

**STATE OF NEW MEXICO
CITY OF CLOVIS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019



INTRODUCTORY SECTION

**STATE OF NEW MEXICO
CITY OF CLOVIS
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	Page
INTRODUCTORY SECTION	
Table of contents	i-ii
Official roster	iii
FINANCIAL SECTION	
Independent auditors' report	1-3
Basic financial statements	
Government-wide financial statements:	
Statement of net position	4
Statement of activities	5
Fund financial statements:	
Balance sheet – Governmental funds	6
Reconciliation of the governmental fund balance to the statement of net position	7
Statement of revenues, expenditures, and changes in fund balances – Governmental funds	8
Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of activities	9
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – General fund	10
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – Environmental tax fund	11
Statement of net position – Proprietary funds	12
Statement of revenues, expenditures, and changes in net position – Proprietary funds	13
Statement of cash flows – Proprietary funds	14
Statement of fiduciary assets and liabilities - Agency funds	15
Notes to the financial statements	16-62
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of proportionate share of the net pension liability of PERA fund division municipal general Public employees retirement association (PERA) plan	63
Schedule of proportionate share of the net pension liability of PERA fund division municipal police Public employees retirement association (PERA) plan	64
Schedule of proportionate share of the net pension liability of PERA fund division municipal fire Public employees retirement association (PERA) plan	65
Schedule of Contributions Public employees retirement association (PERA) plan PERA municipal general division	66

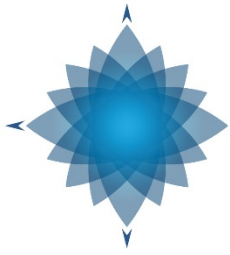
**STATE OF NEW MEXICO
CITY OF CLOVIS
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	Page
Schedule of Contributions	
Public employees retirement association (PERA) plan	
PERA municipal police division	67
Schedule of Contributions	
Public employees retirement association (PERA) plan	
PERA municipal fire division	68
Notes to Required Supplementary Information	69
Schedule of proportionate share of the net OPEB liability of	
Retiree Healthcare Authority	
Retiree health care act (RHCA) plan	70
Schedule of Contributions	
Retiree Healthcare Authority	
Retiree health care act (RHCA) plan	71
Notes to Required Supplementary Information	72
 SUPPLEMENTAL INFORMATION	
Combining and individual fund statements and schedules:	
Nonmajor governmental fund descriptions	73-75
Combining balance sheet – non-major governmental funds	76
Combining statement of revenues, expenditures, and changes	
in fund balance – non-major governmental funds	77
Combining balance sheets – Nonmajor funds	78-84
Combining statements of revenues, expenditures and	
changes in fund balance – Nonmajor funds	85-91
Internal service fund descriptions	92
Combining balance sheets – Internal service funds	93
Combining statements of revenues, expenditures and	
changes in net position – Internal service funds	94
Combining statement of cash flows – Internal service funds	95
Schedule of changes in fiduciary assets and liabilities - Agency funds	96
 OTHER SUPPLEMENTAL INFORMATION	
Schedule of expenditures of federal awards	97
Schedule of fund balances	98
Schedule of depositories	99
Schedule of pledged collateral by depository	100
 COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of	
Financial Statements Performed in Accordance with	
<i>Government Auditing Standards</i>	101-102
 FEDERAL FINANCIAL ASSISTANCE	
Independent Auditor's Report on Compliance for Each Major	
Program and on Internal Control Over Compliance Required	
on Internal Control Over Compliance Required by the	
Uniform Guidance	103-105
Schedule of Findings and Questioned Costs	106-110
 OTHER DISCLOSURES	 111

**STATE OF NEW MEXICO
CITY OF CLOVIS
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Elected Officials</u>	<u>Title</u>
David Lansford	Mayor
Juan F. Garza	Mayor Pro Tem/Commissioner, District 1
Ladona Clayton	Commissioner, District 1
Gary Elliott	Commissioner, District 2
Sandra Taylor-Sawyer	Commissioner, District 2
Helen Casaus	Commissioner, District 3
Fidel Madrid	Commissioner, District 3
Chris Bryant	Commissioner, District 4
Rube Render	Commissioner, District 4
<u>Administrative Officials</u>	<u>Title</u>
Justin A Howalt, P.E.	City Manager
Claire Burroughes	Assistant City Manager
LeighAnn Melancon	Finance Director

FINANCIAL SECTION



Independent Auditor's Report

Brian S Colón
New Mexico State Auditor
Mayor and City Commission
City of Clovis
Clovis, New Mexico

To the Mayor and City Commission

Report of the 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, New Mexico, as of and for the year-ended June 30, 2019, 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above 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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of proportionate share of the net pension liability, the schedule of contributions, the Schedule of proportionate share of the net OPEB liability, the schedule of contributions, and notes to the Required Supplementary Information on pages 63-72 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 evidence sufficient to express an opinion or provide any assurance.

Management has omitted the Management Discussion and 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 City's financial statements, and the combining and individual fund financial statements, the schedule of changes in assets and liabilities – agency funds. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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 required by 2.2.2 NMAC are also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other schedules 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other schedules 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 13, 2019 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 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 City's internal control over financial reporting and compliance.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

December 13, 2019

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF NET POSITION
As of June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 16,722,725	4,989,385	21,712,110
Investments	19,011,129	1,280,134	20,291,263
Receivables			
Accounts receivable	920,360	1,564,368	2,484,728
Taxes receivable	5,463,199	121,366	5,584,565
Due from other funds	295,380	-	295,380
Due from other governments	67,568	207,294	274,862
Prepaid expenses	463,190	65,707	528,897
Inventories	193,043	131,991	325,034
Total current assets	<u>43,136,594</u>	<u>8,360,245</u>	<u>51,496,839</u>
Non-current assets:			
Notes receivable, noncurrent portion	229,050	137,392	366,442
Capital assets	142,787,734	117,389,220	260,176,954
Less: Accumulated depreciation	<u>(74,570,570)</u>	<u>(55,339,240)</u>	<u>(129,909,810)</u>
Total non-current assets	<u>68,446,214</u>	<u>62,187,372</u>	<u>130,633,586</u>
Total assets	<u>111,582,808</u>	<u>70,547,617</u>	<u>182,130,425</u>
Deferred Outflows of Resources:			
Employer contributions subsequent to the measure	937,213	59,316	996,529
Actuarial experience	424,248	15,694	439,942
Investment experience	759,074	40,274	799,348
Change in assumptions	1,199,522	49,233	1,248,755
Change in proportion	778,559	74,177	852,736
Total deferred outflows of resources	<u>4,098,616</u>	<u>238,694</u>	<u>4,337,310</u>
Total assets and deferred outflows of resources	<u>\$ 115,681,424</u>	<u>70,786,311</u>	<u>186,467,735</u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 336,718	840,465	1,177,183
Accrued payroll liabilities	623,319	91,830	715,149
Accrued interest	27,136	34,202	61,338
Due to other fund	-	295,380	295,380
Customer deposits	111,883	-	111,883
Current portion of compensated absences	986,425	130,389	1,116,814
Current portion of long-term debt	<u>1,668,000</u>	<u>1,537,979</u>	<u>3,205,979</u>
Total current liabilities	3,753,481	2,930,245	6,683,726
Non-current liabilities			
Landfill closure	-	6,059,255	6,059,255
Long-term debt	10,891,444	14,008,885	24,900,329
Bond premium, net of amortization	115,149	6,800	121,949
Compensated absences	246,606	32,598	279,204
Net pension liability	15,015,011	543,026	15,558,037
Net OPEB liability	<u>11,944,976</u>	<u>1,635,371</u>	<u>13,580,347</u>
Total non-current liabilities	<u>38,213,186</u>	<u>22,285,935</u>	<u>60,499,121</u>
Total liabilities	41,966,667	25,216,180	67,182,847
Deferred inflows of resources:			
Actuarial experience	1,849,719	111,081	1,960,800
Investment experience	149,069	20,409	169,478
Change in assumptions	2,300,563	308,437	2,609,000
Change in proportion	129,038	5,600	134,638
Unearned revenues	<u>100,000</u>	<u>258,758</u>	<u>358,758</u>
Total deferred inflows of resources	4,528,389	704,285	5,232,674
Net position			
Net Investment in Capital Assets	55,657,720	46,503,116	102,160,836
Unrestricted Net Position	<u>13,528,648</u>	<u>(1,637,270)</u>	<u>11,891,378</u>
Total net position	<u>69,186,368</u>	<u>44,865,846</u>	<u>114,052,214</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 115,681,424</u>	<u>70,786,311</u>	<u>186,467,735</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 14,200,215	1,510,507	1,720,464	-	(10,969,244)	-	(10,969,244)
Public safety	16,143,136	-	724,610	-	(15,418,526)	-	(15,418,526)
Public works	8,517,641	-	-	-	(8,517,641)	-	(8,517,641)
Culture and recreation	4,787,648	-	-	-	(4,787,648)	-	(4,787,648)
Health and welfare	380,093	21,611	-	-	(358,482)	-	(358,482)
Interest expense	512,215	-	-	-	(512,215)	-	(512,215)
Total governmental activities	<u>44,540,948</u>	<u>1,532,118</u>	<u>2,445,074</u>	<u>-</u>	<u>(40,563,756)</u>	<u>-</u>	<u>(40,563,756)</u>
Business-type activities:							
Solid waste	5,691,493	5,486,066	-	-	-	(205,427)	(205,427)
Wastewater	4,491,686	3,177,439	-	1,355,595	-	41,348	41,348
Airport	1,794,460	-	-	3,710,513	-	1,916,053	1,916,053
Golf course	435,884	82,086	-	-	-	(353,798)	(353,798)
Total business-type activities	<u>12,413,523</u>	<u>8,745,591</u>	<u>-</u>	<u>5,066,108</u>	<u>-</u>	<u>1,398,176</u>	<u>1,398,176</u>
Total primary government	<u>56,954,471</u>	<u>10,277,709</u>	<u>2,445,074</u>	<u>5,066,108</u>	<u>(40,563,756)</u>	<u>1,398,176</u>	<u>(39,165,580)</u>
General revenues:							
Taxes							
Property taxes levied for general purposes					\$ 2,183,075	-	2,183,075
Gross receipts taxes					27,572,143	-	27,572,143
Other taxes and fees					2,500,114	-	2,500,114
Licenses and permits					381,410	-	381,410
Fines, forfeitures, and penalties					244,119	-	244,119
Interest income					667,789	376,954	1,044,743
Payment in lieu of taxes					-	-	-
Miscellaneous income					2,638,692	1,278,150	3,916,842
Gain/(loss) on disposal of capital assets					(53,395)	(5,720)	(59,115)
Transfers					(643,278)	643,278	-
Total general revenue and transfers					<u>35,490,669</u>	<u>2,292,662</u>	<u>37,783,331</u>
Changes in net position					(5,073,087)	3,690,838	(1,382,249)
Beginning net position					74,991,537	41,010,836	116,002,373
Restatement					(732,082)	164,172	(567,910)
Beginning net position, as restated					<u>74,259,455</u>	<u>41,175,008</u>	<u>115,434,463</u>
Net position, end of year					<u>\$ 69,186,368</u>	<u>44,865,846</u>	<u>114,052,214</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2019**

	Major Funds			Total Non- Major Funds	Total Funds
	General Fund	Spec Revenue	Cap Project		
		Environmental Tax	2018 Street Bonds		
Funds 01, 18, 79	Fund 06	Fund 25			
Assets and deferred inflows of resources:					
Assets:					
Cash and cash equivalents	\$ 5,452,354	3,556,558	2,608,670	5,030,754	16,648,336
Restricted cash and cash equivalents					-
Investments	297,317	3,481,741	318,060	11,669,371	15,766,489
Receivables					
Accounts receivable	909,961	-	-	10,399	920,360
Other taxes receivable	3,294,259	89,411	-	2,079,529	5,463,199
Other receivables	-	-	-	229,050	229,050
Due from other funds	509,036	-	-	612	509,648
Due from other governments	55	-	-	67,513	67,568
Prepaid expenses	416,279	-	-	46,912	463,191
Inventories	5,482	-	-	187,561	193,043
Other assets	-	-	-	-	-
Total assets	<u>10,884,743</u>	<u>7,127,710</u>	<u>2,926,730</u>	<u>19,321,701</u>	<u>40,260,884</u>
Deferred Outflows of Resources:					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 10,884,743</u>	<u>7,127,710</u>	<u>2,926,730</u>	<u>19,321,701</u>	<u>40,260,884</u>
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	\$ 240,394	-	-	96,325	336,719
Accrued payroll liabilities	533,346	-	-	83,711	617,057
Due to other fund	5,539	-	-	486,472	492,011
Other liabilities	111,883	-	-	-	111,883
Total liabilities	<u>891,162</u>	<u>-</u>	<u>-</u>	<u>666,508</u>	<u>1,557,670</u>
Deferred Inflows of Resources:					
"Unavailable" revenues	96,024	-	-	100,000	196,024
Total deferred inflows of resources	<u>96,024</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>196,024</u>
Fund balances:					
Nonspendable	421,761	-	-	234,473	656,234
Restricted	1,811,556	7,127,710	2,926,730	9,051,586	20,917,582
Committed	-	-	-	6,925,831	6,925,831
Assigned	-	-	-	2,794,323	2,794,323
Unassigned	7,664,240	-	-	(451,020)	7,213,220
Total fund balances	<u>9,897,557</u>	<u>7,127,710</u>	<u>2,926,730</u>	<u>18,555,193</u>	<u>38,507,190</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 10,884,743</u>	<u>7,127,710</u>	<u>2,926,730</u>	<u>19,321,701</u>	<u>40,260,884</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of June 30, 2019**

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

Total fund balance - Governmental funds	\$	38,507,190
---	----	------------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		68,217,164
---	--	------------

Delinquent property tax not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements, but are considered revenue in the statement of activities.		96,024
--	--	--------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:

Deferred outflows of resources related to:		
Employer contributions subsequent to the measurement date		937,213
Actuarial experience		424,248
Investment experience		759,074
Change in assumptions		1,199,522
Change in proportion		778,559
Deferred inflows of resources related to:		
Actuarial experience		(1,849,719)
Investment experience		(149,069)
Change in assumptions		(2,300,563)
Change in proportion		(129,038)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:

Net pension liability	\$	(15,015,011)	
Net OPEB liability		(11,944,976)	
Bond premium, net of amortization		(115,149)	
Accrued interest payable		(27,136)	
Current compensated absences		(983,914)	
Noncurrent compensated absences		(245,978)	
Current notes payable		(1,668,000)	
Noncurrent notes payable	\$	<u>(10,891,444)</u>	(40,891,608)

Internal service funds are used to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal services funds are included in governmental activities in the statement of net position.		3,587,372
--	--	-----------

Rounding		<u>(1)</u>
----------	--	------------

Net position for governmental activities	\$	<u><u>69,186,368</u></u>
--	----	--------------------------

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

STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Major Funds			Total Non-Major Funds	Total Funds
	General Fund	Spec Revenue	Cap Project		
	Funds 01, 18, 79	Environmental Tax	2018 Street Bonds		
	Fund 06	Fund 25			
Revenues:					
Taxes					
Property	\$ 2,138,009	-	-	-	2,138,009
Gross receipts/State shared	16,079,249	504,515	-	10,988,381	27,572,145
Other	1,044,089	-	-	1,456,025	2,500,114
Licenses and permits	375,722	-	-	5,688	381,410
Charges for services	1,355,740	-	-	176,378	1,532,118
Fines and forfeitures	91,214	-	-	152,905	244,119
Intergovernmental revenue					
Federal grants	(28,035)	-	-	1,204,181	1,176,146
State grants	(69,612)	-	-	1,338,539	1,268,927
Other grants	-	-	-	-	-
Interest income	125,831	64,675	88,160	304,986	583,652
Miscellaneous income	626,464	-	9,181	1,388,512	2,024,157
Total revenues	<u>21,738,671</u>	<u>569,190</u>	<u>97,341</u>	<u>17,015,595</u>	<u>39,420,797</u>
Expenditures:					
Current:					
General government	5,220,151	-	-	407,723	5,627,874
Public safety	15,026,519	-	-	1,116,616	16,143,135
Public works	609,719	16,444	90,884	7,800,593	8,517,640
Culture and recreation	2,642,735	-	-	2,149,817	4,792,552
Health and welfare	40,732	-	-	339,360	380,092
Capital outlay	477,011	-	2,556,460	1,775,762	4,809,233
Debt service					
Principal	-	-	-	1,649,000	1,649,000
Interest	-	-	-	485,079	485,079
Total expenditures	<u>24,016,867</u>	<u>16,444</u>	<u>2,647,344</u>	<u>15,723,950</u>	<u>42,404,605</u>
Excess (deficiency) of revenues over (under) expenditures	(2,278,196)	552,746	(2,550,003)	1,291,645	(2,983,808)
Other financing sources (uses):					
Proceeds from debt issuance	-	-	4,592,444	-	4,592,444
Transfers in	3,306,778	-	884,289	5,487,604	9,678,671
Transfers out	(2,527,814)	-	-	(7,603,639)	(10,131,453)
Total other financing sources (uses):	<u>778,964</u>	<u>-</u>	<u>5,476,733</u>	<u>(2,116,035)</u>	<u>4,139,662</u>
Net change in fund balances	(1,499,232)	552,746	2,926,730	(824,390)	1,155,854
Beginning fund balance	10,803,775	6,574,964	-	19,379,583	36,758,322
Restatement	593,014	-	-	-	593,014
Beginning fund balance, as restated	<u>11,396,789</u>	<u>6,574,964</u>	<u>-</u>	<u>19,379,583</u>	<u>37,351,336</u>
Ending fund balance	<u>\$ 9,897,557</u>	<u>7,127,710</u>	<u>2,926,730</u>	<u>18,555,193</u>	<u>38,507,190</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
As of June 30, 2019**

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

Total net change in fund balances-governmental funds	\$	1,155,854
--	----	-----------

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimates useful lives and reported as depreciation expense.

Capital expenditures recorded as capital outlay or other expenses		3,097,232
---	--	-----------

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.		(5,182,368)
--	--	-------------

In the statement of activities, a gain/loss is recorded for assets that are removed from service that are not fully depreciated. Thus the change in net position differs from the change in fund balance by the amount of the gain/loss recorded for deleted capital assets.		(53,395)
--	--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred inflows of resources related to property taxes receivable		45,066
--	--	--------

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.

(Increase)/decrease in accrued interest		(27,136)
(Increase)/decrease in compensated absences		(368,318)
Amortization of bond premiums		11,328
Issuance of long-term debt		(4,592,444)
Principal payments on long-term debt		1,649,000

Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Employer contributions subsequent to the measurement date		937,213
Pension expense		(1,574,303)
OPEB expense		(61,103)

Internal services 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.		<u>(109,713)</u>
--	--	------------------

Change in net position of governmental activities	\$	<u><u>(5,073,087)</u></u>
---	----	---------------------------

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property	\$ 2,120,484	2,120,484	2,130,615	10,131
Gross receipts	15,032,500	15,211,248	15,860,838	649,590
Other	1,016,191	1,016,191	1,064,976	48,785
Licenses and permits	278,000	278,000	375,722	97,722
Charges for services	2,967,000	2,967,000	1,818,852	(1,148,148)
Fines and forfeitures	115,000	115,000	91,214	(23,786)
Intergovernmental revenue				
Federal grants	-	-	-	-
State grants	69,457	-	-	-
Other grants	-	-	-	-
Interest income	24,000	24,000	125,831	101,831
Miscellaneous income	161,500	628,656	468,430	(160,226)
Total revenues	<u>21,784,132</u>	<u>22,360,579</u>	<u>21,936,478</u>	<u>(424,101)</u>
Expenditures:				
Current:				
General government	4,864,823	6,380,395	5,011,360	1,369,035
Public safety	15,969,174	16,491,382	15,091,083	1,400,299
Public works	734,270	738,553	646,443	92,110
Culture and recreation	2,570,878	2,790,721	2,639,516	151,205
Health and welfare	97,159	98,015	41,860	56,155
Capital outlay	1,049,284	490,770	477,011	13,759
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>25,285,588</u>	<u>26,989,836</u>	<u>23,907,273</u>	<u>3,082,563</u>
Excess (deficiency) of revenues over (under) expenditures	(3,501,456)	(4,629,257)	(1,970,795)	(3,506,664)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	1,055,334	785,473	778,963	(6,510)
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>1,055,334</u>	<u>785,473</u>	<u>778,963</u>	<u>(6,510)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(2,446,122)	(3,843,784)	(1,191,832)	<u>(3,513,174)</u>
Budgeted cash carryover	<u>2,446,122</u>	<u>3,843,784</u>	<u>1,191,832</u>	
Net change in fund balance	\$ <u>-</u>	<u>-</u>	<u>-</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (1,191,832)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(197,805)	
Adjustments to expenditures for accrued wages and expenditures			<u>(109,598)</u>	
Net change in fund balance (GAAP)			<u>\$ (1,499,235)</u>	

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

STATE OF NEW MEXICO
CITY OF CLOVIS
ENVIRONMENTAL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Gross receipts	\$ 470,000	486,409	497,846	11,437
Interest income	6,500	6,500	64,675	58,175
Total revenues	<u>476,500</u>	<u>492,909</u>	<u>562,521</u>	<u>69,612</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	16,409	16,226	183
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>16,409</u>	<u>16,226</u>	<u>183</u>
Excess (deficiency) of revenues over (under) expenditures	476,500	476,500	546,295	69,429
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	476,500	476,500	546,295	<u>69,429</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balance	<u>\$ 476,500</u>	<u>476,500</u>	<u>546,295</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 546,295	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			6,668	
Adjustments to expenditures for accrued wages and expenditures			(217)	
Net change in fund balance (GAAP)			<u>\$ 552,746</u>	

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

STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2019

	Business-Type Activities Enterprise Funds					Governmental Activities
	Major Funds					Internal Service Funds
	Solid Waste Fund 02	Wastewater Fund 10	Airport Fund 12	Golf Course Fund 19	Total	
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ 1,619,918	3,296,870	100	72,497	4,989,385	74,389
Investments	3,723	1,184,219	-	92,192	1,280,134	3,244,641
Receivables						
Accounts receivable, net	1,003,461	560,321	586	-	1,564,368	-
Taxes receivable	-	121,366	-	-	121,366	-
Due from other funds	-	-	-	-	-	277,752
Due from other governments	-	13,280	194,014	-	207,294	-
Prepaid expenses	26,881	34,817	2,234	1,775	65,707	-
Inventories	12,780	119,211	-	-	131,991	-
Total current assets	<u>2,666,763</u>	<u>5,330,084</u>	<u>196,934</u>	<u>166,464</u>	<u>8,360,245</u>	<u>3,596,782</u>
Non-current assets:						
Notes receivable, noncurrent portion	-	137,392	-	-	137,392	-
Capital assets, net	<u>12,076,422</u>	<u>29,052,832</u>	<u>18,645,466</u>	<u>2,275,260</u>	<u>62,049,980</u>	<u>-</u>
Total non-current assets	<u>12,076,422</u>	<u>29,190,224</u>	<u>18,645,466</u>	<u>2,275,260</u>	<u>62,187,372</u>	<u>-</u>
Total assets	<u>14,743,185</u>	<u>34,520,308</u>	<u>18,842,400</u>	<u>2,441,724</u>	<u>70,547,617</u>	<u>3,596,782</u>
Deferred Outflows of Resources:						
Employer contributions subsequent to the measurement date	40,608	14,134	4,574	-	59,316	-
Actuarial experience	10,609	3,620	1,465	-	15,694	-
Investment experience	27,224	9,290	3,760	-	40,274	-
Change in assumptions	33,280	11,356	4,597	-	49,233	-
Change in proportion	50,766	17,660	5,751	-	74,177	-
Total deferred outflows of resources	<u>162,487</u>	<u>56,060</u>	<u>20,147</u>	<u>-</u>	<u>238,694</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 14,905,672</u>	<u>34,576,368</u>	<u>18,862,547</u>	<u>2,441,724</u>	<u>70,786,311</u>	<u>3,596,782</u>
Liabilities, deferred inflows of resources and net position:						
Liabilities:						
Accounts payable	\$ 1,434	25,374	809,516	4,141	840,465	-
Accrued payroll liabilities	61,230	25,302	5,298	-	91,830	6,262
Accrued interest	4,920	21,544	-	7,738	34,202	-
Due to other fund	-	-	295,380	-	295,380	9
Current portion of compensated absences	108,323	19,722	2,344	-	130,389	2,511
Current portion of long-term debt	485,648	923,331	-	129,000	1,537,979	-
Total current liabilities	<u>661,555</u>	<u>1,015,273</u>	<u>1,112,538</u>	<u>140,879</u>	<u>2,930,245</u>	<u>8,782</u>
Non-current liabilities						
Landfill closure	6,059,255	-	-	-	6,059,255	-
Long-term debt	2,044,117	10,111,768	-	1,853,000	14,008,885	-
Bond premium, net of amortization	-	6,800	-	-	6,800	-
Compensated absences	27,081	4,931	586	-	32,598	628
Net pension liability	367,067	125,257	50,702	-	543,026	-
Net OPEB liability	1,129,301	398,232	107,838	-	1,635,371	-
Total non-current liabilities	<u>9,626,821</u>	<u>10,646,988</u>	<u>159,126</u>	<u>1,853,000</u>	<u>22,285,935</u>	<u>628</u>
Total liabilities	<u>10,288,376</u>	<u>11,662,261</u>	<u>1,271,664</u>	<u>1,993,879</u>	<u>25,216,180</u>	<u>9,410</u>
Deferred inflows of resources:						
Actuarial experience	76,499	26,866	7,716	-	111,081	-
Investment experience	14,093	4,970	1,346	-	20,409	-
Change in assumptions	212,946	75,068	20,423	-	308,437	-
Change in proportion	3,785	1,292	523	-	5,600	-
Unearned revenues	-	258,758	-	-	258,758	-
Total deferred inflows of resources	<u>307,323</u>	<u>366,954</u>	<u>30,008</u>	<u>-</u>	<u>704,285</u>	<u>-</u>
Net position						
Net Investment in Capital Assets	9,546,657	18,017,733	18,645,466	293,260	46,503,116	-
Unrestricted Net Position	<u>(5,236,684)</u>	<u>4,529,420</u>	<u>(1,084,591)</u>	<u>154,585</u>	<u>(1,637,270)</u>	<u>3,587,372</u>
Total net position	<u>4,309,973</u>	<u>22,547,153</u>	<u>17,560,875</u>	<u>447,845</u>	<u>44,865,846</u>	<u>3,587,372</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 14,905,672</u>	<u>34,576,368</u>	<u>18,862,547</u>	<u>2,441,724</u>	<u>70,786,311</u>	<u>3,596,782</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-Type Activities Enterprise Funds					Governmental Activities
	Major Funds					Internal Service Funds
	Solid Waste	Wastewater	Airport	Golf Course	Total	
	Fund 02	Fund 10	Fund 12	Fund 19		
Operating revenues:						
Charges for services	\$ 5,486,066	3,177,439	-	82,086	8,745,591	-
Federal grants - operating	-	-	-	-	-	-
State grants - operating	-	-	-	-	-	-
Total operating revenues	<u>5,486,066</u>	<u>3,177,439</u>	<u>-</u>	<u>82,086</u>	<u>8,745,591</u>	<u>-</u>
Operating expenses:						
Personnel services	1,958,283	820,854	220,622	-	2,999,759	92,321
Contractual services	1,690,999	1,483,901	300,638	352,132	3,827,670	516,069
General and administrative	1,059,122	474,185	641,632	78,941	2,253,880	52,267
Depreciation	983,946	1,441,892	631,568	5,489	3,062,895	925
Total operating expenses	<u>5,692,350</u>	<u>4,220,832</u>	<u>1,794,460</u>	<u>436,562</u>	<u>12,144,204</u>	<u>661,582</u>
Operating income (loss)	(206,284)	(1,043,393)	(1,794,460)	(354,476)	(3,398,613)	(661,582)
Non-operating revenues (expenses):						
Gain/(loss) on disposal of capital assets	-	(5,720)	-	-	(5,720)	-
Federal grants - capital	-	-	3,512,035	-	3,512,035	-
State grants - capital	-	1,355,595	198,478	-	1,554,073	-
Other grant revenues	-	-	-	-	-	-
Gross receipts and other taxes	-	-	-	-	-	-
Miscellaneous	44,017	210,848	942,076	82,745	1,279,686	614,532
Interest income	176,993	194,518	5,077	366	376,954	84,137
Interest expense	-	(270,855)	-	-	(270,855)	-
Total non-operating revenues (expenses)	<u>221,010</u>	<u>1,484,386</u>	<u>4,657,666</u>	<u>83,111</u>	<u>6,446,173</u>	<u>698,669</u>
Income (loss) before transfers	14,726	440,993	2,863,206	(271,365)	3,047,560	37,087
Other financing sources/(uses)						
Transfers in	479,605	341,850	75,832	725,278	1,622,565	10,000
Transfers out	(805,807)	(173,480)	-	-	(979,287)	(156,800)
Total other financing sources/(uses)	<u>(326,202)</u>	<u>168,370</u>	<u>75,832</u>	<u>725,278</u>	<u>643,278</u>	<u>(146,800)</u>
Change in net position	(311,476)	609,363	2,939,038	453,913	3,690,838	(109,713)
Net position, beginning of year	4,457,277	21,937,790	14,621,837	(6,068)	41,010,836	3,697,085
Restatement	164,172	-	-	-	164,172	-
Beginning net position, as restated	<u>4,621,449</u>	<u>21,937,790</u>	<u>14,621,837</u>	<u>(6,068)</u>	<u>41,175,008</u>	<u>3,697,085</u>
Net position, end of year	<u>\$ 4,309,973</u>	<u>22,547,153</u>	<u>17,560,875</u>	<u>447,845</u>	<u>44,865,846</u>	<u>3,587,372</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-Type Activities					Governmental
	Enterprise Funds					Activities
	Major Funds					Internal Service Funds
	Solid Waste Fund 02	Wastewater Fund 10	Airport Fund 12	Golf Course Fund 19	Total	
Cash flows from operating activities:						
Receipts from customers and users	\$ 5,612,738	3,283,106	(194,600)	87,075	8,788,319	-
Receipts from subsidy grants	-	-	-	-	-	-
Receipts from interfund services provided	-	-	-	-	-	-
Payments to suppliers	(2,751,586)	(2,026,797)	(89,566)	(431,832)	(5,299,781)	(604,723)
Payments to employees	(2,029,733)	(767,617)	(230,430)	-	(3,027,780)	(89,693)
Net cash provided (used) for operating activities	831,419	488,692	(514,596)	(344,757)	460,758	(694,416)
Cash flows from noncapital financing activities:						
Transfers from other funds	479,605	341,850	75,832	725,278	1,622,565	182,868
Transfers to other funds	(805,807)	(173,480)	-	-	(979,287)	(156,800)
Increase/(decrease) in interfund balances	(340,758)	(206,366)	226,141	(54,283)	(375,266)	-
Miscellaneous income	44,017	210,848	942,076	82,745	1,279,686	614,533
Net cash provided (used) for noncapital financing activities	(622,943)	172,852	1,244,049	753,740	1,547,698	640,601
Cash flows from capital and related financing activities:						
Intergovernmental receipts-capital	-	1,355,595	3,710,513	-	5,066,108	-
Acquisition and construction of capital assets	(396,398)	(1,915,603)	(4,836,497)	(181,000)	(7,329,498)	-
Principal paid on long-term debt	(479,605)	(899,197)	-	(125,000)	(1,503,802)	-
Interest paid on long-term debt	(858)	(274,061)	-	(678)	(275,597)	-
Long-term debt proceeds	-	89,513	-	-	89,513	-
Net cash provided (used) for capital and related financing activities	(876,861)	(1,643,753)	(1,125,984)	(306,678)	(3,953,276)	-
Cash flows from investing activities:						
Proceeds from sale and maturities of investments	675	352,293	200,768	-	553,736	153,644
Purchase of investments	-	-	-	(84,457)	(84,457)	(537,124)
Interest and dividends	176,993	194,518	5,077	366	376,954	84,137
Net cash provided (used) for investing activities	177,668	546,811	205,845	(84,091)	846,233	(299,343)
Net increase (decrease) in cash and cash equivalents	(490,717)	(435,398)	(190,686)	18,214	(1,098,587)	(353,158)
Cash and cash equivalents – beginning of year	2,110,635	3,732,268	190,786	54,283	6,087,972	427,547
Cash and cash equivalents – end of year	\$ 1,619,918	3,296,870	100	72,497	4,989,385	74,389
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (206,284)	(1,043,393)	(1,794,460)	(354,476)	(3,398,613)	(661,582)
Adjustments						
Depreciation and amortization	983,946	1,441,892	631,568	5,489	3,062,895	925
Pension expense	6,581	81,581	2,569	-	90,731	-
OPEB expense	(4,586)	(2,373)	1,345	-	(5,614)	-
Deferred outflows - contributions subsequent to measurement date	(40,608)	(14,134)	(4,574)	-	(59,316)	-
Bad debt expense	605,704	629,667	-	-	1,235,371	-
Changes in assets and liabilities:						
Receivables	(479,032)	(523,382)	(194,600)	4,989	(1,192,025)	-
Prepaid expenses	10,586	(365)	16,558	324	27,103	499
Inventories	(1,493)	(64,062)	39,374	-	(26,181)	-
Other assets	-	-	-	-	-	-
Accounts payable	(1,234)	(4,284)	796,772	(1,083)	790,171	(36,886)
Accrued expenses and other liabilities	(12,920)	(2,386)	(2,629)	-	(17,935)	2,944
Accrued issuance costs	-	(618)	-	-	(618)	-
Landfill post closure liabilities	(9,324)	-	-	-	(9,324)	-
Compensated absences	(19,917)	(9,451)	(6,519)	-	(35,887)	(316)
Net cash provided by operating activities	\$ 831,419	488,692	(514,596)	(344,757)	460,758	(694,416)

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
As of June 30, 2019**

	<u>2019</u>
Assets:	
Cash	\$ <u>34,839</u>
Total assets	\$ <u><u>34,839</u></u>
Liabilities:	
Refunds payable	\$ -
Held for others	<u>34,839</u>
Total liabilities	\$ <u><u>34,839</u></u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

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 Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61 and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance, part of the government's operation. Each discreetly 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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 City does not have any component units. Additionally, the City is not considered a component unit of another governmental agency during the fiscal year ended June 30, 2019.

B. Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City 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*

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements.

The City reports the general fund as a major governmental fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the City except for items included in other funds.

In addition, the City reports the following other major funds:

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.

2018 Street Bonds – Capital Project Fund – To account for expenditures relating to 2018 bond issuance for repairs and maintenance of City streets.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. The City reports the following proprietary funds, all of which are considered major funds.

Solid Waste Fund – To account 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.

Wastewater Fund – To account for the wastewater system service provided for residents of the City of Clovis, including administration, operation, maintenance, debt service, billing and collection.

Airport Fund – To account for the activities of the City's airport. All activities necessary to provide such services are accounted for in this fund.

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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 and wastewater 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.

Additionally, the government reports the following fund types:

STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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.

C. Assets, Liabilities and Equity

Cash Equivalents

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. The City pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in pooled cash and investments are considered to be cash equivalents for the purposes of the statement of cash flows, except for certificates of deposit or other investments that have original maturities of more than 90 days.

Investments

The City's investments are regulated by state law as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Investments in a U.S. Treasury Fund and repurchase agreements are valued at the last reported sales price at current exchange rates.

Interfund Activity/Balances

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. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Receivables and Payables

All receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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. The City current does not hold any items in inventory.

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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in machinery 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. Capital assets that have been disposed of are recorded as deletions on the government-wide financial statements. Accumulated depreciation is adjusted for all deletions.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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 THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

<u>Asset Type</u>	<u>Years</u>
Land	Perpetuity
Construction in progress	Perpetuity
Land improvements	20-40
Buildings and improvements	20-40
Equipment and vehicles	3-10
Infrastructure	10-25

Analysis of Impairment

Management reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such City assets at June 30, 2019.

Restricted Assets

Restricted assets consist of those funds expendable for operating purposes but restricted by donors or outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments.

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, can 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. 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.

Short-Term Obligations

No short-term debt occurred during the current fiscal year.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Long-Term Obligations

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

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

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has five types of items that qualify for reporting in this category. Accordingly, the items, employer contributions subsequent to measurement date, net difference between expected and actual earnings on pension plan and OPEB plan investments, net difference between expected and actual experience, change in assumptions and change in proportion, are reported on the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources in the period the amounts become available. The City has recorded \$996,529 related to contributions subsequent to the measurement date, \$799,348 related to the net difference between expected and actual earnings on pension plan and OPEB plan investments, \$439,943 related to actuarial experience, \$1,248,755 related to changes in assumptions and \$852,736 related to changes in proportion.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized.

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 liability for deferred inflows of resources.

The City has six types of items which qualify for reporting in this category. The items, unavailable revenue – property taxes and unavailable revenue - grants, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

period that the amounts become available. The City has recorded \$96,024 related to property taxes and \$-0- related to grants that are considered “unavailable”.

The items, net difference between expected and actual earnings on pension plan and OPEB investments, change in assumptions, actuarial experience, and change in proportion, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has recorded \$169,478 related to the net difference between expected and actual earnings on pension plan and OPEB investments, \$1,960,800 related to actuarial experience, \$2,609,001 related to changes in assumptions and \$134,638 related to changes in proportion.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental Fund Financial Statements. In accordance with GASBS No. 54, the City classifies fund balances in the governmental funds as follows:

Nonspendable Fund Balance includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal/contractual requirements. Examples are Prepaid Expenses and Inventory.

Spendable Fund Balance includes Restricted, Committed, Assigned, and Unassigned designations:

Restricted includes fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority (City Commission). These commitments can only be overturned by a like action.

Assigned includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the City Commission, Mayor, or City Clerk/Finance Director for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the City Commission at any public meeting.

Unassigned includes residual positive fund balances within the General Fund, which have not been classified within the other above-mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

See the Schedule of Fund Balances on page 98 for additional information about fund balances.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the General Fund, it is the City's policy to use unassigned resources first, then assigned, and then committed as needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any other governmental fund, it is the City's policy to use committed resources first, then assigned, and then unassigned as needed.

The City does not have a formal minimum fund balance requirement.

Net Position

Government-wide and Proprietary Fund Financial Statements. The City classifies net position in the government-wide and proprietary fund financial statements as follows:

Net Investment in Capital Assets includes the City's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The City typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The City Commission has the authority to revisit or alter this designation.

D. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. 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.

E. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Income Taxes

As a local government entity, the City is not subject to federal or state income taxes. The City is generally no longer subject to examination by federal and state taxing authorities for years prior to 2016. For the year ended June 30, 2019, no interest or penalties were recorded or included in the financial statements.

G. 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.

H. Indirect Expenses

The City allocated indirect expenses primarily comprised of central governmental services to operating functions and programs benefitting 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 the various allocation methodologies.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City adopts budgets for each individual fund (governmental and proprietary).

In late winter or early spring, the City prepares a budget calendar, thus starting the budgetary process for the upcoming June 1 fiscal year. Budget request forms are distributed to City departments with a specified completion date. Legally mandated advance notices are formally published for grant availability and other purposes once budget hearings have been scheduled. The budget hearings are then held with all City department heads. Generally, in late May or early June, a budget meeting is held for tentative approval of the completed budget by the City Commission. After tentative approval at the City level, the budget is submitted to the New Mexico Department of Finance and Administration (DFA) for approval of a temporary operational budget beginning June 1.

Immediately after July 1, when ending cash balances for the preceding fiscal year have been accurately ascertained, a final hearing is convened for finalization of the budget, and it is resubmitted to DFA for formal approval. None of the above budgetary processes are legally required to occur at any specified time; however DFA requires that the time frame be such that they (DFA) render their final budget approval no later than September 1 of the budget year in question.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

During the course of the fiscal year, the City prepares monthly budget reports. Under New Mexico State law, each year's budget appropriation legally lapses at year-end.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments – Budget increases and decreases can only be accomplished by City Commission resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the City's budget be prepared on the basis of cash receipts and cash expenditures. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenditures with a cash basis budget as amended.

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, 2019 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 – CASH AND CASH EQUIVALENTS

The following is a summary of the City's cash and cash equivalents balances by fund type as of June 30, 2019:

<u>Fund Type</u>	<u>Amount</u>
Primary government	
Governmental funds	\$ 16,648,336
Internal service funds	74,389
Business-type activities	4,989,385
Fiduciary funds	<u>3,447</u>
Total cash and cash equivalents - primary government	<u>\$ 21,715,557</u>

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more bank or savings and loan associations within the geographical boundaries of the City. Deposits may be

STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond 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.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or 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

The City maintains cash in one financial institution within Clovis, New Mexico. The City's deposits are carried at cost. The Federal Depository Insurance Corporation (FDIC) insures the cash accounts at the financial institution.

The City's cash balances consist of demand deposits, interest bearing savings accounts, and short-term certificates of deposit. The majority of City's cash and investments are pooled. All interest income is accounted for in the related funds. The City does not have a deposit policy. The City's cash and cash equivalents are listed on page 99 of this report.

Custodial Credit Risk Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City funds may not be returned. The City does not have a deposit policy for custodial risk.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

For the custodial credit risk of the workers compensation deposit of \$72,958 in the NM Self Insurer's fund and the New Mexico Finance Authority deposit of \$2,394,169 with the State Treasurer, see the separately issued financial statements for the NM Municipal Self Insurer's Fund and the NM Finance Authority available through the New Mexico Office of the State Auditor at www.saonm.org.

Based on the above, the City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico. The City's Schedule of Collateral is presented on page 100 of this report.

As of June 30, 2019, the City's bank balances (inclusive of investments listed in Note 4) of \$43,363,627 were exposed to custodial credit risk as follows:

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Insured through federal depository insurance	\$	1,000,000
Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the City's name.		28,272,603
Uninsured and uncollateralized		<u>14,091,024</u>
Total uninsured deposits	\$	<u><u>43,363,627</u></u>

NOTE 4 – INVESTMENTS

The City's investments consisted of the following as of June 30, 2019:

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Credit Risk- Rating</u>	<u>Maturity</u>
New MexiGROW LGIP	\$ 14,091,024	14,091,024	AAAm	[35] day WAM (R) [112] day WAM (F)
Certificates of deposit	<u>6,231,631</u>	<u>6,231,631</u>	N/A	6 months
	\$ <u><u>20,322,655</u></u>	<u><u>20,322,655</u></u>		

A summary of the City's investments by fund type as of June 30, 2019 is as follows:

<u>Fund Type</u>	<u>Amount</u>
Primary government	
Governmental funds	\$ 15,766,489
Internal service funds	3,244,640
Business-type activities	1,280,133
Fiduciary funds	<u>31,393</u>
Total cash and cash equivalents - primary government	\$ <u><u>20,322,655</u></u>

For reporting purposes, the City's sweep account is considered cash equivalents due to its highly-liquid nature. All of the City's certificates of deposit have maturities of greater than 90 days and are not considered cash equivalents. Those certificates with maturities greater than one year are considered long-term investments and are reported as such on the Statement of Net Position. All of the City's investments accounts are held by the same bank as the City's other cash balances and are covered by the collateralization maintained for those balances. The certificates of deposit are valued at cost which approximates fair market value due to the relatively short terms and low rates of return on the certificates.

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, 2019, 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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, certificates of deposit, and Federal Reserve notes. These investments are 69% and 31%, respectively, of the City’s total investments.

The LGIP’s portfolio’s weighted average maturity (WAM) is a key determinant of the tolerance of a fund’s investment to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates.

The New MexiGROW Local Government Investment Pool’s (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Fair Value Measurements

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 – Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability,
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

New MexiGROW LGIP – Valued at the daily closing price as reported by the fund. These investments held by the City are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the City are deemed to be actively traded.

Certificates of deposits – The carrying amounts approximate fair value because of the relatively short maturity of those instruments and the fixed value of the return at maturity.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City maintained a balance of \$14,091,024 in investments at June 30, 2019 which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the City’s assets at fair value as of June 30, 2019:

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
\$ 14,091,024	-	-	14,091,024

NOTE 5 – RECEIVABLES

Receivables as of June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Environ- mental Tax</u>	<u>2018 Street Bonds</u>	<u>Nonmajor Funds</u>	<u>Total Receivables</u>
Accounts	\$ 3,206,782	-	-	10,399	3,217,181
Taxes (Property, GRT, etc)	3,294,259	89,411	-	2,079,529	5,463,199
Other intergovernmental	55	-	-	67,513	67,568
Other	-	-	-	229,050	229,050
Subtotal	6,501,096	89,411	-	2,386,491	8,976,998
Less: Allowance for uncollectibles	(2,296,821)	-	-	-	(2,296,821)
Net Receivables	\$ <u>4,204,275</u>	<u>89,411</u>	<u>-</u>	<u>2,386,491</u>	<u>6,680,177</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Solid Waste Fund</u>	<u>Waste- water</u>	<u>Airport</u>	<u>Golf Course</u>	<u>Total Proprietary</u>
Accounts	\$ 2,751,553	1,517,999	5,574	-	4,275,126
Taxes:					
Taxes (Property, GRT, etc)	-	121,366	-	-	121,366
Other intergovernmental	-	13,280	194,014	-	207,294
Other	-	137,392	-	-	137,392
Subtotal	2,751,553	1,790,037	199,588	-	4,741,178
Less: Allowance for uncollectibles	<u>(1,748,092)</u>	<u>(957,678)</u>	<u>(4,988)</u>	-	<u>(2,710,758)</u>
Net Receivables	<u>\$ 1,003,461</u>	<u>832,359</u>	<u>194,600</u>	-	<u>2,030,420</u>

The City has an established policy where an allowance for doubtful accounts is established for all receivable items outstanding over ninety (90) days.

In accordance with GASB No. 63 and 65, the property tax revenues totaling \$96,024 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

NOTE 6 – PROPERTY TAXES

Property taxes attached as an enforceable lien on property as of January 1st. Property tax rates for the year are set no later than September 1st each year by the New Mexico Secretary of Finance and Administration. The rates of tax are then used by the Curry County Assessor to develop the property tax schedule by October 1st. The Hidalgo County Treasurer sends tax notices to property owners by November 1st of each year. Taxes are payable in equal semiannual installments by November 10th and April 10th of subsequent year. Thirty days later the bill becomes delinquent and the County Treasurer assesses penalties and interest. Taxes are collected on behalf of the City by the County Treasurer, and are remitted to the City in the month following collection. The County Treasurer is statutorily required to collect taxes as an intermediary agency for all forms of government. Distribution of taxes collected is made through the County Treasurer's office.

The City is permitted to levy taxes for general operating purposes up to an amount determined by a formula based upon each \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the City is allowed to levy taxes for payments of bonds principal and interest in amounts approved by voters of the City.

Property taxes receivable are an aggregate of uncollected amounts assessed for the current fiscal year, as well as delinquent balances carried forward from the nine preceding fiscal years. While some of the delinquent outstanding balances will eventually be eliminated through corrections, litigation, and other property tax administrative procedures, the majority of the balances will ultimately be realized through delinquent payment or tax sales. The aggregate amount of this ultimate realization is generally difficult to ascertain at any point in time. Thus, taxes not collected within sixty days of year end are carried in the deferred inflow of resources section of the balance sheet as “unavailable revenue” on the fund basis financial statements.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows. Land and construction in progress are not subject to depreciation.

GOVERNMENTAL ACTIVITIES	Balance 06/30/18	Additions	Deletions	Adjust	Balance 06/30/19
Non-depreciable capital assets:					
Land	\$ 3,385,773	-	(20,000)	-	3,365,773
Construction in progress	29,873	2,617,014	-	(34,774)	2,612,113
Total non-depreciable capital assets	<u>3,415,646</u>	<u>2,617,014</u>	<u>(20,000)</u>	<u>(34,774)</u>	<u>5,977,886</u>
Capital assets being depreciated:					
Land improvements	2,564,817	-	-	-	2,564,817
Buildings and improvements	23,753,996	-	-	-	23,753,996
Equipment and vehicles	22,193,701	465,193	(419,007)	34,580	22,274,467
Infrastructure	88,166,770	15,024	-	34,774	88,216,568
Total capital assets being depreciated	<u>136,679,284</u>	<u>480,217</u>	<u>(419,007)</u>	<u>69,354</u>	<u>136,809,848</u>
Less accumulated depreciation for:					
Land improvements	(232,884)	(34,239)	-	-	(267,123)
Buildings and improvements	(10,264,455)	(597,999)	-	-	(10,862,454)
Equipment and vehicles	(16,133,452)	(1,405,683)	385,612	(22,500)	(17,176,023)
Infrastructure	(41,782,423)	(3,148,764)	-	(1,333,783)	(46,264,970)
Total accumulated depreciation	<u>(68,413,214)</u>	<u>(5,186,685)</u>	<u>385,612</u>	<u>(1,356,283)</u>	<u>(74,570,570)</u>
Total capital assets being depreciated	<u>68,266,070</u>	<u>(4,706,468)</u>	<u>(33,395)</u>	<u>(1,286,929)</u>	<u>62,239,278</u>
Total capital assets, net of depreciation	<u>\$ 71,681,716</u>	<u>(2,089,454)</u>	<u>(53,395)</u>	<u>(1,321,703)</u>	<u>68,217,164</u>

BUSINESS-TYPE ACTIVITIES	Balance 06/30/18	Additions	Deletions	Adj	Balance 06/30/19
Non-depreciable capital assets:					
Land	6,159,811	-	-	-	6,159,811
Construction in progress	\$ 321,063	5,894,977	-	806,162	7,022,202
Total non-depreciable capital assets	<u>6,480,874</u>	<u>5,894,977</u>	<u>-</u>	<u>806,162</u>	<u>13,182,013</u>
Capital assets being depreciated:					
Land improvements	1,517,878	-	-	-	1,517,878
Buildings and improvements	16,642,368	-	-	-	16,642,368
Equipment and vehicles	14,786,288	645,690	(17,332)	(11,250)	15,403,396
Infrastructure	70,473,624	-	-	169,940	70,643,564
Total capital assets being depreciated	<u>103,420,158</u>	<u>645,690</u>	<u>(17,332)</u>	<u>158,690</u>	<u>104,207,206</u>
Less accumulated depreciation for:					
Land improvements	(142,155)	(27,857)	-	-	(170,012)
Buildings and improvements	(6,526,286)	(523,187)	-	-	(7,049,473)
Equipment and vehicles	(11,859,043)	(581,415)	11,612	11,250	(12,417,596)
Infrastructure	(33,754,344)	(2,023,173)	-	75,359	(35,702,158)
Total accumulated depreciation	<u>(52,281,828)</u>	<u>(3,155,632)</u>	<u>11,612</u>	<u>86,609</u>	<u>(55,339,239)</u>
Total capital assets being depreciated	<u>51,138,330</u>	<u>(2,509,942)</u>	<u>(5,720)</u>	<u>245,299</u>	<u>48,867,967</u>
Total capital assets, net of depreciation	<u>\$ 57,619,204</u>	<u>3,385,035</u>	<u>(5,720)</u>	<u>1,051,461</u>	<u>62,049,980</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Depreciation expense for the year ended June 30, 2019 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 225,781
Public safety	1,392,274
Public works	3,233,961
Culture and recreation	187,929
Health and welfare	<u>146,740</u>
Total governmental activities	\$ 5,186,685
Business type activities	
Solid Waste	\$ 1,065,070
Wastewater	1,453,505
Airport	631,568
Golf course	<u>5,489</u>
Total business type activities	<u>\$ 3,155,632</u>

NOTE 8 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance			Balance	Amount
	June 30, 2018	Increases	Decreases	June 30, 2019	due within one year
Governmental funds debt					
Compensated absences	\$ 865,029	1,060,025	(692,023)	1,233,031	986,425
Revenues bonds payable	7,155,000	-	(775,000)	6,380,000	780,000
Notes payable	<u>2,461,000</u>	<u>4,592,444</u>	<u>(874,000)</u>	<u>6,179,444</u>	<u>888,000</u>
Total governmental activities	<u>\$ 10,481,029</u>	<u>5,652,469</u>	<u>(2,341,023)</u>	<u>13,792,475</u>	<u>2,654,425</u>
Business-type funds debt					
Compensated absences	\$ 198,874	123,212	(159,099)	162,987	130,390
Revenues bonds payable	7,779,370	-	(794,605)	6,984,765	815,648
Notes payable	<u>9,181,783</u>	<u>89,513</u>	<u>(709,197)</u>	<u>8,562,099</u>	<u>722,331</u>
Total business-type activities	<u>\$ 17,160,027</u>	<u>212,725</u>	<u>(1,662,901)</u>	<u>15,709,851</u>	<u>1,668,369</u>

Long-term liabilities are liquidated from the general fund and special revenue funds. Business-type long-term liabilities are liquidated from the specific fund associated with the debt. No short-term debt was incurred during fiscal year 2019.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2019 are as follows.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Governmental activities

Revenue Bonds

Bonds payable for governmental funds at June 30, 2019 are comprised of the following:

	Sales Tax Revenue bond Series 2012	Sales Tax Revenue bond Series 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%
Maturity	6/1/2025	6/1/2030

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 1978, 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, 2019, including interest payments are as follows:

	Principal	Interest	Total
2020	\$ 440,000	76,125	516,125
2021	440,000	67,325	507,325
2022	440,000	58,525	498,525
2023	440,000	49,725	489,725
2024	440,000	40,485	480,485
2025-2029	1,285,000	61,615	1,346,615
Total	\$ 3,485,000	353,800	3,838,800

The July 1, 2015 Gross Receipts Tax Refunding and Improvement Revenue Bonds, Series 2015, were issued for (1) refunding, redeeming, paying and discharging the City's outstanding Gross Receipts Tax Improvement 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 the costs of issuance of the bonds. The Bonds are being issued pursuant to Sections 7-1-6.4 NMSA 1978, as amended, 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 payable from the revenues distributed to the City by the New Mexico Taxation and Revenue Department pursuant to

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Sections 7-9-4 NMSA 1978, as amended, 7-1-6.1 and 7-1-6.4 NMSA 1978, as amended, and 7-1-6.15 NMSA 1978, as amended. The bonds mature on June 1, 2025. 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 on June 1, 2030.

The annual requirements to amortize the 2015 Bond Issue outstanding as of June 30, 2019, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 340,000	70,900	410,900
2021	350,000	64,100	414,100
2022	350,000	57,100	407,100
2023	360,000	50,100	410,100
2024	370,000	41,100	411,100
2025-2029	970,000	95,450	1,065,450
2030-2034	155,000	4,650	159,650
Total	<u>\$ 2,895,000</u>	<u>383,400</u>	<u>3,278,400</u>

Notes payable

NMFA LOAN - EJP PP-2603 - 2011 Clovis 6-A – Park

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 relate thereto. The NM Finance Authority transferred \$2,594,095 to the Bank of New York Mellon Trust Company, N.A. for the City of Clovis. The Bank transferred the net proceeds to the City of Clovis to pay off the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the City's liabilities. The remaining proceeds were used for the improvement of park infrastructure. The note matures on June 30, 2031. The payments of principal and interest are paid from pledged governmental gross receipts tax revenues. The revenues pledged totaled 2,966,595 at June 30, 2019, and equal 48.7% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2019, the City collected \$507,648 in pledged revenues, and retired \$247,712 in principal and interest on the aforementioned note.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	178,000	68,245	246,245
2025-2029	1,005,000	231,540	1,236,540
2030-2034	<u>464,000</u>	<u>30,848</u>	<u>494,848</u>
Total	<u>\$ 2,307,000</u>	<u>659,595</u>	<u>2,966,595</u>

NMFA LOAN - PPRF-4742

On July 27, 2018, the City borrowed \$4,592,444 from the New Mexico Finance Authority. The note matures on May 1, 2033 and accrues interest at a rate between 1.45% and 3.20% per annum. The proceeds of the loan were used for acquiring, constructing, reconstructing, resurfacing, maintaining, repairing, or otherwise improving municipal streets. The payments of principal and interest are paid from pledged state shared gross receipts taxes. The revenues pledged totaled \$4,166,507 at June 30, 2019, and equal 2.9% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2019, the City collected \$10,096,113 in pledged revenues, and retired \$803,951 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 730,000	2,144	732,144
2021	745,000	1,832	746,832
2022	173,075	1,465	174,540
2023	175,000	1,033	176,033
2024	175,000	549	175,549
2025-2029	982,778	216,880	1,199,658
2030-2034	<u>891,591</u>	<u>70,160</u>	<u>961,751</u>
Total	<u>\$ 3,872,444</u>	<u>294,063</u>	<u>4,166,507</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Business-type activities

Revenue Bonds

Bonds payable for proprietary funds at June 30, 2019 are comprised of the following:

	Sales Tax Revenue bond Series 2010	Sales Tax Revenue bond Series 2014
Original issue:	9/21/2010	4/18/2014
Principal:	\$ 7,000,000	4,888,665
Interest:	June 1 & December 1	June 1 & December 1
Rates:	2.00% to 4.00%	.25% to 2.79%
Maturity	6/1/2030	6/1/2024

The September 21, 2010 Gross Receipts Tax Revenue Bonds, Series 2010, were issued to defray, in part (i) the cost of constructing, purchasing, furnishing, equipping or making improvement to the City's waste water treatment plant and (ii) paying all costs incidental to the issuance of the bonds. The Bonds are being issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 2010 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to the City by the New Mexico Taxation and Revenue Department pursuant to Sections 7-9-4, NMSA 1978, as amended, 7-1-6.1 and 7-1-6.4 NMSA, as amended and 7-1-6.15 NMSA, 1978 as amended. The bonds mature on June 1, 2030.

The annual requirements to amortize the 2010 Bond Issue outstanding as of June 30, 2019, including interest payments are as follows:

		Principal	Interest	Total
2020	\$	330,000	157,188	487,188
2021		340,000	143,988	483,988
2022		355,000	133,788	488,788
2023		370,000	123,137	493,137
2024		385,000	111,575	496,575
2025-2029		2,180,000	349,138	2,529,138
2030-2034		495,000	19,800	514,800
Total	\$	4,455,000	1,038,614	5,493,614

The April 18, 2014 Gross Receipts Tax 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 all 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, 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-

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2024.

The annual requirements to amortize the 2014 Bond Issue outstanding as of June 30, 2019, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 485,648	59,043	544,691
2021	493,904	50,787	544,691
2022	504,079	40,613	544,692
2023	516,227	28,464	544,691
2024	529,907	14,784	544,691
Total	<u>\$ 2,529,765</u>	<u>193,691</u>	<u>2,723,456</u>

Notes Payable

New Mexico Environment Department – Wastewater Improvements

On June 18, 2008, the City borrowed \$8,739,413 from the New Mexico Environment Department. The note matures on June 11, 2027 and carries a 2.0% interest rate. The proceeds of the loan were used for wastewater system improvements. The payments of principal and interest are paid from pledged net revenues of the City’s wastewater utility system. The revenues pledged totaled \$4,810,263 at June 30, 2019, and equal 10.8% of future wastewater utility revenues at their current rate. During the year ended June 30, 2019, the City collected \$4,932,681 in pledged revenues, and retired \$534,474 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 447,224	87,250	534,474
2021	456,168	78,306	534,474
2022	465,292	69,182	534,474
2023	474,597	59,876	534,473
2024	484,089	50,384	534,473
2025-2029	<u>2,035,131</u>	<u>102,764</u>	<u>2,137,895</u>
Total	<u>\$ 4,362,501</u>	<u>447,762</u>	<u>4,810,263</u>

NMFA LOAN - EJP PP-2603 - 2011 Clovis 6-B – Golf Course

On July 22, 2011, the City borrowed \$2,877,000 from the New Mexico Finance Authority. The note matures on June 30, 2031 and carries a 4.53% blended interest rate. The proceeds of the loan were used for improvements to the City’s golf course. The payments of principal and interest are paid from pledged governmental gross receipts tax revenues. The revenues pledged totaled \$2,667,317 at June 30, 2019, and equal 43.8% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2019, the City collected \$507,648 in pledged revenues, and retired \$222,210 in principal and interest on the aforementioned note.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 129,000	92,847	221,847
2021	134,000	88,023	222,023
2022	140,000	82,743	222,743
2023	145,000	76,947	221,947
2024	152,000	70,727	222,727
2025-2029	870,000	241,274	1,111,274
2030-2034	412,000	32,756	444,756
Total	\$ <u>1,982,000</u>	<u>685,317</u>	<u>2,667,317</u>

NMFA LOAN - WTB-0233

On June 2, 2012, the City borrowed \$1,645,380 from the New Mexico Finance Authority. The note matures on June 30, 2032 and carries a 2.50% interest rate. The proceeds of the loan were used for improvements to the City's wastewater treatment plant including an aeration/dentrification treatment plan. The payments of principal and interest are paid from pledged net revenues of the City's wastewater utility system. The revenues pledged totaled \$1,097,794 at June 30, 2019, and equal 01.7% of future wastewater utility revenues at their current rate. During the year ended June 30, 2019, the City collected \$4,932,681 in pledged revenues, and retired \$84,446 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 81,749	2,697	84,446
2021	81,953	2,493	84,446
2022	82,158	2,288	84,446
2023	82,363	2,082	84,445
2024	82,569	1,877	84,446
2025-2029	415,954	6,276	422,230
2030-2034	252,074	1,261	253,335
Total	\$ <u>1,078,820</u>	<u>18,974</u>	<u>1,097,794</u>

NMFA LOAN - WTB-0308

On October 23, 2015, the City borrowed \$1,280,000 from the New Mexico Finance Authority. The note matures on June 30, 2035 and carries a 0% interest rate; however, a .25% administrative fee is assessed with each payment. The proceeds of the loan were used for improvements to the City's wastewater system. The payments of principal and interest are paid from pledged net revenues of the City's wastewater utility system. The revenues pledged totaled \$1,071,699 at June 30, 2019, and equal 01.4% of future wastewater utility revenues at their current rate. During the year ended June 30, 2019, the City collected \$4,932,681 in pledged revenues, and retired \$66,982 in principal and interest on the aforementioned note.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 64,358	2,623	66,981
2021	64,519	2,462	66,981
2022	64,680	2,301	66,981
2023	64,842	2,139	66,981
2024	65,004	1,977	66,981
2025-2029	327,467	7,440	334,907
2030-2034	331,580	3,326	334,906
2034-2038	66,814	167	66,981
Total	<u>\$ 1,049,264</u>	<u>22,435</u>	<u>1,071,699</u>

NMFA LOAN - WPF-4360

On November 30, 2018, the City borrowed \$190,000 from the New Mexico Finance Authority. The note matures on June 30, 2035 and carries a 0% interest rate; however, a .25% administrative fee is assessed with each payment. The proceeds of the loan were used for the development and construction of an effluent reuse system. The payments of principal and interest are paid from pledged net revenues of the City's water system. As of June 30, 2019, a total of \$89,513 had been drawn from the note proceeds. The remaining proceeds are expected to be utilized during the year ended June 30, 2020. No amounts for principal and interest were paid on the note during the year ended June 30, 2019.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	-	-
2021	8,599	1,189	9,788
2022	9,334	454	9,788
2023	9,358	430	9,788
2024	9,381	407	9,788
2025-2029	47,259	1,681	48,940
2030-2034	47,852	1,087	48,939
2035-2039	48,453	486	48,939
2040-2044	9,764	24	9,788
Total	<u>\$ 190,000</u>	<u>5,758</u>	<u>195,758</u>

The governmental activities and business-type activities notes payable are all secured with an irrevocable lien placed on the pledged revenues to the extent required to pay the outstanding loan amounts and any related interest. The outstanding notes payable contain (1) a provision that in an event of default, the City could be legally compelled to carry out its duties under the law and the loan agreement, (2) cause the City to account for all of the pledged revenues as if it were the trustee of an express trust, and (3) permit the lender to take whatever action at law or in equity may appear necessary or desirable to collect amounts then due and thereafter to become due under the loan agreement. The City's outstanding notes payable do not contain any subjective acceleration clauses that allow the lender to accelerate payment of the entire principal amount to become immediately due if

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

the lender determines that a material adverse change occurs. Default remedies entered against the City are limited and may reach only available pledged revenues.

NOTE 9 – 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 \$6,059,255 as of June 30, 2019, which is based on the cumulative capacity to date as a percentage of projected capacity at the time of landfill closure. This represents a decrease of \$9,324 from the prior year. 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. The estimated total current cost of the landfill closure and post-closure care of \$6,059,255 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, 2019. 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 \$7,127,710 to offset the future estimated post-closure liability amounts. 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 10 – INTERFUND BALANCES AND TRANSFERS

The City recorded interfund transfers to reflect activity occurring between funds. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions and funding various projects within the City. All transfers made during the year were considered routine and were consistent with the general characteristics of the City's transfer policy.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

The composition of interfund transfers during the year ended June 30, 2019 was as follows:

	General Fund	2018 Street Bonds	Non-Major Governmental Funds	Solid Waste	Waste-water	Airport	Golf Course	Internal Service Funds	Total
General	\$ -	-	2,169,649	-	-	33,807	324,358	-	2,527,814
Non-Major Governmental	2,852,181	860,809	3,182,424	479,605	341,850	42,025	400,920	10,000	8,169,814
Solid Waste	259,000	-	546,807	-	-	-	-	-	805,807
Wastewater	150,000	23,480	-	-	-	-	-	-	173,480
Internal Service Funds	1,900	-	154,900	-	-	-	-	-	156,800
Fiduciary funds	43,696	-	-	-	-	-	-	-	43,696
Total	\$ 3,306,777	884,289	6,053,780	479,605	341,850	75,832	725,278	10,000	11,877,411

The City recorded interfund receivables/payables to reflect temporary loans between funds. The purpose of the loans was to cover cash shortages until grant reimbursements or other funding measures could be obtained. All interfund balances are expected to be repaid within one year. Interfund balances as of June 30, 2019, are as follows:

Due To Fund	Due From Fund	Fund type	Amount
General Fund	Solid Waste Fund	Proprietary fund	\$ 589
General Fund	Wastewater fund	Proprietary fund	123
General Fund	Airport	Proprietary fund	38
General Fund	Workers comp fund	Internal services fund	9
General Fund	Recreation fund	Nonmajor spec rev fund	39
General Fund	Senior Services Fund	Nonmajor spec rev fund	77
General Fund	Nef Houk Park fund	Nonmajor spec rev fund	19
General Fund	Library fund	Nonmajor spec rev fund	124
General Fund	Special streets fund	Nonmajor spec rev fund	229
General Fund	Clovis Area Transit System fund	Nonmajor spec rev fund	124
			<u>\$ 1,371</u>

NOTE 11 – 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. City of Clovis has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insurers Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The City pays an annual premium to New Mexico Self-Insurers Fund for general insurance coverage and all risk of loss is transferred. The premiums paid for the year ended June 30, 2019 totaled \$1,231,804.

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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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.

NOTE 12 – PERA PENSION PLAN

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Benefits Provided – Tier I - 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.

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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Contributions. See PERA’s compressive annual financial report for Contribution provided description

PERA Contribution Rates and Pension Factors as of July 1, 2018						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The City’s proportion of the net pension liability was based on a projection of the City’s long-term

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Division Municipal General: At June 30, 2019, the City of Clovis reported a liability of \$2,270,383 for its proportionate share of the net pension liability. At June 30, 2018, the City of Clovis's proportion was 0.1424%, which was an increase of 0.0088% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$288,319. At June 30, 2019, the City of Clovis reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,619	59,608
Changes of assumptions	205,842	13,054
Net difference between projected and actual earnings on pension plan investments	168,383	-
Changes in proportion and differences between City contributions and proportionate share of contributions	131,013	23,412
City contributions subsequent to the measurement date	101,009	-
	\$ 671,866	96,074

\$101,009 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, 2020. 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:	
2020	\$ 275,209
2021	141,744
2022	49,112
2023	8,718
2024	-
Thereafter	\$ -

For PERA Fund Division Municipal Police: At June 30, 2019, the City of Clovis reported a liability of \$4,889,392 for its proportionate share of the net pension liability. At June 30, 2018, the City of Clovis's proportion was 0.7166%, which was an increase of 0.0148% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$541,600. At June 30, 2019, the City of Clovis reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 239,362	484,665
Changes of assumptions	557,886	29,891
Net difference between projected and actual earnings on pension plan investments	336,460	-
Changes in proportion and differences between City contributions and proportionate share of contributions	172,049	19,369
City contributions subsequent to the measurement date	<u>272,640</u>	<u>-</u>
	<u>\$ 1,578,397</u>	<u>533,925</u>

\$73,147 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, 2020. 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:	
2020	\$ 463,960
2021	155,338
2022	134,738
2023	17,796
2024	-
Thereafter	\$ -

For PERA Fund Division Municipal Fire: At June 30, 2019, the City of Clovis reported a liability of \$8,398,263 for its proportionate share of the net pension liability. At June 30, 2018, the City of Clovis's proportion was 1.3121%, which was an increase of 0.0344% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized pension expense of \$835,115. At June 30, 2019, the City of Clovis Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,962	612,483
Changes of assumptions	485,027	30,667
Net difference between projected and actual earnings on pension plan investments	294,505	-
Changes in proportion and differences between City contributions and proportionate share of contributions	193,910	91,857
City contributions subsequent to the measurement date	<u>330,934</u>	<u>-</u>
	<u>\$ 1,439,338</u>	<u>735,007</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

\$9,388 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, 2020. 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:	
2020	\$ 278,182
2021	(33,970)
2022	113,871
2023	15,314
2024	-
Thereafter	\$ -

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
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	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% rate all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	43.50%	7.48%
Risk Reduciton & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets	20.00%	6.48%
Total	<u>100.00%</u>	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Division - Municipal General - City	Current		
	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
City's proportionate share of the net pension liability	\$ 3,498,508	2,270,383	1,255,141
PERA Fund Division - Municipal Police	Current		
	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
City's proportionate share of the net pension liability	\$ 7,517,879	4,889,392	2,746,553
PERA Fund Division - Municipal Fire	Current		
	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
City's proportionate share of the net pension liability	\$ 11,211,043	8,398,263	6,094,011

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued PERA'S financial reports.

NOTE 13 – 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 the years ended June 30, 2019, 2018, and 2017, the City's required and actual contributions totaled \$1,379,477, \$1,325,702, and \$1,291,898, respectively.

NOTE 14 – 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.

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

withheld and remitted to the plan were \$894,128, \$878,679 and \$869,452 for the years ended June 30, 2019, 2018, and 2017, respectively.

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB

Plan description. Employees of the District 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, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 District were \$4,426 for the year ended June 30, 2018.

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

At June 30, 2019, the City reported a liability of \$13,580,347 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2018. At June 30, 2018, the City's proportion was 0.31231 percent.

For the year ended June 30, 2019, the City recognized OPEB expense of \$55,489. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	804,044
Changes of assumptions	-	2,535,390
Net difference between projected and actual earnings on OPEB plan investments	-	169,478
Changes in proportion and differences between City contributions and proportionate share of contributions	355,764	-
City contributions subsequent to the measurement date	291,946	-
	\$ 647,710	3,508,912

Deferred outflows of resources totaling \$291,946 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (816,165)
2021	(816,165)
2022	(816,165)
2023	(613,119)
2024	<u>(91,534)</u>
Total	<u>\$ (3,153,148)</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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	2.50% for ERB; 2.25% for PERA members
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
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 NonMedicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. 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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

payments for current plan members through the fiscal year ending June 30, 2029. 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, 4.08% 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 (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	<u>1% Decrease (3.08%)</u>	<u>Current Discount Rate (4.08%)</u>	<u>1% Increase (5.08%)</u>
City's proportionate share of the net OPEB liability	\$ 16,435,418	13,580,347	11,329,915

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 11,480,154	13,580,347	15,226,945

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, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2019, the City reported a payable of \$ - for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

NOTE 16 – CONTINGENCIES

The City 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 may be required to reimburse the grantor government. As of June 30, 2019, 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 of the overall financial position of the City.

The City is party to various legal proceedings, which are the unavoidable results of governmental operations. 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 effect on the financial condition of the City.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 17 – LEASES IN THE FINANCIAL STATEMENTS OF LESSORS

Operating leases arise from the leasing of the City’s land and buildings to customers in varying industries in Clovis. Initial lease terms generally range from 12 to 120 months. Leases are cancellable by the Lessee with 30-120 days’ notice as defined by the lease agreement. Depreciation expense for assets subject to operating leases is provided primarily on the straight-line method over the term of the lease in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense for the year ended June 30, 2019 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 Assets. Historical cost and accumulated depreciation as of June 30, 2019 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 Assets.

NOTE 18 – OPERATING LEASES

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

Fiscal Year		Amount
Ending June 30,		Amount
2020	\$	241,135
2021		115,287
2022		115,287
2023		-
2024		-
Total \$		<u>471,709</u>

Rental payments charged to current operations for the year ended June 30, 2019 were approximately \$404,582.

NOTE 19 – FUND DEFICITS AND NON-COMPLIANCE

Deficit Fund Balances

The City reported the following funds with a deficit fund balance at June 30, 2019:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Fund 7 - State Fire Marshall Grant	Special revenue fund	(278,469)
Fund 92 - Clovis Area Transit System	Special revenue fund	(105)
Fund 97 - Intergovernmental Grants fund	Special revenue fund	(164,522)

Legal Compliance with Budget

The City did not have any funds that exceeded budget at the fund level as of June 30, 2019.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 20 – COMMITMENTS

The City of Clovis has several projects under construction related to water and wastewater utilities, streets, and airport improvements. Below is a summary list of ongoing projects:

<u>Project</u>	<u>Contract Type</u>	<u>Contract Price</u>	<u>Amount Expended at 6/30/2019</u>	<u>% of Completion</u>
Airport Runway Improvements	Infrastructure	\$ 5,674,043	3,841,962	67.71%
Shooting Range Engineering	Infrastructure	71,198	55,650	78.16%
Effluent Phase 1C Engineering	Infrastructure	2,527,512	168,574	66.70%
Effluent Phase 1C Construction	Infrastructure	272,488	148,802	54.61%
Landfill Office	Buildings	50,000	30,097	60.19%
7th Street - Norris to Main St	Infrastructure	5,517,723	255,646	46.33%
		<u>\$ 14,112,963</u>	<u>8,318,716</u>	

NOTE 21 – RESTRICTED NET POSITION

The Balance Sheet – Governmental Funds reports \$20,917,582 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 22 – UNEARNED REVENUE AND UNAVAILABLE REVENUE

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

	<u>Amount</u>
Note receivable to subsidize loan payments due to NMED Not considered earned until received and applied against loan payments (Wastewater Fund)	\$ 258,758
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>\$ 409,716</u>

NOTE 23 – RESTATEMENT OF PRIOR YEAR ENDING FUND BALANCE/NET POSITION

During the year it was determined that the prior year reported general fund balances related to property tax receivables and public nuisance receivables were understated by \$669,145. Additionally, it was determined that prior year deferred inflows of resources due to unavailable property tax revenues were also understated by \$76,131. As a result, general fund beginning net position was increased by \$593,014.

Additionally, it was determined that an adjustment was necessary to agree the reported capital assets with the City’s supporting documentation. This resulted in a prior period adjustment decreasing the

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

government-wide governmental activities net position by \$1,325,096 and the net position of the City's Solid Waste Fund to be increased by \$164,172.

The following chart summarized the cumulative restatements to net position:

<u>Fund</u>	<u>Purpose/Reason</u>	<u>Amount</u>
Governmental activities		
General fund	Prior year taxes receivable were understated	\$ 135,817
General fund	Prior year accounts receivable were understated	533,328
General fund	Prior year deferred inflows were understated	<u>(76,131)</u>
Total governmental funds		593,014
Government-wide statements	Prior year capital assets were overstated	<u>(1,325,096)</u>
Total governmental activities		<u>\$ (732,082)</u>
Business-type activities		
Proprietary funds		
Solid waste fund	Prior year capital assets were understated	\$ <u>164,172</u>
Total business-type activities		<u>\$ 164,172</u>

NOTE 24 – GASBS 77 TAX ABATEMENT DISCLOSURES

The City negotiated property tax abatement agreements and has a tax abatement agreement with Southwest Cheese as of June 30, 2019.

Agency Number	6108
Agency Name	City of Clovis
Agency Type	Municipality
Tax Abatement Agreement Name	\$160,000,000 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 tax
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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 still 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.
	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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	<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 THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

<p>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.</p>	<p>\$1,997,767</p>
<p>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</p>	<p>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.</p>
<p>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</p>	<p>City: \$133,538.00</p>
<p>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</p>	<p>County \$40,369.00 and Clovis Schools \$108,686.00</p>
<p>List each specific commitment made by your agency or any other government, other than the tax abatement.</p>	<p>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.</p>
<p>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.</p>	<p>Clovis Community College, Curry County, and Clovis Municipal Schools</p>

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None
In the report disclosure is this abatement aggregated?	None
Threshold amount for aggregation	None

NOTE 25 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 13, 2019, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Clovis's proportion of the net pension liability (asset)	0.1424%	0.1336%	0.1253%	0.1337%	0.1271%
City of Clovis's proportionate share of the net pension liability (asset)	\$ 2,270,383	1,835,777	2,001,873	1,363,187	991,516
City of Clovis's covered-employee payroll	\$ 1,249,371	1,123,246	1,305,581	1,102,859	1,146,456
City of Clovis's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	181.72%	163.43%	153.33%	123.60%	86.49%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Clovis's proportion of the net pension liability (asset)	0.7166%	0.7018%	0.6646%	0.6532%	0.7284%
City of Clovis's proportionate share of the net pension liability (asset)	\$ 4,889,392	3,898,959	4,903,616	3,140,952	2,374,505
City of Clovis's covered-employee payroll	\$ 1,366,592	1,775,175	1,551,727	1,657,838	1,544,617
City of Clovis's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	357.78%	219.64%	316.01%	189.46%	153.73%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF THE CITY OF CLOVIS'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL FIRE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Clovis's proportion of the net pension liability (asset)	1.3121%	1.2777%	1.3111%	1.2779%	1.2928%
City of Clovis's proportionate share of the net pension liability (asset)	\$ 8,398,263	7,310,291	8,746,370	6,595,474	5,396,139
City of Clovis's covered-employee payroll	\$ 1,502,250	1,872,670	1,767,380	1,758,475	1,640,783
City of Clovis's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	559.05%	390.37%	494.88%	375.07%	328.88%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 101,009	87,592	107,270	124,683	105,323
Contributions in relation to the contractually required contribution	<u>101,009</u>	<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>	<u>-</u>
City's covered-employee payroll	1,249,371	1,123,246	1,305,581	1,102,859	1,146,456
Contributions as a percentage of covered-employee payroll	8.08%	7.80%	8.22%	11.31%	9.19%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 272,640	289,045	273,377	238,966	255,307
Contributions in relation to the contractually required contribution	<u>272,640</u>	<u>289,045</u>	<u>273,377</u>	<u>238,966</u>	<u>9,498</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,809</u>
City's covered-employee payroll	1,366,592	1,775,175	1,551,727	1,657,838	1,544,617
Contributions as a percentage of covered-employee payroll	19.95%	16.28%	17.62%	14.41%	0.61%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal Fire Division
Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 330,934	352,460	335,208	316,361	314,767
Contributions in relation to the contractually required contribution	<u>330,934</u>	<u>352,460</u>	<u>335,208</u>	<u>316,361</u>	<u>68,003</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,764</u>
City's covered-employee payroll	1,502,250	1,872,670	1,767,380	1,758,475	1,640,783
Contributions as a percentage of covered-employee payroll	22.03%	18.82%	18.97%	17.99%	4.14%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

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

Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org/>

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY OF RETIREE HEALTHCARE AUTHORITY
Retiree Health Care Act (RHCA) Plan
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.31231%	0.30460%
City's proportionate share of the net OPEB liability (asset)	\$ 13,580,347	13,801,663
City's covered-employee payroll	\$ 13,309,139	11,638,622
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	102.04%	118.59%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CONTRIBUTIONS
Retiree Health Care Act (RHCA) Plan
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 291,946	264,883
Contributions in relation to the contractually required contribution	<u>291,946</u>	<u>264,883</u>
Contribution deficiency (excess)	\$ <u> -</u>	<u> -</u>
City's covered-employee payroll	\$ 13,309,139	11,638,622
Contributions as a percentage of covered-employee payroll	2.19%	2.28%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**STATE OF NEW MEXICO
CITY OF CLOVIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Changes of benefit terms. The RHCA and COLA eligibility benefits changes in recent years are described in Note 1 of RHCA's CAFR. <https://www.saonm.org>

Assumptions. The New Mexico Retiree Healthcare Authority's Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmrhca.org/>

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

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.

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

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

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

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

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

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

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 financings 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.

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

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

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

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

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

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

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

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

Intergovernmental Grants Fund (authorized by Commission at Budget Approval) – To account for state and federal grants that are project/activity specific.

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 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

NONMAJOR CAPITAL PROJECTS FUNDS LISTING

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.

DEBT SERVICE FUNDS LISTING

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.

2018 Street Bonds 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 2018 street bonds.

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.

**STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2019**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 4,599,379	356,133	75,242	5,030,754
Investments	10,257,947	1,115,175	296,249	11,669,371
Receivables				
Accounts receivable	10,399	-	-	10,399
Taxes receivable	1,989,627	89,902	-	2,079,529
Other receivables	229,050	-	-	229,050
Due from other governments	48,918	18,595	-	67,513
Prepaid expenses	46,912	-	-	46,912
Inventories	187,561	-	-	187,561
Total assets	<u>17,370,405</u>	<u>1,579,805</u>	<u>371,491</u>	<u>19,321,701</u>
Deferred Outflows of Resources:				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources				
	<u>\$ 17,370,405</u>	<u>1,579,805</u>	<u>371,491</u>	<u>19,321,701</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 96,325	-	-	96,325
Accrued payroll liabilities	83,711	-	-	83,711
Due to other fund	486,472	-	-	486,472
Total liabilities	<u>666,508</u>	<u>-</u>	<u>-</u>	<u>666,508</u>
Deferred Inflows of Resources:				
"Unavailable" revenues	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total deferred inflows of resources	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Fund balances:				
Nonspendable	234,473	-	-	234,473
Restricted	7,698,014	982,081	371,491	9,051,586
Committed	6,328,107	597,724	-	6,925,831
Assigned	2,794,323	-	-	2,794,323
Unassigned	(451,020)	-	-	(451,020)
Total fund balances	<u>16,603,897</u>	<u>1,579,805</u>	<u>371,491</u>	<u>18,555,193</u>
Total liabilities, deferred inflows of resources and fund balances:				
	<u>\$ 17,370,405</u>	<u>1,579,805</u>	<u>371,491</u>	<u>19,321,701</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Totals</u>
Revenues:				
Taxes				
Gross receipts	\$ 10,480,734	507,647	-	10,988,381
Other	1,456,025	-	-	1,456,025
Licenses and permits	5,688	-	-	5,688
Charges for services	176,378	-	-	176,378
Fines and forfeitures	152,905	-	-	152,905
Intergovernmental revenue				
Federal grants	704,181	500,000	-	1,204,181
State grants	1,140,354	198,185	-	1,338,539
Interest income	237,166	39,289	28,531	304,986
Miscellaneous income	1,381,298	-	7,214	1,388,512
Total revenues	<u>15,734,729</u>	<u>1,245,121</u>	<u>35,745</u>	<u>17,015,595</u>
Expenditures:				
Current:				
General government	407,723	-	-	407,723
Public safety	1,116,616	-	-	1,116,616
Public works	6,486,658	1,313,935	-	7,800,593
Culture and recreation	2,149,817	-	-	2,149,817
Health and welfare	339,360	-	-	339,360
Capital outlay	1,757,985	17,777	-	1,775,762
Debt service				
Principal	-	-	1,649,000	1,649,000
Interest	-	(492)	485,571	485,079
Total expenditures	<u>12,258,159</u>	<u>1,331,220</u>	<u>2,134,571</u>	<u>15,723,950</u>
Excess (deficiency) of revenues over (under) expenditures	3,476,570	(86,099)	(2,098,826)	1,291,645
Other financing sources (uses):				
Transfers in	2,411,523	242,364	2,833,717	5,487,604
Transfers out	(6,027,910)	(971,124)	(604,605)	(7,603,639)
Total other financing sources (uses):	<u>(3,616,387)</u>	<u>(728,760)</u>	<u>2,229,112</u>	<u>(2,116,035)</u>
Net change in fund balances	(139,817)	(814,859)	130,286	(824,390)
Beginning fund balance	<u>16,743,714</u>	<u>2,394,664</u>	<u>241,205</u>	<u>19,379,583</u>
Ending fund balance	<u>\$ 16,603,897</u>	<u>1,579,805</u>	<u>371,491</u>	<u>18,555,193</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2019**

	<u>Municipal Road Fund Fund 3</u>	<u>Recreation Fund Fund 4</u>	<u>Older Adults Division Fund Fund 5</u>	<u>State Fire Marshall Grant Fund Fund 7</u>	<u>Sanitary Sewer Improvements Fund Fund 8</u>	<u>Ned Houk Park Fund Fund Fund 13</u>
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ 10,753	-	75	-	210,962	303,431
Investments	-	9,135	12,720	1,008	-	112,984
Receivables						
Accounts receivable	10,399	-	-	-	-	-
Prepaid expenses	-	2,085	4,752	-	-	3,855
Inventories	-	-	-	-	-	1,251
Total assets	<u>21,152</u>	<u>11,259</u>	<u>17,624</u>	<u>1,008</u>	<u>210,962</u>	<u>421,540</u>
Deferred Outflows of Resources:						
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 21,152</u>	<u>11,259</u>	<u>17,624</u>	<u>1,008</u>	<u>210,962</u>	<u>421,540</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ -	996	1,742	1,734	-	1,012
Accrued payroll liabilities	-	6,120	6,169	-	-	3,517
Due to other fund	-	39	77	277,743	-	19
Total liabilities	<u>-</u>	<u>7,155</u>	<u>7,988</u>	<u>279,477</u>	<u>-</u>	<u>4,548</u>
Deferred Inflows of Resources:						
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	-	2,085	4,752	-	-	5,106
Restricted	21,152	-	-	-	-	-
Committed	-	2,019	4,884	-	210,962	-
Assigned	-	-	-	-	-	411,886
Unassigned	-	-	-	(278,469)	-	-
Total fund balances	<u>21,152</u>	<u>4,104</u>	<u>9,636</u>	<u>(278,469)</u>	<u>210,962</u>	<u>416,992</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 21,152</u>	<u>11,259</u>	<u>17,624</u>	<u>1,008</u>	<u>210,962</u>	<u>421,540</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2019

	<u>Carver Library Fund 14</u>	<u>Infrastructure Improv Fund 60</u>	<u>Special Parks Improv Fund 61</u>	<u>Civic Center Fund 62</u>	<u>Special Designated Fund 63</u>	<u>Economic Development Fund 64</u>
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ 38,096	2,524	3,706	333,350	1,747,636	662,628
Investments	3,102	681,184	96,330	216,962	-	1,041,248
Receivables						
Taxes receivable	-	89,902	89,902	89,902	-	184,855
Other receivables	-	-	-	-	-	229,050
Prepaid expenses	7,951	-	-	5,438	-	-
Total assets	<u>49,273</u>	<u>773,610</u>	<u>189,938</u>	<u>645,652</u>	<u>1,747,636</u>	<u>2,117,781</u>
Deferred Outflows of Resources:						
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 49,273</u>	<u>773,610</u>	<u>189,938</u>	<u>645,652</u>	<u>1,747,636</u>	<u>2,117,781</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ 720	-	-	28,129	-	-
Accrued payroll liabilities	17,762	-	-	-	-	-
Due to other fund	124	-	-	-	-	-
Total liabilities	<u>18,606</u>	<u>-</u>	<u>-</u>	<u>28,129</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:						
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	7,951	-	-	5,438	-	-
Restricted	-	-	-	-	-	-
Committed	-	773,610	189,938	-	-	2,117,781
Assigned	22,716	-	-	612,085	1,747,636	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>30,667</u>	<u>773,610</u>	<u>189,938</u>	<u>617,523</u>	<u>1,747,636</u>	<u>2,117,781</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 49,273</u>	<u>773,610</u>	<u>189,938</u>	<u>645,652</u>	<u>1,747,636</u>	<u>2,117,781</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2019

	Capital Outlay GRT Fund 65	Water Dedication GRT Fund 66	Emergency Medical Services Fund 72	Special Streets Fund Fund 75	Recycling Fund Fund 76	Lodger's Tax Fund Fund 77+78
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ 546,751	159,387	-	201,082	487	346,650
Investments	532,269	4,775,648	-	602,182	-	2,084,701
Receivables						
Taxes receivable	369,711	321,709	-	395,406	-	101,193
Due from other governments	-	-	-	-	6,429	-
Prepaid expenses	-	-	-	13,591	-	-
Inventories	-	-	-	186,310	-	-
Total assets	<u>1,448,731</u>	<u>5,256,744</u>	<u>-</u>	<u>1,398,800</u>	<u>6,916</u>	<u>2,532,544</u>
Deferred Outflows of Resources:						
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,448,731</u>	<u>5,256,744</u>	<u>-</u>	<u>1,398,800</u>	<u>6,916</u>	<u>2,532,544</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ -	-	-	11,711	218	49,497
Accrued payroll liabilities	-	-	-	35,309	-	-
Due to other fund	-	-	-	229	4,714	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,249</u>	<u>4,932</u>	<u>49,497</u>
Deferred Inflows of Resources:						
"Unavailable" revenues	-	-	-	-	-	100,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Fund balances:						
Nonspendable	-	-	-	199,901	-	-
Restricted	-	5,256,744	-	-	-	2,383,047
Committed	1,448,731	-	-	1,151,650	1,984	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>1,448,731</u>	<u>5,256,744</u>	<u>-</u>	<u>1,351,551</u>	<u>1,984</u>	<u>2,383,047</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 1,448,731</u>	<u>5,256,744</u>	<u>-</u>	<u>1,398,800</u>	<u>6,916</u>	<u>2,532,544</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2019

	Special Fire & Police GRT Fund 86	Corrections Fund Fund 89	Law Enforcement Protection Fund Fund 90	Clovis Area Transit System Fund 92	Department of Justice Fund 96	Inter- governmental Grants Fund 97
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ -	-	20,844	7,371	979	-
Investments	79,501	-	12	-	-	-
Receivables						
Taxes receivable	347,047	-	-	-	-	-
Due from other governments	-	-	-	-	-	11,933
Prepaid expenses	-	-	-	7,924	-	-
Total assets	<u>426,548</u>	<u>-</u>	<u>20,856</u>	<u>15,419</u>	<u>979</u>	<u>11,933</u>
Deferred Outflows of Resources:						
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>\$ 426,548</u>	<u>-</u>	<u>20,856</u>	<u>15,419</u>	<u>979</u>	<u>11,933</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ -	-	-	566	-	-
Accrued payroll liabilities	-	-	-	14,834	-	-
Due to other fund	-	-	-	124	-	176,455
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,524</u>	<u>-</u>	<u>176,455</u>
Deferred Inflows of Resources:						
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	-	-	-	7,924	-	-
Restricted	-	-	20,856	-	979	-
Committed	426,548	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(8,029)	-	(164,522)
Total fund balances	<u>426,548</u>	<u>-</u>	<u>20,856</u>	<u>(105)</u>	<u>979</u>	<u>(164,522)</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 426,548</u>	<u>-</u>	<u>20,856</u>	<u>15,419</u>	<u>979</u>	<u>11,933</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2019**

	Drug Control Fund	Total
	Fund 98	
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 2,667	4,599,379
Investments	8,961	10,257,947
Receivables		
Accounts receivable	-	10,399
Taxes receivable	-	1,989,627
Other receivables	-	229,050
Due from other governments	30,556	48,918
Prepaid expenses	1,316	46,912
Inventories	-	187,561
Total assets	43,500	17,370,405
Deferred Outflows of Resources:		
Total deferred outflows of resources	-	-
Total assets and deferred outflows of resources	\$ 43,500	17,370,405
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ -	96,325
Accrued payroll liabilities	-	83,711
Due to other fund	26,948	486,472
Total liabilities	26,948	666,508
Deferred Inflows of Resources:		
"Unavailable" revenues	-	100,000
Total deferred inflows of resources	-	100,000
Fund balances:		
Nonspendable	1,316	234,473
Restricted	15,236	7,698,014
Committed	-	6,328,107
Assigned	-	2,794,323
Unassigned	-	(451,020)
Total fund balances	16,552	16,603,897
Total liabilities, deferred inflows of resources and fund balances:	\$ 43,500	17,370,405

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
As of June 30, 2019

	Street Improvement Fund 24	Street Construction Fund 87	Drainage Improvements Fund 88	Totals
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ -	316,736	39,397	356,133
Investments	28,852	617,898	468,425	1,115,175
Receivables				
Taxes receivable	-	-	89,902	89,902
Due from other governments	-	18,595	-	18,595
Total assets	<u>28,852</u>	<u>953,229</u>	<u>597,724</u>	<u>1,579,805</u>
Deferred Outflows of Resources:				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 28,852</u>	<u>953,229</u>	<u>597,724</u>	<u>1,579,805</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ -	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	28,852	953,229	-	982,081
Committed	-	-	597,724	597,724
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>28,852</u>	<u>953,229</u>	<u>597,724</u>	<u>1,579,805</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 28,852</u>	<u>953,229</u>	<u>597,724</u>	<u>1,579,805</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2019

	Drainage Improv Fund 40	Landfill Cell #5 Fund 41	Street Improvements Fund 42	2018 Street Bonds Fund 45	Civic Center Fund 46	Parks and Infrastructure Fund 47	Totals
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ -	434	-	74,491	-	317	75,242
Investments	14,045	92,860	16,198	-	-	173,146	296,249
Total assets	<u>14,045</u>	<u>93,294</u>	<u>16,198</u>	<u>74,491</u>	<u>-</u>	<u>173,463</u>	<u>371,491</u>
Deferred Outflows of Resources:							
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 14,045</u>	<u>93,294</u>	<u>16,198</u>	<u>74,491</u>	<u>-</u>	<u>173,463</u>	<u>371,491</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	14,045	93,294	16,198	74,491	-	173,463	371,491
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>14,045</u>	<u>93,294</u>	<u>16,198</u>	<u>74,491</u>	<u>-</u>	<u>173,463</u>	<u>371,491</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 14,045</u>	<u>93,294</u>	<u>16,198</u>	<u>74,491</u>	<u>-</u>	<u>173,463</u>	<u>371,491</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	Municipal Road Fund Fund 3	Recreation Fund Fund 4	Older Adults Division Fund Fund 5	State Fire Marshall Grant Fund 7	Sanitary Sewer Improvements Fund 8	Ned Houk Park Fund Fund 13
Revenues:						
Taxes						
Other	\$ 110,865	-	-	-	-	-
Charges for services	-	-	-	-	21,611	-
Intergovernmental revenue						
State grants	-	-	-	724,610	-	-
Interest income	6	890	1,450	5,845	103	2,403
Miscellaneous income	-	-	16,973	1,596	-	-
Total revenues	<u>110,871</u>	<u>890</u>	<u>18,423</u>	<u>732,051</u>	<u>21,714</u>	<u>2,403</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	641,879	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	319,438	-	-	-	239,265
Health and welfare	-	-	339,360	-	-	-
Capital outlay	-	-	-	221,897	-	60,554
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>319,438</u>	<u>339,360</u>	<u>863,776</u>	<u>-</u>	<u>299,819</u>
Excess (deficiency) of revenues over (under) expenditures	110,871	(318,548)	(320,937)	(131,725)	21,714	(297,416)
Other financing sources (uses):						
Transfers in	-	305,496	283,192	150,000	-	567,222
Transfers out	(111,656)	-	-	-	-	-
Total other financing sources (uses):	<u>(111,656)</u>	<u>305,496</u>	<u>283,192</u>	<u>150,000</u>	<u>-</u>	<u>567,222</u>
Net change in fund balances	(785)	(13,052)	(37,745)	18,275	21,714	269,806
Beginning fund balance	<u>21,937</u>	<u>17,156</u>	<u>47,381</u>	<u>(296,744)</u>	<u>189,248</u>	<u>147,186</u>
Ending fund balance	<u>\$ 21,152</u>	<u>4,104</u>	<u>9,636</u>	<u>(278,469)</u>	<u>210,962</u>	<u>416,992</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	Carver Library Fund 14	Infra- structure Improv Fund 60	Special Parks Improv Fund 61	Civic Center Fund 62	Special Designated Fund 63	Economic Develop-ment Fund 64
Revenues:						
Taxes						
Gross receipts	\$ -	507,648	507,648	507,648	-	1,009,103
Licenses and permits	-	-	-	-	5,688	-
Charges for services	-	-	-	-	114,303	-
Fines and forfeitures	-	-	-	-	80,950	-
Intergovernmental revenue						
State grants	14,639	-	-	-	-	-
Interest income	118	9,674	1,766	5,757	1,534	36,388
Miscellaneous income	18,963	-	200	445,104	340,323	306,279
Total revenues	<u>33,720</u>	<u>517,322</u>	<u>509,614</u>	<u>958,509</u>	<u>542,798</u>	<u>1,351,770</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	12,895	-	-	-	1,112,566
Culture and recreation	791,829	-	12,896	786,389	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	1,255,912
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>791,829</u>	<u>12,895</u>	<u>12,896</u>	<u>786,389</u>	<u>-</u>	<u>2,368,478</u>
Excess (deficiency) of revenues over (under) expenditures	(758,109)	504,427	496,718	172,120	542,798	(1,016,708)
Other financing sources (uses):						
Transfers in	712,225	-	-	150,000	2,495	-
Transfers out	(2,004)	(200,000)	(478,137)	(254,950)	(344,200)	(341,850)
Total other financing sources (uses):	<u>710,221</u>	<u>(200,000)</u>	<u>(478,137)</u>	<u>(104,950)</u>	<u>(341,705)</u>	<u>(341,850)</u>
Net change in fund balances	(47,888)	304,427	18,581	67,170	201,093	(1,358,558)
Beginning fund balance	<u>78,555</u>	<u>469,183</u>	<u>171,357</u>	<u>550,353</u>	<u>1,546,543</u>	<u>3,476,339</u>
Ending fund balance	<u>\$ 30,667</u>	<u>773,610</u>	<u>189,938</u>	<u>617,523</u>	<u>1,747,636</u>	<u>2,117,781</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019**

	Capital Outlay GRT	Water Dedication GRT	Emergency Medical Services	Special Streets Fund	Recycling Fund	Lodger's Tax Fund
	Fund 65	Fund 66	Fund 72	Fund 75	Fund 76	Fund 77+78
Revenues:						
Taxes						
Gross receipts	\$ 2,018,169	1,869,337	-	2,030,591	-	-
Other	-	-	-	550,505	-	794,655
Intergovernmental revenue						
Federal grants	-	-	-	21,360	-	-
State grants	-	-	18,907	295,400	7,600	-
Interest income	19,663	102,746	-	13,508	-	32,257
Miscellaneous income	-	127,871	-	101,940	5,652	-
Total revenues	<u>2,037,832</u>	<u>2,099,954</u>	<u>18,907</u>	<u>3,013,304</u>	<u>13,252</u>	<u>826,912</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	407,723
Public safety	-	-	7,949	-	-	-
Public works	53,761	1,313,347	-	3,062,394	14,864	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	10,995	202,430	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>53,761</u>	<u>1,313,347</u>	<u>18,944</u>	<u>3,264,824</u>	<u>14,864</u>	<u>407,723</u>
Excess (deficiency) of revenues over (under) expenditures	1,984,071	786,607	(37)	(251,520)	(1,612)	419,189
Other financing sources (uses):						
Transfers in	-	-	-	23,000	-	-
Transfers out	(1,843,899)	-	-	-	-	(150,000)
Total other financing sources (uses):	<u>(1,843,899)</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>-</u>	<u>(150,000)</u>
Net change in fund balances	140,172	786,607	(37)	(228,520)	(1,612)	269,189
Beginning fund balance	<u>1,308,559</u>	<u>4,470,137</u>	<u>37</u>	<u>1,580,071</u>	<u>3,596</u>	<u>2,113,858</u>
Ending fund balance	<u>\$ 1,448,731</u>	<u>5,256,744</u>	<u>-</u>	<u>1,351,551</u>	<u>1,984</u>	<u>2,383,047</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	Special Fire & Police GRT Fund 86	Corrections Fund Fund 89	Law Enforcement Protection Fund Fund 90	Clovis Area Transit System Fund 92	Department of Justice Fund 96	Inter- governmental Grants Fund 97
Revenues:						
Taxes						
Gross receipts	\$ 2,030,590	-	-	-	-	-
Charges for services	-	-	-	40,464	-	-
Fines and forfeitures	-	71,955	-	-	-	-
Intergovernmental revenue						
Federal grants	-	-	-	251,792	10,230	229,356
State grants	-	-	60,600	-	-	18,598
Interest income	2,218	260	160	-	3	221
Miscellaneous income	-	-	552	14,300	-	-
Total revenues	<u>2,032,808</u>	<u>72,215</u>	<u>61,312</u>	<u>306,556</u>	<u>10,233</u>	<u>248,175</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	64,141	-	49,935	-	10,289	181,271
Public works	-	-	-	916,831	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	6,197
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>64,141</u>	<u>-</u>	<u>49,935</u>	<u>916,831</u>	<u>10,289</u>	<u>187,468</u>
Excess (deficiency) of revenues over (under) expenditures	1,968,667	72,215	11,377	(610,275)	(56)	60,707
Other financing sources (uses):						
Transfers in	-	-	-	217,893	-	-
Transfers out	<u>(1,981,788)</u>	<u>(94,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,229)</u>
Total other financing sources (uses):	<u>(1,981,788)</u>	<u>(94,197)</u>	<u>-</u>	<u>217,893</u>	<u>-</u>	<u>(225,229)</u>
Net change in fund balances	(13,121)	(21,982)	11,377	(392,382)	(56)	(164,522)
Beginning fund balance	<u>439,669</u>	<u>21,982</u>	<u>9,479</u>	<u>392,277</u>	<u>1,035</u>	<u>-</u>
Ending fund balance	<u>\$ 426,548</u>	<u>-</u>	<u>20,856</u>	<u>(105)</u>	<u>979</u>	<u>(164,522)</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
RECONCILING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2019**

	Drug Control Fund <u>Fund 98</u>	Total <u></u>
Revenues:		
Taxes		
Gross receipts	\$ -	10,480,734
Other	-	1,456,025
Licenses and permits	-	5,688
Charges for services	-	176,378
Fines and forfeitures	-	152,905
Intergovernmental revenue		
Federal grants	191,443	704,181
State grants	-	1,140,354
Interest income	196	237,166
Miscellaneous income	<u>1,545</u>	<u>1,381,298</u>
Total revenues	193,184	15,734,729
Expenditures:		
Current:		
General government	-	407,723
Public safety	161,152	1,116,616
Public works	-	6,486,658
Culture and recreation	-	2,149,817
Health and welfare	-	339,360
Capital outlay	-	1,757,985
Debt service		
Principal	-	-
Interest	-	-
Total expenditures	<u>161,152</u>	<u>12,258,159</u>
Excess (deficiency) of revenues over (under) expenditures	32,032	3,476,570
Other financing sources (uses):		
Transfers in	-	2,411,523
Transfers out	<u>-</u>	<u>(6,027,910)</u>
Total other financing sources (uses):	<u>-</u>	<u>(3,616,387)</u>
Net change in fund balances	32,032	(139,817)
Beginning fund balance	<u>(15,480)</u>	<u>16,743,714</u>
Ending fund balance	<u>\$ 16,552</u>	<u>16,603,897</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019**

	<u>Street Improvement Fund 24</u>	<u>Street Construction Fund 87</u>	<u>Drainage Improvements Fund 88</u>	<u>Totals</u>
Revenues:				
Taxes				
Gross receipts	-	-	507,647	507,647
Intergovernmental revenue				
Federal grants	-	500,000	-	500,000
State grants	-	198,185	-	198,185
Interest income	671	15,363	23,255	39,289
Total revenues	<u>671</u>	<u>713,548</u>	<u>530,902</u>	<u>1,245,121</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	11,305	1,106,744	195,886	1,313,935
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	17,777	-	17,777
Debt service				
Principal	-	-	-	-
Interest	-	(492)	-	(492)
Total expenditures	<u>11,305</u>	<u>1,124,029</u>	<u>195,886</u>	<u>1,331,220</u>
Excess (deficiency) of revenues over (under) expenditures	(10,634)	(410,481)	335,016	(86,099)
Other financing sources (uses):				
Transfers in	-	242,364	-	242,364
Transfers out	-	(22,851)	(948,273)	(971,124)
Total other financing sources (uses):	<u>-</u>	<u>219,513</u>	<u>(948,273)</u>	<u>(728,760)</u>
Net change in fund balances	(10,634)	(190,968)	(613,257)	(814,859)
Beginning fund balance	<u>39,486</u>	<u>1,144,197</u>	<u>1,210,981</u>	<u>2,394,664</u>
Ending fund balance	<u>\$ 28,852</u>	<u>953,229</u>	<u>597,724</u>	<u>1,579,805</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	<u>Drainage Improv Fund 40</u>	<u>Landfill Cell #5 Fund 41</u>	<u>Street Improvements Fund 42</u>	<u>2018 Street Bonds Fund 45</u>	<u>Civic Center Fund 46</u>	<u>Parks and Infrastructure Fund 47</u>	<u>Totals</u>
Revenues:							
Interest income	\$ 4,350	6,736	3,496	6,243	-	7,706	28,531
Miscellaneous income	-	-	-	-	7,214	-	7,214
Total revenues	<u>4,350</u>	<u>6,736</u>	<u>3,496</u>	<u>6,243</u>	<u>7,214</u>	<u>7,706</u>	<u>35,745</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	440,000	-	335,000	720,000	-	154,000	1,649,000
Interest	76,115	65,086	77,600	83,951	-	182,819	485,571
Total expenditures	<u>516,115</u>	<u>65,086</u>	<u>412,600</u>	<u>803,951</u>	<u>-</u>	<u>336,819</u>	<u>2,134,571</u>
Excess (deficiency) of revenues over (under) expenditures	(511,765)	(58,350)	(409,104)	(797,708)	7,214	(329,113)	(2,098,826)
Other financing sources (uses):							
Transfers in	528,525	546,807	412,600	872,199	-	473,586	2,833,717
Transfers out	-	(479,605)	-	-	-	(125,000)	(604,605)
Total other financing sources (uses):	<u>528,525</u>	<u>67,202</u>	<u>412,600</u>	<u>872,199</u>	<u>-</u>	<u>348,586</u>	<u>2,229,112</u>
Net change in fund balances	16,760	8,852	3,496	74,491	7,214	19,473	130,286
Beginning fund balance	<u>(2,715)</u>	<u>84,442</u>	<u>12,702</u>	<u>-</u>	<u>(7,214)</u>	<u>153,990</u>	<u>241,205</u>
Ending fund balance	<u>\$ 14,045</u>	<u>93,294</u>	<u>16,198</u>	<u>74,491</u>	<u>-</u>	<u>173,463</u>	<u>371,491</u>

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
INTERNAL SERVICE FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

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 the property and liability self-insurance costs for the City of Clovis.

STATE OF NEW MEXICO
CITY OF CLOVIS
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
As of June 30, 2019

	Workers Compensation Fund 48	Un- employment Revenue Fund 53	Prop and Liability Self- Insurance Fund Fund 54	Total
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 72,958	1,431	-	74,389
Investments	2,337,176	906,828	637	3,244,641
Receivables				
Due from other funds	<u>277,752</u>	<u>-</u>	<u>-</u>	<u>277,752</u>
Total current assets	2,687,886	908,259	637	3,596,782
Non-current assets:				
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,687,886</u>	<u>908,259</u>	<u>637</u>	<u>3,596,782</u>
Deferred Outflows of Resources:				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 2,687,886</u>	<u>908,259</u>	<u>637</u>	<u>3,596,782</u>
Liabilities, deferred inflows of resources and net position:				
Liabilities:				
Accounts payable	-	-	-	-
Accrued payroll liabilities	\$ 6,262	-	-	6,262
Other accrued liabilities	-	-	-	-
Accrued interest	-	-	-	-
Due to other fund	9	-	-	9
Due to other government	-	-	-	-
Customer deposits	-	-	-	-
Current portion of compensated absences	2,511	-	-	2,511
Current portion of long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	8,782	-	-	8,782
Non-current liabilities				
Compensated absences	<u>628</u>	<u>-</u>	<u>-</u>	<u>628</u>
Total non-current liabilities	<u>628</u>	<u>-</u>	<u>-</u>	<u>628</u>
Total liabilities	9,410	-	-	9,410
Deferred inflows of resources:				
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position				
Net Investment in Capital Assets	-	-	-	-
Unrestricted Net Position	<u>2,678,476</u>	<u>908,259</u>	<u>637</u>	<u>3,587,372</u>
Total net position	<u>2,678,476</u>	<u>908,259</u>	<u>637</u>	<u>3,587,372</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 2,687,886</u>	<u>908,259</u>	<u>637</u>	<u>3,596,782</u>

**STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2019**

	<u>Workers Compensation Fund 48</u>	<u>Unemployment Revenue Fund 53</u>	<u>Prop and Liability Self- Insurance Fund Fund 54</u>	<u>Total</u>
Operating revenues:				
Charges for services	-	-	-	-
Federal grants - operating	-	-	-	-
State grants - operating	-	-	-	-
Total operating revenues	\$ -	-	-	-
Operating expenses:				
Personnel services	92,321	-	-	92,321
Contractual services	506,336	9,733	-	516,069
General and administrative	52,267	-	-	52,267
Depreciation	925	-	-	925
Total operating expenses	651,849	9,733	-	661,582
Operating income (loss)	(651,849)	(9,733)	-	(661,582)
Non-operating revenues (expenses):				
Gain/(loss) on disposal of capital assets	-	-	-	-
Federal grants - capital	-	-	-	-
State grants - capital	-	-	-	-
Other grant revenues	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Miscellaneous	541,649	72,883	-	614,532
Interest income	63,584	19,297	1,256	84,137
Interest expense	-	-	-	-
Total non-operating revenues (expenses)	605,233	92,180	1,256	698,669
Income (loss) before transfers	(46,616)	82,447	1,256	37,087
Other financing sources/(uses)				
Transfers in	10,000	-	-	10,000
Transfers out	(1,900)	-	(154,900)	(156,800)
Total other financing sources/(uses)	8,100	-	(154,900)	(146,800)
Change in net position	(38,516)	82,447	(153,644)	(109,713)
Net position, beginning of year	2,716,992	825,812	154,281	3,697,085
Restatement	-	-	-	-
Beginning net position, as restated	2,716,992	825,812	154,281	3,697,085
Net position, end of year	\$ 2,678,476	908,259	637	3,587,372

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

STATE OF NEW MEXICO
CITY OF CLOVIS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2019

	Workers Compensation Fund 48	Un- employment Revenue Fund 53	Prop and Liability Self- Insurance Fund 54	Total
Cash flows from operating activities:				
Receipts from customers and users	-	-	-	-
Receipts from subsidy grants	-	-	-	-
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	\$ (594,990)	(9,733)	-	(604,723)
Payments to employees	(89,693)	-	-	(89,693)
Net cash provided (used) for operating activities	(684,683)	(9,733)	-	(694,416)
Cash flows from noncapital financing activities:				
Transfers from other funds	182,868	-	-	182,868
Transfers to other funds	(1,900)	-	(154,900)	(156,800)
Tax receipts	-	-	-	-
Miscellaneous income	541,650	72,883	-	614,533
Net cash provided (used) for noncapital financing activities	722,618	72,883	(154,900)	640,601
Cash flows from capital and related financing activities:				
Intergovernmental receipts-capital	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Principal paid on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Long-term debt proceeds.	-	-	-	-
Net cash provided (used) for capital and related financing activities.	-	-	-	-
Cash flows from investing activities:				
Proceeds from sale and maturities of investments	-	-	153,644	153,644
Purchase of investments	(453,165)	(83,959)	-	(537,124)
Interest and dividends	63,584	19,297	1,256	84,137
Net cash provided (used) for investing activities.	(389,581)	(64,662)	154,900	(299,343)
Net increase (decrease) in cash and cash equivalents	(351,646)	(1,512)	-	(353,158)
Cash and cash equivalents – beginning of year	424,604	2,943	-	427,547
Cash and cash equivalents – end of year	\$ 72,958	1,431	-	74,389
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (651,849)	(9,733)	-	(661,582)
Adjustments				
Depreciation and amortization	925	-	-	925
Pension expense	-	-	-	-
OPEB expense	-	-	-	-
Deferred outflows - contributions subsequent to measurement date	-	-	-	-
Bad debt expense	-	-	-	-
Changes in assets and liabilities:				
Receivables	-	-	-	-
Prepaid expenses	499	-	-	499
Inventories	-	-	-	-
Other assets	-	-	-	-
Accounts payable	(36,886)	-	-	(36,886)
Accrued expenses and other liabilities	2,944	-	-	2,944
Deposits	-	-	-	-
Deferred revenues	-	-	-	-
Compensated absences	(316)	-	-	(316)
Net cash provided by operating activities	\$ (684,683)	(9,733)	-	(694,416)

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

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2019**

	<u>Balance</u> <u>6/30/2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2019</u>
Veterinary				
Assets:				
Cash	\$ 75,339	2,358	(43,686)	34,011
Total assets	<u>\$ 75,339</u>	<u>2,358</u>	<u>(43,686)</u>	<u>34,011</u>
Liabilities:				
Held for others	\$ 75,339	2,358	(43,686)	34,011
Total liabilities	<u>\$ 75,339</u>	<u>2,358</u>	<u>(43,686)</u>	<u>34,011</u>
Municipal court				
Assets:				
Cash	\$ 1,098	-	(270)	828
Total assets	<u>\$ 1,098</u>	<u>-</u>	<u>(270)</u>	<u>828</u>
Liabilities:				
Held for others	\$ 1,098	-	(270)	828
Total liabilities	<u>\$ 1,098</u>	<u>-</u>	<u>(270)</u>	<u>828</u>
Total				
Assets:				
Cash	\$ 76,437	2,358	(43,956)	34,839
Total assets	<u>\$ 76,437</u>	<u>2,358</u>	<u>(43,956)</u>	<u>34,839</u>
Liabilities:				
Held for others	\$ 76,437	2,358	(43,956)	34,839
Total liabilities	<u>\$ 76,437</u>	<u>2,358</u>	<u>(43,956)</u>	<u>34,839</u>

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

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

	Federal CFDA Number	Federal Grantors Number	Federal Awards Expended	Payments to Sub- recipients
Department of Housing and Urban Development				
CDBG - Entitlement Grants-Cluster				
Community Development Block Grants/Entitlement Grants	14.218	GSA 17-521-0410-007	\$ 464,215	-
Total CDBG - Entitlement Grants-Cluster			<u>464,215</u>	-
Total Department of Housing and Urban Development			464,215	-
U.S. Department of Transportation				
Passed through NM Department of Transportation				
Federal Transit Cluster-Cluster				
Federal Transit Formula Grants	20.507	80/20	438,981	-
Subtotal Federal Transit Cluster-Cluster			<u>438,981</u>	-
Highway Planning and Construction Cluster-Cluster				
Highway Planning and Construction	20.205	HWA2103120-118-BO	21,360	-
Subtotal Highway Planning and Construction Cluster-Cluster			<u>21,360</u>	-
Airport Improvement Program	(1) 20.106	3-35-0011-031	3,541,924	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	18-AL-64-023	26,154	-
Total U.S. Department of Transportation			4,028,419	-
U.S. Department of Justice				
Passed through NM Department of Public Safety				
Bulletproof Vest Partnership Program	16.607	FY2018	15,228	-
Edward Byrne Memorial Grant Program	16.738	16-JAG-REG5-FFY18	176,479	-
Total U.S. Department of Justice			191,707	-
U.S. Department of Homeland Security				
Passed through NM Department of Homeland Security				
Emergency Management Performance Grants	97.042	EMT2018EP00002S01	46,367	-
Homeland Security Grant Program	97.067	EMW2107SS00032S0	17,712	-
Total U.S. Department of Homeland Security			64,079	-
Total Federal Financial Assistance			\$ 4,748,420	-

* Major program

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 - Sub-recipients

The City did not provide any federal awards to sub-recipients during the year.

Note 3 - Federally Funded Loans

The City has no federally funded loans or loan guarantee programs as of June 30, 2019.

Note 4 - 10% de minimus Indirect Cost Rate

The City did not elect to use the allowed 10% indirect cost rate.

Note 5 - Federally Funded Insurance

The City has no federally funded insurance.

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FUND BALANCES
As of June 30, 2019**

	<u>Major Funds</u>			<u>Total Non-Major Funds</u>	<u>Total Funds</u>
	<u>General Fund</u>	<u>Spec Revenue Environmental Tax</u>	<u>Cap Project 2018 Street Bonds</u>		
Fund Balances:					
Nonspendable:					
Inventory	5,482	-	-	187,561	193,043
Prepaid expenses	416,279	-	-	46,912	463,191
Subtotal nonspendable funds	\$ 421,761	-	-	234,473	656,234
Restricted for:					
DFA required reserves	1,811,556	-	-	-	1,811,556
Environmental projects	-	7,127,710	-	-	7,127,710
Road/drainage improvements	-	-	2,926,730	5,277,896	8,204,626
Economic development efforts	-	-	-	2,383,047	2,383,047
Various capital project efforts	-	-	-	982,081	982,081
Debt service requirements	-	-	-	371,491	371,491
Public safety and law enforcement efforts	-	-	-	37,071	37,071
Subtotal restricted funds	1,811,556	7,127,710	2,926,730	9,051,586	20,917,582
Committed to:					
Operate/maintain recreational facilities	-	-	-	191,957	191,957
Improvement of sewer distribution lines	-	-	-	210,962	210,962
Road/drainage improvements	-	-	-	1,151,650	1,151,650
Improvement of City property/equipment	-	-	-	2,222,341	2,222,341
Various capital project efforts	-	-	-	597,724	597,724
Recycling efforts	-	-	-	1,984	1,984
Public safety and law enforcement efforts	-	-	-	426,548	426,548
Operate/maintain senior citizens facility	-	-	-	4,884	4,884
Economic development efforts	-	-	-	2,117,781	2,117,781
Subtotal committed funds	-	-	-	6,925,831	6,925,831
Assigned to:					
Operate/maintain recreational facilities	-	-	-	434,602	434,602
Multi-purpose special events center	-	-	-	612,085	612,085
Departmental improvements	-	-	-	1,747,636	1,747,636
Subtotal assigned funds	-	-	-	2,794,323	2,794,323
Unassigned	7,664,240	-	-	(451,020)	7,213,220
	\$ 9,897,557	7,127,710	2,926,730	18,555,193	38,507,190

See independent auditor's report.

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF DEPOSITORIES
As of June 30, 2019

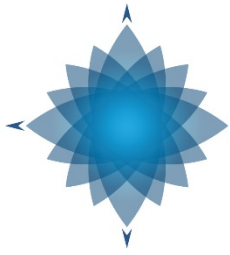
Account name	Type	Citizens Bank	New Mexico Bank and Trust	Western Bank of Clovis	NMFA	NM Self-Insurers Fund	The Bank of Clovis	State of New Mexico	Plus Deposits in Transit	Less O/S Checks	Balance Per Books
Cash and equivalents:											
General Fund	CK*	\$ 2,535,098	-	-	-	-	-	-	4,886,132	(1,412,816)	6,008,414
Special Streets Fund	CK	242,170	-	-	-	-	-	-	564	(41,652)	201,082
NM Law Enforcement Protecti	CK	37,320	-	-	-	-	-	-	-	(16,476)	20,844
General Fund Investment	CK	-	9,485,368	-	-	-	-	-	95,501	(4,621,230)	4,959,639
Fire Fund	MM	-	162,537	-	-	-	-	-	-	(162,537)	-
Touchstone Golf CPGC	CK	-	51,251	-	-	-	-	-	-	(1,035)	50,216
Payroll Account	CK	-	8,473	-	-	-	-	-	-	(579)	7,894
Municipal Court Trust Account	CK	-	828	-	-	-	-	-	-	-	828
Civic Center Checking-CC Card	CK	-	13,681	-	-	-	-	-	-	(4,881)	8,800
Department of Justice	CK	-	11,269	-	-	-	-	-	-	(10,290)	979
Drug Control Fund	CK	-	2,667	-	-	-	-	-	-	-	2,667
Finance Credit Card	CK	-	20,091	-	-	-	-	-	-	(19,037)	1,054
EFT Transfer Fund	CK	-	1,521	-	-	-	-	-	-	-	1,521
Zoo Credit Card	CK	-	12,682	-	-	-	-	-	-	(6,396)	6,286
Landfill Credit Card	CK	-	81,596	-	-	-	-	-	-	-	81,596
Money Market Account	MM	-	2,968,126	-	-	-	-	-	-	-	2,968,126
Aquatic Center Credit Cards	CK	-	27,539	-	-	-	-	-	-	(230)	27,309
Animal Shelter Revenue	CK	-	5,516	-	-	-	-	-	-	(3,039)	2,477
CDBG	CK*	-	4	-	-	-	-	-	-	-	4
Money Market Investment Ac	MM	-	-	4,543,696	-	-	-	-	-	-	4,543,696
Lodging Tax Fund	CK	-	-	362,412	-	-	-	-	8,404	(24,699)	346,117
Policy Deposit	Deposit	-	-	-	-	72,958	-	-	-	-	72,958
NMFA Debt service reserves	CK*	-	-	-	2,394,169	-	-	-	-	-	2,394,169
Petty cash	Cash	-	-	-	-	-	-	-	-	-	8,880
Total cash and equivalents		<u>2,814,588</u>	<u>12,853,149</u>	<u>4,906,108</u>	<u>2,394,169</u>	<u>72,958</u>	<u>-</u>	<u>-</u>	<u>4,990,601</u>	<u>(6,324,897)</u>	<u>21,715,556</u>
Investments:											
State of New Mexico	LGIP Fund (pool-7241)	-	-	-	-	-	-	14,091,024	-	-	14,091,024
CD's	CDs maturity > 90 days	-	-	-	-	-	6,231,631	-	-	-	6,231,631
Total investments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,231,631</u>	<u>14,091,024</u>	<u>-</u>	<u>-</u>	<u>20,322,655</u>
Total amount on deposit		<u>\$ 2,814,588</u>	<u>12,853,149</u>	<u>4,906,108</u>	<u>2,394,169</u>	<u>72,958</u>	<u>6,231,631</u>	<u>14,091,024</u>	<u>4,990,601</u>	<u>(6,324,897)</u>	<u>42,038,211</u>

* denotes interest bearing account

STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY
As of June 30, 2019

Account Name	CUSIP	Citizens Bank	New Mexico Bank and Trust	Western Bank of Clovis	NMFA	NM Self- Insurers Fund	The Bank of Clovis	Total
Total amount of deposit in bank		\$ 2,814,588	12,853,149	4,906,108	2,394,169	72,958	6,231,631	29,272,603
FDIC coverage		(250,000)	(250,000)	(250,000)	-	-	(250,000)	(1,000,000)
Total uninsured public funds		2,564,588	12,603,149	4,656,108	2,394,169	72,958	5,981,631	28,272,603
50% of Collateral Requirement (Section 6-10-17 NMSA 1978)		\$ 1,282,294	6,301,575	2,328,054	1,197,085	36,479	2,990,816	14,136,302
Pledged collateral:								
Suntrust 4.00% - 400424KD8 Due 11/1/26	400424KD8	-	918,553	-	-	-	-	918,553
Suntrust 5.00% - 488764XD8 Due 2/1/33	488764XD8	-	1,149,640	-	-	-	-	1,149,640
Suntrust 4.50% - 508642FH3 Due 1/1/31	508642FH3	-	903,329	-	-	-	-	903,329
Suntrust 3.00% - 35563PDZ9 Due 2/25/2057	35563PDZ9	-	1,565,110	-	-	-	-	1,565,110
Suntrust 3.00% - 35563PGB9 Due 8/25/2057	35563PGB9	-	1,905,708	-	-	-	-	1,905,708
Suntrust 6.50% - 83165BBN1 Due 7/25/2029	83165BBN1	-	417,468	-	-	-	-	417,468
Suntrust 3.00% - 83164MKH1 Due 1/25/2028	83164MKH1	-	1,345,666	-	-	-	-	1,345,666
Suntrust 3.73% - 3138LNWA5 Due 6/1/2028	3138LNWA5	-	2,140,407	-	-	-	-	2,140,407
Government guaranteed loan #8053601401	N/A	-	871,177	-	-	-	-	871,177
Government guaranteed loan #5672301101	N/A	-	247,229	-	-	-	-	247,229
Government guaranteed loan #511410281	N/A	-	673,384	-	-	-	-	673,384
Government guaranteed loan #470658001	N/A	-	319,649	-	-	-	-	319,649
Government guaranteed loan #8923301501	N/A	-	625,775	-	-	-	-	625,775
GNMA - 8871	36202K2C8	-	-	12,110	-	-	-	12,110
FHLMC PC - 1393000066	3128MJZM5	-	-	864,298	-	-	-	864,298
FHLMC PC - 1393000056	3128MMQ48	-	-	428,067	-	-	-	428,067
Fannie Mae - 1393000067	3138WJM96	-	-	863,179	-	-	-	863,179
Fannie Mae - 1393000029	31412QH4M	-	-	170,171	-	-	-	170,171
FN MA 2920	31418CG65	-	-	874,007	-	-	-	874,007
Fannie Mae	31418CV92	-	-	437,922	-	-	-	437,922
GN II 004576	36202FDA1	-	-	47,777	-	-	-	47,777
SBA GTD PARTN CTF5 2011-201 1 - 2562000141	83162CUG6	-	-	213,095	-	-	-	213,095
FN MA3283	31419CUH5	-	-	439,229	-	-	-	439,229
SBAP 2016-200	83162CX57	-	-	1,199,037	-	-	-	1,199,037
Longview ISD-BLDG TX 34 - 02/15/2034	543264SV8	-	-	-	-	-	1,105,786	1,105,786
Elizabethtown ASD PA 26 - 11/15/2026	287085PZ1	-	-	-	-	-	1,008,940	1,008,940
Austin TX 28 -9/1/2028	052396YA0	-	-	-	-	-	1,018,650	1,018,650
Clovis SD#1 NM 33 - 8/1/2033	189414NY7	-	-	-	-	-	1,052,630	1,052,630
Clovis SD#1 NM 34 - 8/1/2034	189414NZ4	-	-	-	-	-	1,202,636	1,202,636
FHR 4748 HC - 1/15/2044	3137FCZ5	-	-	-	-	-	1,088,891	1,088,891
GNR 2012+143 BD - 12/16/2027	38378GVR6	605,729	-	-	-	-	-	605,729
GNR 2012+106QC - 7/20/2042	38378HKU9	358,813	-	-	-	-	-	358,813
GNR 2015-100 PJ - 7/20/2045	38379NQ54	554,272	-	-	-	-	-	554,272
SBIC 2012-10B 1 - 9/10/2022	831641EX9	1,598,857	-	-	-	-	-	1,598,857
SBAP 2012+20I 1 - 9/1/2032	83162CVA8	880,838	-	-	-	-	-	880,838
SBA Pool#50+619 - 12/25/2032	83164LVL2	1,249,634	-	-	-	-	-	1,249,634
See NMSIF audited financials		-	-	-	-	72,958	-	72,958
See NMFA audited financials		-	-	-	2,394,169	-	-	2,394,169
Total collateral		5,248,143	13,083,094	5,548,893	2,394,169	72,958	6,477,533	32,824,789
Amount over/(under) collateralized		\$ 3,965,849	6,781,519	3,220,839	1,197,085	36,479	3,486,717	18,688,488

Safekeeper of the above securities is The Independent Bankers, Dallas Texas and Texas Independent Bank, Dallas, Texas; Plains Capital Bank; Suntrust



**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

Brian S. Colón
New Mexico State Auditor
Mayor and City Commission
City of 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, State of New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and the combining and individual funds and related budgetary comparisons of the City, presented as supplementary information, and have issued our report thereon dated December 13, 2019.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Clovis, State of New Mexico's Response to Findings

City of Clovis, State of New Mexico's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

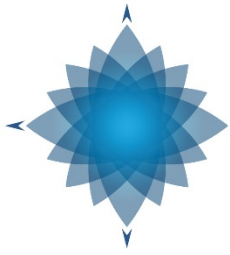
Purpose of this Report

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.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

December 13, 2019



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

Independent Auditor's Report

Brian S. Colón
New Mexico State Auditor
Mayor and City Commission
City of Clovis, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the City of Clovis, State of New Mexico's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Clovis 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

City of Clovis' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Clovis, State of New Mexico, 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 a 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.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

December 13, 2019

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements:

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

Federal Awards:

- | | |
|---|---|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 4. Identification of major programs: | |
| CFDA
<u>Number</u>
20.106 | <u>Federal Program</u>
Airport Improvement Program |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>
SECTION II - FINANCIAL STATEMENT FINDINGS	
Prior Year Findings	
2013-001 – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS	Modified/repeated
2018-001 – CAPITAL ASSETS ACCOUNTING DEFICIENCIES	Resolved
Current Year Findings	
None	
SECTION III - FEDERAL AWARD FINDINGS	
Prior Year Findings	
None	
Current Year Findings	
2019-001 – LATE DATA COLLECTION FORM	Current
SECTION IV - SECTION 12-6-5 NMSA 1978 (2.2.2.10 (L)(1)(C) NMAC FINDINGS	
Prior Year Findings	
None	
Current Year Findings	
None	

SECTION II - FINANCIAL STATEMENT FINDINGS

PRIOR YEAR FINDINGS

2013-001 – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS – Material weakness – Repeated/Modified

Statement of Condition

Following the commencement of audit fieldwork, a total of 44 adjusting entries were necessary to properly report the City’s books under the modified-accrual and full accrual basis of accounting for the fund financials (28 entries) and government-wide (16 entries) financial stmts. These entries collectively increased the City’s net position by \$848,011 at the fund financial level and decreased it by \$6,119,228 at the government-wide financial statement level.

The majority of these adjustments were related to end-of-year accruals and deferrals related to long-term debt, and pension/OPEB related balances. The City did provide data on certain receivable, payable, and payroll liability balances at year end, however they did not fully identify all necessary adjustments to bring the accounts into compliance with the accrual basis of accounting which resulted in the necessity make the audit adjustments.

This is a repeat finding from prior years. During the year ended June 30, 2019, the City provided information and made journal entries related to accruals for receivables, accounts payable, payroll

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

liabilities and capital assets, however, additional entries that materially impacted net position were still required related to:

- Inventory adjustments
- Landfill post-closure liability
- PERA pension liabilities and relate deferrals
- OPEB liabilities and related deferrals
- Long-term debt and related accrued interest and amortization of bond premium.

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

In previous years, without the ability to work in the "13th" month, auditors have requested the City not enter any adjusting entries to the General Ledger. Effective July 1, 2019, the City of Clovis

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

converted financials to Tyler “Munis” and during the closing for 2019 entered adjusting entries for the year.

Corrective Action Plan Timeline

Implementation and training on the new software continues. Finance will work with the Auditors in determining the outstanding entries that are required to be entered to the financials to bring the entries current. If necessary, Finance will obtain assistance from an outside CPA firm for the necessary year end entries moving forward. It is expected that this will be implemented by the June 30, 2020 financial close.

Designation of Employee Position Responsible For Meeting Deadline

Finance Director

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS

PRIOR YEAR FINDINGS

None

CURRENT YEAR FEDERAL AWARD FINDINGS

2019-001 – LATE DATA COLLECTION FORM – Other Noncompliance

Federal Program Information:

Funding Agency: U.S. Department of Housing and Urban Development; Department of Transportation; Department of Homeland Security; United States Department of Justice

Title: All

CFDA Number: All

Questioned Costs: None

Statement of Condition

The City did not file its Data Collection Form to the Federal Audit Clearinghouse by the required due date of March 31, 2019. The City did not submit its fiscal year 2018 reporting packet until April 15, 2019.

Criteria

Per 2 CFR 200.512, “The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.”

**STATE OF NEW MEXICO
CITY OF CLOVIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Effect

The City is not in compliance with Federal requirements.

Cause

The City did not adequately track the due date to ensure timely submittal of the form.

Recommendation

We recommend that the City ensure that all future audit reports are filed in a timely manner.

Response

Management relied on the previous auditor to ensure timely filing of the data collection form. The Finance Director responded to the emails received from the Federal Audit Clearinghouse as soon as they were received.

Corrective Action Plan Timeline

Management will note the deadline on the calendar and monitor the filing of the Data Collection Form for all audits going forward. The 2019 timeline will be noted for March of 2020.

Designation of Employee Position Responsible for Meeting Deadline

Finance Director

SECTION IV - SECTION 12-6-5 NMSA 1978 (2.2.2.10 (L)(1)(C) NMAC FINDINGS

PRIOR YEAR FINDINGS

None

CURRENT YEAR NMSA FINDINGS

None

**STATE OF NEW MEXICO
CITY OF CLOVIS
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2019**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the City and are based on information from the City's financial records. Assistance was provided by Integrity Accounting & Consulting to the City in preparing the financial statements. The City is capable, with guidance, of preparing, reviewing, and approving the financial statements and footnotes, however it is felt that the City personnel do not have the time to prepare them.

B. EXIT CONFERENCE

The contents of the report for the City of Clovis were discussed on December 13, 2019. The following individuals were in attendance.

City of Clovis Officials

Fidel Madrid	Commissioner, District 3
Justin A Howalt, P.E.	City Manager
LeighAnn Melancon	Finance Director

Integrity Accounting & Consulting

Erick Robinson, CPA, CFE	Partner
--------------------------	---------

CITY OF CLOVIS, NEW MEXICO
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section II – Financial Statements Findings

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

Name of contact person: LeighAnn Melancon, Finance Director

Corrective Action: Implementation and training on the new software continues. Finance Director will work with the Tyler “Munis” implementation trainers to become comfortable with the end of the year process and the adjusting entries. Finance Director will obtain assistance from an outside CPA firm for any needed assistance for the financial close and adjustments.

Proposed Completion Date: Closing for fiscal year 2020 and adjustments for auditors in place for the FYE June 2020 audit cycle.

2019-001 – LATE DATE COLLECTION FORM – Other Noncompliance

Name of contact person: LeighAnn Melancon, Finance Director

Corrective Action: Finance Director has noted the deadline on the calendar with reminders set beginning February 2020.

Proposed Completion Date: March 31, 2020.