72,876)
Transfers					(755,499)	755,499	-
Total general revenues and transfers					32,586,857	1,273,258	33,860,115
Change in net position					1,469,264	(2,326,504)	(857,240)
Beginning net position, as originally reported					84,956,409	45,323,645	130,280,054
Restatement					(11,434,136)	(1,986,305)	(13,420,441)
Beginning net position as restated					73,522,273	43,337,340	116,859,613
Ending net position					\$ 74,991,537	41,010,836	116,002,373

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
BALANCE SHEET GOVERNMENTAL FUNDS
June 30, 2018**

	Major Funds			Other Nonmajor Governmental Funds	Total
	01, 18, 79	06	75		
	General Fund	Environmental Tax	Special Street		
ASSETS					
Cash and investments	\$ 6,627,157	6,492,004	1,278,387	16,472,072	30,869,620
Restricted cash and investments	-	-	-	201,189	201,189
Receivables:					
Property taxes	34,262	-	-	-	34,262
Intergovernmental	3,033,398	82,960	421,940	1,737,480	5,275,778
Other receivables, net of allowance	661,896	-	-	229,050	890,946
Inventory	9,571	-	66,986	165	76,722
Prepaid insurance	377,200	-	24,468	17,949	419,617
Due from other funds	967,481	-	-	-	967,481
Total assets	\$ 11,710,965	6,574,964	1,791,781	18,657,905	38,735,615
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 130,152	-	15,084	62,044	207,280
Accrued payroll expenses	614,197	-	52,654	68,254	735,105
Deposits held in trust	111,883	-	-	-	111,883
Accrued interest	-	-	-	24,619	24,619
Unearned revenue	-	-	-	100,000	100,000
Interfund lending	-	-	-	464,396	464,396
Due to other funds	-	-	143,972	139,080	283,052
Total liabilities	856,232	-	211,710	858,393	1,926,335
Deferred inflows of resources:					
Revenue unavailable to pay current expenditures	50,958	-	-	-	50,958
Fund Balances:					
Nonspendable	386,771	-	91,454	18,114	496,339
Restricted	2,104,430	-	-	8,465,559	10,569,989
Committed	-	6,574,964	1,488,617	7,333,469	15,397,050
Assigned	-	-	-	2,305,703	2,305,703
Unassigned	8,312,574	-	-	(323,333)	7,989,241
Total fund balances	10,803,775	6,574,964	1,580,071	17,799,512	36,758,322
Total liabilities, deferred inflows of resources and fund balances	\$ 11,710,965	6,574,964	1,791,781	18,657,905	38,735,615

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE TO STATEMENT OF NET POSITION
June 30, 2018**

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

Fund Balances - total governmental funds	\$ 36,758,322
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	71,680,790
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	50,958
Long-term liabilities, such as net pension/OPEB and bonds payable, are not due and payable in the current period and, therefore are not reported as liabilities in the funds:	
Compensated absences	(861,574)
Bonds and notes payable	(9,616,000)
Bond premium, net of amortization	(126,477)
Net pension liability	(12,632,463)
Net OPEB liability	(12,129,465)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:	
Deferred outflows related to pensions/OPEB	3,092,540
Deferred inflows related to pensions/OPEB	(4,922,179)
Internal service funds are used to charge the costs of certain activities to individual funds. The assets, dererred outflows of resources, lilabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.	3,697,085
Net position of governmental activities	\$ 74,991,537

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018**

	Major Funds			Other Nonmajor Governmental Funds	Total
	01, 18, 79	06	75		
	General Fund	Environmental Tax	Special Street		
Revenues					
Taxes:					
Property	\$ 1,990,032	-	-	-	1,990,032
Gross receipts	15,243,154	489,502	1,987,893	8,735,621	26,456,170
Gasoline and motor vehicle	34,745	-	543,975	111,997	690,717
Franchise tax	1,032,294	-	-	-	1,032,294
Lodgers tax	-	-	-	741,336	741,336
Intergovernmental:					
Federal operating grants	176,946	-	-	429,886	606,832
Federal capital grants	-	-	405,840	152,251	558,091
State operating grants	154,749	-	17,286	722,413	894,448
State capital grants	-	-	251,604	189,832	441,436
Charges for services	2,158,842	-	-	643,646	2,802,488
Fines, forfeitures, and penalties	745,600	-	-	8,737	754,337
Licenses and fees	407,598	-	-	249,698	657,296
Investment income	93,186	52,413	28,441	215,245	389,285
Payment in lieu of taxes	-	-	18,114	59,778	77,892
Miscellaneous	204,414	-	70,512	158,215	433,141
Total revenues	22,241,560	541,915	3,323,665	12,418,655	38,525,795
Expenditures					
Current:					
General government	4,741,526	-	-	373,464	5,114,990
Public safety	14,394,207	-	-	419,291	14,813,498
Public works	402,215	-	2,460,424	2,231,204	5,093,843
Culture and recreation	2,238,380	-	-	2,625,719	4,864,099
Health and welfare	342,497	-	-	345,611	688,108
Capital outlay	1,515,797	-	1,644,944	1,292,617	4,453,358
Debt Service:					
Principal	-	-	-	1,695,000	1,695,000
Interest	-	-	-	397,617	397,617
Total expenditures	23,634,622	-	4,105,368	9,380,523	37,120,513
Excess (deficiency) of revenues over expenditures	(1,393,062)	541,915	(781,703)	3,038,132	1,405,282
Other financing sources (uses)					
Transfers in	3,136,843	-	784,174	5,329,688	9,250,705
Transfers out	(2,991,791)	-	-	(7,012,513)	(10,004,304)
Proceeds from sale of capital asset	-	-	-	300	300
Proceeds from debt issuance	-	-	-	-	-
Total other financing sources (uses)	145,052	-	784,174	(1,682,525)	(753,299)
Net change in fund balance	(1,248,010)	541,915	2,471	1,355,607	651,983
Beginning fund balance	12,051,785	6,033,049	1,577,600	16,443,905	36,106,339
Fund balances - end of year	\$ 10,803,775	6,574,964	1,580,071	17,799,512	36,758,322

The Notes to the Financial Statements are an integral part of this statement.

**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
Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$ 651,983
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital outlay	4,453,358
Depreciation expense	(4,987,769)
<p>In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.</p>	
	(27,734)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
Revenue from current year tax levy	50,958
<p>Pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the City's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pension/OPEB, is reported in the statement of activities.</p>	
Pension contributions	(709,412)
Pension expense	225,622
OPEB contributions	(232,790)
OPEB expense	(16,650)
<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 premiums	11,329
Principal payments on bonds and notes payable	1,695,000
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.</p>	
Increase (decrease) in compensated absences	158,269
<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>	
	<u>197,100</u>
Change in net position of governmental activities	\$ <u><u>1,469,264</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - GENERAL FUND
Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Favorable Final to Actual
Revenues				
Taxes				
Property	\$ 2,084,615	2,084,615	2,081,138	(3,477)
Gross receipts	16,695,417	16,695,417	15,608,716	(1,086,701)
Gasoline and motor vehicle	30,000	30,000	34,694	4,694
Other	89,060	89,060	1,027,520	938,460
Intergovernmental income:				
Federal operating grants	264,333	424,463	221,984	(202,479)
State operating grants	11,043	161,910	134,780	(27,130)
Charges for services	2,967,000	2,967,000	2,158,842	(808,158)
Licenses and fees	1,264,191	1,264,191	407,598	(856,593)
Fines, forfeitures and penalties	115,000	115,000	745,600	630,600
Investment income	2,200	2,200	93,186	90,986
Miscellaneous	146,000	833,985	166,914	(667,071)
Total revenues	23,668,859	24,667,841	22,680,972	(1,986,869)
Expenditures				
Current:				
General government	6,130,990	6,903,154	4,725,701	2,177,453
Public safety	16,583,095	17,192,732	14,751,562	2,441,170
Public works	400,000	420,000	418,141	1,859
Culture and recreation	2,659,220	2,793,632	2,260,085	533,547
Health and welfare	98,084	115,812	338,405	(222,593)
Capital outlay	-	-	1,142,917	(1,142,917)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	25,871,389	27,425,330	23,636,811	3,788,519
Excess (deficiency) of revenues over expenditures	(2,202,530)	(2,757,489)	(955,839)	1,801,650
Other financing sources (uses)				
Designated cash	-	-	-	-
Transfers in	2,970,549	3,154,857	3,147,512	(7,345)
Transfers out	(4,440,500)	(4,919,596)	(2,991,791)	1,927,805
Total other financing sources (uses)	(1,469,951)	(1,764,739)	155,721	1,920,460
Net change in fund balance	(3,672,481)	(4,522,228)	(800,118)	3,722,110
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ (3,672,481)	(4,522,228)	(800,118)	3,722,110
Net change in fund balance (GAAP)			\$ (1,248,010)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			439,412	
Adjustments to expenditures for accruals			8,480	
Net change in fund balance (non-GAAP budgetary basis)			\$ (800,118)	

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
(NON-GAAP BUDGETARY BASIS) AND ACTUAL - ENVIRONMENTAL TAX - FUND 6
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary Basis)	(Unfavorable) Favorable Final to Actual
Revenues				
Taxes				
Property	\$ -	-	-	-
Gross receipts	470,000	470,000	487,610	17,610
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	52,413	52,413
Miscellaneous	6,500	6,500	-	(6,500)
Total revenues	476,500	476,500	540,023	63,523
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	476,500	476,500	540,023	63,523
Other financing sources (uses)				
Designated cash/other assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	476,500	-	540,023	63,523
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ 476,500	-	540,023	63,523
Net change in fund balance (GAAP)			\$ 541,915	
Adjustments to revenues			(1,892)	
Adjustments to expenditures for applicable accruals and payments			-	
Net change in fund balance (non-GAAP budgetary basis)			\$ 540,023	

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - SPECIAL STREET - FUND 75
Year Ended June 30, 2018**

	Budgeted Amounts		Actual (Non-GAAP Budgetary Basis)	Variances Favorable (Unfavorable) Favorable Final to Actual
	Original	Final		
Revenues				
Taxes				
Property	\$ -	-	-	-
Gross receipts	1,880,000	1,880,000	1,980,611	100,611
Gasoline and motor vehicle	531,000	531,000	544,520	13,520
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	427,200	405,840	(21,360)
State operating grants	285,000	285,000	-	(285,000)
State capital grants	-	-	251,604	251,604
Investment income	-	-	28,441	28,441
Miscellaneous	21,500	79,762	109,759	29,997
Total revenues	<u>2,717,500</u>	<u>3,202,962</u>	<u>3,320,775</u>	<u>117,813</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	3,447,187	5,017,962	2,441,753	2,576,209
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	1,700,939	(1,700,939)
Total expenditures	<u>3,447,187</u>	<u>5,017,962</u>	<u>4,142,692</u>	<u>875,270</u>
Excess (deficiency) of revenues over expenditures	<u>(729,687)</u>	<u>(1,815,000)</u>	<u>(821,917)</u>	<u>993,083</u>
Other financing sources (uses)				
Transfers in	223,529	730,544	784,174	53,630
Transfers out	(671,304)	(671,304)	-	671,304
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	<u>(447,775)</u>	<u>59,240</u>	<u>784,174</u>	<u>724,934</u>
Net change in fund balance	<u>(1,177,462)</u>	<u>(1,755,760)</u>	<u>(37,743)</u>	<u>1,718,017</u>
Fund balance - end of year	<u>\$ (1,177,462)</u>	<u>(1,755,760)</u>	<u>(37,743)</u>	<u>1,718,017</u>
Net change in fund balance (GAAP)			\$ 2,471	
Adjustments to revenues			(37,324)	
Adjustments to expenditures			(2,890)	
Adjustments to expenditures for applicable accruals and payments			-	
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (37,743)</u>	

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2018**

	Business-Type Activities Enterprise Funds		
	Major Funds		
	2	10	12
	Solid Waste	Wastewater	Airport
ASSETS			
Cash and investments	\$ 2,115,033	5,268,780	391,554
Receivables:			
Other receivables	-	-	-
Customer receivables, net of allowance	1,130,133	679,887	-
Current portion of notes receivable	-	137,392	-
Inventory	11,287	55,149	39,374
Prepays	37,467	34,452	18,792
Due from other funds	-	-	-
Total current assets	<u>3,293,920</u>	<u>6,175,660</u>	<u>449,720</u>
NONCURRENT ASSETS			
Notes receivable	-	258,763	-
Interfund lending	-	-	-
Capital assets	25,079,737	60,078,891	22,432,618
Less: accumulated depreciation	<u>(12,579,940)</u>	<u>(31,499,770)</u>	<u>(7,992,081)</u>
Total noncurrent assets	<u>12,499,797</u>	<u>28,837,884</u>	<u>14,440,537</u>
Total assets	<u>15,793,717</u>	<u>35,013,544</u>	<u>14,890,257</u>
Deferred outflows of resources			
Deferred outflows related to pension	91,554	5,642	12,111
Deferred outflows related to OPEB	<u>22,173</u>	<u>7,831</u>	<u>2,089</u>
Total deferred inflows of resources	<u>113,727</u>	<u>13,473</u>	<u>14,200</u>
Total assets and deferred outflows of resources	<u>\$ 15,907,444</u>	<u>35,027,017</u>	<u>14,904,457</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,668	29,658	12,744
Accrued payroll expenses	74,150	27,688	7,927
Accrued compensated absences	155,321	34,104	9,449
Accrued interest	5,777	19,031	-
Due to other funds	340,756	206,366	69,239
Current portion of bonds and notes payable	<u>479,605</u>	<u>899,860</u>	<u>-</u>
Total current liabilities	<u>1,058,277</u>	<u>1,216,707</u>	<u>99,359</u>
Noncurrent liabilities:			
Landfill closure	6,068,579	-	-
Bonds and notes payable	2,529,765	10,944,923	-
Bonds premium, net of amortization	-	7,418	-
Unearned revenue	-	396,155	-
Net pension liability	345,560	21,294	45,710
Net OPEB liability	<u>1,155,319</u>	<u>408,032</u>	<u>108,847</u>
Total noncurrent liabilities	<u>10,099,223</u>	<u>11,777,822</u>	<u>154,557</u>
Total liabilities	<u>11,157,500</u>	<u>12,994,529</u>	<u>253,916</u>
Deferred inflows of resources			
Deferred inflows related to pension	29,719	1,831	3,931
Deferred inflows related to OPEB	<u>262,948</u>	<u>92,867</u>	<u>24,773</u>
Total deferred inflows of resources	<u>292,667</u>	<u>94,698</u>	<u>28,704</u>
Net Position:			
Net investment in capital assets	9,490,427	16,726,920	14,440,537
Restricted	-	-	-
Unrestricted	<u>(5,033,150)</u>	<u>5,210,870</u>	<u>181,300</u>
Total net position	<u>4,457,277</u>	<u>21,937,790</u>	<u>14,621,837</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 15,907,444</u>	<u>35,027,017</u>	<u>14,904,457</u>

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
As of June 30, 2018**

	Business-Type Activities Enterprise Funds		Governmental Activities
	Major Funds		48, 53, 54 Internal Service Funds
	19 Golf Course	Total	
ASSETS			
Cash and investments	\$ 62,018	7,837,385	3,288,708
Receivables:			
Other receivables	4,989	4,989	-
Customer receivables, net of allowance	-	1,810,020	-
Current portion of notes receivable	-	137,392	-
Inventory	-	105,810	-
Prepays	2,099	92,810	499
Due from other funds	-	-	-
Total current assets	<u>69,106</u>	<u>9,988,406</u>	<u>3,289,207</u>
NONCURRENT ASSETS			
Notes receivable	-	258,763	-
Interfund lending	-	-	464,396
Capital assets	2,309,786	109,901,032	115,376
Less: accumulated depreciation	(210,037)	(52,281,828)	(114,450)
Total noncurrent assets	<u>2,099,749</u>	<u>57,877,967</u>	<u>465,322</u>
Total assets	<u>2,168,855</u>	<u>67,866,373</u>	<u>3,754,529</u>
Deferred outflows of resources			
Deferred outflows related to pension	-	109,307	-
Deferred outflows related to OPEB	-	32,093	-
Total deferred inflows of resources	<u>-</u>	<u>141,400</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 2,168,855</u>	<u>68,007,773</u>	<u>3,754,529</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 5,224	50,294	36,886
Accrued payroll expenses	-	109,765	3,318
Accrued compensated absences	-	198,874	3,455
Accrued interest	8,416	33,224	-
Due to other funds	54,283	670,644	13,785
Current portion of bonds and notes payable	125,000	1,504,465	-
Total current liabilities	<u>192,923</u>	<u>2,567,266</u>	<u>57,444</u>
Noncurrent liabilities:			
Landfill closure	-	6,068,579	-
Bonds and notes payable	1,982,000	15,456,688	-
Bonds premium, net of amortization	-	7,418	-
Unearned revenue	-	396,155	-
Net pension liability	-	412,564	-
Net OPEB liability	-	1,672,198	-
Total noncurrent liabilities	<u>1,982,000</u>	<u>24,013,602</u>	<u>-</u>
Total liabilities	<u>2,174,923</u>	<u>26,580,868</u>	<u>57,444</u>
Deferred inflows of resources			
Deferred inflows related to pension	-	35,481	-
Deferred inflows related to OPEB	-	380,588	-
Total deferred inflows of resources	<u>-</u>	<u>416,069</u>	<u>-</u>
Net Position:			
Net investment in capital assets	(7,251)	40,650,633	926
Restricted	-	-	-
Unrestricted	1,183	360,203	3,696,159
Total net position	<u>(6,068)</u>	<u>41,010,836</u>	<u>3,697,085</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,168,855</u>	<u>68,007,773</u>	<u>3,754,529</u>

The Notes to the Financial Statements are an integral part of this statement.

**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, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		
	2	10	12
	Solid Waste	Wastewater	Airport
OPERATING REVENUES			
Charges for services	\$ 5,507,447	3,299,686	958,032
Total operating revenues	<u>5,507,447</u>	<u>3,299,686</u>	<u>958,032</u>
OPERATING EXPENSES			
General and administrative	2,457,847	217,317	95,945
Personnel services	2,230,513	760,070	264,490
Supplies and purchased power	35,801	113,781	8,901
Maintenance and materials	1,865,421	703,673	774,134
Utilities	37,530	244,339	51,618
Depreciation	722,282	1,674,098	641,538
Miscellaneous	-	-	-
Total operating expenses	<u>7,349,394</u>	<u>3,713,278</u>	<u>1,836,626</u>
Operating income (loss)	<u>(1,841,947)</u>	<u>(413,592)</u>	<u>(878,594)</u>
Non-operating revenues (expenses):			
Gain/loss on disposal of capital assets	(9,211)	(36,231)	-
Federal nonoperating grants	-	-	152,990
State nonoperating grants	-	-	70,688
Interest income	134,670	180,076	1,047
Interest expense	(69,304)	(280,554)	-
Miscellaneous	34,268	204,129	6,383
Total non-operating revenues (expenses)	<u>90,423</u>	<u>67,420</u>	<u>231,108</u>
Transfers in	-	487,228	445,520
Transfers out	(259,013)	(296,069)	-
Net capital grants and transfers	<u>(259,013)</u>	<u>191,159</u>	<u>445,520</u>
Change in net position	<u>(2,010,537)</u>	<u>(155,013)</u>	<u>(201,966)</u>
Net position, beginning of year	7,840,149	22,577,480	14,953,096
Restatement	(1,372,335)	(484,677)	(129,293)
Beginning net position, as restated	<u>6,467,814</u>	<u>22,092,803</u>	<u>14,823,803</u>
Net position, end of year	<u>\$ 4,457,277</u>	<u>21,937,790</u>	<u>14,621,837</u>

The Notes to the Financial Statements are an integral

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION (CONTINUED)
PROPRIETARY FUNDS
For the Year Ended June 30, 2018**

	Business-Type Activities Enterprise Funds		Governmental Activities
	Major Funds		
	19		48, 53, 54 Internal Service Funds
	Golf Course	Total	
OPERATING REVENUES			
Charges for services	\$ 43,518	9,808,683	616,113
Total operating revenues	<u>43,518</u>	<u>9,808,683</u>	<u>616,113</u>
OPERATING EXPENSES			
General and administrative	-	2,771,109	397,372
Personnel services	-	3,255,073	88,587
Supplies and purchased power	-	158,483	-
Maintenance and materials	303,480	3,646,708	1,232
Utilities	53,182	386,669	-
Depreciation	26,305	3,064,223	14,925
Miscellaneous	-	-	-
Total operating expenses	<u>382,967</u>	<u>13,282,265</u>	<u>502,116</u>
Operating income (loss)	<u>(339,449)</u>	<u>(3,473,582)</u>	<u>113,997</u>
Non-operating revenues (expenses):			
Gain/loss on disposal of capital assets	-	(45,442)	-
Federal nonoperating grants	-	152,990	-
State nonoperating grants	-	70,688	-
Interest income	728	316,521	84,993
Interest expense	-	(349,858)	-
Miscellaneous	1,900	246,680	10
Total non-operating revenues (expenses)	<u>2,628</u>	<u>391,579</u>	<u>85,003</u>
Transfers in	377,833	1,310,581	-
Transfers out	-	(555,082)	(1,900)
Net capital grants and transfers	<u>377,833</u>	<u>755,499</u>	<u>(1,900)</u>
Change in net position	<u>41,012</u>	<u>(2,326,504)</u>	<u>197,100</u>
Net position, beginning of year	(47,080)	45,323,645	3,499,985
Restatement	-	(1,986,305)	-
Beginning net position, as restated	<u>(47,080)</u>	<u>43,337,340</u>	<u>3,499,985</u>
Net position, end of year	<u>\$ (6,068)</u>	<u>41,010,836</u>	<u>3,697,085</u>

The Notes to the Financial Statements are an integral

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		
	2	10	12
	Solid Waste	Wastewater	Airport
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,841,947)	(413,592)	(878,594)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	722,282	1,674,098	641,538
Estimated landfill postclosure costs	2,082,013	-	-
(Increase) decrease in:			
Intergovernmental receivables	81,075	-	-
Other receivables	-	-	-
Customer receivables	(422,777)	(57,832)	-
Inventory	-	-	-
Prepays	-	-	-
Deferred outflows related to pensions	(91,554)	(5,642)	(12,111)
Deferred outflows related to OPEB	(1,853)	451	665
(Decrease) increase in:			
Accounts payable	1,839	5,359	8,751
Accrued payroll	15,321	2,664	(1,438)
Compensated absences	48,862	15,438	2,865
Net pension liability	345,560	21,294	45,710
OPEB liability	(237,336)	(84,927)	(23,200)
Deferred inflows related to pension	29,719	1,831	3,931
Deferred inflows related to OPEB	262,948	92,867	24,773
Net cash provided (used) by operating activities	<u>\$ 994,152</u>	<u>1,252,009</u>	<u>(187,110)</u>

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Year Ended June 30, 2018**

	Business-Type Activities Enterprise Funds		Governmental Activities
	Major Funds		
	19		48, 53, 54
	Golf Course	Total	Internal Service Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 42,932	9,408,563	-
Receipts from interfund services provided	-	-	616,113
Payments to suppliers and employees	(356,774)	(7,663,354)	(488,216)
Net cash (used) provided by operating activities	(313,842)	1,745,209	127,897
Cash flows from noncapital financing activities:			
Transfers to (from) other funds	377,833	755,499	(1,900)
Changes in due to (from) other funds	54,283	670,644	396,601
Noncapital grant receipts	-	223,678	-
Miscellaneous income	1,900	290,545	10
Net cash provided by noncapital financing activities	434,016	1,940,366	461,895
Cash flows from capital and related financing activities:			
Acquisitions and construction of capital assets	(7,947)	(1,510,630)	-
Proceeds from sale of capital assets	-	-	-
Principal paid on notes payable	(121,000)	(1,481,611)	-
Interest paid on notes payable	-	(350,724)	-
Net cash (used) by capital and related financing activities	(128,947)	(3,342,965)	-
Cash flows from investing activities:			
Interest income	728	316,521	84,993
Net cash provided by investing activities	728	316,521	84,993
Net (decrease)/increase in cash and investments	\$ (8,045)	659,131	674,785
Cash and investments, beginning of year	70,063	7,178,254	2,613,923
Cash and investments, end of year	62,018	7,837,385	3,288,708

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
As of June 30, 2018**

Assets	
Cash and investments	\$ <u>76,343</u>
Total assets	\$ <u><u>76,343</u></u>
Liabilities	
Deposits held in trust	\$ <u>76,343</u>
Total liabilities	\$ <u><u>76,343</u></u>

The Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Presentation (continued)

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:

General Fund. 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.

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

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

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Presentation (continued)

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

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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables (Continued)

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. Items on the capital asset listing that were capitalized under previous lower thresholds can be removed from the capital asset listing. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the 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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (continued)

Property 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, 2018, along with applicable PERA and Retiree Health Care.

J. Unearned 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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Postemployment Benefits

For purposes of measuring the net pension liability and other postemployment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

P. 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 applied to Governmental 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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Governmental Fund Balances (Continued)

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.

Q. 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.

R. 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.

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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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, 2018 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

<u>Cash and investments</u>	<u>Amount</u>
Cash and cash equivalents	
Cash on hand	\$ 7,880
Cash	<u>19,330,057</u>
Subtotal cash and cash equivalents	<u>19,337,937</u>
Investments	
State treasurer’s investment pool	16,891,024
Certificates of deposit – maturities > 90 days	<u>6,044,284</u>
Subtotal investments	<u>22,935,308</u>
Total cash and investments	<u>\$ 42,273,245</u>
<u>Cash and investments by fund type</u>	<u>Amount</u>
Governmental funds	\$ 31,070,809
Internal service funds	<u>3,288,708</u>
Subtotal governmental funds	34,359,517
Enterprise funds	7,837,385
Fiduciary funds	<u>76,343</u>
Subtotal enterprise and fiduciary funds	<u>7,913,728</u>
Total cash and investments	<u>\$ 42,273,245</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, 2018.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018, \$19,247,984 of the City's bank balances of \$19,997,984 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, 2018, \$-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 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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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 14%, respectively, of the City's total investments. The City's investments at June 30, 2018 include the following:

<u>Investments</u>		<u>Fair Value</u>
New MexiGROW LGIP		\$16,891,024
Certificates of deposit	12 months	<u>6,044,284</u>
Total		<u>\$22,935,308</u>

Interest Rate Risk (continued)

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. At June 30, 2018, the LGIP's WAM (R) was 50 days and the WAM (F) was 100 days.

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 6-1010.1 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, 2018, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>
New MexiGROW LGIP	AAAm
Certificates of deposit	No rating

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4. RECEIVABLES

Receivables as of June 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

	General Fund	Environmental Tax	Special Street	Nonmajor Funds	Total Governmental
Accounts	\$ 2,068,426	-	-	9,887	2,078,313
Taxes (Property, GRT, etc.)	3,067,660	82,960	383,944	1,565,582	5,100,146
Grants:					
State	-	-	37,996	72,107	110,103
Federal	-	-	-	89,904	89,904
Other	-	-	-	229,050	229,050
Subtotal	5,136,086	82,960	421,940	1,966,530	7,607,516
Less: Allowance for uncollectibles	(1,406,530)	-	-	-	(1,406,530)
Net receivables	<u>\$ 3,729,556</u>	<u>82,960</u>	<u>421,940</u>	<u>1,966,530</u>	<u>6,200,986</u>

Proprietary Funds

	Solid Waste	Wastewater	Airport	Golf Course	Total Proprietary
Accounts	\$ 2,272,521	1,308,831	151	-	3,581,503
Taxes (Property, GRT, etc.)	-	-	-	-	-
Grants:					
State	-	-	-	-	-
Federal	-	-	-	-	-
Other	-	-	-	4,989	4,989
Subtotal	2,272,521	1,308,831	151	4,989	3,586,492
Less: Allowance for uncollectibles	(1,142,388)	(628,944)	(151)	-	(1,771,483)
Net receivables	<u>\$ 1,130,133</u>	<u>679,887</u>	<u>-</u>	<u>4,989</u>	<u>1,815,009</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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5. INTERFUND BALANCES AND TRANSFERS

The City recorded 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 receivable/payables are expected to be repaid within one year. Interfund balances as of June 30, 2018, are as follows:

Due from		Due to Other Funds		Amount
Other Funds	Fund#		Fund#	
General Fund	01	Solid Waste	02	340,756
General Fund	01	Sanitary Sewer Improvement	08	66
General Fund	01	Wastewater	10	206,366
General Fund	01	Airport	12	69,239
General Fund	01	Ned Houk Park	13	7,633
General Fund	01	Carver Library	14	7,745
General Fund	01	Golf Course	19	54,283
General Fund	01	Workers Compensation	48	13,785
General Fund	01	Civic Center	62	15,398
General Fund	01	Special Street	75	143,972
General Fund	01	Recycling	76	2,651
General Fund	01	Lodger's Tax	77	35,059
General Fund	01	Street Construction	87	28,847
General Fund	01	Law Enforcement Protection	90	476
General Fund	01	Drug Court	98	41,205

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, 2018 is as follows:

		Transfers In					Total
		01,18	75	10,11,44	Non-	Internal	
		General	Special Street	Solid Waste	Major	Service	
				67,68	Governmental	Funs	
Transfers out	General	\$ -	-	259,000	150,000	2,725,943	1,900 \$ 3,136,843
	Special Street	249,786	-	-	-	534,388	- 784,174
	Wastewater	-	-	-	-	487,228	- 487,228
	Airport	245,520	-	-	-	200,000	- 445,520
	Golf Course	256,833	-	-	-	121,000	- 377,833
	Nonmajor Governmental	2,239,652	-	13	146,069	2,943,954	- 5,329,688
\$		2,991,791	-	259,013	296,069	7,012,513	1,900 \$ 10,561,286

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018, 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

<i>Governmental Activities includes Internal Service Funds</i>	Balance 06/30/2017*	Additions	Deletions	Transfers and Adjustments	Balance 6/30/2018
Capital assets not being depreciated:					
Land	\$ 3,385,773	-	-	-	3,385,773
Construction in progress	10,643,136	1,706,845	-	(12,320,108)	29,873
Total capital assets not being depreciated	14,028,909	1,706,845	-	(12,320,108)	3,415,646
Capital assets being depreciated:					
Land improvements	2,564,817	-	-	-	2,564,817
Building and improvements	23,597,173	148,077	-	8,746	23,753,996
Equipment and vehicles	20,167,063	2,598,436	(571,798)	-	22,193,701
Infrastructure	75,855,408	-	-	12,311,362	88,166,770
Total capital assets being depreciated	122,184,461	2,746,513	(571,798)	12,320,108	136,679,284
Total capital assets	136,213,370	4,453,358	(571,798)	-	140,094,930
Less accumulated depreciation:					
Land improvements	(198,645)	(34,239)	-	-	(232,884)
Buildings and improvements	(9,649,593)	(614,862)	-	-	(10,264,455)
Equipment and vehicles	(15,225,553)	(1,451,963)	544,064	-	(16,133,452)
Infrastructure	(38,880,793)	(2,901,630)	-	-	(41,782,423)
Total accumulated depreciation	(63,954,584)	(5,002,694)	544,064	-	(68,413,214)
Total capital assets net of depreciation	\$ 72,258,786	(549,336)	(27,734)	-	71,681,716

Depreciation expense for the year ended June 30, 2018 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 232,489
Public safety	998,106
Public works	3,110,828
Culture and recreation	618,603
Health and welfare	26,000
Economic development	1,743
Total	4,987,769
Internal service fund	14,925
Total governmental activities	\$ 5,002,694

* Note the balance as of June 30, 2017 has been restated as described in Note 22.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Proprietary Funds

Business Type Activities

	Balance 06/30/2017	Additions	Deletions	Adjustments and Transfers	Balance 6/30/2018
Capital assets not being depreciated:					
Land	\$ 6,159,811	-	-	-	6,159,811
Construction in progress	275,885	298,780	-	(253,602)	321,063
Total capital assets not being depreciated	6,435,696	298,780	-	(253,602)	6,480,874
Capital assets being depreciated:					
Land improvements	1,498,378	19,500	-	-	1,517,878
Building and improvements	16,500,979	200,969	(59,580)	-	16,642,368
Equipment and vehicles	13,805,237	991,381	(10,330)	-	14,786,288
Infrastructure	70,263,887	-	-	209,737	70,473,624
Total capital assets being depreciated	102,068,481	1,211,850	(69,910)	209,737	103,420,158
Total capital assets	108,504,177	1,510,630	(69,910)	(43,865)	109,901,032
Less accumulated depreciation:					
Land improvements	(114,542)	(27,613)	-	-	(142,155)
Buildings and improvements	(6,029,797)	(519,838)	23,349	-	(6,526,286)
Equipment and vehicles	(11,291,826)	(568,336)	1,119	-	(11,859,043)
Infrastructure	(31,805,908)	(1,948,436)	-	-	(33,754,344)
Total accumulated depreciation	(49,242,073)	(3,064,223)	24,468	-	(52,281,828)
Total capital assets net of depreciation	\$ 59,262,104	(1,553,593)	(45,442)	(43,865)	57,619,204

Depreciation expense for the year ended June 30, 2018 was charged to the following functions and funds:

Business type activities:

Solid waste	722,282
Wastewater	1,674,098
Airport	641,538
Golf course	26,305
Total business-type activities	\$ 3,064,223

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Balance 06/30/2017	Additions	Retirements	Balance 6/30/2018	Due Within One Year
Governmental activities:					
Gross receipts tax					
Revenue bonds					
Series 2012	\$ 4,285,000	-	(360,000)	3,925,000	440,000
Series 2015	4,415,000	-	(1,185,000)	3,230,000	335,000
Total bonds payable	8,700,000	-	(1,545,000)	7,155,000	775,000
NMFA Notes payable					
2011 Clovis 6-A-Park	2,611,000	-	(150,000)	2,461,000	154,000
Total notes payable	2,611,000	-	(150,000)	2,461,000	154,000
Compensates absences	1,023,298	1,714,763	(1,873,032)	865,029	469,237
Governmental activities long-term liabilities	\$ 12,334,298	1,714,763	(3,568,032)	10,481,029	1,398,237
Business-type activities:					
Notes payable					
NM Environmental Dept.	\$ 5,230,814	-	(429,858)	4,800,956	438,455
2011 Clovis 6-B- golf course	2,228,000	-	(121,000)	2,107,000	125,000
2013 NM Finance Auth.	1,241,706	-	(81,341)	1,160,365	81,545
2015 Water Project Fund	1,177,499	-	(64,037)	1,113,462	64,860
Total notes payable	9,878,019	-	(696,236)	9,181,783	709,860
Gross receipts tax revenue bonds					
Series 2010	5,080,000	-	(310,000)	4,770,000	315,000
Series 2014	3,484,745	-	(475,375)	3,009,370	479,605
Total bonds payable	8,564,745	-	(785,375)	7,779,370	794,605
Compensates absences	131,709	215,175	(148,010)	198,874	198,874
Business-type activities long-term liabilities	\$ 18,574,473	215,175	(1,629,621)	17,160,027	1,703,339

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Bonds payable for governmental funds at June 30, 2018 are comprised of the following:

	Sales Tax Revenue Bond Series October 3, 2012	Sales Tax Revenue Bond Series July 1, 2015
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, 2018, including interest payments are as follows:

2012 Gross Receipts Tax Revenue Bonds

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	440,000	49,725	489,725
2024-2027	<u>2,165,000</u>	<u>102,100</u>	<u>2,267,100</u>
	<u>\$ 3,925,000</u>	<u>438,726</u>	<u>4,803,726</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

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.

The annual requirements to amortize the 2015 Bond Issue outstanding as of June 30, 2018, including interest payments are as follows:

2015 Refunding and Improvement

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	360,000	45,600	405,600
2024-2028	1,185,000	106,700	1,291,700
2029-2030	310,000	13,950	323,950
	<u>\$ 3,230,000</u>	<u>435,950</u>	<u>3,665,950</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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the note outstanding as of June 30, 2018, including interest payments are as follows:

Governmental – Clovis 6-A Park

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	173,000	74,352	247,352
2024-2028	966,000	270,058	1,236,058
2029-2031	681,000	60,574	741,574
	<u>\$ 2,461,000</u>	<u>753,306</u>	<u>3,214,306</u>

Bonds payable for proprietary funds at June 30, 2018 are comprised of the following:

	Sales Tax Revenue Bond Series <u>September 31, 2010</u>	Sales Tax Revenue Bond Series <u>April 18, 2014</u>
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%	.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 7-16.4 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, 2018, including interest payments are as follows:

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Proprietary – Series 2010 GRT Bonds

Year Ended June 30,	Principal	Interest	Total Debt Service
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	370,000	123,138	493,138
2024-2028	2,090,000	422,504	2,512,504
2029-2032	970,000	58,006	1,028,006
	<u>\$ 4,770,000</u>	<u>1,205,250</u>	<u>5,975,250</u>

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, 71-6.1 and 7-1-6.4, as amended and 7-1-6.15, 1978 as amended. The bonds mature June 1, 2024.

Proprietary – GRT Revenue Bonds Series 2014

Year Ended June 30,	Principal	Interest	Total Debt Service
2019	479,605	65,086	544,691
2020	485,648	59,044	544,692
2021	493,904	50,788	544,692
2022	504,079	40,612	544,691
2023	516,227	28,464	544,691
2024	529,907	14,784	544,691
	<u>\$ 3,009,370</u>	<u>258,778</u>	<u>3,268,148</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The notes payable of the City's proprietary funds as of June 30, 2018 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.	\$ 4,800,956
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.	2,107,000
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.	1,160,365
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.	<u>1,113,462</u> 9,181,783
Less current portion	<u>(709,860)</u>
Total outstanding long-term debt-proprietary funds	<u>\$ 8,471,923</u>

The annual requirements to amortize the proprietary fund loans outstanding as of June 30, 2018, including interest payments are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 709,860	198,912	\$ 908,772
2020	722,833	185,417	908,250
2021	737,143	171,284	908,427
2022	752,634	156,514	909,148
2023	767,307	141,514	908,821
2024-2028	4,094,331	537,196	4,631,527
2029-2033	1,272,013	112,279	1,384,292
2034	125,662	1,001	126,663
	<u>\$ 9,181,783</u>	<u>1,504,117</u>	<u>\$10,685,900</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018, no claims activity had taken place in the fund. The only activity for the year ended June 30, 2018 consisted of interest earned from the fund's bank account.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PERA PENSION PLAN

The City, as part of the primary government of the State of New Mexico, is a contributing employer to a pension plan administered by the Public Employees Retirement Association (PERA).

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, 2018, 2017 and 2016 were approximately \$729,097, \$704,587, and \$680,010, respectively, which equal the amount of the required contributions for all years.

Plan description. Public Employees Retirement Fund (PERA) 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 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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. PERA PENSION PLAN (CONTINUED)

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, 2018. 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 \$729,097 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2018.

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

Municipal General Division, at June 30, 2018, the City reported a liability of \$1,835,777 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. 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, 2017, the City's proportion was 0.1336%, which was an increase of 0.0083% from its proportion measured as of June 30, 2016.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PERA PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the City recognized PERA Fund Division; Municipal General Division pension expense of \$221,987. At June 30, 2018, 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:

Municipal General Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 72,134	94,023
Changes of assumptions	84,657	18,970
Net difference between projected and actual earnings on pension plan investments	150,614	-
Changes in proportion and differences between The City contributions and proportionate share of contributions	91,382	44,890
City contributions subsequent to the measurement date	87,592	-
Total	\$ 486,379	157,883

\$87,592 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 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:

<u>Year ended June 30:</u>	<u>Amount</u>
2019	\$ 72,285
2020	168,541
2021	44,093
2022	(44,015)
2023	-
Thereafter	-
	\$ 240,904

Municipal Police Division, at June 30, 2018, the City reported a liability of \$3,898,959 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. 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, 2017, the City's proportion was 0.7018%, which was an increase of 0.0372% from its proportion measured as of June 30, 2017.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. PERA PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the City recognized PERA Fund Division; Municipal Police Division pension expense of \$472,880. At June 30, 2018, 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
Difference between expected and actual experience	\$ 236,803	728,482
Changes of assumptions	231,975	90,664
Net difference between projected and actual earnings on pension plan investments	314,008	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	173,894	103,580
The City contributions subsequent to the measurement date	<u>289,045</u>	<u>-</u>
Total	<u><u>\$ 1,245,725</u></u>	<u><u>922,726</u></u>

\$289,045 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
2019	\$ (35,074)
2020	231,535
2021	(70,695)
2022	(91,812)
2023	-
Thereafter	-
	<u><u>\$ 33,954</u></u>

Municipal Fire Division, at June 30, 2018, the City reported a liability of \$7,310,291 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. 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, 2017, the City's proportion was 1.2777%, which was a decrease of 0.0334% from its proportion measured as of June 30, 2017.

STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9. PERA PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the City recognized PERA Fund Division; Municipal Fire Division pension expense of \$807,600. At June 30, 2018, 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
Difference between expected and actual experience	\$ 238,696	915,369
Changes of assumption	289,005	45,832
Net difference between projected and actual earnings on pension plan investments	274,421	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	82,371	155,212
The City contributions subsequent to the measurement date	352,460	-
Total	\$ 1,236,953	1,116,413

\$352,460 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
2019	\$ (9,483)
2020	80,638
2021	(224,011)
2022	(79,064)
2023	-
Thereafter	-
	\$ (231,920)

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PERA PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed market value
Actuarial assumptions:	
• Investment rate of return	7.51% annual rate, net of investment expense
• Projected benefit payment	100 years
• Payroll growth	2.75% for first 9 years, then 3.25% annual rate
• Projected salary increases	2.75% to 14.00% annual rate
• Includes inflation at	2.25% annual rate first 9 years, 2.75% all other years
• 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, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Real Assets to include Real Estate Equity	20.0	7.35
Total	100.0%	

STATE OF NEW MEXICO
 CITY OF CLOVIS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 9. PERA PENSION PLAN (CONTINUED)

Discount rate: A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, 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 City’s proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
PERA Fund Division			
Municipal General Division:			
City’s proportionate share of the net pension liability	\$ 2,877,268	1,835,777	969,631
PERA Fund Division			
Municipal Police Division:			
City’s proportionate share of the net pension liability	\$ 6,217,758	3,898,959	1,996,041
PERA Fund Division			
Municipal Fire Division:			
City’s proportionate share of the net pension liability	\$ 9,797,681	7,310,291	5,260,454

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA financial report available at www.nmpera.org.

Payables to the pension Plan. At June 30, 2018, the City did not report any payables for outstanding contributions due to PERA.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10. DEFINED CONTRIBUTION 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
- 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 years ended June 30, 2018, 2017 and 2016, the City's required and actual contributions totaled \$1,325,702, \$1,291,898, and 1,321,234, respectively.

NOTE 11. 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 \$878,679, \$869,452 and \$904,588 for the years ended June 30, 2018, 2017, and 2016, respectively.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

General Information about the OPEB

Plan description. Employees of the City are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</u>

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the City were \$264,883 for the year ended June 30, 2018.

STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. POST EMPLOYMENT BENEFITS – STATE REITREE HEALTHCARE PLAN
(CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reported a liability of \$13,801,663 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the City’s proportion was 0.30456 percent.

For the year ended June 30, 2018, the City recognized OPEB expense of \$548,710. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	529,635
Changes of assumptions	-	2,413,045
Net difference between projected and actual earnings on OPEB plan investments	-	198,546
City contributions subsequent to the measurement date	<u>264,883</u>	<u>-</u>
Total	<u>\$ 264,883</u>	<u>3,141,226</u>

Deferred outflows of resources totaling \$264,883 represent City contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2019	\$ (667,847)
2020	(667,847)
2021	(667,847)
2022	(667,847)
2023	(469,838)
Thereafter	<u>-</u>
	<u>\$ (3,141,226)</u>

STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. POST EMPLOYMENT BENEFITS – STATE REITREE HEALTHCARE PLAN
(CONTINUED)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date		June 30, 2017
Actuarial cost method		Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method		Market value of assets
Actuarial assumptions:		
Inflation		2.5% for ERB; 2.25% for PERA
Projected payroll increases		3.50%
Investment rate of return		7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate		8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. POST EMPLOYMENT BENEFITS – STATE REITREE HEALTHCARE PLAN
(CONTINUED)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
City’s proportionate share of the net OPEB liability	<u>\$ 16,741,203</u>	<u>13,801,663</u>	<u>11,495,331</u>

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
City’s proportionate share of the net OPEB liability	<u>\$ 11,739,265</u>	<u>13,801,663</u>	<u>15,409,824</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

Payables to the OPEB Plan. At June 30, 2018, the City did not report any payables for outstanding contributions due to NMRHCA.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13. 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, 2018, 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 14. DEFICIT FUND BALANCES/NET POSITION, EXCESS OF EXPENDITURES OVER APPROPRIATIONS AND DESIGNATED CAS 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	\$ (6,068)
Fire Equipment – 7	Spec Rev/Fund balance	(296,744)
Drug Control - 98	Spec Rev/Fund balance	(15,480)
Drainage Improvement – 40	Debt Service/Fund balance	(2,715)
Civic Center – 46	Debt Service/Fund balance	(7,214)
		<u>\$ (328,221)</u>

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, 2018:

None

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 15. 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 for Cells 1 through 4; Asbestos Monofill; C & D Wedge and the OD closed landfill is \$6,068,579 as of June 30, 2018, which is based on the cumulative capacity to date as a percentage of projected capacity at the time of landfill closure. This represents a increase of \$2,082,013 from the prior year as a result of current engineering estimates. It is estimated that no additional costs 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 93% of the landfill capacity has been used to date and the estimated remaining landfill life is 1.37 years. The estimated total current cost of the landfill closure and post-closure care of \$6,068,579 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, 2018. 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 \$6,492,004 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 post closure 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 16. 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, 2018 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, 2018 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
JUNE 30, 2018**

NOTE 17. 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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u> <u>Payment</u>
2019	\$ 312,528
2020	249,728
2021	115,287
2022	115,287
2023	-
	<u>\$ 792,830</u>

Lease expenditures for the year ended June 30, 2018 were approximately \$584,307.

NOTE 18. 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</u> <u>Type</u>	<u>Contract</u> <u>Price</u>	<u>Amount</u> <u>Expended at</u> <u>6/30/18</u>	<u>% of</u> <u>Completion</u>
Airport Runway 12/30	Construction	\$ 378,810	245,777	64.47%
NHP Speedway Light	Construction	34,774	29,870	85.90%
		<u>\$ 10,628,447</u>	<u>9,296,111</u>	

NOTE 19. RESTRICTED NET POSITION

The government-wide statement of net position reports \$10,273,245 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 20. 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
JUNE 30, 2018**

NOTE 21. UNEARNED REVENUE AND UNAVAILABLE REVENUE

The City reported unearned revenue and revenue unavailable to pay current year expenditures in the fund financial statement as follows:

Note receivable to subsidize loan payments due to NMED.		
Not considered earned until received and applied against loan payments (Wastewater Fund)		\$ 396,155
Deferred property tax revenue. Assessed but not collected within 60 days of year end (General Fund)		50,958
Unexpended grant funds received in advance (Lodgers Tax Fund)		<u>100,000</u>
		<u>\$ 547,113</u>

NOTE 22. RESTATEMENT OF NET POSITION

Beginning net position were restated as follows:

Description	Fund	Reason	Amount
Government-wide statements	Gov	Prior period adjustment related to the implementation GASBS 75 to record beginning balances for OPEB liability.	\$ (14,407,873)
Government-wide statements	Gov	Prior period adjustment to agree accumulated depreciation and capital assets to current supporting documentation.	\$ 2,973,737
Business Type Funds	02	Prior period adjustment related to the implementation GASBS 75 to record beginning balances for OPEB liability.	\$ (1,372,335)
Business Type Funds	10	Prior period adjustment related to the implementation GASBS 75 to record beginning balances for OPEB liability.	\$ (484,677)
Business Type Funds	10	Prior period adjustment related to the implementation GASBS 75 to record beginning balances for OPEB liability.	\$ (129,293)

NOTE 23. TAX ABATEMENT DISCLOSURES

The City negotiates property tax abatement agreements and has a tax abatement agreement with Southwest Cheese as of June 30, 2018:

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.	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.
	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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

	<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 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>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.	\$1,208,160.00
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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 24. 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 about conditions that did not exist at the date of the statement of net position but arose after the restatement of net position date and before financial statements are available to be issued. The City has evaluated subsequent events through December 17, 2018, which is the date the financial statements were available to be issued and have identified the following event for disclosure:

Effective July 2018, the City issued \$4,592,444 in state shared gross receipts tax revenue bonds with a maturity date in 2033.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**STATE OF NEW MEXICO
CITY OF CLOVIS
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***

Fiscal year Measurement date:	June 30:			
	2018 2017	2017 2016	2016 2015	2015 2014
The City's proportion of the net pension liability (asset) (%)	0.1336%	0.1253%	0.1337%	0.1271%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 1,835,777	2,001,873	1,363,187	991,516
The City's covered payroll	\$ 1,123,246	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	163%	153%	124%	86%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
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***

Fiscal year Measurement date:	June 30:			
	2018 2017	2017 2016	2016 2015	2015 2014
The City's proportion of the net pension liability (asset) (%)	0.7018%	0.6646%	0.6532%	0.7284%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 3,898,959	4,903,616	3,140,952	2,374,505
The City's covered payroll	\$ 1,775,175	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	220%	316%	189%	154%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
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***

Fiscal year Measurement date:	June 30:			
	2018 2017	2017 2016	2016 2015	2015 2014
The City's proportion of the net pension liability (asset) (%)	1.2777%	1.3111%	1.2779%	1.2928%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 7,310,291	8,746,370	6,595,474	5,396,139
The City's covered payroll	\$ 1,872,670	1,767,380	1,758,475	1,640,783
The City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	390%	495%	375%	329%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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.

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

	June 30:			
	2018	2017	2016	2015
Contractually required contribution	\$ 87,592	107,270	124,683	105,323
Contributions in relation to the contractually required contribution	<u>87,592</u>	<u>107,270</u>	<u>124,683</u>	<u>105,323</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City's covered payroll	\$ 917,194	1,123,246	1,305,581	1,102,859
Contributions as a percentage of covered payroll	9.55%	9.55%	9.55%	9.55%

**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.

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

	June 30:			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 289,045	273,377	238,966	255,307
Contributions in relation to the contractually required contribution	<u>289,045</u>	<u>273,377</u>	<u>238,966</u>	<u>255,307</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City's covered payroll	\$ 1,876,916	1,775,175	1,551,727	1,657,838
Contributions as a percentage of covered payroll	15.40%	15.40%	15.40%	15.40%

**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.

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

	June 30:			
	2018	2017	2016	2015
Contractually required contribution	\$ 352,460	335,208	316,361	314,767
Contributions in relation to the contractually required contribution	<u>352,460</u>	<u>335,208</u>	<u>316,361</u>	<u>314,767</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City's covered payroll	\$ 1,969,050	1,872,670	1,767,380	1,758,475
Contributions as a percentage of covered payroll	17.90%	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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CITY OF CLOVIS' PROPORTIONATE SHARE OF THE OPEB
LIABILITY - NEW MEXICO RETIREE HEALTH CARE AUTHORITY PLAN
LAST 10 FISCAL YEARS***

	June 30:	
Fiscal year	<u>2018</u>	
Measurement date:	<u>2017</u>	
The City's proportion of the net OPEB liability		0.3046%
The City's proportionate share of the net OPEB liability	\$	13,801,663
The City's covered payroll	\$	11,638,622
The City's proportionate share of the net OPEB liability as a percentage of its covered payroll		119%
Plan fiduciary net position as a percentage of the total OPEB liability		11.34%

**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 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CITY OF CLOVIS' CONTRIBUTIONS
NEW MEXICO RETIREE HEALTH CARE AUTHORITY PLAN
LAST 10 FISCAL YEARS***

	<u>June 30:</u> <u>2018</u>
Contractually required contribution	\$ 264,883
Contributions in relation to the contractually required contribution	<u>264,883</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
The City's covered payroll	\$ 11,806,120
Contributions as a percentage of covered payroll	2.24%

**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 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
NEW MEXICO RETIREE HEALTH CARE AUTHORITY PLAN
For the Year Ended June 30, 2018**

Changes in OPEB benefit provisions . There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017.

salary increase assumptions are based on the PERA annual valuation and the ERB actuarial experience study. Accordingly, the PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in the PERA June 30, 2016 pension valuation. The ERB salary scale, inflation and payroll assumptions were updated to reflect changes used in the ERB June 30, 2016 experience study pension valuation. Per capita costs were updated. Future trend for health costs were updated. Medical election assumptions were updated.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
For the Year Ended June 30, 2018**

Changes of benefit terms: The PERA and COLA and retirement eligibility benefit changes in recent years are described in Note 1 of PERA's CFAR. [Https://www.saonm.org](https://www.saonm.org)

Assumptions: The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 30, 2017 report is available at <http://www.nmpera.org/>

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

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.

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.

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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

NONMAJOR DEBT SERVICE FUNDS

Drainage Improvement Fund - To account for the accumulation of resources for, and the repayment 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.

Landfill Cell#5 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 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.

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

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

Street Construction Fund - 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, 2018**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 14,104,651	97,144	2,270,277	16,472,072
Restricted cash and investments	33,001	168,188	-	201,189
Receivables:				
Property taxes	-	-	-	-
Intergovernmental	1,583,754	-	153,726	1,737,480
Other receivables	229,050	-	-	229,050
Inventory	165	-	-	165
Prepaid insurance	17,949	-	-	17,949
Due from other funds	-	-	-	-
Total assets	\$ 15,968,570	265,332	2,424,003	18,657,905
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 62,044	-	-	62,044
Accrued payroll expenses	68,254	-	-	68,254
Accrued interest	-	24,127	492	24,619
Unearned revenue	100,000	-	-	100,000
Revenue unavailable to pay current expenditures	-	-	-	-
Interfund lending	464,396	-	-	464,396
Due to other funds	110,233	-	28,847	139,080
Total liabilities	804,927	24,127	29,339	858,393
Fund Balances:				
Nonspendable	18,114	-	-	18,114
Restricted	7,030,742	251,134	1,183,683	8,465,559
Committed	6,122,488	-	1,210,981	7,333,469
Assigned	2,305,703	-	-	2,305,703
Unassigned	(313,404)	(9,929)	-	(323,333)
Total fund balances	15,163,643	241,205	2,394,664	17,799,512
Total liabilities, deferred inflows of resources and fund balances	\$ 15,968,570	265,332	2,424,003	18,657,905

The Notes to the Financial Statements are an integral part of this statement.

**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, 2018**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues				
Taxes:				
Gross receipts	\$ 8,238,648	-	496,973	8,735,621
Gasoline and motor vehicle	111,997	-	-	111,997
Franchise tax	-	-	-	-
Lodgers tax	741,336	-	-	741,336
Intergovernmental:				
Federal operating grants	429,886	-	-	429,886
Federal capital grants	116,466	-	35,785	152,251
State operating grants	722,413	-	-	722,413
State capital grants	-	-	189,832	189,832
Charges for services	643,646	-	-	643,646
Fines, forfeitures, and penalties	8,737	-	-	8,737
Licenses and fees	249,698	-	-	249,698
Investment income	151,447	21,727	42,071	215,245
Payment in lieu of taxes	59,778	-	-	59,778
Miscellaneous	190,999	-	(32,784)	158,215
Total revenues	11,665,051	21,727	731,877	12,418,655
Expenditures				
Current:				
General government	373,464	-	-	373,464
Public safety	419,291	-	-	419,291
Public works	2,125,932	-	105,272	2,231,204
Culture and recreation	2,625,719	-	-	2,625,719
Health and welfare	345,611	-	-	345,611
Capital outlay	815,638	-	476,979	1,292,617
Debt Service:				
Principal	-	1,695,000	-	1,695,000
Interest	6,048	391,569	-	397,617
Total expenditures	6,711,703	2,086,569	582,251	9,380,523
Excess (deficiency) of revenues over expenditures	4,953,348	(2,064,842)	149,626	3,038,132
Other financing sources (uses)				
Transfers in	2,975,931	2,207,688	146,069	5,329,688
Transfers out	(6,877,125)	(121,000)	(14,388)	(7,012,513)
Proceeds from sale of capital asset	300	-	-	300
Total other financing sources (uses)	(3,900,894)	2,086,688	131,681	(1,682,525)
Net change in fund balance	1,052,454	21,846	281,307	1,355,607
Beginning fund balance	14,111,189	219,359	2,113,357	16,443,905
Beginning fund balance	14,111,189	219,359	2,113,357	16,443,905
Fund balances - end of year	\$ 15,163,643	241,205	2,394,664	17,799,512

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FUNDS As of June 30, 2018**

	3	4	5	7
	Municipal Road	Recreation	Older Adults Division	Fire Equipment
ASSETS				
Cash and investments	\$ -	28,806	57,627	167,652
Restricted cash and investments	12,050	-	-	-
Receivables				
Property taxes	-	-	-	-
Intergovernmental	9,887	-	-	-
Other receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 21,937	28,806	57,627	167,652
LIABILITIES				
Accounts payable	\$ -	2,856	2,634	-
Accrued payroll expenses	-	8,794	7,612	-
Deposits held in trust	-	-	-	-
Accrued interest	-	-	-	-
Unearned revenue	-	-	-	-
Revenue unavailable to pay current expenditures	-	-	-	-
Interfund lending	-	-	-	464,396
Due to other funds	-	-	-	-
Total liabilities	-	11,650	10,246	464,396
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	21,937	-	-	-
Committed	-	17,156	47,381	-
Assigned	-	-	-	-
Unassigned	-	-	-	(296,744)
Total fund balances	21,937	17,156	47,381	(296,744)
Total liabilities and fund balances	\$ 21,937	28,806	57,627	167,652

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2018**

	8	13	14	60
	Sanitary Sewer Improvement	Ned Houk Park	Carver Library	Infrastructure Improvement
ASSETS				
Cash and investments	189,314	160,081	100,389	384,913
Restricted cash and investments	-	-	-	-
Receivables				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	84,270
Other receivables	-	-	-	-
Inventory	-	165	-	-
Prepaid insurance	-	2,754	9,669	-
Due from other funds	-	-	-	-
Total assets	189,314	163,000	110,058	469,183
LIABILITIES				
Accounts payable	-	1,731	2,470	-
Accrued payroll expenses	-	6,450	21,288	-
Deposits held in trust	-	-	-	-
Accrued interest	-	-	-	-
Unearned revenue	-	-	-	-
Revenue unavailable to pay current expenditures	-	-	-	-
Interfund lending	-	-	-	-
Due to other funds	66	7,633	7,745	-
Total liabilities	66	15,814	31,503	-
Fund Balances:				
Nonspendable	-	2,919	9,669	-
Restricted	-	-	-	-
Committed	189,248	-	-	469,183
Assigned	-	144,267	68,886	-
Unassigned	-	-	-	-
Total fund balances	189,248	147,186	78,555	469,183
Total liabilities and fund balances	189,314	163,000	110,058	469,183

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2018**

	61	62	63
	Special Parks Improvement	Civic Center	Special Designated
ASSETS			
Cash and investments	87,087	478,171	1,546,543
Restricted cash and investments	-	-	-
Receivables			
Property taxes	-	-	-
Intergovernmental	84,270	84,270	-
Other receivables	-	-	-
Inventory	-	-	-
Prepaid insurance	-	4,346	-
Due from other funds	-	-	-
Total assets	171,357	566,787	1,546,543
LIABILITIES			
Accounts payable	-	1,036	-
Accrued payroll expenses	-	-	-
Deposits held in trust	-	-	-
Accrued interest	-	-	-
Unearned revenue	-	-	-
Revenue unavailable to pay current expenditures	-	-	-
Interfund lending	-	-	-
Due to other funds	-	15,398	-
Total liabilities	-	16,434	-
Fund Balances:			
Nonspendable	-	4,346	-
Restricted	-	-	-
Committed	171,357	-	-
Assigned	-	546,007	1,546,543
Unassigned	-	-	-
Total fund balances	171,357	550,353	1,546,543
Total liabilities and fund balances	171,357	566,787	1,546,543

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2018**

	64	65	66
	Economic Development	Capital Outlay Gross Receipts Tax	GRT Water Project
ASSETS			
Cash and investments	3,081,387	976,756	4,161,756
Restricted cash and investments	-	-	-
Receivables			
Property taxes	-	-	-
Intergovernmental	165,902	331,803	308,381
Other receivables	229,050	-	-
Inventory	-	-	-
Prepaid insurance	-	-	-
Due from other funds	-	-	-
Total assets	3,476,339	1,308,559	4,470,137
LIABILITIES			
Accounts payable	-	-	-
Accrued payroll expenses	-	-	-
Deposits held in trust	-	-	-
Accrued interest	-	-	-
Unearned revenue	-	-	-
Revenue unavailable to pay current expenditures	-	-	-
Interfund lending	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	-	-	4,470,137
Committed	3,476,339	1,308,559	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	3,476,339	1,308,559	4,470,137
Total liabilities and fund balances	3,476,339	1,308,559	4,470,137

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2018**

	72	76	77+78	86
	Emergency Medical Services	Recycling	Lodger's Tax	Special Fire & Police
ASSETS				
Cash and investments	37	3,596	2,214,422	102,588
Restricted cash and investments	-	-	-	-
Receivables				
Property taxes	-	-	-	-
Intergovernmental	-	2,651	85,335	337,081
Other receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	-
Total assets	37	6,247	2,299,757	439,669
LIABILITIES				
Accounts payable	-	-	50,840	-
Accrued payroll expenses	-	-	-	-
Deposits held in trust	-	-	-	-
Accrued interest	-	-	-	-
Unearned revenue	-	-	100,000	-
Revenue unavailable to pay current expenditures	-	-	-	-
Interfund lending	-	-	-	-
Due to other funds	-	2,651	35,059	-
Total liabilities	-	2,651	185,899	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	37	-	2,113,858	-
Committed	-	3,596	-	439,669
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	37	3,596	2,113,858	439,669
Total liabilities and fund balances	37	6,247	2,299,757	439,669

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2018**

	89	90	92
	Local Government Corrections	Law Enforcement Protection	Clovis Area Transit System
ASSETS			
Cash and investments	21,982	-	341,544
Restricted cash and investments	-	9,955	-
Receivables			
Property taxes	-	-	-
Intergovernmental	-	-	75,320
Other receivables	-	-	-
Inventory	-	-	-
Prepaid insurance	-	-	-
Due from other funds	-	-	-
Total assets	21,982	9,955	416,864
LIABILITIES			
Accounts payable	-	-	477
Accrued payroll expenses	-	-	24,110
Deposits held in trust	-	-	-
Accrued interest	-	-	-
Unearned revenue	-	-	-
Revenue unavailable to pay current expenditures	-	-	-
Interfund lending	-	-	-
Due to other funds	-	476	-
Total liabilities	-	476	24,587
Fund Balances:			
Nonspendable	-	-	-
Restricted	21,982	9,479	392,277
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	21,982	9,479	392,277
Total liabilities and fund balances	21,982	9,955	416,864

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
As of June 30, 2018**

	96	98	
	Department of Justice	Drug Control	Total Special Revenue Funds
ASSETS			
Cash and investments	-	-	\$ 14,104,651
Restricted cash and investments	1,035	9,961	33,001
Receivables			
Property taxes	-	-	-
Intergovernmental	-	14,584	1,583,754
Other receivables	-	-	229,050
Inventory	-	-	165
Prepaid insurance	-	1,180	17,949
Due from other funds	-	-	-
Total assets	1,035	25,725	15,968,570
LIABILITIES			
Accounts payable	-	-	62,044
Accrued payroll expenses	-	-	68,254
Deposits held in trust	-	-	-
Accrued interest	-	-	-
Unearned revenue	-	-	100,000
Revenue unavailable to pay current expenditures	-	-	-
Interfund lending	-	-	464,396
Due to other funds	-	41,205	110,233
Total liabilities	-	41,205	804,927
Fund Balances:			
Nonspendable	-	1,180	18,114
Restricted	1,035	-	7,030,742
Committed	-	-	6,122,488
Assigned	-	-	2,305,703
Unassigned	-	(16,660)	(313,404)
Total fund balances	1,035	(15,480)	15,163,643
Total liabilities and fund balances	1,035	25,725	\$ 15,968,570

*The Notes to the Financial Statements are an
integral part of this statement.*

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
As of June 30, 2018**

	40	41	42	46	47	
	Drainage Improvement	Landfill Cell #5	Street Improvement	Civic Center	Parks & Infrastructure	Total Debt Service Funds
ASSETS						
Cash and investments	\$ -	84,442	12,702	-	-	97,144
Restricted cash and investments	6,095	-	-	-	162,093	168,188
Receivables:						
Property taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 6,095	84,442	12,702	-	162,093	265,332
LIABILITIES						
Accounts payable	\$ -	-	-	-	-	-
Accrued payroll expenses	-	-	-	-	-	-
Accrued interest	8,810	-	-	7,214	8,103	24,127
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	8,810	-	-	7,214	8,103	24,127
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	84,442	12,702	-	153,990	251,134
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(2,715)	-	-	(7,214)	-	(9,929)
Total fund balances	(2,715)	84,442	12,702	(7,214)	153,990	241,205
Total liabilities and fund balances	\$ 6,095	84,442	12,702	-	162,093	265,332

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
As of June 30, 2018

	24	87	88	
	Street Improvement	Street Construction	Drainage Improvement	Total Capital Project Funds
ASSETS				
Cash and investments	\$ 39,486	1,104,080	1,126,711	\$ 2,270,277
Restricted cash and investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Intergovernmental	-	69,456	84,270	153,726
Other receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 39,486	1,173,536	1,210,981	\$ 2,424,003
LIABILITIES				
Accounts payable	\$ -	-	-	\$ -
Accrued payroll expenses	-	-	-	-
Accrued interest	-	492	-	492
Unearned revenue	-	-	-	-
Due to other funds	-	28,847	-	28,847
Total liabilities	-	29,339	-	29,339
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	39,486	1,144,197	-	1,183,683
Committed	-	-	1,210,981	1,210,981
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	39,486	1,144,197	1,210,981	2,394,664
Total liabilities and fund balances	\$ 39,486	1,173,536	1,210,981	\$ 2,424,003

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
For the Year Ended June 30, 2018**

	3	4	5	7
	Municipal Road	Recreation	Older Adults Division	Fire Equipment
REVENUES				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Gasoline and motor vehicle	111,997	-	-	-
Franchise tax	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	611,856
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	33	101	1	15,015
Payment in lieu of taxes	-	-	-	-
Miscellaneous	-	-	39	-
Total revenues	\$ 112,030	101	40	626,871
EXPENDITURES				
Current:				
General government	\$ -	-	-	-
Public safety	-	-	-	223,709
Public works	-	-	-	-
Culture and recreation	-	280,253	-	-
Health and welfare	-	-	310,967	-
Capital outlay	-	-	-	757,378
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	280,253	310,967	981,087
Excess (deficiency) of revenues over expenditures	112,030	(280,152)	(310,927)	(354,216)
Other financing sources (uses)				
Transfers in	-	280,285	361,557	150,000
Transfers out	(106,910)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	(106,910)	280,285	361,557	150,000
Net change in fund balances	5,120	133	50,630	(204,216)
Fund balances - beginning of year	16,817	17,023	(3,249)	(92,528)
Fund balances - end of year	\$ 21,937	17,156	47,381	(296,744)

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	8	13	14+95	60
	Sanitary Sewer Improvement	Ned Houk Park	Carver Library	Infrastructure Improvement
REVENUES				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	496,973
Gasoline and motor vehicle	-	-	-	-
Franchise tax	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	23,183	-
State capital grants	-	-	-	-
Charges for services	-	-	8,215	-
Fines, forfeitures & penalties	-	-	8,737	-
Licenses and fees	42,054	-	-	-
Investment income	28	1,297	50	6,118
Payment in lieu of taxes	-	-	-	-
Miscellaneous	-	13	20,910	-
Total revenues	42,082	1,310	61,095	503,091
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	207,101	797,167	-
Health and welfare	-	-	-	-
Capital outlay	-	58,260	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	265,361	797,167	-
Excess (deficiency) of revenues over expenditures	42,082	(264,051)	(736,072)	503,091
Other financing sources (uses)				
Transfers in	-	301,356	772,117	-
Transfers out	-	-	-	(720,000)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	-	301,356	772,117	(720,000)
Net change in fund balances	42,082	37,305	36,045	(216,909)
Fund balances - beginning of year	147,166	109,881	42,510	686,092
Fund balances - end of year	\$ 189,248	147,186	78,555	469,183

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	61	62	63	64
	Special Parks Improvement	Civic Center	Special Designated	Economic Development
REVENUES				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	496,973	496,973	-	979,065
Gasoline and motor vehicle	-	-	-	-
Franchise tax	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	462,251	142,491	-
Fines, forfeitures & penalties	-	-	-	-
Licenses and fees	-	-	107,069	-
Investment income	1,181	2,179	463	20,669
Payment in lieu of taxes	-	-	-	23,549
Miscellaneous	-	8,605	48,287	103,155
Total revenues	498,154	970,008	298,310	1,126,438
EXPENDITURES				
Current:				
General government	-	169	-	373,295
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	924,143	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	924,312	-	373,295
Excess (deficiency) of revenues over expenditures	498,154	45,696	298,310	753,143
Other financing sources (uses)				
Transfers in	-	150,000	3,000	-
Transfers out	(590,235)	(252,650)	(291,824)	(341,850)
Proceeds from sale of capital assets	-	-	300	-
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	(590,235)	(102,650)	(288,524)	(341,850)
Net change in fund balances	(92,081)	(56,954)	9,786	411,293
Fund balances - beginning of year	263,438	607,307	1,536,757	3,065,046
Fund balances - end of year	\$ 171,357	550,353	1,546,543	3,476,339

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	65	66	72	76
	Capital Outlay Gross Receipts Tax	GRT Water Project	Emergency Medical Services	Recycling
REVENUES				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	1,958,130	1,822,641	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise tax	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	17,774	8,400
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	8,956	73,456	-	-
Payment in lieu of taxes	-	36,229	-	-
Miscellaneous	-	-	-	7,968
Total revenues	1,967,086	1,932,326	17,774	16,368
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	1,323,773	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	17,747	16,897
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	6,048	-	-	-
Total expenditures	6,048	1,323,773	17,747	16,897
Excess (deficiency) of revenues over expenditures	1,961,038	608,553	27	(529)
Other financing sources (uses)				
Transfers in	-	-	-	5,000
Transfers out	(1,834,153)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	(1,834,153)	-	-	5,000
Net change in fund balances	126,885	608,553	27	4,471
Fund balances - beginning of year	1,181,674	3,861,584	10	(875)
Fund balances - end of year	\$ 1,308,559	4,470,137	37	3,596

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	77+78	86	89	90
	Lodger's Tax	Special Fire & Police	Local Government Corrections	Law Enforcement Protection
REVENUES				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	1,987,893	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise tax	-	-	-	-
Lodgers tax	741,336	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	61,200
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-
Licenses and fees	-	-	100,575	-
Investment income	20,288	1,177	132	146
Payment in lieu of taxes	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	761,624	1,989,070	100,707	61,346
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	68,210
Public works	-	-	-	-
Culture and recreation	417,055	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	417,055	-	-	68,210
Excess (deficiency) of revenues over expenditures	344,569	1,989,070	100,707	(6,864)
Other financing sources (uses)				
Transfers in	525,000	-	-	-
Transfers out	(675,000)	(1,977,457)	(87,046)	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	(150,000)	(1,977,457)	(87,046)	-
Net change in fund balances	194,569	11,613	13,661	(6,864)
Fund balances - beginning of year	1,919,289	428,056	8,321	16,343
Fund balances - end of year	\$ 2,113,858	439,669	21,982	9,479

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	92	96	98	Total Special Revenue Funds
	Clovis Area Transit System	Department of Justice	Drug Control	
REVENUES				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	\$ 8,238,648
Gasoline and motor vehicle	-	-	-	111,997
Franchise tax	-	-	-	-
Lodgers tax	-	-	-	741,336
Intergovernmental:				
Federal operating grants	335,804	-	94,082	429,886
Federal capital grants	116,466	-	-	116,466
State operating grants	-	-	-	722,413
State capital grants	-	-	-	-
Charges for services	30,689	-	-	643,646
Fines, forfeitures & penalties	-	-	-	8,737
Licenses and fees	-	-	-	249,698
Investment income	-	-	157	151,447
Payment in lieu of taxes	-	-	-	59,778
Miscellaneous	-	-	2,022	190,999
Total revenues	482,959	-	96,261	11,665,051
EXPENDITURES				
Current:				
General government	-	-	-	373,464
Public safety	-	-	127,372	419,291
Public works	802,159	-	-	2,125,932
Culture and recreation	-	-	-	2,625,719
Health and welfare	-	-	-	345,611
Capital outlay	-	-	-	815,638
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	6,048
Total expenditures	802,159	-	127,372	6,711,703
Excess (deficiency) of revenues over expenditures	(319,200)	-	(31,111)	4,953,348
Other financing sources (uses)				
Transfers in	427,616	-	-	2,975,931
Transfers out	-	-	-	(6,877,125)
Proceeds from sale of capital assets	-	-	-	300
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	427,616	-	-	(3,900,894)
Net change in fund balances	108,416	-	(31,111)	1,052,454
Fund balances - beginning of year	283,861	1,035	15,631	14,111,189
Fund balances - end of year	\$ 392,277	1,035	(15,480)	\$ 15,163,643

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL
FUNDS - DEBT SERVICE FUNDS
For the Year Ended June 30, 2018**

	40	41	42	46	47	
	Drainage Improvement	Landfill Cell #5	Street Improvement	Civic Center	Parks & Infrastructure	Total Debt Service Funds
Revenues						
Taxes:						
Property	\$ -	-	-	-	-	\$ -
Gross receipts	-	-	-	-	-	-
Gasoline and motor vehicle	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-
Lodgers tax	-	-	-	-	-	-
Intergovernmental:						
Federal operating grants	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
State operating grants	-	-	-	-	-	-
State capital grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-
Investment income	2,690	4,201	7,998	-	6,838	21,727
Payment in lieu of taxes	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	\$ 2,690	4,201	7,998	-	6,838	\$ 21,727
EXPENDITURES						
Current:						
General government	\$ -	-	-	-	-	\$ -
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	360,000	-	1,185,000	-	150,000	1,695,000
Interest	92,125	-	101,300	-	198,144	391,569
Total expenditures	452,125	-	1,286,300	-	348,144	2,086,569
Excess (deficiency) of revenues over expenditures	(449,435)	4,201	(1,278,302)	-	(341,306)	(2,064,842)
Other financing sources (uses)						
Transfers in	452,125	13	1,286,300	-	469,250	2,207,688
Transfers out	-	-	-	-	(121,000)	(121,000)
Proceeds from debt issuance	-	-	-	-	-	-
Total other financing sources (uses)	452,125	13	1,286,300	-	348,250	2,086,688
Net change in fund balances	2,690	4,214	7,998	-	6,944	21,846
Fund balances - beginning of year	(5,405)	80,228	4,704	(7,214)	147,046	219,359
Fund balances - end of year	\$ (2,715)	84,442	12,702	(7,214)	153,990	\$ 241,205

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2018**

	24	87	88	
	Street Improvement	Street Construction	Drainage Improvement	Total Capital Project Funds
Revenues				
Taxes:				
Property	\$ -	-	-	\$ -
Gross receipts	-	-	496,973	496,973
Gasoline and motor vehicle	-	-	-	-
Franchise tax	-	-	-	-
Lodgers tax	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	35,785	-	35,785
State operating grants	-	-	-	-
State capital grants	-	189,832	-	189,832
Charges for services	-	-	-	-
Fines, forfeitures & penalties	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	484	12,166	29,421	42,071
Payment in lieu of taxes	-	-	-	-
Miscellaneous	-	(32,784)	-	(32,784)
Total revenues	\$ 484	204,999	526,394	\$ 731,877
EXPENDITURES				
Current:				
General government	\$ -	-	-	\$ -
Public safety	-	-	-	-
Public works	-	105,132	140	105,272
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	7,311	469,668	-	476,979
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	7,311	574,800	140	582,251
Excess (deficiency) of revenues over expenditures	(6,827)	(369,801)	526,254	149,626
Other financing sources (uses)				
Transfers in	-	146,069	-	146,069
Transfers out	-	-	(14,388)	(14,388)
Proceeds from debt issuance	-	-	-	-
Total other financing sources (uses)	-	146,069	(14,388)	131,681
Net change in fund balances	(6,827)	(223,732)	511,866	281,307
Fund balances - beginning of year	46,313	1,367,929	699,115	2,113,357
Fund balances - end of year	\$ 39,486	1,144,197	1,210,981	\$ 2,394,664

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS
For the Year Ended June 30, 2018

		Balance			Balance
		June 30, 2017	Additions	Deletions	June 30, 2018
ASSETS					
Veterinary					
Cash and cash equivalents	\$	73,457	1,882	-	\$ 75,339
Municipal Court					
Cash and cash equivalents		1,098	-	(94)	1,004
Total assets	\$	74,555	1,882	(94)	\$ 76,343
LIABILITIES					
Veterinary					
Deposits held in trust for others	\$	73,457	1,882	-	\$ 75,339
Municipal Court					
Deposits held in trust for others		1,098	-	(94)	1,004
Total liabilities	\$	74,555	1,882	(94)	\$ 76,343

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
INTERNAL SERVICE FUND DESCRIPTIONS
JUNE 30, 2018**

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, 2018**

	48	53	54	
	Workers Compensation	Unemployment Revenue	Property and Liability Self- Insurance Fund	Total
ASSETS				
Cash and investments	\$ 2,308,615	825,812	154,281	\$ 3,288,708
Receivables:				
Intergovernmental	-	-	-	-
Other receivables	-	-	-	-
Customer receivables, net of allowance	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Prepays	499	-	-	499
Total current assets	<u>2,309,114</u>	<u>825,812</u>	<u>154,281</u>	<u>3,289,207</u>
NONCURRENT ASSETS				
Interfund lending	464,396	-	-	464,396
Capital assets	115,376	-	-	115,376
Less: accumulated depreciation	<u>(114,450)</u>	<u>-</u>	<u>-</u>	<u>(114,450)</u>
Total noncurrent assets	<u>465,322</u>	<u>-</u>	<u>-</u>	<u>465,322</u>
Total assets	<u>2,774,436</u>	<u>825,812</u>	<u>154,281</u>	<u>3,754,529</u>
Total assets and deferred outflows of resources	<u>\$ 2,774,436</u>	<u>825,812</u>	<u>154,281</u>	<u>\$ 3,754,529</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 36,886	-	-	\$ 36,886
Accrued payroll expenses	3,318	-	-	3,318
Accrued compensated absences	3,455	-	-	3,455
Due to other funds	<u>13,785</u>	<u>-</u>	<u>-</u>	<u>13,785</u>
Total current liabilities	<u>57,444</u>	<u>-</u>	<u>-</u>	<u>57,444</u>
Total liabilities	<u>57,444</u>	<u>-</u>	<u>-</u>	<u>57,444</u>
Net Position:				
Net investment in capital assets	926	-	-	926
Unrestricted	<u>2,716,066</u>	<u>825,812</u>	<u>154,281</u>	<u>3,696,159</u>
Total net position	<u>2,716,992</u>	<u>825,812</u>	<u>154,281</u>	<u>3,697,085</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,774,436</u>	<u>825,812</u>	<u>154,281</u>	<u>\$ 3,754,529</u>

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSTION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018**

	48	53	54	
	Workers Compensation	Unemployment Reserve	Property and Liability Self- Insurance Fund	Total
OPERATING REVENUE				
Charges for services	\$ 544,791	71,322	-	\$ 616,113
Total operating revenues	<u>544,791</u>	<u>71,322</u>	<u>-</u>	<u>616,113</u>
OPERATING EXPENSES:				
General and administrative	376,641	20,731	-	397,372
Personnel services	88,587	-	-	88,587
Contractual services	-	-	-	-
Supplies and purchased power	-	-	-	-
Maintenance and materials	1,232	-	-	1,232
Utilities	-	-	-	-
Depreciation	14,925	-	-	14,925
Miscellaneous	-	-	-	-
Total operating expenses	<u>481,385</u>	<u>20,731</u>	<u>-</u>	<u>502,116</u>
Operating income (loss)	<u>63,406</u>	<u>50,591</u>	<u>-</u>	<u>113,997</u>
NON-OPERATING REVENUES (EXPENSES):				
Gain/(loss) on disposal of capital assets	-	-	-	-
Federal nonoperating grants	-	-	-	-
State nonoperating grants	-	-	-	-
Interest income	73,409	9,758	1,826	84,993
Interest expense	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Miscellaneous	10	-	-	10
Total non-operating revenues (expenses)	<u>73,419</u>	<u>9,758</u>	<u>1,826</u>	<u>85,003</u>
Transfers in	-	-	-	-
Transfers out	(1,900)	-	-	(1,900)
Net transfers	<u>(1,900)</u>	<u>-</u>	<u>-</u>	<u>(1,900)</u>
Change in net position	134,925	60,349	1,826	197,100
Net position, beginning of year	<u>2,582,067</u>	<u>765,463</u>	<u>152,455</u>	<u>3,499,985</u>
Net position, end of year	<u>\$ 2,716,992</u>	<u>825,812</u>	<u>154,281</u>	<u>\$ 3,697,085</u>

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018

	48	53	54	
	Workers Compensation	Unemployment Reserve	Property and Liability Self- Insurance Fund	Total
Cash flows from operating activities				
Receipts from interfund services provided	\$ 544,791	71,322	-	\$ 616,113
Payments to suppliers and employees	(467,485)	(20,731)	-	(488,216)
Other receipts (payments)	-	-	-	-
Net cash provided by operating activities	77,306	50,591	-	127,897
Cash flows from noncapital financing activities:				
Transfers to (from) other funds	(1,900)	-	-	(1,900)
Changes in due to (from) other funds	396,601	-	-	396,601
Payments received from interfund lending	67,184	-	-	67,184
Miscellaneous income	10	-	-	10
Net cash provided by noncapital financing activities	461,895	-	-	461,895
Cash flows from investing activities:				
Interest income	73,409	9,758	1,826	84,993
Net cash provided by investing activities	73,409	9,758	1,826	84,993
Net increase in cash and investments	\$ 612,610	60,349	1,826	674,785
Cash and investments, beginning of year	1,696,005	765,463	152,455	2,613,923
Cash and investments, end of year	\$ 2,308,615	825,812	154,281	3,288,708
Reconciliation of operating income (loss) to net cash provided/(used) by operating activities				
Operating income/(loss)	\$ 63,406	50,591	-	113,997
Adjustments:				
Depreciation expense	14,925	-	-	14,925
(Decrease) increase in:				
Accounts payable	(987)	-	-	(987)
Accrued payroll	(38)	-	-	(38)
Compensated absences	-	-	-	-
Net cash provided by operating activities	\$ 77,306	50,591	-	\$ 127,897

The Notes to the Financial Statements are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION (AUDITED)

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018**

	CFDA Number	Federal Grantors Number	Federal Expenditures
U.S. Department of Transportation			
Passed through NM Department of Transportation			
Airport Improvement Program	20.106	3-35-0011-030-2017	\$ 152,990
Highway Planning and Construction	(1) 20.205	HWA2103120-118-BO	405,840
Urban Mass Transportation	(1) 20.507	80/20	56,625
		50/50	62,095
		50/50	181,815
		80/20	151,735
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	17-AL-64-023	10,471
		18-AL-64-023	28,651
Total U.S. Department of Transportation			1,050,222
U.S. Department of Justice			
Passed through NM Department of Public Safety			
Bulletproof Vest Partnership Program	16.607		2,025
Metro Task Force	16.738	16-JAG-RegionV	41,263
		16-JAG-REG5-FFY18	43,375
		14-JAG-REG5-FFY18	9,208
		15-JAG-REG5-FFY18	236
		16-JAG-REG5-FFY18	-
Total U.S. Department of Justice			96,107
U.S. Department of Homeland Security			
Passed through NM Department of Homeland Security			
Emergency Management Performance Grants	97.042	EMT2017EP00002S01	55,477
Homeland Security Grant Program	97.067	EMW2016SS00105	17,556
		EMW2017SS00032S0	37,577
Interagency Hazardous Materials Public Sector Training and Planning	20.703	HH-HMP-0579-16-01-10	10,194
Total U.S. Department of Homeland Security			120,804
U.S. Department of Housing and Urban Development			
CDBG	14.218	16-C-NR-I-01-G-09	35,785
Total U.S. Department of Housing and Urban Development			35,785
U.S. Department of Agriculture			
Energy, Mineral & National Resources	10.664	GSA 17-521-0410-007	14,995
Total U.S. Department of Agriculture			14,995
Total Federal Financial Assistance			\$ 1,317,913
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance			
Federal grant revenue per governmental fund financials			\$ 1,164,923
Federal grant revenue per proprietary fund financials			152,990
Federal Expenditures per SEFA			1,317,913
Difference			\$ -

(1) Denotes Major Program

See independent auditor's report.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

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 20, 2018.

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% minimis indirect cost rate

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FUND BALANCES
As of June 30, 2018**

	Major Funds			Nonmajor Governmental Funds	Total
	01, 18, 79	06	75		
	General Fund	Environmental Tax	Special Street		
Fund Balances:					
Nonspendable					
Inventory	\$ 9,571	-	66,986	165	\$ 76,722
Prepaid expenses	377,200	-	24,468	17,949	419,617
Subtotal nonspendable	386,771	-	91,454	18,114	496,339
Restricted for:					
DFA reserve requirement (1/12th)	2,104,430	-	-	-	2,104,430
Road/drainage improvements	-	-	-	5,675,757	5,675,757
Transportation services	-	-	-	392,277	392,277
Drug abuse prevention/awareness	-	-	-	-	-
Debt service reserve	-	-	-	251,134	251,134
Fire fighting efforts/equipment	-	-	-	37	37
Economic development projects	-	-	-	2,113,858	2,113,858
Land enforcement enhancement	-	-	-	32,496	32,496
Subtotal restricted	2,104,430	-	-	8,465,559	10,569,989
Committed to:					
Operate/maintain recreational facilities	-	-	-	188,513	188,513
Operating/administering senior citizens facility	-	-	-	47,381	47,381
Improvement of sewer distribution lines	-	-	-	189,248	189,248
Public safety efforts/equipment	-	-	-	439,669	439,669
Improvement of City property/equipment	-	-	-	1,308,559	1,308,559
Recycling efforts	-	-	-	3,596	3,596
Economic development projects	-	-	-	3,476,339	3,476,339
Road/drainage improvements	-	-	1,488,617	1,680,164	3,168,781
Environmental projects	-	6,574,964	-	-	6,574,964
Subtotal committed	-	6,574,964	1,488,617	7,333,469	15,397,050
Assigned to:					
Operate/maintain recreational facilities	-	-	-	144,267	144,267
Library operations	-	-	-	68,886	68,886
Departmental improvements	-	-	-	1,546,543	1,546,543
Multi-purpose special events center	-	-	-	546,007	546,007
Subtotal assigned	-	-	-	2,305,703	2,305,703
Unassigned:	8,312,574	-	-	(323,333)	7,989,241
Total fund balances	\$ 10,803,775	6,574,964	1,580,071	17,799,512	\$ 36,758,322

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF JOINT POWERS
For the Year Ended June 30, 2018**

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 Senior 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 Curry County City of Portales Village of Grady Town of Elida City of Texico City of Melrose	City	Acquisition and distribution of waters from Ute Reservoir	10/13/1987 indefinite	Member share is 10% State share is 15% Fed share is 75%		City	City of Clovis * Effective July 1, 2015 Eastern NM Water Utility Authority is the fiscal agent and responsible for reporting entity	Ute Reservoir	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

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF JOINT POWERS (CONTINUED)
For the Year Ended June 30, 2018**

	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 Community 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 Community 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.	\$ -	-	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	\$ -	-	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 varies 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	Exchange of service	Curry County City of Clovis	City of Clovis	County to provide detention services City to provide Pest Control, Emer Mgmt E-911, Library, Fire/EMS services, 4 free landfill dump days to County residents	5/15/18 to 6/30/2028	\$1,350,000 to Curry County over 10 year period	\$ 22,131 (\$75,833 paid under previous agreement)	City of Clovis	City of Clovis		City of Clovis Curry County
12	Master Water Assurance Plan	Curry County City of Clovis	Curry County	Support of Master Water Assurance Plan	5/15/18 to 6/30/2018	\$1,350,000 to City of Clovis over 10 year period	-	Curry County	Curry County		Curry County City of Clovis

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CASH AND INVESTMENTS BY BANK ACCOUNT
As of June 30, 2018**

Account Name	Account Type	New Mexico Bank and Trust	Citizen's Bank of Clovis	Western Bank of Clovis	NM Self-Insurer's Fund	State of New Mexico	City of Clovis	Reconciling Items	Book Balance
Cash and cash equivalents									
General Investment	Checking*	\$ 6,842,022	-	-	-	-	-	(694,897)	\$ 6,147,125
Money Market Account	Money Market*	3,077,402	-	-	-	-	-	-	3,077,402
Credit Cards	Checking*	14,407	-	-	-	-	-	(7,407)	7,000
Payroll	Checking*	21,273	-	-	-	-	-	(347)	20,926
Department of Justice	Checking*	1,036	-	-	-	-	-	-	1,036
Finance Credit Cards	Checking*	1,599	-	-	-	-	-	(555)	1,044
Zoo Credit Cards	Checking*	12,019	-	-	-	-	-	(5,737)	6,282
Landfill Credit Cards	Checking*	163,789	-	-	-	-	-	-	163,789
EFT Transfer Fund	Checking*	1,117	-	-	-	-	-	396	1,513
Municipal Court Trust	Checking*	2,114	-	-	-	-	-	(1,110)	1,004
Drug Control Fund	Checking*	3,274	-	-	-	-	-	(2,274)	1,000
Aquatic Center Credit Cards	Checking*	20,857	-	-	-	-	-	(349)	20,508
Animal Shelter Revenue	Checking*	5,015	-	-	-	-	-	(2,514)	2,501
CMIA	Checking*	-	4,405,467	-	-	-	-	225,777	4,631,244
Special Street	Checking*	-	146,006	-	-	-	-	(143,972)	2,034
NM Law Enforcement	Checking*	-	9,943	-	-	-	-	(476)	9,467
Lodgers' Tax	Checking*	-	-	665,334	-	-	-	(34,462)	630,872
Money Market Investment Account	Money Market*	-	-	4,532,352	-	-	-	-	4,532,352
Policy Deposit	Deposit	-	-	-	72,958	-	-	-	72,958
Petty Cash	Petty Cash	-	-	-	-	-	7,880	-	7,880
Subtotal cash and cash equivalents		<u>10,165,924</u>	<u>4,561,416</u>	<u>5,197,686</u>	<u>72,958</u>	<u>-</u>	<u>7,880</u>	<u>(667,927)</u>	<u>19,337,937</u>
Investments									
Certificates of deposit	CD maturity>90days	-	6,044,284	-	-	-	-	-	6,044,284
State of New Mexico	LGIP Fund (POOL-4101)	-	-	-	-	16,891,024	-	-	16,891,024
Subtotal investments		<u>-</u>	<u>6,044,284</u>	<u>-</u>	<u>-</u>	<u>16,891,024</u>	<u>-</u>	<u>-</u>	<u>22,935,308</u>

Reconciled balance \$ 42,273,245

Shown in the accompanying financial statements as:
Cash and investments - Statement of Net Position 41,995,713
Restricted cash and investments - Statement of Net Position 201,189
Cash and Investments - Statement of Fiduciary Assets and Liabilities 76,343
\$ 42,273,245

*denotes interest bearing account

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CASH AND INVESTMENTS BY BANK ACCOUNT (CONTINUED)
As of June 30, 2018

Account Name	New Mexico Bank and Trust	Citizen's Bank of Clovis	Western Bank of Clovis	NM Self-Insurer's Fund	Total
Total amount of deposit in bank	\$ 10,165,924	4,561,416	5,197,686	72,958	\$ 19,997,984
FDIC coverage	(250,000)	(250,000)	(250,000)	-	(750,000)
Total uninsured public funds	9,915,924	4,311,416	4,947,686	72,958	19,247,984
50% of Collateral Requirement (Section 6-10-17 NMSA 1978)	4,957,962	2,155,708	2,473,843	36,479	9,623,992
Pledged collateral:					
Suntrust 4.00% - 400424KD8 Due 11/1/26	879,240	-	-	-	879,240
Suntrust 5.00% - 488764XD8 Due 2/1/33	1,117,390	-	-	-	1,117,390
Suntrust 4.50% - 508642FH3 Due 1/1/31	883,686	-	-	-	883,686
Suntrust 4.50% - 512714DR4 Due 12/1/30	1,095,287	-	-	-	1,095,287
Suntrust 5.00% - 67919PEE9 Due 4/1/29	769,515	-	-	-	769,515
Suntrust 5.00% - 67919PRF6 Due 4/1/30	769,515	-	-	-	769,515
Suntrust 4.00% - 16415TAU5 Due 8/1/31	62,897	-	-	-	62,897
Suntrust 5.00% - 455057WF2 Due 2/1/28	1,835,658	-	-	-	1,835,658
Suntrust 4.00% - 743482BU4 Due 12/15/23	392,354	-	-	-	392,354
Suntrust 4.00% - 57563RPA1 Due 7/1/23	2,230,400	-	-	-	2,230,400
Government guaranteed loan #8053601401	111,849	-	-	-	111,849
GNR 2012-143BD 1.50% - 38378GVR6 Due 12/16/27	-	817,718	-	-	817,718
GNR 2012-106QC 1.250% - 38378HKUP Due 7/20/42	-	408,668	-	-	408,668
GNR 2015-100PJ 2.00% - 37379NQ54 Due 7/20/45	-	633,485	-	-	633,485
SBIC 2012-10B1 2.245% - 83164EX9 Due 9/20/22	-	1,961,764	-	-	1,961,764
SBAP 2012-2011 2.20% - 83162CVA8 Due 9/1/32	-	992,435	-	-	992,435
SBA Pool #509619 1.50% - 83164LVL2 Due 12/25/32	-	1,907,634	-	-	1,907,634
78309 3.00% - 313625AJ4 Due 9/20/20	-	-	262	-	262
8871 2.50% - 36202K2CB Due 8/15/20	-	-	20,388	-	20,388
1393000056 3.00% - 312MMQ48 Due 2/15/27	-	-	540,116	-	540,116
1393000066 3.00% - 3128MJZM5 Due 2/15/27	-	-	908,358	-	908,358
1393000067 2.50% - 3138WJM96 Due 2/15/27	-	-	906,228	-	906,228
1393000029 3.50% - 31412QHM4 Due 4/20/38	-	-	454,124	-	454,124
2562000141 - 83162CUG6	-	-	242,114	-	242,114
FN MA3283 - 31418CUH5	-	-	489,901	-	489,901
SBAP 2016-200 2.00% 83162CXS7 Due 9/1/20	-	-	1,252,669	-	1,252,669
See NMSIF audited financials	-	-	-	72,958	72,958
Total collateral	10,147,791	6,721,704	4,814,160	72,958	21,756,613
Amount over/(under) collateralized	\$ 5,189,829	4,565,996	2,340,317	36,479	\$ 12,132,621

Safekeeper of the above securities is The Independent Bankers, Dallas Texas and Texas Independent Bank, Dallas, Texas

The Notes to the Financial Statements are an integral part of this statement.

ADDITIONAL INFORMATION



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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Mr. Wayne Johnson, New Mexico State Auditor and
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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 17, 2018.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2013-001 and 2018-001.

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 Responses to 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.

Ricci & Company LLC

Albuquerque, New Mexico
December 17, 2018



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**Report on Compliance for Each Major Program
And on Internal Control Over Compliance Required by
The Uniform Guidance**

Independent Auditor's Report

Mr. Wayne Johnson, New Mexico State Auditor and
The City Manager and City Commission
The 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, 2018. The City's major federal programs are identified in the summary of the 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 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 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 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, 2018.

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.

Ricci & Company LLC

Albuquerque, New Mexico
December 17, 2018

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

<u>Type of Auditor's report issued:</u>	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	Yes
Significant deficiencies reported not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
a. Material weaknesses reported?	No
b. Significant deficiencies reported not considered to be material weaknesses?	No
c. Known questioned costs greater than \$25,000 for a compliance requirement for a major program?	No
d. Known questioned costs greater than \$25,000 for which Is not audited as a major program?	No
e. Known or likely fraud?	No
f. Significant instances of abuse relating to major programs?	No
g. Circumstances causing the auditor's report on compliance For each major program to be modified, unless otherwise Reported as audit findings?	No
h. Instances where results of audit follow-up procedures disclosed that the summary schedule of prior year audit findings prepared by the auditee materially misrepresents the status of any prior audit finding?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major programs:	
<u>CFDA Numbers</u> <u>Name of Federal Program or Cluster</u>	
20.205 Highway Planning & Construction	
20.507 Urban Mass Transportation	
Dollar threshold used to distinguish Between type A and type B programs:	\$750,000
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, 2018**

<u>Prior Year Findings</u>	<u>Status of Current and Prior Year Findings</u>	<u>Type of Findings*</u>
2013-001 [13-01] Financial Close and Material Adjustments	Modified	A
Current Year Findings		
2018-001 [18-01] Capital Assets Accounting Deficiencies	New	A

* Legend of 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 – 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). Historically the City has relied on the auditors to make that transition for them and to assist with other functions. This reliance on the auditors over several audit cycles has resulted in the City to become over reliant on this process and thus the City has not made internal adjustments to their internal controls to take over this process. In addition, the lack of understanding and recording of prior audit adjustments to the records has resulted in transactions not being properly recorded over multiple periods.

The City has not made significant progress in this area since the prior period.

Those areas include construction in progress, unearned revenue, state grant revenue, accounts receivable and revenue and the fund balance reconciliations. Below are the approximate dollar amounts of proposed audit adjustments:

- Capital Assets (governmental) – \$1,510,000
- Accumulated depreciation (governmental) -\$3,060,000
- Capital assets (business-type) - \$5,700,000
- Accumulated depreciation (business-type) - \$11,560,000
- Accounts Receivable and Revenue - \$3,950,000

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

2013-001 – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS – MODIFIED (Continued)

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. Also, the City should understand and post all audit adjustments. 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 convert the books into the modified-accrual basis, as well as reconcile all balance sheet accounts to the underlying records. This information would then be used in the audit documentation to be provided to the auditors during the annual audit for further testing.

In addition, during the transition period of implementing the recommendations, we recommend that the City obtain assistance for these matters from an outside consultant or CPA firm who has the accounting expertise to help resolve the accounting issues noted herein.

Management Response

The Finance Director continues to identify and prepare a large portion of the necessary adjusting entries. "Understanding and Preparing Financial Statements" was a topic discussed during our recent NMGFOA conference with a request to expand the topic and offer a two day class to assist Finance staff. The Finance Director will watch for training opportunities and attend when feasible. City Manager and Finance Director are not opposed to seeking outside assistance during this transition period.

Progress on correction plan

The Finance Director will work with the auditors to ensure all necessary adjustments are understood and entered in financials. The City of Clovis completed the purchase of a new software system. Tyler "Munis" software is now in the implementation stages.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

2013-001 – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS – MODIFIED (Continued)

Corrective Action Plan Timeline

Timeline has been established to convert payroll at the beginning of the 2nd quarter, budget preparations for the 2020 fiscal year will be prepared on the “Munis” system and financials will be implemented to begin July 1, 2019 for the 2020 fiscal year.

Designation of Employee Position Responsible for Meeting Deadline

Finance Director

CURRENT YEAR FINDINGS

2018-001 – CAPITAL ASSETS ACCOUNTING DEFICIENCIES – NEW

Type of Finding: A

Statement of Condition

The City’s internal accounting system does not appear to properly track and identify capital assets accurately. This has resulted in the need for prior period adjustments to capital assets, including \$1.7 million to record capital assets from the 2016 and 2017 audits. These were recorded as expenditures during those audits, instead of capital assets. Capital assets are large and material amounts on the City’s financial statements. In addition, the capital assets in the City’s internal accounting system were found to have multiple discrepancies and errors. Also, for the year end audit schedules, multiple versions of schedules needed to be obtained before they were correct and in an auditable condition.

Criteria

The City’s internal accounting system should identify all capital assets and they should be properly accounted for in a timely manner.

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 for capital assets 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 are not effective in identifying and accounting for capital assets. This has resulted in material misstatement of the City’s financial statements that they not been identified/corrected by the auditor.

Recommendation

We recommend that the City make the necessary changes to improve the identification and accounting for capital assets in a timely manner. These changes should include obtaining an outside consultant or CPA firm to assist in these matters.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

2018-001 – CAPITAL ASSETS ACCOUNTING DEFICIENCIES – NEW

Management Response

The Finance Department is aware of the limitations of the Capital Asset Tracking program, especially related to multi-year projects that are scheduled in the Construction in Progress worksheet. The requirement to download files and work in two years/two spreadsheets is challenging and one of the driving forces of the purchase and implementation of the new software system. City Manager and Finance Director are not opposed to seeking outside assistance during this transition period.

Progress on correction plan

The purchase of the Tyler “Munis” software has been completed and implementation has started. The new software provides for project tracking which Finance and Administration believe will alleviate the discrepancies. The Finance Director will be attending a conference specific to the software in the spring 2019 to gain additional knowledge.

Corrective Action Plan Timeline

Implementation of the financial system should be complete early spring 2019 with the City of Clovis fully functioning on the “Munis” software for the 2020 fiscal year.

Designation of Employee Position Responsible for Meeting Deadline

Finance Director

**STATE OF NEW MEXICO
CITY OF CLOVIS
EXIT CONFERENCE
For the Year Ended June 30, 2018**

EXIT CONFERENCE

An exit conference was held on December 14, 2018, to discuss the annual financial report. Attending were the following:

Representing the City of Clovis, New Mexico:

Fidel Madrid, Commissioner
Justin Howalt, City Manager
LeighAnn Melancon, Finance Director

Representing the Independent Auditor:

Dock Livingston, CPA, Audit Manager

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor. It would be preferred and desirable for the City to prepare its own financial statements and footnotes; although the City is capable, with guidance, of preparing, reviewing and approving the financial statements and footnotes, it is felt that the City's personnel do not have the time to prepare them.