

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**



## **INTRODUCTORY SECTION**

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CITY OF CLOVIS  
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**STATE OF NEW MEXICO  
CITY OF CLOVIS  
OFFICIAL ROSTER  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Elected Officials</b>	<b>Title</b>
Mike Morris	Mayor
Juan F. Garza	Commissioner, District 1
Leo Lovett	Commissioner, District 1
Gary Elliott	Commissioner, District 2
Lauren Rowley	Commissioner, District 2
Helen Casaus	Commissioner, District 3
Fidel Madrid	Commissioner, District 3
Chris Bryant	Mayor Pro Tem/Commissioner, District 4
Rube Render	Commissioner, District 4
<b>Administrative Officials</b>	<b>Title</b>
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, 2020, 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, 2020, 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 14, 2020 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 14, 2020

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
STATEMENT OF NET POSITION  
As of June 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 16,205,342	4,418,232	20,623,574
Investments	19,906,768	3,322,790	23,229,558
Receivables			
Accounts receivable	2,442,433	2,322,255	4,764,688
Taxes receivable	5,413,023	-	5,413,023
Other receivables	-	119,355	119,355
Due from other funds	1,064,650	5,693	1,070,343
Due from other governments	360,897	987,672	1,348,569
Prepaid expenses	533,896	97,209	631,105
Inventories	248,418	132,736	381,154
Total current assets	46,175,427	11,405,942	57,581,369
Non-current assets:			
Notes receivable, noncurrent portion	76,350	-	76,350
Capital assets	147,744,964	120,417,374	268,162,338
Less: Accumulated depreciation	(79,118,871)	(58,693,726)	(137,812,597)
Total non-current assets	68,702,443	61,723,648	130,426,091
Total assets	114,877,870	73,129,590	188,007,460
Deferred Outflows of Resources:			
Employer contributions subsequent to the measure	851,743	45,747	897,490
Actuarial experience	363,561	13,563	377,124
Investment experience	317,053	15,244	332,297
Change in assumptions	533,359	20,172	553,531
Change in proportion	495,402	52,126	547,528
Total deferred outflows of resources	2,561,118	146,852	2,707,970
Total assets and deferred outflows of resources	\$ 117,438,988	73,276,442	190,715,430
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 716,488	40,927	757,415
Accrued payroll liabilities	917,984	126,588	1,044,572
Accrued interest	24,463	30,603	55,066
Due to other fund	-	1,069,701	1,069,701
Customer deposits	111,883	-	111,883
Current portion of compensated absences	972,672	110,287	1,082,959
Current portion of long-term debt	1,697,000	1,725,250	3,422,250
Total current liabilities	4,440,490	3,103,356	7,543,846
Non-current liabilities			
Landfill closure	-	5,914,184	5,914,184
Long-term debt	9,194,444	12,530,229	21,724,673
Bond premium, net of amortization	103,821	6,182	110,003
Compensated absences	243,168	27,571	270,739
Net pension liability	13,642,003	452,393	14,094,396
Net OPEB liability	8,580,441	1,312,410	9,892,851
Total non-current liabilities	31,763,877	20,242,969	52,006,846
Total liabilities	36,204,367	23,346,325	59,550,692
Deferred inflows of resources:			
Actuarial experience	2,600,074	335,163	2,935,237
Investment experience	79,777	12,202	91,979
Change in assumptions	2,796,744	424,695	3,221,439
Change in proportion	2,019,475	63,225	2,082,700
Unearned revenues	100,000	119,355	219,355
Total deferred inflows of resources	7,596,070	954,640	8,550,710
Net position			
Net Investment in Capital Assets	57,734,649	47,468,169	105,202,818
Unrestricted Net Position	15,903,902	1,507,308	17,411,210
Total net position	73,638,551	48,975,477	122,614,028
Total liabilities, deferred inflows of resources and net position:	\$ 117,438,988	73,276,442	190,715,430

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, 2020

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
<b>Primary government:</b>							
Governmental activities							
General government	\$ 9,595,473	3,020,854	3,044,072	-	(3,530,547)	-	(3,530,547)
Public safety	16,457,637	-	805,338	-	(15,652,299)	-	(15,652,299)
Public works	8,654,091	-	-	-	(8,654,091)	-	(8,654,091)
Culture and recreation	4,643,996	-	-	-	(4,643,996)	-	(4,643,996)
Health and welfare	418,903	50,253	-	-	(368,650)	-	(368,650)
Interest expense	474,717	-	-	-	(474,717)	-	(474,717)
Total governmental activities	40,244,817	3,071,107	3,849,410	-	(33,324,300)	-	(33,324,300)
<b>Business-type activities:</b>							
Solid waste	4,569,847	5,507,937	-	-	-	938,090	938,090
Wastewater	4,639,038	3,358,041	-	1,076,938	-	(204,059)	(204,059)
Airport	1,837,370	-	-	1,966,798	-	129,428	129,428
Golf course	1,246,415	554,312	-	-	-	(692,103)	(692,103)
Total business-type activities	12,292,670	9,420,290	-	3,043,736	-	171,356	171,356
Total primary government	52,537,487	12,491,397	3,849,410	3,043,736	(33,324,300)	171,356	(33,152,944)
<b>General revenues:</b>							
Taxes							
Property taxes levied for general purposes					\$ 2,233,337	-	2,233,337
Gross receipts taxes					31,252,947	-	31,252,947
Other taxes and fees					2,174,389	-	2,174,389
Licenses and permits					792,360	-	792,360
Fines, forfeitures, and penalties					307,171	-	307,171
Interest income					418,195	392,628	810,823
Miscellaneous income					2,822,426	1,621,295	4,443,721
Gain/(loss) on disposal of capital assets					(51,377)	(248,613)	(299,990)
Transfers					(2,172,965)	2,172,965	-
Total general revenue and transfers					37,776,483	3,938,275	41,714,758
Changes in net position					4,452,183	4,109,631	8,561,814
Beginning net position					69,186,368	44,865,846	114,052,214
Net position, end of year					\$ 73,638,551	48,975,477	122,614,028

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, 2020**

	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	\$ 4,201,595	3,603,444	-	6,977,987	14,783,026
Investments	2,557,361	4,069,460	-	11,141,843	17,768,664
Receivables					
Accounts receivable	2,442,433	-	-	-	2,442,433
Other taxes receivable	3,244,144	89,219	-	2,079,660	5,413,023
Other receivables	-	-	-	76,350	76,350
Due from other funds	1,717,660	1	222,655	481,778	2,422,094
Due from other governments	-	-	-	360,899	360,899
Prepaid expenses	490,378	-	-	42,825	533,203
Inventories	31,080	-	-	217,337	248,417
Total assets	<u>14,684,651</u>	<u>7,762,124</u>	<u>222,655</u>	<u>21,378,679</u>	<u>44,048,109</u>
Deferred Outflows of Resources:					
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	\$ <u>14,684,651</u>	<u>7,762,124</u>	<u>222,655</u>	<u>21,378,679</u>	<u>44,048,109</u>
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	\$ 212,225	-	-	416,571	628,796
Accrued payroll liabilities	772,488	-	-	135,531	908,019
Due to other fund	1,152,903	-	-	462,034	1,614,937
Other liabilities	111,883	-	-	-	111,883
Total liabilities	<u>2,249,499</u>	<u>-</u>	<u>-</u>	<u>1,014,136</u>	<u>3,263,635</u>
Deferred Inflows of Resources:					
"Unavailable" revenues	59,004	-	-	100,000	159,004
Total deferred inflows of resources	<u>59,004</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>159,004</u>
Fund balances:					
Nonspendable	521,458	-	-	260,162	781,620
Restricted	2,183,339	7,762,124	222,655	8,002,874	18,170,992
Committed	-	-	-	8,897,736	8,897,736
Assigned	-	-	-	3,159,748	3,159,748
Unassigned	9,671,351	-	-	(55,977)	9,615,374
Total fund balances	<u>12,376,148</u>	<u>7,762,124</u>	<u>222,655</u>	<u>20,264,543</u>	<u>40,625,470</u>
Total liabilities, deferred inflows of resources and fund balances:	\$ <u>14,684,651</u>	<u>7,762,124</u>	<u>222,655</u>	<u>21,378,679</u>	<u>44,048,109</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, 2020**

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

Total fund balance - Governmental funds	\$	40,625,470
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		68,626,093
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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.		59,004
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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		851,743
Actuarial experience		363,561
Investment experience		317,053
Change in assumptions		533,359
Change in proportion		495,402
Deferred inflows of resources related to:		
Actuarial experience		(2,600,074)
Investment experience		(79,777)
Change in assumptions		(2,796,744)
Change in proportion		(2,019,475)

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	\$	(13,642,003)	
Net OPEB liability		(8,580,441)	
Bond premium, net of amortization		(103,821)	
Accrued interest payable		(24,463)	
Current compensated absences		(968,974)	
Noncurrent compensated absences		(242,244)	
Current notes payable		(1,697,000)	
Noncurrent notes payable	\$	(9,194,444)	(34,453,390)

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.		3,716,331
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Rounding		(5)
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Net position for governmental activities	\$	73,638,551
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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, 2020**

	<b>Major Funds</b>			<b>Total Non-Major Funds</b>	<b>Total Funds</b>
		<b>Spec Revenue</b>	<b>Cap Project</b>		
		<b>Environmental</b>	<b>2018 Street</b>		
	<b>General Fund</b>	<b>Tax</b>	<b>Bonds</b>		
	<b>Funds 01, 18, 79</b>	<b>Fund 06</b>	<b>Fund 25</b>		
Revenues:					
Taxes					
Property	\$ 2,270,356	-	-	-	2,270,356
Gross receipts/State shared	18,357,978	571,734	-	12,323,236	31,252,948
Other	1,016,317	-	-	1,158,070	2,174,387
Licenses and permits	787,093	-	-	5,267	792,360
Charges for services	2,934,044	-	-	137,064	3,071,108
Fines and forfeitures	125,699	-	-	181,472	307,171
Intergovernmental revenue					
Federal grants	53,888	-	-	1,314,729	1,368,617
State grants	-	-	-	2,480,793	2,480,793
Interest income	70,445	76,561	21,095	203,113	371,214
Miscellaneous income	584,249	-	173,921	1,142,958	1,901,128
Total revenues	26,200,069	648,295	195,016	18,946,702	45,990,082
Expenditures:					
Current:					
General government	5,125,597	-	-	344,772	5,470,369
Public safety	15,750,598	-	-	707,038	16,457,636
Public works	674,881	13,881	-	7,967,401	8,656,163
Culture and recreation	2,353,174	-	-	2,290,822	4,643,996
Health and welfare	97,089	-	-	321,813	418,902
Capital outlay	427,736	-	2,899,091	597,959	3,924,786
Debt service					
Principal	-	-	-	1,668,000	1,668,000
Interest	-	-	-	477,391	477,391
Total expenditures	24,429,075	13,881	2,899,091	14,375,196	41,717,243
Excess (deficiency) of revenues over (under) expenditures	1,770,994	634,414	(2,704,075)	4,571,506	4,272,839
Other financing sources (uses):					
Transfers in	3,235,411	-	-	5,860,533	9,095,944
Transfers out	(2,527,814)	-	-	(8,722,689)	(11,250,503)
Total other financing sources (uses):	707,597	-	-	(2,862,156)	(2,154,559)
Net change in fund balances	2,478,591	634,414	(2,704,075)	1,709,350	2,118,280
Beginning fund balance	9,897,557	7,127,710	2,926,730	18,555,193	38,507,190
Ending fund balance	\$ 12,376,148	7,762,124	222,655	20,264,543	40,625,470

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, 2020**

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

Total net change in fund balances-governmental funds	\$	2,118,280
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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		5,337,659
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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.

(4,877,353)

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.

(51,377)

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		(37,019)
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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		2,673
(Increase)/decrease in compensated absences		18,675
Amortization of bond premiums		11,328
Principal payments on long-term debt		1,668,000

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		851,743
Pension expense		(1,554,230)
OPEB income		834,852

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 transacitons not recorded with governmental funds.

128,959

Rounding		(7)
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Change in net position of governmental activities	\$	<u>4,452,183</u>
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**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, 2020**

	<u>Budgeted Amounts</u>			<b>Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes				
Property	\$ 2,366,816	2,366,816	2,239,035	(127,781)
Gross receipts	15,554,550	15,554,550	18,485,008	2,930,458
Other	1,018,191	1,018,191	1,010,704	(7,487)
Licenses and permits	281,000	281,000	454,490	173,490
Charges for services	2,566,000	2,566,000	1,734,175	(831,825)
Fines and forfeitures	100,000	100,000	125,699	25,699
Interest income	50,500	50,500	70,445	19,945
Miscellaneous income	595,520	911,168	633,874	(277,294)
Total revenues	<u>22,532,577</u>	<u>22,848,225</u>	<u>24,753,430</u>	<u>1,905,205</u>
Expenditures:				
Current:				
General government	5,713,486	6,083,034	5,139,619	943,415
Public safety	16,573,863	17,134,428	15,305,478	1,828,950
Public works	716,483	720,645	630,668	89,977
Culture and recreation	2,639,539	2,801,254	2,409,730	391,524
Health and welfare	99,507	98,057	22,667	75,390
Capital outlay	518,273	436,998	427,736	9,262
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>26,261,151</u>	<u>27,274,416</u>	<u>23,935,898</u>	<u>3,338,518</u>
Excess (deficiency) of revenues over (under) expenditures	(3,728,574)	(4,426,191)	817,532	(1,433,313)
Other financing sources (uses):				
Transfers in	1,984,952	3,055,777	3,115,149	59,372
Transfers out	(2,407,551)	(2,407,551)	(2,407,551)	-
Total other financing sources (uses):	<u>(422,599)</u>	<u>648,226</u>	<u>707,598</u>	<u>59,372</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(4,151,173)	(3,777,965)	1,525,130	<u>(1,373,941)</u>
Budgeted cash carryover	<u>4,151,173</u>	<u>3,777,965</u>	-	
Net change in fund balance	\$ <u>-</u>	<u>-</u>	<u>1,525,130</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 1,525,130	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			1,446,639	
Adjustments to expenditures for accrued wages and expenditures			(493,178)	
Net change in fund balance (GAAP)			<u>\$ 2,478,591</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, 2020

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Gross receipts	\$ 485,000	485,000	572,519	87,519
Interest income	21,500	21,500	76,561	55,061
Total revenues	506,500	506,500	649,080	142,580
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	15,000	15,000	-	15,000
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,000	15,000	-	15,000
Excess (deficiency) of revenues over (under) expenditures	491,500	491,500	649,080	127,580
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	491,500	491,500	649,080	127,580
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ 491,500	491,500	649,080	

Reconciliation From Budget/Actual to GAAP

Net change in fund balance (Non-GAAP budgetary basis)	\$ 649,080
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals	(785)
Adjustments to expenditures for accrued wages and expenditures	(13,881)
Net change in fund balance (GAAP)	\$ 634,414

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, 2020**

	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	\$ 1,999,843	2,330,267	44,134	43,988	4,418,232	1,422,316
Investments	1,916	2,872,270	215,000	233,604	3,322,790	2,138,105
Receivables						
Accounts receivable, net	1,516,098	803,947	2,210	-	2,322,255	-
Notes receivable, current portion	-	119,355	-	-	119,355	-
Due from other funds	1,987	3,706	-	-	5,693	277,914
Due from other governments	-	13,280	974,392	-	987,672	-
Prepaid expenses	55,175	19,962	21,502	570	97,209	693
Inventories	13,525	119,211	-	-	132,736	-
Total current assets	3,588,544	6,281,998	1,257,238	278,162	11,405,942	3,839,028
Non-current assets:						
Capital assets, net	11,412,827	29,011,105	19,114,340	2,185,376	61,723,648	-
Total non-current assets	11,412,827	29,011,105	19,114,340	2,185,376	61,723,648	-
Total assets	15,001,371	35,293,103	20,371,578	2,463,538	73,129,590	3,839,028
Deferred Outflows of Resources:						
Employer contributions subsequent to the measurement date	27,382	14,189	4,176	-	45,747	-
Actuarial experience	7,461	4,640	1,462	-	13,563	-
Investment experience	8,386	5,215	1,643	-	15,244	-
Change in assumptions	11,097	6,901	2,174	-	20,172	-
Change in proportion	32,304	15,439	4,383	-	52,126	-
Total deferred outflows of resources	86,630	46,384	13,838	-	146,852	-
Total assets and deferred outflows of resources	\$ 15,088,001	35,339,487	20,385,416	2,463,538	73,276,442	3,839,028
Liabilities, deferred inflows of resources and net position:						
Liabilities:						
Accounts payable	\$ 1,197	36,588	3,142	-	40,927	87,692
Accrued payroll liabilities	75,926	40,440	10,222	-	126,588	9,964
Accrued interest	4,232	19,036	-	7,335	30,603	-
Due to other fund	62,368	4,977	942,662	59,694	1,069,701	20,419
Current portion of compensated absences	92,782	14,370	3,135	-	110,287	3,698
Current portion of long-term debt	493,904	1,097,346	-	134,000	1,725,250	-
Total current liabilities	730,409	1,212,757	959,161	201,029	3,103,356	121,773
Non-current liabilities						
Landfill closure	5,914,184	-	-	-	5,914,184	-
Long-term debt	1,550,213	9,261,016	-	1,719,000	12,530,229	-
Bond premium, net of amortization	-	6,182	-	-	6,182	-
Compensated absences	23,195	3,593	783	-	27,571	924
Net pension liability	248,861	154,769	48,763	-	452,393	-
Net OPEB liability	850,011	364,546	97,853	-	1,312,410	-
Total non-current liabilities	8,586,464	9,790,106	147,399	1,719,000	20,242,969	924
Total liabilities	9,316,873	11,002,863	1,106,560	1,920,029	23,346,325	122,697
Deferred inflows of resources:						
Actuarial experience	216,598	93,413	25,152	-	335,163	-
Investment experience	7,903	3,389	910	-	12,202	-
Change in assumptions	274,955	118,039	31,701	-	424,695	-
Change in proportion	38,976	18,863	5,386	-	63,225	-
Unearned revenues	-	119,355	-	-	119,355	-
Total deferred inflows of resources	538,432	353,059	63,149	-	954,640	-
Net position						
Net Investment in Capital Assets	9,368,710	18,652,743	19,114,340	332,376	47,468,169	-
Unrestricted Net Position	(4,136,014)	5,330,822	101,367	211,133	1,507,308	3,716,331
Total net position	5,232,696	23,983,565	19,215,707	543,509	48,975,477	3,716,331
Total liabilities, deferred inflows of resources and net position:	\$ 15,088,001	35,339,487	20,385,416	2,463,538	73,276,442	3,839,028

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, 2020**

	Business-Type Activities					Governmental
	Enterprise Funds					Activities
	Major Funds					Internal Service
	Solid Waste	Wastewater	Airport	Golf Course		Funds
	Fund 02	Fund 10	Fund 12	Fund 19	Total	
Operating revenues:						
Charges for services	\$ 5,507,937	3,358,041	-	554,312	9,420,290	-
Total operating revenues	5,507,937	3,358,041	-	554,312	9,420,290	-
Operating expenses:						
Personnel services	1,949,860	1,021,212	251,470	-	3,222,542	299,405
Contractual services	1,036,222	1,029,955	319,271	1,155,115	3,540,563	540,482
General and administrative	815,798	491,994	600,881	1,415	1,910,088	3,712
Depreciation	767,967	1,851,439	665,748	89,885	3,375,039	-
Total operating expenses	4,569,847	4,394,600	1,837,370	1,246,415	12,048,232	843,599
Operating income (loss)	938,090	(1,036,559)	(1,837,370)	(692,103)	(2,627,942)	(843,599)
Non-operating revenues (expenses):						
Gain/(loss) on disposal of capital assets	(248,613)	-	-	-	(248,613)	-
Federal grants - capital	-	-	892,235	-	892,235	-
State grants - capital	-	1,076,938	1,074,563	-	2,151,501	-
Miscellaneous	352,612	278,791	890,438	99,454	1,621,295	909,971
Interest income	200,793	189,830	403	1,602	392,628	46,982
Interest expense	-	(244,438)	-	-	(244,438)	-
Total non-operating revenues (expenses)	304,792	1,301,121	2,857,639	101,056	4,564,608	956,953
Income (loss) before transfers	1,242,882	264,562	1,020,269	(591,047)	1,936,666	113,354
Other financing sources/(uses)						
Transfers in	485,648	1,345,330	634,563	686,711	3,152,252	87,353
Transfers out	(805,807)	(173,480)	-	-	(979,287)	(71,748)
Total other financing sources/(uses)	(320,159)	1,171,850	634,563	686,711	2,172,965	15,605
Change in net position	922,723	1,436,412	1,654,832	95,664	4,109,631	128,959
Net position, beginning of year	4,309,973	22,547,153	17,560,875	447,845	44,865,846	3,587,372
Net position, end of year	\$ 5,232,696	23,983,565	19,215,707	543,509	48,975,477	3,716,331

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, 2020

	Business-Type Activities					Governmental
	Enterprise Funds					Activities
	Major Funds					Internal Service
	Solid Waste Fund 02	Wastewater Fund 10	Airport Fund 12	Golf Course Fund 19	Total	Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 4,995,300	3,113,797	-	554,312	8,663,409	-
Payments to suppliers	(2,026,368)	(1,495,879)	(1,745,794)	(1,159,868)	(6,427,909)	(457,185)
Payments to employees	(2,045,810)	(884,261)	(218,031)	-	(3,148,102)	(294,221)
Net cash provided (used) for operating activities	923,122	733,657	(1,963,825)	(605,556)	(912,602)	(751,406)
Cash flows from noncapital financing activities:						
Transfers from other funds	485,648	1,345,330	634,563	686,711	3,152,252	107,591
Transfers to other funds	(805,807)	(173,480)	-	-	(979,287)	(71,748)
Increase/(decrease) in interfund balances	59,792	1,149	647,281	59,694	767,916	-
Miscellaneous income	352,612	278,791	890,438	99,454	1,621,295	909,971
Net cash provided (used) for noncapital financing activities	92,245	1,451,790	2,172,282	845,859	4,562,176	945,814
Cash flows from capital and related financing activities:						
Intergovernmental receipts-capital	-	1,076,938	1,184,796	-	2,261,734	-
Acquisition and construction of capital assets	(352,984)	(1,809,712)	(1,134,623)	-	(3,297,319)	-
Principal paid on long-term debt	(485,648)	(777,224)	-	(129,000)	(1,391,872)	-
Interest paid on long-term debt	-	(244,438)	-	-	(244,438)	-
Long-term debt proceeds	-	100,488	-	-	100,488	-
Net cash provided (used) for capital and related financing activities.	(838,632)	(1,653,948)	50,173	(129,000)	(2,571,407)	-
Cash flows from investing activities:						
Proceeds from sale and maturities of investments	729,076	2,395,369	419,563	282,748	3,826,756	1,238,180
Purchase of investments	(726,679)	(4,083,301)	(634,562)	(424,162)	(5,868,704)	(131,643)
Interest and dividends	200,793	189,830	403	1,602	392,628	46,982
Net cash provided (used) for investing activities.	203,190	(1,498,102)	(214,596)	(139,812)	(1,649,320)	1,153,519
Net increase (decrease) in cash and cash equivalents	379,925	(966,603)	44,034	(28,509)	(571,153)	1,347,927
Cash and cash equivalents – beginning of year	1,619,918	3,296,870	100	72,497	4,989,385	74,389
Cash and cash equivalents – end of year	\$ 1,999,843	2,330,267	44,134	43,988	4,418,232	1,422,316
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 938,090	(1,036,559)	(1,837,370)	(692,103)	(2,627,942)	(843,599)
Adjustments						
Depreciation and amortization	767,967	1,851,439	665,748	89,885	3,375,039	-
Pension expense	(45,839)	48,389	6,859	-	9,409	-
OPEB expense	(17,310)	96,810	24,844	-	104,344	-
Deferred outflows - contributions subsequent to measurement date	(27,382)	(14,189)	(4,176)	-	(45,747)	-
Changes in assets and liabilities:						
Receivables	(512,637)	(243,626)	-	-	(756,263)	-
Prepaid expenses	(28,294)	14,856	(19,268)	1,205	(31,501)	(693)
Inventories	(745)	-	-	-	(745)	-
Accounts payable	(237)	11,214	(806,374)	(4,141)	(799,538)	87,702
Accrued expenses and other liabilities	14,008	12,631	4,924	(402)	31,161	3,701
Accrued issuance costs	-	(618)	-	-	(618)	-
Landfill post closure liabilities	(145,072)	-	-	-	(145,072)	-
Compensated absences	(19,427)	(6,690)	988	-	(25,129)	1,483
Net cash provided by operating activities	\$ 923,122	733,657	(1,963,825)	(605,556)	(912,602)	(751,406)

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, 2020

	<u>2020</u>
Assets:	
Cash	\$ <u>4,256</u>
Total assets	\$ <u><u>4,256</u></u>
Liabilities:	
Held for others	\$ <u>4,256</u>
Total liabilities	\$ <u><u>4,256</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, 2020**

**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, 2020**

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, 2020.

*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, 2020**

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.

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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:

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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.

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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.

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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, 2020.

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.

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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 \$897,490 related to contributions subsequent to the measurement date, \$332,297 related to the net difference between expected and actual earnings on pension plan and OPEB plan investments, \$377,125 related to actuarial experience, \$553,531 related to changes in assumptions and \$547,528 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

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period that the amounts become available. The City has recorded \$59,004 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 \$91,979 related to the net difference between expected and actual earnings on pension plan and OPEB investments, \$2,935,237 related to actuarial experience, \$3,221,440 related to changes in assumptions and \$2,082,700 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.

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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



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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 2017. For the year ended June 30, 2020, 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.

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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, 2020 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, 2020:

<u>Fund Type</u>	<u>Amount</u>
Primary government	
Governmental funds	\$ 14,783,026
Internal service funds	1,422,316
Business-type activities	4,418,232
Fiduciary funds	4,068
Total cash and cash equivalents - primary government	<u>\$ 20,627,642</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

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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 \$79,161 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](http://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, 2020, the City's bank balances (inclusive of investments listed in Note 4) of \$44,658,618 were exposed to custodial credit risk as follows:

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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.	32,493,368
Uninsured and uncollateralized	<u>11,165,250</u>
Total uninsured deposits	<u>\$ 44,658,618</u>

**NOTE 4 – INVESTMENTS**

The City's investments consisted of the following as of June 30, 2020:

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Credit Risk- Rating</u>	<u>Maturity</u>
New MexiGROW LGIP	\$ 11,165,250	11,165,250	AAAm	[25] day WAM (R) [77] day WAM (F)
Certificates of deposit	<u>12,064,308</u>	<u>12,064,308</u>	N/A	6 months
	<u>\$ 23,229,558</u>	<u>23,229,558</u>		

A summary of the City's investments by fund type as of June 30, 2020 is as follows:

<u>Fund Type</u>	<u>Amount</u>
Primary government	
Governmental funds	\$ 17,768,663
Internal service funds	2,138,105
Business-type activities	<u>3,322,790</u>
Total cash and cash equivalents - primary government	<u>\$ 23,229,558</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, 2020, 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.

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*Interest Rate Risk* – The City does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. In addition, the City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in the State LGIP and certificates of deposit. These investments are 48% and 51%, 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

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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.

*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 \$11,165,250 in investments at June 30, 2020 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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
\$	<u>11,165,250</u>	<u>-</u>	<u>-</u>	<u>11,165,250</u>

**NOTE 5 – RECEIVABLES**

Receivables as of June 30, 2020 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	\$ 3,453,435	-	-	-	3,453,435
Taxes (Property, GRT, etc)	3,244,144	89,219	-	2,079,660	5,413,023
Other intergovernmental	-	-	-	360,899	360,899
Other	-	-	-	76,350	76,350
Subtotal	6,697,579	89,219	-	2,516,909	9,303,707
Less: Allowance for uncollectibles	(1,011,002)	-	-	-	(1,011,002)
Net Receivables	\$ <u>5,686,577</u>	<u>89,219</u>	<u>-</u>	<u>2,516,909</u>	<u>8,292,705</u>

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	<b>Solid Waste</b>	<b>Waste-</b>		<b>Golf</b>	<b>Total</b>
	<b>Fund</b>	<b>water</b>	<b>Airport</b>	<b>Course</b>	<b>Proprietary</b>
Accounts	\$ 3,192,288	1,731,035	9,666	-	4,932,989
Taxes:					
Other intergovernmental	-	13,280	974,392	-	987,672
Other	-	119,355	-	-	119,355
Subtotal	3,192,288	1,863,670	984,058	-	6,040,016
Less: Allowance for uncollectibles	(1,676,190)	(927,088)	(7,456)	-	(2,610,734)
Net Receivables	\$ 1,516,098	936,582	976,602	-	3,429,282

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 \$59,004 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.

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**NOTE 7 – CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2020 follows. Land and construction in progress are not subject to depreciation.

<b>GOVERNMENTAL ACTIVITIES</b>	<b>Balance 06/30/19</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 06/30/20</b>
<b>Non-depreciable capital assets:</b>				
Land	\$ 3,365,773	-	-	3,365,773
Construction in progress	2,612,113	2,928,978	(5,455,551)	85,540
Total non-depreciable capital assets	5,977,886	2,928,978	(5,455,551)	3,451,313
<b>Capital assets being depreciated:</b>				
Land improvements	2,564,817	1,255,912	-	3,820,729
Buildings and improvements	23,753,996	-	-	23,753,996
Equipment and vehicles	22,274,467	1,152,769	(380,430)	23,046,806
Infrastructure	88,216,568	5,455,551	-	93,672,119
Total capital assets being depreciated	136,809,848	7,864,232	(380,430)	144,293,650
<b>Less accumulated depreciation for:</b>				
Land improvements	(267,123)	(34,240)	-	(301,363)
Buildings and improvements	(10,862,454)	(596,028)	-	(11,458,482)
Equipment and vehicles	(17,176,023)	(1,249,660)	329,052	(18,096,631)
Infrastructure	(46,264,970)	(2,997,424)	-	(49,262,394)
Total accumulated depreciation	(74,570,570)	(4,877,352)	329,052	(79,118,870)
Total capital assets being depreciated	62,239,278	2,986,880	(51,378)	65,174,780
Total capital assets, net of depreciation	\$ 68,217,164	5,915,858	(5,506,929)	68,626,093
<b>BUSINESS-TYPE ACTIVITIES</b>	<b>Balance 06/30/19</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 06/30/20</b>
<b>Non-depreciable capital assets:</b>				
Land	6,159,811	-	-	6,159,811
Construction in progress	\$ 7,022,202	2,911,925	(8,938,656)	995,471
Total non-depreciable capital assets	13,182,013	2,911,925	(8,938,656)	7,155,282
<b>Capital assets being depreciated:</b>				
Land improvements	1,517,878	-	-	1,517,878
Buildings and improvements	16,642,368	118,525	-	16,760,893
Equipment and vehicles	15,403,396	183,466	-	15,586,862
Infrastructure	70,643,564	9,022,058	(269,166)	79,396,456
Total capital assets being depreciated	104,207,206	9,324,049	(269,166)	113,262,089
<b>Less accumulated depreciation for:</b>				
Land improvements	(170,012)	(27,857)	-	(197,869)
Buildings and improvements	(7,049,473)	(645,898)	-	(7,695,371)
Equipment and vehicles	(12,417,596)	(632,255)	-	(13,049,851)
Infrastructure	(35,702,158)	(2,069,029)	20,553	(37,750,634)
Total accumulated depreciation	(55,339,239)	(3,375,039)	20,553	(58,693,725)
Total capital assets being depreciated	48,867,967	5,949,010	(248,613)	54,568,364
Total capital assets, net of depreciation	\$ 62,049,980	8,860,935	(9,187,269)	61,723,646



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Depreciation expense for the year ended June 30, 2020 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 300,606
Public safety	1,028,383
Public works	2,755,636
Culture and recreation	662,202
Health and welfare	130,525
Total governmental activities	\$ 4,877,352
Business type activities	
Solid Waste	\$ 767,967
Wastewater	1,851,439
Airport	665,748
Golf course	89,885
Total business type activities	\$ 3,375,039

**NOTE 8 – LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Amount due within one year
Governmental funds debt					
Compensated absences	\$ 1,233,031	969,234	(986,425)	1,215,840	972,672
Revenues bonds payable	6,380,000	-	(780,000)	5,600,000	790,000
Notes payable	6,179,444	-	(888,000)	5,291,444	907,000
Total governmental activities	\$ 13,792,475	969,234	(2,654,425)	12,107,284	2,669,672
Business-type funds debt					
Compensated absences	\$ 162,987	105,261	(130,390)	137,858	110,287
Revenues bonds payable	6,984,765	-	(815,648)	6,169,117	833,904
Notes payable	8,562,099	100,487	(576,224)	8,086,362	891,346
Total business-type activities	\$ 15,709,851	205,748	(1,522,262)	14,393,337	1,835,537

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 2020.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2020 are as follows.

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**Governmental activities**

Revenue Bonds

Bonds payable for governmental funds at June 30, 2020 are comprised of the following:

	<b>Sales Tax Revenue bond Series 2012</b>	<b>Sales Tax Revenue bond Series 2015</b>
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, 2020, including interest payments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	440,000	30,805	470,805
2026-2030	845,000	30,810	875,810
Total	<u>\$ 3,045,000</u>	<u>277,675</u>	<u>3,322,675</u>

The July 1, 2015 Gross Receipts Tax Refunding and Improvement Revenue Bonds, Series 2015, were issued for (i) refunding, redeeming, paying and discharging the City's outstanding Gross Receipts Tax 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

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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. 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, 2020, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	380,000	31,850	411,850
2026-2030	745,000	68,250	813,250
Total	<u>\$ 2,555,000</u>	<u>312,500</u>	<u>2,867,500</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 \$2,718,963 at June 30, 2020, and equal 42.9% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2020, the City collected \$575,579 in pledged revenues, and retired \$247,631 in principal and interest on the aforementioned note.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	186,000	61,731	247,731
2026-2030	1,046,000	190,181	1,236,181
2031-2035	237,000	10,475	247,475
Total	<u>\$ 2,149,000</u>	<u>569,963</u>	<u>2,718,963</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 \$3,686,777 at June 30, 2020, and equal 2.5% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2020, the City collected \$11,369,604 in pledged revenues, and retired \$818,976 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>
2021	\$ 745,000	77,077	822,077
2022	173,075	63,518	236,593
2023	175,000	60,160	235,160
2024	175,000	56,538	231,538
2025	184,319	52,670	236,989
2026-2030	1,014,895	191,728	1,206,623
2031-2035	675,155	42,642	717,797
Total	<u>\$ 3,142,444</u>	<u>544,333</u>	<u>3,686,777</u>

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**Business-type activities**

Revenue Bonds

Bonds payable for proprietary funds at June 30, 2020 are comprised of the following:

	<b>Sales Tax Revenue bond Series 2010</b>	<b>Sales Tax Revenue bond Series 2014</b>
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, 2020, including interest payments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	400,000	99,063	499,063
2026-2030	2,275,000	269,875	2,544,875
Total	\$ 4,125,000	881,426	5,006,426

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-

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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, 2020, including interest payments are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>2,044,117</u>	<u>134,648</u>	<u>2,178,765</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 \$4,275,791 at June 30, 2020, and equal 10.9% of future wastewater utility revenues at their current rate. During the year ended June 30, 2020, the City collected \$4,903,599 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>
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		493,771	40,703	534,474
2026-2030		<u>1,541,361</u>	<u>62,062</u>	<u>1,603,423</u>
Total	\$	<u>3,915,278</u>	<u>360,513</u>	<u>4,275,791</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 \$2,445,470 at June 30, 2020, and equal 38.6% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2020, the City collected \$575,579 in pledged revenues, and retired \$221,847 in principal and interest on the aforementioned note.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	158,000	63,978	221,978
2026-2030	913,000	198,890	1,111,890
2031-2035	211,000	11,162	222,162
Total	<u>\$ 1,853,000</u>	<u>592,470</u>	<u>2,445,470</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, 2020, and equal 1.9% of future wastewater utility revenues at their current rate. During the year ended June 30, 2020, the City collected \$4,903,599 in pledged revenues, and retired \$-0- 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>
2021	\$ 163,702	5,190	168,892
2022	82,158	2,288	84,446
2023	82,363	2,082	84,445
2024	82,569	1,877	84,446
2025	82,776	1,670	84,446
2026-2030	416,994	5,236	422,230
2031-2035	168,258	631	168,889
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, 2020, and equal 1.5% of future wastewater utility revenues at their current rate. During the year ended June 30, 2020, the City collected \$4,903,599 in pledged revenues, and retired \$-0- in principal and interest on the aforementioned note.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 128,877	5,085	133,962
2022	64,680	2,301	66,981
2023	64,842	2,139	66,981
2024	65,004	1,977	66,981
2025	65,167	1,815	66,982
2026-2030	328,285	6,621	334,906
2031-2035	332,409	2,497	334,906
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 wastewater system. The revenues pledged totaled \$195,758 at June 30, 2020, and equal 0.2% of future wastewater utility revenues at their current rate. During the year ended June 30, 2020, the City collected \$4,903,599 in pledged revenues, and retired \$-0- 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>
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	9,405	383	9,788
2026-2030	47,377	1,563	48,940
2031-2035	47,971	968	48,939
2036-2040	48,575	364	48,939
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 the lender determines that a material adverse change occurs. Default remedies entered against the City are limited and may reach only available pledged revenues.



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**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 \$5,914,184 as of June 30, 2020, 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 \$145,072 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 \$5,914,184 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, 2020. 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 \$7,762,124 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.

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The composition of interfund transfers during the year ended June 30, 2020 was as follows:

	General Fund	Non-Major Governmental Funds	Solid Waste	Waste-water	Airport	Golf Course	Internal Service Funds	Total
General	\$ -	2,088,068	-	-	50,000	269,483	-	2,407,551
Non-Major Governmental	2,622,646	3,644,507	485,648	1,321,850	584,563	417,228	150,000	9,226,442
Solid Waste	259,000	546,807	-	-	-	-	-	805,807
Wastewater	150,000	-	-	823,088	-	-	-	973,088
Internal Service Funds	49,491	84,904	-	-	-	-	-	134,395
Fiduciary funds	34,011	-	-	-	-	-	-	34,011
Total	\$ 3,115,148	6,364,286	485,648	2,144,938	634,563	686,711	150,000	13,581,294

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, 2020, are as follows:

Due To Fund	Due From Fund	Fund type	Amount
General Fund	Airport Fund	Proprietary fund	\$ 942,661
General Fund	Capital Outlay GRT	Nonmajor fund	1
General Fund	Clovis Area Transit System fund	Nonmajor fund	8,032
General Fund	Colonial Golf Course Fund	Proprietary fund	59,694
General Fund	Designated Cash Fund	Nonmajor fund	764
General Fund	Drug Control Fund	Nonmajor fund	13,793
General Fund	Intergovernmental Grants	Nonmajor fund	69,962
General Fund	Library fund	Nonmajor fund	124
General Fund	Lodger's Tax Fund	Nonmajor fund	10,000
General Fund	Municipal Court Bond Fund	Fiduciary fund	829
General Fund	Municipal Road Fund	Nonmajor fund	605
General Fund	Nef Houk Park fund	Nonmajor fund	19
General Fund	Recreation Fund	Nonmajor fund	15,031
General Fund	Recycling Fund	Nonmajor fund	6,244
General Fund	Senior Services Fund	Nonmajor fund	165
General Fund	Solid Waste Fund	Proprietary fund	62,957
General Fund	Special streets fund	Nonmajor fund	8,323
General Fund	Unemployment Reserve Fund	Internal services fund	20,320
General Fund	Wastewater fund	Proprietary fund	4,978
General Fund	Water Dedication GRT	Nonmajor fund	51,228
General Fund	Workers comp fund	Internal services fund	99
Library Fund	General Fund	General Fund	124
Ned Houk Park Fund	General Fund	General Fund	139
PLC - Self Insurance	General Fund	General Fund	11
Rabies Vet Fund	General Fund	General Fund	188
Senior Services Division	General Fund	General Fund	67
Solid Waste Fund	General Fund	General Fund	2,576
Special Streets Fund	General Fund	General Fund	41,558
State Fire Marshall Grant	General Fund	General Fund	163,421
Wastewater Fund	General Fund	General Fund	3,706
Worker's Comp Fund	General Fund	General Fund	161
Worker's Comp Fund	State Fire Marshall Grant	Nonmajor fund	277,743
2011 Parks Debt Service	General Fund	General Fund	316
2012 Street Bonds Debt Svc	General Fund	General Fund	1
2018 Street Bonds	General Fund	General Fund	222,655
Clovis Area Transit System	General Fund	General Fund	276,147
Emergency Medical Services Grant	General Fund	General Fund	5
Environmental Tax Fund	General Fund	General Fund	1
			<u>\$ 2,264,648</u>

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**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, 2020 totaled \$1,366,538.

The City established limited risk management programs for workers' compensation (as discussed below) and unemployment claims. Premiums for unemployment claims are paid to the appropriate internal service fund by all other funds and are available to pay claims, claims reserves, and administrative costs of the program.

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

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

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

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**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.

**Benefits Provided** – Tier I - Benefits are generally available at age 65 with five or 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.

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

PERA Contribution Rates and Pension Factors as of July 1, 2019						
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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2019. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

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**For PERA Fund Division Municipal General:** At June 30, 2020, the City of Clovis reported a liability of \$2,290,244 for its proportionate share of the net pension liability. At June 30, 2019, the City of Clovis's proportion was 0.1323%, which was a decrease of 0.0101% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$404,928. At June 30, 2020, the City of Clovis reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 68,666	24,775
Changes of assumptions	102,121	5,641
Net difference between projected and actual earnings on pension plan investments	77,175	-
Changes in proportion and differences between City contributions and proportionate share of contributions	75,576	102,397
City contributions subsequent to the measurement date	116,615	-
	<u>\$ 440,153</u>	<u>132,813</u>

\$116,615 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, 2021. 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:

2021	\$ 130,254
2022	42,813
2023	4,960
2024	12,698
2025	-
Thereafter	\$ -

**For PERA Fund Division Municipal Police:** At June 30, 2020, the City of Clovis reported a liability of \$4,355,192 for its proportionate share of the net pension liability. At June 30, 2019, the City of Clovis's proportion was 0.5896%, which was a decrease of 0.1270% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$617,920. At June 30, 2020, the City of Clovis reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 181,947	185,525
Changes of assumptions	247,038	11,080
Net difference between projected and actual earnings on pension plan investments	136,000	-
Changes in proportion and differences between City contributions and proportionate share of contributions	87,214	563,242
City contributions subsequent to the measurement date	270,810	-
	<u>\$ 923,009</u>	<u>759,847</u>

\$270,810 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, 2021. 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:		
2021	\$	1,848
2022		(23,185)
2023		(108,630)
2024		22,319
2025		-
Thereafter	\$	-

**For PERA Fund Division Municipal Fire:** At June 30, 2020, the City of Clovis reported a liability of \$7,448,960 for its proportionate share of the net pension liability. At June 30, 2019, the City of Clovis's proportion was 1.0839%, which was a decrease of 0.2282% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Authority recognized pension expense of \$540,792. At June 30, 2020, the City of Clovis Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 126,512	235,393
Changes of assumptions	204,372	11,786
Net difference between projected and actual earnings on pension plan investments	119,122	-
Changes in proportion and differences between City contributions and proportionate share of contributions	104,348	1,092,939
City contributions subsequent to the measurement date	338,859	-
	<u>\$ 893,213</u>	<u>1,340,118</u>

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\$338,859 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, 2021. 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:

2021	\$ (333,973)
2022	(205,331)
2023	(265,901)
2024	19,441
2025	-
Thereafter	\$ -

**Actuarial assumptions.** The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2018
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
	2.50%
Includes inflation at	2.75% rate all other years
	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.
Mortality Assumption	
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2019. These assumptions were adopted by the Board use in the June 30, 2018 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



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real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Global Equity	42.33%	7.48%
Risk Reduction & Mitigation	21.37%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	20.00%	6.48%
Multi-Risk Allocation	1.30%	
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, 2019. 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:

<b>PERA Fund Division - Municipal General - City</b>		<b>Current</b>	<b>1%</b>
	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>Increase (8.25%)</b>
City's proportionate share of the net pension liability	\$ 3,463,857	2,290,244	1,319,237
<b>PERA Fund Division - Municipal Police</b>		<b>Current</b>	<b>1%</b>
	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>Increase (8.25%)</b>
City's proportionate share of the net pension liability	\$ 6,590,789	4,355,192	2,531,366

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PERA Fund Division - Municipal Fire	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 9,872,196	7,448,960	5,463,063

***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, 2020, 2019, and 2018, the City's required and actual contributions totaled \$1,381,009, \$1,379,477, and \$1,325,702, 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.

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Employees are mandated to contribute a minimum of 3% of their gross salary but may elect to contribute up to 100% of their salary up to a maximum dollar amount of \$18,500 per year into the plan. Eligible employees may also make catch-up contributions totaling \$5,500 per year. There are employees that are making contributions to the Deferred Compensation Plan. All contributions withheld from participant's wages by the City have been paid to the plan administrator. Employee contributions withheld and remitted to the plan were \$885,026, \$894,128 and \$878,679 for the years ended June 30, 2020, 2019, and 2018, respectively.

**NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

***General Information about the OPEB***

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

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

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

***Employees covered by benefit terms*** – At June 30, 2019, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	<u>91,082</u>
	<u>154,177</u>
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	<u>49,492</u>
	<u>91,082</u>

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**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the City were \$171,206 for the year ended June 30, 2020.

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

At June 30, 2020, the City reported a liability of \$9,892,852 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019. At June 30, 2019, the City's proportion was 0.30511 percent.

For the year ended June 30, 2020, the City recognized OPEB income of \$730,508. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	2,489,544
Changes of assumptions	-	3,192,934
Net difference between projected and actual earnings on OPEB plan investments	-	91,979
Changes in proportion and differences between City contributions and proportionate share of contributions	280,390	324,122
City contributions subsequent to the measurement date	171,206	-
	<u>\$ 451,596</u>	<u>6,098,579</u>

Deferred outflows of resources totaling \$171,206 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

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Year ended June 30:	
2021	\$ (1,558,194)
2022	(1,558,194)
2023	(1,359,830)
2024	(850,756)
2025	<u>(491,215)</u>
Total	\$ <u>(5,818,189)</u>

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

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; 2.50% for PERA members
Projected payroll increases	3.25% to 13.50%, 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 Non-Medicare 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.

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The best estimate 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 4.16% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2039. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2039, resulting in a blended discount rate of 4.16%.

**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 (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current discount rate:

	1% Decrease (3.16%)	Current Discount Rate (4.16%)	1% Increase (5.16%)
City's proportionate share of the net OPEB liability	\$ 12,101,343	9,892,852	8,156,771

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 8,236,737	9,892,852	11,219,047

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***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, 2019.

***Payable Changes in the Net OPEB Liability.*** At June 30, 2020, the City reported a payable of \$ - for outstanding contributions due to NMRHCA for the year ended June 30, 2020.

**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, 2020, 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.

**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, 2020 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, 2020 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:

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Fiscal Year	
Ending June 30,	Amount
2021	\$ 115,287
2022	115,287
2023	-
2024	-
2025	-
Total	\$ 230,574

Rental payments charged to current operations for the year ended June 30, 2020 were approximately \$336,823.

**NOTE 19 – FUND DEFICITS AND NON-COMPLIANCE**

Deficit Fund Balances

The City reported the following funds with a deficit fund balance at June 30, 2020:

Fund	Fund Type	Amount
Fund 4 - Recreation Fund	Special revenue fund	\$ (21,168)
Fund 97 - Intergovernmental Grants fund	Special revenue fund	\$ (32,992)

Legal Compliance with Budget

The City did not have any funds that exceeded budget at the fund level as of June 30, 2020.

**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:

Project	Contract Type	Contract Price	Amount Expended at 6/30/2020	% of Completion
Shooting Range Engineering	Infrastructure	90,000	85,537	95.04%
Effluent Phase 1C Construction	Infrastructure	4,341,080	881,763	20.31%
Effluent Phase 1C Engineering	Infrastructure	351,890	99,120	28.17%
		\$ 4,782,970	1,066,420	

**NOTE 21 – RESTRICTED NET POSITION**

The Balance Sheet – Governmental Funds reports \$18,170,704 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.



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**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><b>Amount</b></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)	59,004
Unexpended grant funds received in advance (Lodgers Tax Fund)	100,000
	<u>\$ 417,762</u>

**NOTE 23 – 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, 2020.

<b>Agency Number</b>	6108
<b>Agency Name</b>	City of Clovis
<b>Agency Type</b>	Municipality
<b>Tax Abatement Agreement Name</b>	\$160,000,000 City of Clovis, New Mexico Taxable Industrial Revenue Bonds, (Southwest Cheese), Series 2016 - as described by Ordinance
<b>Recipient(s) of tax abatement</b>	Southwest Cheese
<b>Parent company(ies) of recipient(s) of tax abatement</b>	Southwest Cheese
<b>Tax abatement program (name and brief description)</b>	Southwest Cheese expansion
<b>Specific Tax(es) Being Abated</b>	Real and personal property tax
<b>Legal authority under which tax abatement agreement was entered into</b>	Ordinance 1498-96, Relating to Economic Development Planning, State of New Mexico Industrial Revenue Bond Act
<b>Criteria that make a recipient eligible to receive a tax abatement</b>	City of Clovis Ordinance No. 1498-96
<b>How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)</b>	Land conveyed as tax exempt, tax exemption against assessed value of improvements and personal property

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<b>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.</b>	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.
<b>Are there provisions for recapturing abated taxes? (Yes or No)</b>	None
<b>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</b>	None
<b>List each specific commitment made by the recipient of the abatement.</b>	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.

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	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.
	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.
	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.
	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.
	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.
	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.

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<b>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.</b>	\$1,997,767
<b>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</b>	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.
<b>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</b>	City: \$129,656.00
<b>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</b>	County \$39,198.00, Clovis Community College \$27,137.00, and Clovis Schools \$105,534.00
<b>List each specific commitment made by your agency or any other government, other than the tax abatement.</b>	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.
<b>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.</b>	Clovis Community College, Curry County, and Clovis Municipal Schools

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

**NOTE 24 – EVALUATION OF SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 14, 2020, 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>2020</u>	<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)	0.1323%	0.1424%	0.1336%	0.1253%	0.1337%	0.1271%
City of Clovis's proportionate share of the net pension liability (asset)	\$ 2,290,244	2,270,383	1,835,777	2,001,873	1,363,187	991,516
City of Clovis's covered-employee payroll	\$ 1,507,330	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	151.94%	181.72%	163.43%	153.33%	123.60%	86.49%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	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.

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**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>2020</u>	<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)	0.5896%	0.7166%	0.7018%	0.6646%	0.6532%	0.7284%
City of Clovis's proportionate share of the net pension liability (asset)	\$ 4,355,192	4,889,392	3,898,959	4,903,616	3,140,952	2,374,505
City of Clovis's covered-employee payroll	\$ 1,231,950	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	353.52%	357.78%	219.64%	316.01%	189.46%	153.73%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	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.



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**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>2020</u>	<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)	1.0839%	1.3121%	1.2777%	1.3111%	1.2779%	1.2928%
City of Clovis's proportionate share of the net pension liability (asset)	\$ 7,448,960	8,398,263	7,310,291	8,746,370	6,595,474	5,396,139
City of Clovis's covered-employee payroll	\$ 1,479,731	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	503.40%	559.05%	390.37%	494.88%	375.07%	328.88%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	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.

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**SCHEDULE OF CONTRIBUTIONS**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal General Division**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 116,615	101,009	87,592	107,270	124,683	105,323
Contributions in relation to the contractually required contribution	<u>116,615</u>	<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>	<u>-</u>
City's covered-employee payroll	1,507,330	1,249,371	1,123,246	1,305,581	1,102,859	1,146,456
Contributions as a percentage of covered-employee payroll	7.74%	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.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 270,810	272,640	289,045	273,377	238,966	255,307
Contributions in relation to the contractually required contribution	<u>270,810</u>	<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>-</u>	<u>245,809</u>
City's covered-employee payroll	1,231,950	1,366,592	1,775,175	1,551,727	1,657,838	1,544,617
Contributions as a percentage of covered-employee payroll	21.98%	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.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 338,859	330,934	352,460	335,208	316,361	314,767
Contributions in relation to the contractually required contribution	<u>338,859</u>	<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>-</u>	<u>246,764</u>
City's covered-employee payroll	1,479,731	1,502,250	1,872,670	1,767,380	1,758,475	1,640,783
Contributions as a percentage of covered-employee payroll	22.90%	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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020**

***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 2019 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>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.30511%	0.31231%	0.30460%
City's proportionate share of the net OPEB liability (asset)	\$ 12,101,343	13,580,347	13,801,663
City's covered-employee payroll	\$ 13,889,944	13,309,139	11,638,622
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	87.12%	102.04%	118.59%
Plan fiduciary net position as a percentage of the total OPEB liability	18.92%	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\***

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 187,001	291,946	264,883
Contributions in relation to the contractually required contribution	<u>187,001</u>	<u>291,946</u>	<u>264,883</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 13,889,944	13,309,139	11,638,622
Contributions as a percentage of covered-employee payroll	1.35%	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, 2020**

***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 2019 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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Debt Service Funds</b>	<b>Total</b>
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 6,747,443	151,384	79,160	6,977,987
Investments	9,163,463	1,647,961	330,419	11,141,843
Receivables				
Taxes receivable	1,989,212	90,448	-	2,079,660
Other receivables	76,350	-	-	76,350
Due from other funds	481,461	-	317	481,778
Due from other governments	200,123	160,776	-	360,899
Prepaid expenses	42,825	-	-	42,825
Inventories	217,337	-	-	217,337
Total assets	<u>18,918,214</u>	<u>2,050,569</u>	<u>409,896</u>	<u>21,378,679</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>\$ 18,918,214</u>	<u>2,050,569</u>	<u>409,896</u>	<u>21,378,679</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 416,571	-	-	416,571
Accrued payroll liabilities	135,531	-	-	135,531
Due to other fund	462,034	-	-	462,034
Total liabilities	<u>1,014,136</u>	<u>-</u>	<u>-</u>	<u>1,014,136</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	260,162	-	-	260,162
Restricted	6,566,267	1,026,711	409,896	8,002,874
Committed	7,873,878	1,023,858	-	8,897,736
Assigned	3,159,748	-	-	3,159,748
Unassigned	(55,977)	-	-	(55,977)
Total fund balances	<u>17,804,078</u>	<u>2,050,569</u>	<u>409,896</u>	<u>20,264,543</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 18,918,214</u>	<u>2,050,569</u>	<u>409,896</u>	<u>21,378,679</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, 2020**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Totals</b>
Revenues:				
Taxes				
Gross receipts	\$ 11,747,657	575,579	-	12,323,236
Other	1,158,070	-	-	1,158,070
Licenses and permits	5,267	-	-	5,267
Charges for services	137,064	-	-	137,064
Fines and forfeitures	181,472	-	-	181,472
Intergovernmental revenue				
Federal grants	1,024,065	290,664	-	1,314,729
State grants	975,248	1,505,545	-	2,480,793
Interest income	167,019	18,402	17,692	203,113
Miscellaneous income	1,142,328	630	-	1,142,958
Total revenues	<u>16,538,190</u>	<u>2,390,820</u>	<u>17,692</u>	<u>18,946,702</u>
Expenditures:				
Current:				
General government	344,772	-	-	344,772
Public safety	707,038	-	-	707,038
Public works	6,118,778	1,848,623	-	7,967,401
Culture and recreation	2,290,822	-	-	2,290,822
Health and welfare	321,813	-	-	321,813
Capital outlay	586,958	11,001	-	597,959
Debt service				
Principal	-	-	1,668,000	1,668,000
Interest	-	-	477,391	477,391
Total expenditures	<u>10,370,181</u>	<u>1,859,624</u>	<u>2,145,391</u>	<u>14,375,196</u>
Excess (deficiency) of revenues over (under) expenditures	6,168,009	531,196	(2,127,699)	4,571,506
Other financing sources (uses):				
Transfers in	2,943,014	136,767	2,780,752	5,860,533
Transfers out	(7,910,842)	(197,199)	(614,648)	(8,722,689)
Total other financing sources (uses):	<u>(4,967,828)</u>	<u>(60,432)</u>	<u>2,166,104</u>	<u>(2,862,156)</u>
Net change in fund balances	1,200,181	470,764	38,405	1,709,350
Beginning fund balance	<u>16,603,897</u>	<u>1,579,805</u>	<u>371,491</u>	<u>18,555,193</u>
Ending fund balance	<u>\$ 17,804,078</u>	<u>2,050,569</u>	<u>409,896</u>	<u>20,264,543</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, 2020**

	<b>Municipal Road Fund Fund 3</b>	<b>Recreation Fund Fund 4</b>	<b>Older Adults Division Fund Fund 5</b>	<b>State Fire Marshall Grant Fund 7</b>	<b>Sanitary Sewer Improve- ments Fund 8</b>	<b>Ned Houk Park Fund Fund 13</b>
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ -	-	75	172,998	261,312	-
Investments	-	1,000	113,272	92,631	-	417,632
Receivables						
Taxes receivable	9,586	-	-	-	-	-
Due from other funds	-	-	67	163,421	-	139
Prepaid expenses	-	1,817	3,075	-	-	3,276
Inventories	-	-	-	-	-	1,251
Other assets	-	-	-	-	-	-
Total assets	<u>9,586</u>	<u>2,817</u>	<u>116,489</u>	<u>429,050</u>	<u>261,312</u>	<u>422,298</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>9,586</u>	<u>2,817</u>	<u>116,489</u>	<u>429,050</u>	<u>261,312</u>	<u>422,298</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ -	786	2,058	-	-	1,660
Accrued payroll liabilities	-	8,168	8,620	-	-	5,722
Due to other fund	605	15,031	165	277,743	-	19
Total liabilities	<u>605</u>	<u>23,985</u>	<u>10,843</u>	<u>277,743</u>	<u>-</u>	<u>7,401</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	-	1,817	3,075	-	-	4,527
Restricted	8,981	-	-	151,307	-	-
Committed	-	-	102,571	-	261,312	-
Assigned	-	-	-	-	-	410,370
Unassigned	-	(22,985)	-	-	-	-
Total fund balances	<u>8,981</u>	<u>(21,168)</u>	<u>105,646</u>	<u>151,307</u>	<u>261,312</u>	<u>414,897</u>
Total liabilities, deferred inflows of resources and fund balances:	\$ <u>9,586</u>	<u>2,817</u>	<u>116,489</u>	<u>429,050</u>	<u>261,312</u>	<u>422,298</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, 2020**

	<b>Carver Library Fund 14</b>	<b>Infrastructure Improv Fund 60</b>	<b>Special Parks Improv Fund 61</b>	<b>Civic Center Fund 62</b>	<b>Special Designated Fund 63</b>	<b>Economic Development Fund 64</b>
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ 100	43,440	44,623	3,800	1,834,054	1,506,163
Investments	10,250	858,873	112,414	807,372	-	1,223,744
Receivables						
Taxes receivable	-	90,448	90,448	90,448	-	178,450
Other receivables	-	-	-	-	-	76,350
Due from other funds	124	-	-	-	-	-
Due from other governments	32,857	-	-	-	-	-
Prepaid expenses	2,528	-	-	166	-	-
Total assets	<u>45,859</u>	<u>992,761</u>	<u>247,485</u>	<u>901,786</u>	<u>1,834,054</u>	<u>2,984,707</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>\$ 45,859</u>	<u>992,761</u>	<u>247,485</u>	<u>901,786</u>	<u>1,834,054</u>	<u>2,984,707</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ 293	-	-	-	-	8,271
Accrued payroll liabilities	28,446	-	-	-	-	-
Due to other fund	124	-	-	-	764	-
Total liabilities	<u>28,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>764</u>	<u>8,271</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	2,528	-	-	166	-	-
Restricted	-	-	-	-	-	-
Committed	-	992,761	247,485	-	-	2,976,436
Assigned	14,468	-	-	901,620	1,833,290	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>16,996</u>	<u>992,761</u>	<u>247,485</u>	<u>901,786</u>	<u>1,833,290</u>	<u>2,976,436</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 45,859</u>	<u>992,761</u>	<u>247,485</u>	<u>901,786</u>	<u>1,834,054</u>	<u>2,984,707</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, 2020

	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	\$ 753,326	716,168	-	1,203,298	-	173,673
Investments	81,770	2,920,467	-	95,060	-	2,031,787
Receivables						
Taxes receivable	356,817	316,689	-	428,759	-	65,776
Due from other funds	-	-	5	41,558	-	-
Due from other governments	-	-	-	-	8,435	-
Prepaid expenses	-	-	-	23,686	-	-
Inventories	-	-	-	216,086	-	-
Total assets	<u>1,191,913</u>	<u>3,953,324</u>	<u>5</u>	<u>2,008,447</u>	<u>8,435</u>	<u>2,271,236</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>\$ 1,191,913</u>	<u>3,953,324</u>	<u>5</u>	<u>2,008,447</u>	<u>8,435</u>	<u>2,271,236</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ -	-	-	353,387	-	49,417
Accrued payroll liabilities	-	-	-	57,764	-	-
Due to other fund	<u>1</u>	<u>51,228</u>	<u>-</u>	<u>8,323</u>	<u>6,244</u>	<u>10,000</u>
Total liabilities	<u>1</u>	<u>51,228</u>	<u>-</u>	<u>419,474</u>	<u>6,244</u>	<u>59,417</u>
Deferred Inflows of Resources:						
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Fund balances:						
Nonspendable	-	-	-	239,772	-	-
Restricted	-	3,902,096	5	-	-	2,111,819
Committed	<u>1,191,912</u>	<u>-</u>	<u>-</u>	<u>1,349,201</u>	<u>2,191</u>	<u>-</u>
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>1,191,912</u>	<u>3,902,096</u>	<u>5</u>	<u>1,588,973</u>	<u>2,191</u>	<u>2,111,819</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 1,191,913</u>	<u>3,953,324</u>	<u>5</u>	<u>2,008,447</u>	<u>8,435</u>	<u>2,271,236</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, 2020**

	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	\$ -	-	32,334	100	979	-
Investments	388,218	-	12	-	-	-
Receivables						
Taxes receivable	361,791	-	-	-	-	-
Due from other funds	-	-	-	276,147	-	-
Due from other governments	-	-	-	109,076	-	36,970
Prepaid expenses	-	-	-	7,313	-	-
Total assets	<u>750,009</u>	<u>-</u>	<u>32,346</u>	<u>392,636</u>	<u>979</u>	<u>36,970</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>\$ 750,009</u>	<u>-</u>	<u>32,346</u>	<u>392,636</u>	<u>979</u>	<u>36,970</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ -	-	-	699	-	-
Accrued payroll liabilities	-	-	-	26,811	-	-
Due to other fund	-	-	-	8,032	-	69,962
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,542</u>	<u>-</u>	<u>69,962</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	-	-	-	7,313	-	-
Restricted	-	-	32,346	349,781	979	-
Committed	750,009	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(32,992)
Total fund balances	<u>750,009</u>	<u>-</u>	<u>32,346</u>	<u>357,094</u>	<u>979</u>	<u>(32,992)</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 750,009</u>	<u>-</u>	<u>32,346</u>	<u>392,636</u>	<u>979</u>	<u>36,970</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, 2020**

	<b>Drug Control Fund</b>	<b>Total</b>
	<b>Fund 98</b>	
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 1,000	6,747,443
Investments	8,961	9,163,463
Receivables		
Taxes receivable	-	1,989,212
Other receivables	-	76,350
Due from other funds	-	481,461
Due from other governments	12,785	200,123
Prepaid expenses	964	42,825
Inventories	-	217,337
Other assets	-	-
Total assets	<u>23,710</u>	<u>18,918,214</u>
Deferred Outflows of Resources:		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 23,710</u>	<u>18,918,214</u>
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ -	416,571
Accrued payroll liabilities	-	135,531
Due to other fund	13,793	462,034
Total liabilities	<u>13,793</u>	<u>1,014,136</u>
Deferred Inflows of Resources:		
"Unavailable" revenues	-	100,000
Total deferred inflows of resources	<u>-</u>	<u>100,000</u>
Fund balances:		
Nonspendable	964	260,162
Restricted	8,953	6,566,267
Committed	-	7,873,878
Assigned	-	3,159,748
Unassigned	-	(55,977)
Total fund balances	<u>9,917</u>	<u>17,804,078</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 23,710</u>	<u>18,918,214</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 BALANCE SHEET**  
**As of June 30, 2020**

	<u>Street Improvement Fund 24</u>	<u>Street Construction Fund 87</u>	<u>Drainage Improvements Fund 88</u>	<u>Totals</u>
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ -	133,226	18,158	151,384
Investments	29,344	703,365	915,252	1,647,961
Receivables				
Taxes receivable	-	-	90,448	90,448
Due from other governments	-	160,776	-	160,776
Total assets	<u>29,344</u>	<u>997,367</u>	<u>1,023,858</u>	<u>2,050,569</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>\$ 29,344</u>	<u>997,367</u>	<u>1,023,858</u>	<u>2,050,569</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
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	29,344	997,367	-	1,026,711
Committed	-	-	1,023,858	1,023,858
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>29,344</u>	<u>997,367</u>	<u>1,023,858</u>	<u>2,050,569</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 29,344</u>	<u>997,367</u>	<u>1,023,858</u>	<u>2,050,569</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, 2020

	Drainage Improv	Landfill Cell #5	Street Improvements	2018 Street Bonds	Civic Center	Parks and Infrastructure	Totals
	Fund 40	Fund 41	Fund 42	Fund 45	Fund 46	Fund 47	
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ -	7	-	79,148	-	5	79,160
Investments	29,087	99,224	20,057	-	-	182,051	330,419
Receivables							
Due from other funds	1	-	-	-	-	316	317
Total assets	29,088	99,231	20,057	79,148	-	182,372	409,896
Deferred Outflows of Resources:							
Total deferred outflows of resources	-	-	-	-	-	-	-
Total assests and deferred outflows of resources	\$ 29,088	99,231	20,057	79,148	-	182,372	409,896
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Total liabilities	\$ -	-	-	-	-	-	-
Deferred Inflows of Resources:							
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	29,088	99,231	20,057	79,148	-	182,372	409,896
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	29,088	99,231	20,057	79,148	-	182,372	409,896
Total liabilities, deferred inflows of resources and fund balances:	\$ 29,088	99,231	20,057	79,148	-	182,372	409,896

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, 2020**

	<b>Municipal Road Fund</b>	<b>Recreation Fund</b>	<b>Older Adults Division Fund</b>	<b>State Fire Marshall Grant</b>	<b>Sanitary Sewer Improve- ments</b>	<b>Ned Houk Park Fund</b>
	<b>Fund 3</b>	<b>Fund 4</b>	<b>Fund 5</b>	<b>Fund 7</b>	<b>Fund 8</b>	<b>Fund 13</b>
Revenues:						
Taxes						
Other	\$ 102,567	-	-	-	-	-
Charges for services	-	-	-	-	50,253	-
Intergovernmental revenue						
State grants	-	-	-	805,338	-	-
Interest income	15	155	218	464	97	2,025
Miscellaneous income	-	219,775	4,148	-	-	-
Total revenues	<u>102,582</u>	<u>219,930</u>	<u>4,366</u>	<u>805,802</u>	<u>50,350</u>	<u>2,025</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	425,265	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	509,657	-	-	-	180,363
Health and welfare	-	-	321,813	-	-	-
Capital outlay	-	-	-	13,408	-	29,888
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>509,657</u>	<u>321,813</u>	<u>438,673</u>	<u>-</u>	<u>210,251</u>
Excess (deficiency) of revenues over (under) expenditures	102,582	(289,727)	(317,447)	367,129	50,350	(208,226)
Other financing sources (uses):						
Transfers in	-	264,455	413,457	150,000	-	206,131
Transfers out	(114,753)	-	-	(87,353)	-	-
Total other financing sources (uses):	<u>(114,753)</u>	<u>264,455</u>	<u>413,457</u>	<u>62,647</u>	<u>-</u>	<u>206,131</u>
Net change in fund balances	(12,171)	(25,272)	96,010	429,776	50,350	(2,095)
Beginning 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>
Ending fund balance	<u>\$ 8,981</u>	<u>(21,168)</u>	<u>105,646</u>	<u>151,307</u>	<u>261,312</u>	<u>414,897</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, 2020**

	<b>Carver Library Fund 14</b>	<b>Infra- structure Improv Fund 60</b>	<b>Special Parks Improv Fund 61</b>	<b>Civic Center Fund 62</b>	<b>Special Designated Fund 63</b>	<b>Economic Develop-ment Fund 64</b>
Revenues:						
Taxes						
Gross receipts	\$ -	575,579	575,579	575,579	-	1,138,718
Licenses and permits	-	-	-	-	5,267	-
Charges for services	-	-	-	-	56,074	-
Fines and forfeitures	-	-	-	-	92,962	-
Intergovernmental revenue						
State grants	68,451	-	-	-	-	-
Interest income	72	12,205	1,256	3,228	6,847	14,436
Miscellaneous income	12,171	-	-	422,479	93,436	164,483
Total revenues	<u>80,694</u>	<u>587,784</u>	<u>576,835</u>	<u>1,001,286</u>	<u>254,586</u>	<u>1,317,637</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	9,262	-	-	-	117,132
Culture and recreation	856,990	-	9,261	734,551	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>856,990</u>	<u>9,262</u>	<u>9,261</u>	<u>734,551</u>	<u>-</u>	<u>117,132</u>
Excess (deficiency) of revenues over (under) expenditures	(776,296)	578,522	567,574	266,735	254,586	1,200,505
Other financing sources (uses):						
Transfers in	762,625	-	-	267,978	4,500	-
Transfers out	-	(359,371)	(510,027)	(250,450)	(173,432)	(341,850)
Total other financing sources (uses):	<u>762,625</u>	<u>(359,371)</u>	<u>(510,027)</u>	<u>17,528</u>	<u>(168,932)</u>	<u>(341,850)</u>
Net change in fund balances	(13,671)	219,151	57,547	284,263	85,654	858,655
Beginning 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>
Ending fund balance	<u>\$ 16,996</u>	<u>992,761</u>	<u>247,485</u>	<u>901,786</u>	<u>1,833,290</u>	<u>2,976,436</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, 2020**

	<b>Capital Outlay GRT</b>	<b>Water Dedication GRT</b>	<b>Emergency Medical Services</b>	<b>Special Streets Fund</b>	<b>Recycling Fund</b>	<b>Lodger's Tax Fund</b>
	<b>Fund 65</b>	<b>Fund 66</b>	<b>Fund 72</b>	<b>Fund 75</b>	<b>Fund 76</b>	<b>Fund 77+78</b>
Revenues:						
Taxes						
Gross receipts	\$ 2,274,977	1,898,586	-	2,389,990	-	-
Other	-	-	-	467,198	-	588,305
Intergovernmental revenue						
State grants	-	-	19,734	-	8,435	-
Interest income	8,612	70,199	-	9,523	-	35,945
Miscellaneous income	-	136,349	-	67,200	2,860	10,000
Total revenues	<u>2,283,589</u>	<u>2,105,134</u>	<u>19,734</u>	<u>2,933,911</u>	<u>11,295</u>	<u>634,250</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	344,772
Public safety	-	-	19,729	-	-	-
Public works	55,528	2,479,782	-	2,666,017	15,602	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	513,312	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>55,528</u>	<u>2,479,782</u>	<u>19,729</u>	<u>3,179,329</u>	<u>15,602</u>	<u>344,772</u>
Excess (deficiency) of revenues over (under) expenditures	2,228,061	(374,648)	5	(245,418)	(4,307)	289,478
Other financing sources (uses):						
Transfers in	-	-	-	482,840	4,514	-
Transfers out	(2,484,880)	(980,000)	-	-	-	(560,706)
Total other financing sources (uses):	<u>(2,484,880)</u>	<u>(980,000)</u>	<u>-</u>	<u>482,840</u>	<u>4,514</u>	<u>(560,706)</u>
Net change in fund balances	(256,819)	(1,354,648)	5	237,422	207	(271,228)
Beginning 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>
Ending fund balance	<u>\$ 1,191,912</u>	<u>3,902,096</u>	<u>5</u>	<u>1,588,973</u>	<u>2,191</u>	<u>2,111,819</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, 2020**

	<b>Special Fire &amp; Police GRT Fund 86</b>	<b>Corrections Fund Fund 89</b>	<b>Law Enforcement Protection Fund Fund 90</b>	<b>Clovis Area Transit System Fund 92</b>	<b>Department of Justice Fund 96</b>	<b>Inter- government al Grants Fund 97</b>
Revenues:						
Taxes						
Gross receipts	\$ 2,318,649	-	-	-	-	-
Charges for services	-	-	-	30,737	-	-
Fines and forfeitures	-	88,510	-	-	-	-
Intergovernmental revenue						
Federal grants	-	-	-	702,809	-	211,477
State grants	-	-	57,000	-	-	16,290
Interest income	1,357	9	201	-	-	-
Miscellaneous income	-	-	-	12,594	-	-
Total revenues	<u>2,320,006</u>	<u>88,519</u>	<u>57,201</u>	<u>746,140</u>	<u>-</u>	<u>227,767</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	37,044	-	45,711	-	-	65,887
Public works	-	-	-	775,455	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	30,350
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>37,044</u>	<u>-</u>	<u>45,711</u>	<u>775,455</u>	<u>-</u>	<u>96,237</u>
Excess (deficiency) of revenues over (under) expenditures	2,282,962	88,519	11,490	(29,315)	-	131,530
Other financing sources (uses):						
Transfers in	-	-	-	386,514	-	-
Transfers out	(1,959,501)	(88,519)	-	-	-	-
Total other financing sources (uses):	<u>(1,959,501)</u>	<u>(88,519)</u>	<u>-</u>	<u>386,514</u>	<u>-</u>	<u>-</u>
Net change in fund balances	323,461	-	11,490	357,199	-	131,530
Beginning fund balance	<u>426,548</u>	<u>-</u>	<u>20,856</u>	<u>(105)</u>	<u>979</u>	<u>(164,522)</u>
Ending fund balance	<u>\$ 750,009</u>	<u>-</u>	<u>32,346</u>	<u>357,094</u>	<u>979</u>	<u>(32,992)</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**  
**ABINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALAN**  
**For the Year Ended June 30, 2020**

	<b>Drug Control Fund Fund 98</b>	<b>Total</b>
Revenues:		
Taxes		
Gross receipts	\$ -	11,747,657
Other	-	1,158,070
Licenses and permits	-	5,267
Charges for services	-	137,064
Fines and forfeitures	-	181,472
Intergovernmental revenue		
Federal grants	109,779	1,024,065
State grants	-	975,248
Interest income	155	167,019
Miscellaneous income	(3,167)	1,142,328
Total revenues	<u>106,767</u>	<u>16,538,190</u>
Expenditures:		
Current:		
General government	-	344,772
Public safety	113,402	707,038
Public works	-	6,118,778
Culture and recreation	-	2,290,822
Health and welfare	-	321,813
Capital outlay	-	586,958
Debt service		
Principal	-	-
Interest	-	-
Total expenditures	<u>113,402</u>	<u>10,370,181</u>
Excess (deficiency) of revenues over (under) expenditures	(6,635)	6,168,009
Other financing sources (uses):		
Transfers in	-	2,943,014
Transfers out	-	(7,910,842)
Total other financing sources (uses):	<u>-</u>	<u>(4,967,828)</u>
Net change in fund balances	(6,635)	1,200,181
Beginning fund balance	<u>16,552</u>	<u>16,603,897</u>
Ending fund balance	<u>\$ 9,917</u>	<u>17,804,078</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, 2020**

	<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	\$ -	-	575,579	575,579
Intergovernmental revenue				
Federal grants	-	290,664	-	290,664
State grants	-	1,505,545	-	1,505,545
Interest income	492	9,732	8,178	18,402
Miscellaneous income	-	630	-	630
Total revenues	<u>492</u>	<u>1,806,571</u>	<u>583,757</u>	<u>2,390,820</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	1,827,767	20,856	1,848,623
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	11,001	-	11,001
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>1,838,768</u>	<u>20,856</u>	<u>1,859,624</u>
Excess (deficiency) of revenues over (under) expenditures	492	(32,197)	562,901	531,196
Other financing sources (uses):				
Transfers in	-	136,767	-	136,767
Transfers out	-	(60,432)	(136,767)	(197,199)
Total other financing sources (uses):	<u>-</u>	<u>76,335</u>	<u>(136,767)</u>	<u>(60,432)</u>
Net change in fund balances	492	44,138	426,134	470,764
Beginning fund balance	<u>28,852</u>	<u>953,229</u>	<u>597,724</u>	<u>1,579,805</u>
Ending fund balance	<u>\$ 29,344</u>	<u>997,367</u>	<u>1,023,858</u>	<u>2,050,569</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, 2020

	Drainage Improv	Landfill Cell #5	Street Improvements	2018 Street Bonds	Civic Center	Parks and Infrastructure	Totals
	Fund 40	Fund 41	Fund 42	Fund 45	Fund 46	Fund 47	
Revenues:							
Interest income	\$ 2,643	3,821	2,159	4,267	-	4,802	17,692
Total revenues	2,643	3,821	2,159	4,267	-	4,802	17,692
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	440,000	-	340,000	730,000	-	158,000	1,668,000
Interest	76,125	59,043	70,900	88,844	-	182,479	477,391
Total expenditures	516,125	59,043	410,900	818,844	-	340,479	2,145,391
Excess (deficiency) of revenues over (under) expenditures	(513,482)	(55,222)	(408,741)	(814,577)	-	(335,677)	(2,127,699)
Other financing sources (uses):							
Transfers in	528,525	546,807	412,600	819,234	-	473,586	2,780,752
Transfers out	-	(485,648)	-	-	-	(129,000)	(614,648)
Total other financing sources (uses):	528,525	61,159	412,600	819,234	-	344,586	2,166,104
Net change in fund balances	15,043	5,937	3,859	4,657	-	8,909	38,405
Beginning fund balance	14,045	93,294	16,198	74,491	-	173,463	371,491
Ending fund balance	\$ 29,088	99,231	20,057	79,148	-	182,372	409,896

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, 2020**

**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, 2020

	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	\$ 1,420,884	1,432	-	1,422,316
Investments	1,137,810	1,000,295	-	2,138,105
Receivables				
Due from other funds	277,903	-	11	277,914
Prepaid expenses	693	-	-	693
Total current assets	2,837,290	1,001,727	11	3,839,028
Non-current assets:				
Total non-current assets	-	-	-	-
Total assets	2,837,290	1,001,727	11	3,839,028
Deferred Outflows of Resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 2,837,290	1,001,727	11	3,839,028
Liabilities, deferred inflows of resources and net position:				
Liabilities:				
Accounts payable	\$ 87,692	-	-	87,692
Accrued payroll liabilities	9,964	-	-	9,964
Due to other fund	99	20,320	-	20,419
Current portion of compensated absences	3,698	-	-	3,698
Total current liabilities	101,453	20,320	-	121,773
Non-current liabilities				
Compensated absences	924	-	-	924
Total non-current liabilities	924	-	-	924
Total liabilities	102,377	20,320	-	122,697
Deferred inflows of resources:				
Actuarial experience	-	-	-	-
Investment experience	-	-	-	-
Change in assumptions	-	-	-	-
Change in proportion	-	-	-	-
Unearned revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Net position				
Unrestricted Net Position	2,734,913	981,407	11	3,716,331
Total net position	2,734,913	981,407	11	3,716,331
Total liabilities, deferred inflows of resources and net position:	\$ 2,837,290	1,001,727	11	3,839,028

**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, 2020**

	<b>Workers Compensation Fund 48</b>	<b>Unemployment Revenue Fund 53</b>	<b>Prop and Liability Self- Insurance Fund Fund 54</b>	<b>Total</b>
Operating revenues:				
Total operating revenues	\$ -	-	-	-
Operating expenses:				
Personnel services	299,405	-	-	299,405
Contractual services	520,161	20,321	-	540,482
General and administrative	3,712	-	-	3,712
Total operating expenses	823,278	20,321	-	843,599
Operating income (loss)	(823,278)	(20,321)	-	(843,599)
Non-operating revenues (expenses):				
Miscellaneous	833,532	76,439	-	909,971
Interest income	29,941	17,030	11	46,982
Total non-operating revenues (expenses)	863,473	93,469	11	956,953
Income (loss) before transfers	40,195	73,148	11	113,354
Other financing sources/(uses)				
Transfers in	87,353	-	-	87,353
Transfers out	(71,111)	-	(637)	(71,748)
Total other financing sources/(uses)	16,242	-	(637)	15,605
Change in net position	56,437	73,148	(626)	128,959
Net position, beginning of year	2,678,476	908,259	637	3,587,372
Net position, end of year	\$ 2,734,913	981,407	11	3,716,331

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, 2020**

	<b>Workers Compensation Fund 48</b>	<b>Un- employment Revenue Fund 53</b>	<b>Prop and Liability Self- Insurance Fund 54</b>	<b>Total</b>
Cash flows from operating activities:				
Payments to suppliers	\$ (436,864)	(20,321)	-	(457,185)
Payments to employees	(294,221)	-	-	(294,221)
Net cash provided (used) for operating activities	(731,085)	(20,321)	-	(751,406)
Cash flows from noncapital financing activities:				
Transfers from other funds	87,282	20,320	(11)	107,591
Transfers to other funds	(71,111)	-	(637)	(71,748)
Miscellaneous income	833,532	76,439	-	909,971
Net cash provided (used) for noncapital financing activities	849,703	96,759	(648)	945,814
Cash flows from capital and related financing activities:				
Net cash provided (used) for capital and related financing activities.	-	-	-	-
Cash flows from investing activities:				
Proceeds from sale and maturities of investments	1,217,255	20,288	637	1,238,180
Purchase of investments	(17,888)	(113,755)	-	(131,643)
Interest and dividends	29,941	17,030	11	46,982
Net cash provided (used) for investing activities.	1,229,308	(76,437)	648	1,153,519
Net increase (decrease) in cash and cash equivalents	1,347,926	1	-	1,347,927
Cash and cash equivalents – beginning of year	72,958	1,431	-	74,389
Cash and cash equivalents – end of year	\$ 1,420,884	1,432	-	1,422,316
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (823,278)	(20,321)	-	(843,599)
Adjustments				
Changes in assets and liabilities:				
Prepaid expenses	(693)	-	-	(693)
Accounts payable	87,702	-	-	87,702
Accrued expenses and other liabilities	3,701	-	-	3,701
Compensated absences	1,483	-	-	1,483
Net cash provided by operating activities	\$ (731,085)	(20,321)	-	(751,406)

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, 2020**

	<u>Balance</u> <u>6/30/2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2020</u>
Veterinary				
Assets:				
Cash	\$ 34,011	2,084	(34,010)	2,085
Total assets	\$ 34,011	2,084	(34,010)	2,085
Liabilities:				
Held for others	\$ 34,011	2,084	(34,010)	2,085
Total liabilities	\$ 34,011	2,084	(34,010)	2,085
Municipal court				
Assets:				
Cash	\$ 828	1,343	-	2,171
Total assets	\$ 828	1,343	-	2,171
Liabilities:				
Held for others	\$ 828	1,343	-	2,171
Total liabilities	\$ 828	1,343	-	2,171
Total				
Assets:				
Cash	\$ 34,839	3,427	(34,010)	4,256
Total assets	\$ 34,839	3,427	(34,010)	4,256
Liabilities:				
Held for others	\$ 34,839	3,427	(34,010)	4,256
Total liabilities	\$ 34,839	3,427	(34,010)	4,256

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, 2020

	Federal CFDA Number	Federal Grantors Number	Federal Awards Expended	Payments to Sub- recipients
<b>Department of the Interior</b>				
Fish and Wildlife Cluster-Cluster				
Wildlife Restoration and Basic Hunter Education	15.611		\$ 75,998	-
Total Fish and Wildlife Cluster-Cluster			75,998	-
<b>Total Department of the Interior</b>			<b>75,998</b>	<b>-</b>
<b>U.S. Department of Transportation</b>				
Passed through NM Department of Transportation				
Federal Transit Cluster-Cluster				
Federal Transit Formula Grants	20.507	80/20	702,808	-
Subtotal Federal Transit Cluster-Cluster			702,808	-
Highway Planning and Construction Cluster-Cluster				
Highway Planning and Construction	20.205	HWA2104230	256,320	-
Subtotal Highway Planning and Construction Cluster-Cluster			256,320	-
Airport Improvement Program	(1) 20.106	3-35-0011-031	892,235	-
Minimum Penalties for Repeat Offenders for Driving	20.608	18-AL-64-023		-
While Intoxicated			6,198	-
<b>Total U.S. Department of Transportation</b>			<b>1,857,561</b>	<b>-</b>
<b>U.S. Department of Justice</b>				
Passed through NM Department of Public Safety				
Bulletproof Vest Partnership Program	16.607	FY2020	3,822	-
Edward Byrne Memorial Grant Program	16.738	19-JAG-REG5-FFY19	109,779	-
<b>Total U.S. Department of Justice</b>			<b>113,601</b>	<b>-</b>
<b>U.S. Department of Homeland Security</b>				
Passed through NM Department of Homeland Security				
Emergency Management Performance Grants	97.042	EMT2019EP00002S01	30,019	-
Homeland Security Grant Program	97.067	EMW2019SS00032S0	151,074	-
<b>Total U.S. Department of Homeland Security</b>			<b>181,093</b>	<b>-</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 2,228,253</b>	<b>-</b>

\* 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, 2020.

**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, 2020

	Major Funds			Total Non-Major Funds	Total Funds
	General Fund	Spec Revenue Environmental Tax	Cap Project 2018 Street Bonds		
Fund Balances:					
Nonspendable:					
Inventory	31,080	-	-	217,337	248,417
Prepaid expenses	490,378	-	-	42,825	533,203
Subtotal nonspendable funds	\$ 521,458	-	-	260,162	781,620
Restricted for:					
DFA required reserves	2,183,339	-	-	-	2,183,339
Environmental projects	-	7,762,124	-	-	7,762,124
Road/drainage improvements	-	-	222,655	3,911,077	4,133,732
Economic development efforts	-	-	-	2,111,819	2,111,819
Various capital project efforts	-	-	-	1,026,711	1,026,711
Debt service requirements	-	-	-	409,896	409,896
Public safety and law enforcement efforts	-	-	-	42,278	42,278
Subtotal restricted funds	2,183,339	7,762,124	222,655	8,002,874	18,170,992
Committed to:					
Operate/maintain recreational facilities	-	-	-	247,485	247,485
Improvement of sewer distribution lines	-	-	-	261,312	261,312
Road/drainage improvements	-	-	-	1,349,201	1,349,201
Improvement of City property/equipment	-	-	-	2,184,673	2,184,673
Various capital project efforts	-	-	-	1,023,858	1,023,858
Recycling efforts	-	-	-	2,191	2,191
Public safety and law enforcement efforts	-	-	-	750,009	750,009
Operate/maintain senior citizens facility	-	-	-	102,571	102,571
Economic development efforts	-	-	-	2,976,436	2,976,436
Subtotal committed funds	-	-	-	8,897,736	8,897,736
Assigned to:					
Operate/maintain recreational facilities	-	-	-	424,838	424,838
Multi-purpose special events center	-	-	-	901,620	901,620
Departmental improvements	-	-	-	1,833,290	1,833,290
Subtotal assigned funds	-	-	-	3,159,748	3,159,748
Unassigned	9,671,351	-	-	(55,977)	9,615,374
	\$ 12,376,148	7,762,124	222,655	20,264,543	40,625,470

See independent auditor's report.

STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF DEPOSITORIES  
As of June 30, 2020

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*	4,697,733	-	-	-	-	-	-	2,825,805	(3,773,258)	3,750,280
Special Streets Fund	CK*	17,523	-	-	-	-	-	-	1,185,775	-	1,203,298
NM Law Enforcement Protection Fund	CK*	35,845	-	-	-	-	-	-	-	(3,511)	32,334
General Fund Investment	CK*	-	9,649,589	-	-	-	-	-	2,497,818	(3,776,135)	8,371,272
Fire Fund	MM*	-	165,271	-	-	-	-	-	92,631	(84,904)	172,998
Touchstone Golf CPGC	CK*	-	63,856	-	-	-	-	-	58,855	(78,923)	43,788
Payroll Account	CK*	-	27,886	-	-	-	-	-	376,225	(1,043)	403,068
Municipal Court Trust Account	CK	-	829	-	-	-	-	-	-	-	829
Civic Center Checking-CC Card	CK*	-	36,107	-	-	-	-	-	-	(35,107)	1,000
Department of Justice	CK*	-	979	-	-	-	-	-	-	-	979
Drug Control Fund	CK*	-	4,138	-	-	-	-	-	-	(3,138)	1,000
Finance Credit Card	CK*	-	7,577	-	-	-	-	-	-	(6,513)	1,064
EFT Transfer Fund	CK*	-	1,530	-	-	-	-	-	-	-	1,530
Zoo Credit Card	CK*	-	6,169	-	-	-	-	-	-	-	6,169
Landfill Credit Card	CK*	-	240,116	-	-	-	-	-	-	-	240,116
Money Market Account	MM*	-	1,473,175	-	-	-	-	-	-	-	1,473,175
Aquatic Center Credit Cards	CK*	-	32,489	-	-	-	-	-	-	(89)	32,400
Animal Shelter Revenue	CK*	-	7,152	-	-	-	-	-	-	(4,671)	2,481
Municipal Court Credit Cards	CK*	-	2,663	-	-	-	-	-	-	(1,663)	1,000
Money Market Investment Account	MM	-	-	4,555,084	-	-	-	-	-	-	4,555,084
Lodging Tax Fund	CK	-	-	251,231	-	-	-	-	73	(78,165)	173,139
Policy Deposit	Deposit	-	-	-	-	72,958	-	-	-	-	72,958
NMFA Debt service reserves	CK*	-	-	-	79,161	-	-	-	-	-	79,161
Petty cash	Cash	-	-	-	-	-	-	-	-	-	7,880
Total cash and equivalents		<u>4,751,101</u>	<u>11,719,526</u>	<u>4,806,315</u>	<u>79,161</u>	<u>72,958</u>	<u>-</u>	<u>-</u>	<u>7,037,182</u>	<u>(7,847,120)</u>	<u>20,627,003</u>
Investments:											
State of New Mexico	LGIP Fund (pool-7241)	-	-	-	-	-	-	11,165,250	-	-	11,165,250
CD's	CDs maturity > 90 days	-	-	-	-	-	12,064,307	-	-	-	12,064,307
Total investments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,064,307</u>	<u>11,165,250</u>	<u>-</u>	<u>-</u>	<u>23,229,557</u>
Total amount on deposit		\$ <u>4,751,101</u>	<u>11,719,526</u>	<u>4,806,315</u>	<u>79,161</u>	<u>72,958</u>	<u>12,064,307</u>	<u>11,165,250</u>	<u>7,037,182</u>	<u>(7,847,120)</u>	<u>43,856,560</u>

\* denotes interest bearing account

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY  
As of June 30, 2020**

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		\$ 4,751,101	11,719,526	4,806,315	79,161	72,958	12,064,307	33,493,368
FDIC coverage		(250,000)	(250,000)	(250,000)	-	-	(250,000)	(1,000,000)
Total uninsured public funds		4,501,101	11,469,526	4,556,315	79,161	72,958	11,814,307	32,493,368
50% of Collateral Requirement (Section 6-10-17 NMSA 1978)		\$ 2,250,551	5,734,763	2,278,158	39,581	36,479	5,907,154	16,246,684
Pledged collateral:								
Raymond James 4.00% - 400424KD8 Due 11/1/26	400424KD8	\$ -	926,194	-	-	-	-	926,194
Raymond James 5.00% - 488764XD8 Due 2/1/33	488764XD8	-	1,138,730	-	-	-	-	1,138,730
Raymond James 4.50% - 508642FH3 Due 1/1/31	508642FH3	-	893,792	-	-	-	-	893,792
Raymond James 3.00% - 35563PDZ9 Due 2/25/2057	35563PDZ9	-	1,442,224	-	-	-	-	1,442,224
Raymond James 3.00% - 35563PGB9 Due 8/25/2057	35563PGB9	-	1,760,672	-	-	-	-	1,760,672
Raymond James 6.50% - 83165BBN1 Due 7/25/2029	83165BBN1	-	361,359	-	-	-	-	361,359
Raymond James 3.00% - 83164MKH1 Due 1/25/2028	83164MKH1	-	874,438	-	-	-	-	874,438
Raymond James 3.73% - 3138LNWA5 Due 6/1/2028	3138LNWA5	-	2,164,095	-	-	-	-	2,164,095
GNMA - 8871	36202K2C8	-	-	5,572	-	-	-	5,572
FHLMC PC - 1393000066	3128MJZM5	-	-	764,438	-	-	-	764,438
FHLMC PC - 1393000056	3128MMQ48	-	-	358,319	-	-	-	358,319
Fannie Mae - 1393000067	3138WJM96	-	-	763,741	-	-	-	763,741
Fannie Mae - 1393000029	31412QHM4	-	-	150,201	-	-	-	150,201
FN MA 2920	31418CG65	-	-	778,747	-	-	-	778,747
Fannie Mae	31418CV92	-	-	338,229	-	-	-	338,229
GN II 004576	36202FDA1	-	-	39,271	-	-	-	39,271
SBA GTD PARTN CTFS 2011-20I 1 - 2562000141	83162CUG6	-	-	184,735	-	-	-	184,735
FN MA3283	31419CUH5	-	-	352,567	-	-	-	352,567
SBAP 2016-200	83162CX57	-	-	1,082,851	-	-	-	1,082,851
Socorro TX 36 -3/1/2036	833708GQ7	-	-	-	-	-	1,331,459	1,331,459
Elizabethtown ASD PA 26 - 11/15/2026	287085P21	-	-	-	-	-	1,001,450	1,001,450
Austin TX 28 -9/1/2028	052396YA0	-	-	-	-	-	1,004,350	1,004,350
Clovis SD#1 NM 33 - 8/1/2033	189414NY7	-	-	-	-	-	1,091,640	1,091,640
Clovis SD#1 NM 34 - 8/1/2034	189414NZ4	-	-	-	-	-	1,252,615	1,252,615
FHR 4748 HC - 1/15/2044	3137FCZX5	-	-	-	-	-	918,163	918,163
Clovis Muni SD#1 NM27 - 8/1/2027	189414LR4	-	-	-	-	-	524,125	524,125
Clovis Muni SD#1-A NM27 - 8/1/2027	189414MF9	-	-	-	-	-	519,115	519,115
Clovis NM Muni SCH DI NM27-8/1/2027	189414NC5	-	-	-	-	-	267,755	267,755
Clovis Muni SD#1 NM28 - 8/1/2028	189414LS2	-	-	-	-	-	786,533	786,533
Clovis Muni SD#1-ANM28 - 8/1/2028	189414MG7	-	-	-	-	-	516,855	516,855
Clovis Muni SD#1NM29 - 8/1/2029	189414LT0	-	-	-	-	-	785,708	785,708
Clovis Muni SD#1-ANM29 - 8/1/2029	189414MH5	-	-	-	-	-	515,265	515,265
Clovis Muni SD#1NM30 - 8/1/2030	189414LU7	-	-	-	-	-	788,160	788,160
Clovis Muni SD#1 NM30	189414NV3	-	-	-	-	-	874,320	874,320
Clovis Muni SD#1 NM32	189414NX9	-	-	-	-	-	877,072	877,072
GNR 2012+143 BD - 12/16/2027	38378GVR6	2,006,045	-	-	-	-	-	2,006,045
GNR 2012+106QC - 7/20/2042	38378HKU9	291,884	-	-	-	-	-	291,884
GNR 2015-100 PJ - 7/20/2045	38379NQ54	370,693	-	-	-	-	-	370,693
SBIC 2012-10B 1 - 9/10/2022	831641EX9	834,338	-	-	-	-	-	834,338
SBAP 2012+20I 1 - 9/1/2032	83162CVA8	723,300	-	-	-	-	-	723,300
SBA Pool#50+619 - 12/25/2032	83164LVL2	1,089,604	-	-	-	-	-	1,089,604
See NMSIF audited financials		-	-	-	-	72,958	-	72,958
See NMFA audited financials		-	-	-	79,161	-	-	79,161
Total collateral		5,315,863	9,561,504	4,818,671	79,161	72,958	13,054,584	32,902,741
Amount over/(under) collateralized		\$ 3,065,313	3,826,741	2,540,514	39,581	36,479	7,147,431	16,656,057

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, 2020, 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 14, 2020.

**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: 2020-001.

### **Compliance and Other Matters**

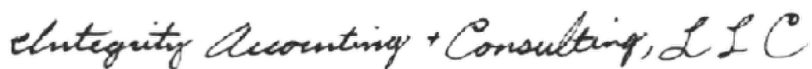
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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  
Albuquerque, NM

December 14, 2020

**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, 2020. 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, 2020.

### **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 14, 2020

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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)? | No  |
| 4. Identification of major programs:  |   |
| CFDA<br><u>Number</u><br>20.106   | <u>Federal Program</u><br>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, 2020**

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Financial Statement Finding</u>	<u>Federal Awards Finding</u>
<b>SECTION II - FINANCIAL STATEMENT FINDINGS</b>			
<b>Prior Year Findings</b>			
2013-001 – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS	Resolved	Yes	No
<b>Current Year Findings</b>			
2020-001 - CASH ALLOCATION TO FUNDS	Current	Yes	No
<b>SECTION III - FEDERAL AWARD FINDINGS</b>			
<b>Prior Year Findings</b>			
2019-001 – LATE DATA COLLECTION FORM	Resolved	No	Yes
<b>Current Year Findings</b>			
None			
<b>SECTION IV - SECTION 12-6-5 NMSA 1978 (2.2.2.10 (L)(1)(C) NMAC FINDINGS</b>			
<b>Prior Year Findings</b>			
None			
<b>Current Year Findings</b>			
None			

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**UNRESOLVED PRIOR YEAR FINDINGS – MODIFIED/REPEATED**

None

**CURRENT YEAR FINANCIAL STATEMENT FINDINGS**

**2020-001 – CASH ALLOCATION TO FUNDS – Material weakness**

**Statement of Condition**

While conducting audit procedures related to cash balances, it was observed that the City's pooled cash account did not reconcile to the cash balances carried in the individual funds. It appeared the cash balances in the City's individual funds exceeded the amount reported in the pooled cash account by \$400,917. The balance in the pooled cash account should match that of the allocated cash balances of the individual funds. We were able to verify, however, the amounts reported in the pooled cash accounts did ultimately reconcile the City's bank accounts, so it did not appear that cash was unaccounted for overall.

During the year ended June 30, 2020, the City transitioned its accounting software to a new platform. It appears that as a part of this conversion, the pooled cash process was not properly

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

designed/implemented which caused amounts to be posted incorrectly for a significant portion of the year.

**Criteria**

If utilizing a pooled cash system, the pooled cash balances should be reconciled to the individual balances that make up the overall pooled balance.

**Effect**

Because pooled cash is not properly allocated to the funds, funding/expenditure decisions could be made based on incorrect information that could result in a fund over-spending its available cash.

**Cause**

During the transition to the new accounting platform, the pooled cash process was not clearly designed/implemented, as a result amounts were posted into the incorrect accounts and did not flow through to the funds correctly.

**Recommendation**

We recommend that the City examine its pooled cash processes to ensure that activity properly appears in both the individual fund cash accounts and the pooled cash account. Further, as part of the monthly bank reconciliation process, the amounts reported in the pooled cash account should be reconciled to the individual funds to ensure activity is accurately recorded.

**Management Response**

The City of Clovis moved to a new ERP software system July 2019 after working with an AS400 based software system for over 40 years. The Pooled Cash and Treasury Fund process was new to the Finance department and there were some challenges with the implementation. The Finance department has continued to learn and become comfortable with the process.

**Corrective Action Plan Timeline**

Once the final adjustment has been completed and the audit report has been accepted, the Finance Director will record the adjustment and reconcile the Treasury Fund and Pooled Cash going forward on a monthly basis.

The finding should be resolved and balances correctly reflected at the end of the 2021 fiscal year.

**Designation of Employee Position Responsible For Meeting Deadline**

Finance Director

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**SECTION III - FEDERAL AWARD FINDINGS**

**UNRESOLVED PRIOR YEAR FINDINGS – MODIFIED/REPEATED**

None

**CURRENT YEAR FEDERAL AWARD FINDINGS**

None

**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, 2020**

**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 14, 2020. The following individuals were in attendance.

City of Clovis Officials

Leo Lovett	Commissioner, District 1
Justin A Howalt, P.E.	City Manager
Claire Burroughes	Assistant City Manager
LeighAnn Melancon	Finance Director

Integrity Accounting & Consulting

Erick Robinson, CPA, CFE	Partner
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