



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Table of contents	i-ii
Official roster	iii
<b>FINANCIAL SECTION</b>	
Independent auditor's report	1-3
Basic financial statements	
Government-wide financial statements:	
Statement of net position	4
Statement of activities	5
Fund financial statements:	
Balance sheet – Governmental funds	6
Reconciliation of the governmental fund balance to the statement of net position	7
Statement of revenues, expenditures, and changes in fund balances – Governmental funds	8
Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of activities	9
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – General fund	10
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – Environmental tax fund	11
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – Intergovernmental grants fund	12
Statement of net position – Proprietary funds	13
Statement of revenues, expenditures, and changes in net position – Proprietary funds	14
Statement of cash flows – Proprietary funds	15
Statement of fiduciary net position - Fiduciary funds	16
Statement of changes in fiduciary net position - Fiduciary funds	17
Notes to the financial statements	18-61
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of City's proportionate share of the net pension liability-PERA Plan	62
Schedule of City's Contributions-PERA Plan	63
Schedule of the City's proportionate share of the net OPEB liability	64
Schedule of the City's Contributions-OPEB Plan	65

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Page</b>
<b>SUPPLEMENTARY INFORMATION</b>	
Combining and individual fund statements and schedules:	
Nonmajor governmental fund descriptions	66-68
Combining balance sheet – non-major governmental funds	69
Combining statement of revenues, expenditures, and changes in fund balance – non-major governmental funds	70
Combining balance sheet – Nonmajor funds-special revenue funds	71-74
Combining statement of revenues, expenditures and changes in fund balance – Nonmajor funds-special revenue funds	75-78
Combining balance sheet – Nonmajor funds-capital project funds	79
Combining statement of revenues, expenditures and changes in fund balance – Nonmajor funds-capital project funds	80
Combining balance sheet – Nonmajor funds-debt service funds	81
Combining statement of revenues, expenditures and changes in fund balance – Nonmajor funds-debt service funds	82
Internal service fund descriptions	83
Combining balance sheets – Internal service funds	84
Combining statements of revenues, expenditures and changes in net position – Internal service funds	85
Combining statement of cash flows – Internal service funds	86
Fiduciary fund descriptions	87
Combining statement of fiduciary net position - Fiduciary funds	88
Combining statement of changes in fiduciary net position - Fiduciary funds	89
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of governmental fund balances	90
Schedule of depositories	91
Schedule of pledged collateral by depository	92
Schedule of joint powers agreements	93
<b>FEDERAL COMPLIANCE SECTION</b>	
Schedule of expenditures of federal awards	94
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	95-96
Independent auditor's report on compliance for each major program and on internal control over compliance required on internal control over compliance required by the uniform guidance	97-98
Schedule of findings and questioned costs	99-105
<b>OTHER DISCLOSURES</b>	106

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
OFFICIAL ROSTER  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Elected Officials</u>	<u>Title</u>
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

<u>Administrative Officials</u>	<u>Title</u>
Justin A Howalt, P.E.	City Manager
Claire Burroughes	Assistant City Manager
LeighAnn Melancon	Finance Director

## **FINANCIAL SECTION**

## **Independent Auditor's Report**

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

### **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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

As discussed in Note 20 to the financial statements, the City has implemented GASB 84 "Fiduciary Activities" and due to the change in accounting principle, a restatement of fiduciary funds' 2021 beginning balance net position was necessary. In addition, the beginning fund balance of the Economic Development Fund as well as the Government-Wide Net Position has been restated to correct a misstatement due to an understatement of notes receivable. Our opinions are not modified with respect to these matters.

**Other Matters****Required Supplementary Information**

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

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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the City's basic financial statements. The Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, 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, as listed in the table of contents under the Federal Compliance Section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information, as required by 2.2.2 NMAC, as listed in the table of contents, is also presented for purposes of additional analysis and are not a required part of the basic financial statements.



Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information was 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 15, 2021, 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.



Hinkle + Landers, PC  
Albuquerque, NM  
December 15, 2021

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
STATEMENT OF NET POSITION  
As of June 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 19,813,667	3,162,969	22,976,636
Investments	19,363,381	3,899,120	23,262,501
Receivables			
Accounts receivable	2,521,174	2,455,950	4,977,124
Taxes receivable	5,752,090	-	5,752,090
Due from other funds	738,080	25,489	763,569
Due from other governments	913,186	1,436,253	2,349,439
Prepaid expenses	538,534	97,209	635,743
Inventories	230,152	136,536	366,688
Total current assets	49,870,264	11,213,526	61,083,790
Non-current assets:			
Notes receivable, noncurrent portion	459,000	-	459,000
Capital assets	150,649,147	127,567,248	278,216,395
Less: Accumulated depreciation	(83,340,739)	(60,787,286)	(144,128,025)
Total non-current assets	67,767,408	66,779,962	134,547,370
Total assets	117,637,672	77,993,488	195,631,160
Deferred Outflows of Resources:			
OPEB deferrals	2,527,449	343,446	2,870,895
Pension deferrals	3,532,452	135,700	3,668,152
Total deferred outflows of resources	6,059,901	479,146	6,539,047
Total assets and deferred outflows of resources	\$ 123,697,573	78,472,634	202,170,207
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 907,471	839,435	1,746,906
Accrued payroll liabilities	936,053	122,143	1,058,196
Accrued interest	16,705	15,001	31,706
Due to other fund	-	763,569	763,569
Current portion of compensated absences	897,957	91,926	989,883
Current portion of long-term debt	1,162,075	1,784,278	2,946,353
Total current liabilities	3,920,261	3,616,352	7,536,613
Non-current liabilities			
Landfill closure	-	6,028,297	6,028,297
Long-term debt	8,312,369	11,840,804	20,153,173
Bond premium, net of amortization	92,492	-	92,492
Compensated absences	224,489	22,982	247,471
Net pension liability	14,436,291	480,805	14,917,096
Net OPEB liability	10,358,763	1,548,500	11,907,263
Total non-current liabilities	33,424,404	19,921,388	53,345,792
Total liabilities	37,344,665	23,537,740	60,882,405
Deferred inflows of resources:			
OPEB deferrals	4,676,362	727,648	5,404,010
Pension deferrals	1,835,127	12,950	1,848,077
Unearned revenues	100,000	-	100,000
Total deferred inflows of resources	6,611,489	740,598	7,352,087
Net position			
Net investment in capital assets	57,833,964	53,154,880	110,988,844
Restricted	20,089,910	-	20,089,910
Unrestricted net position	1,817,545	1,039,416	2,856,961
Total net position	79,741,419	54,194,296	133,935,715
Total liabilities, deferred inflows of resources and net position:	\$ 123,697,573	78,472,634	202,170,207

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, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position		
		Primary Government					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 8,502,064	2,075,569	4,601,828	-	(1,824,667)	-	(1,824,667)
Public safety	21,306,643	-	743,640	-	(20,563,003)	-	(20,563,003)
Public works	6,855,258	-	-	4,666,457	(2,188,801)	-	(2,188,801)
Culture and recreation	4,340,002	-	-	-	(4,340,002)	-	(4,340,002)
Health and welfare	279,362	33,798	-	-	(245,564)	-	(245,564)
Interest on long-term debt	337,250	-	-	-	(337,250)	-	(337,250)
Total governmental activities	41,620,579	2,109,367	5,345,468	4,666,457	(29,499,287)	-	(29,499,287)
Business-type activities:							
Solid waste	4,653,714	5,113,418	-	-	-	459,704	459,704
Wastewater	3,408,140	3,257,913	-	3,181,822	-	3,031,595	3,031,595
Airport	2,387,451	-	-	896,722	-	(1,490,729)	(1,490,729)
Golf course	1,640,484	620,194	-	-	-	(1,020,290)	(1,020,290)
Interest on long-term debt	110,013	-	-	-	-	(110,013)	(110,013)
Total business-type activities	12,199,802	8,991,525	-	4,078,544	-	870,267	870,267
Total primary government	53,820,381	11,100,892	5,345,468	8,745,001	(29,499,287)	870,267	(28,629,020)
General revenues:							
Taxes							
Property taxes levied for general purposes					\$ 2,309,634	-	2,309,634
Gross receipts taxes					29,098,457	-	29,098,457
Other taxes and fees					2,146,862	-	2,146,862
Licenses and permits					499,156	-	499,156
Fines, forfeitures, and penalties					468,784	-	468,784
Interest income					115,877	442,064	557,941
Payment in lieu of taxes					-	-	-
Miscellaneous income					3,153,627	1,336,553	4,490,180
Gain/(loss) on disposal of capital assets					(53,957)	-	(53,957)
Transfers					(2,569,935)	2,569,935	-
Total general revenue and transfers					35,168,505	4,348,552	39,517,057
Changes in net position					5,669,218	5,218,819	10,888,037
Beginning net position					73,638,551	48,975,477	122,614,028
Restatement					433,650	-	433,650
Beginning net position, as restated					74,072,201	48,975,477	123,047,678
Net position, end of year					\$ 79,741,419	54,194,296	133,935,715

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, 2021**

	Major Funds				
	Special Revenue Funds				
	General Fund	Environmental	Inter-		
	Funds 01, 18,	Tax	governmental		
	79	Fund 06	Grants	Total Non-	Total Funds
			Fund 97	Major Funds	
Assets and deferred inflows of resources:					
Assets:					
Cash and cash equivalents	\$ 3,116,885	4,384,759	-	11,672,457	19,174,101
Investments	2,803,225	3,817,661	-	10,052,911	16,673,797
Receivables					
Accounts receivable	2,521,174	-	-	-	2,521,174
Other taxes receivable	3,569,378	100,265	-	2,082,447	5,752,090
Other receivables	-	-	-	459,000	459,000
Due from other funds	898,002	8,848	-	-	906,850
Due from other governments	-	-	125,321	787,863	913,184
Prepaid expenses	495,016	-	-	42,825	537,841
Inventories	41,871	-	-	188,281	230,152
Total assets	13,445,551	8,311,533	125,321	25,285,784	47,168,189
Deferred Outflows of Resources:					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 13,445,551	8,311,533	125,321	25,285,784	47,168,189
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	\$ 273,596	-	17,188	572,167	862,951
Accrued payroll liabilities	781,838	-	-	143,601	925,439
Due to other fund	2,084	-	49,761	394,569	446,414
Total liabilities	1,057,518	-	66,949	1,110,337	2,234,804
Deferred Inflows of Resources:					
"Unavailable" revenues	70,932	-	-	100,000	170,932
Total deferred inflows of resources	70,932	-	-	100,000	170,932
Fund balances:					
Nonspendable	536,887	-	-	231,106	767,993
Restricted	2,025,304	8,311,533	58,372	9,694,701	20,089,910
Committed	-	-	-	11,235,519	11,235,519
Assigned	-	-	-	2,924,992	2,924,992
Unassigned	9,754,910	-	-	(10,871)	9,744,039
Total fund balances	12,317,101	8,311,533	58,372	24,075,447	44,762,453
Total liabilities, deferred inflows of resources and fund balances:	\$ 13,445,551	8,311,533	125,321	25,285,784	47,168,189

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, 2021**

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

Total fund balance - Governmental funds	\$ 44,762,453
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	67,308,408
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.	70,932
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:	
OPEB deferrals	2,527,449
Pension deferrals	3,532,452
Deferred inflows of resources related to:	
OPEB deferrals	(4,676,362)
Pension deferrals	(1,835,127)
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	\$ (14,436,291)
Net OPEB liability	(10,358,763)
Bond premium, net of amortization	(92,492)
Accrued interest payable	(16,705)
Current compensated absences	(893,409)
Noncurrent compensated absences	(223,352)
Current notes payable	(1,162,075)
Noncurrent notes payable	\$ <u>(8,312,369)</u>
	(35,495,456)
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.	3,546,670
Rounding	-
Net position for governmental activities	\$ <u><u>79,741,419</u></u>

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021**

	Major Funds				
	Special Revenue Funds				
	General Fund	Environmental Tax	Inter-governmental Grants		
	Funds 01, 18, 79	Fund 06	Fund 97	Total Non-Major Funds	Total Funds
Revenues:					
Taxes					
Property	\$ 2,297,706	-	-	-	2,297,706
Gross receipts/State shared	17,498,340	543,134	-	11,056,983	29,098,457
Other	1,088,573	-	-	1,058,289	2,146,862
Licenses and permits	495,842	-	-	3,313	499,155
Charges for services	1,977,235	-	-	132,132	2,109,367
Fines and forfeitures	168,320	-	-	300,464	468,784
Intergovernmental revenue					
Federal grants	-	-	4,666,457	3,265,421	7,931,878
State grants	-	-	32,103	1,932,476	1,964,579
Interest income	59,807	20,689	-	28,268	108,764
Miscellaneous income	717,825	-	-	1,430,616	2,148,441
Total revenues	24,303,648	563,823	4,698,560	19,207,962	48,773,993
Expenditures:					
Current:					
General government	4,512,765	-	-	193,834	4,706,599
Public safety	15,958,552	-	4,646,452	701,640	21,306,644
Public works	685,189	14,414	-	6,236,682	6,936,285
Culture and recreation	2,371,306	-	-	1,968,697	4,340,003
Health and welfare	2,658	-	-	276,704	279,362
Capital outlay	463,100	-	74,737	2,900,495	3,438,332
Debt service					
Principal	-	-	-	3,696,846	3,696,846
Interest	-	-	-	332,162	332,162
Total expenditures	23,993,570	14,414	4,721,189	16,307,060	45,036,233
Excess (deficiency) of revenues over (under) expenditures	310,078	549,409	(22,629)	2,900,902	3,737,760
Other financing sources (uses):					
Proceeds from debt issuance	-	-	-	2,267,000	2,267,000
Transfers in	4,022,763	-	113,993	5,430,095	9,566,851
Transfers out	(4,391,888)	-	-	(7,476,390)	(11,868,278)
Total other financing sources (uses):	(369,125)	-	113,993	220,705	(34,427)
Net change in fund balances	(59,047)	549,409	91,364	3,121,607	3,703,333
Beginning fund balance	12,376,148	7,762,124	(32,992)	20,520,190	40,625,470
Restatement	-	-	-	433,650	433,650
Beginning fund balance, as restated	12,376,148	7,762,124	(32,992)	20,953,840	41,059,120
Ending fund balance	\$ 12,317,101	8,311,533	58,372	24,075,447	44,762,453

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  
For the Year Ended June 30, 2021**

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

Total net change in fund balances-governmental funds	\$ 3,703,333
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimates useful lives and reported as depreciation expense.	
Capital expenditures recorded as capital outlay or other expenses	3,807,346
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.	(5,071,074)
In the statement of activities, a gain/loss is recorded for assets that are removed from service that are not fully depreciated. Thus the change in net position differs from the change in fund balance by the amount of the gain/loss recorded for deleted capital assets.	(53,957)
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	11,928
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	7,757
(Increase)/decrease in compensated absences	94,456
Amortization of bond premiums	11,328
Issuance of long-term debt	(2,267,000)
Principal payments on long-term debt	3,684,000
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:	
Pension income	940,149
OPEB income	970,606
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.	(169,661)
Rounding	7
Change in net position of governmental activities	\$ 5,669,218

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2021**

	Budgeted Amounts			
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes				
Property	\$ 2,451,071	2,451,071	2,303,372	(147,699)
Gross receipts	15,965,314	15,965,314	17,206,102	1,240,788
Other	1,018,191	1,018,191	1,070,165	51,974
Licenses and permits	281,000	281,000	481,759	200,759
Charges for services	2,072,000	2,072,000	1,937,678	(134,322)
Fines and forfeitures	100,000	100,000	168,320	68,320
Interest income	43,000	43,000	59,804	16,804
Miscellaneous income	823,505	926,224	537,649	(388,575)
Total revenues	22,754,081	22,856,800	23,764,849	908,049
Expenditures:				
Current:				
General government	4,883,891	4,984,266	4,362,055	622,211
Public safety	15,998,083	16,753,252	15,988,752	764,500
Public works	710,461	739,319	718,284	21,035
Culture and recreation	2,528,124	2,624,323	2,416,349	207,974
Health and welfare	99,507	99,507	2,658	96,849
Capital outlay	495,991	443,142	463,100	(19,958)
Total expenditures	24,716,057	25,643,809	23,951,198	1,692,611
Excess (deficiency) of revenues over (under) expenditures	(1,961,976)	(2,787,009)	(186,349)	(784,562)
Other financing sources (uses):				
Transfers in/(out)	2,685,355	1,737,938	1,746,657	8,719
Total other financing sources (uses):	2,685,355	1,737,938	1,746,657	8,719
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	723,379	(1,049,071)	1,560,308	<u>(775,843)</u>
Budgeted cash carryover	-	1,049,071	-	
Net change in fund balance	\$ <u>723,379</u>	<u>-</u>	<u>1,560,308</u>	

Reconciliation From Budget/Actual to GAAP

Net change in fund balance (Non-GAAP budgetary basis)	\$ 1,560,308
To adjust applicable revenue accruals and deferrals	(1,577,763)
To adjust applicable expenditure accruals	<u>(41,592)</u>
Net change in fund balance (GAAP)	<u>\$ (59,047)</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, 2021**

	Budgeted Amounts			Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes				
Gross receipts	\$ 485,000	485,000	522,995	37,995
Other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest income	21,500	21,500	20,689	(811)
Total revenues	<u>506,500</u>	<u>506,500</u>	<u>543,684</u>	<u>37,184</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	15,000	15,000	14,167	833
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>14,167</u>	<u>833</u>
Excess (deficiency) of revenues over (under) expenditures	491,500	491,500	529,517	36,351
Other financing sources (uses):				
Transfers in/(out)	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	491,500	491,500	529,517	<u>36,351</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balance	<u>\$ 491,500</u>	<u>491,500</u>	<u>529,517</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 529,517	
To adjust applicable revenue accruals and deferrals			20,136	
To adjust applicable expenditure accruals			(244)	
Net change in fund balance (GAAP)			<u>\$ 549,409</u>	

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
INTERGOVERNMENTAL GRANTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2021**

	Budgeted Amounts			Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes				
Gross receipts	\$ -	-	-	-
Other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue				
Federal grants	236,681	4,849,380	4,577,656	(271,724)
State grants	34,214	51,325	39,158	(12,167)
Total revenues	<u>270,895</u>	<u>4,900,705</u>	<u>4,616,814</u>	<u>(283,891)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	263,109	348,827	4,635,869	(4,287,042)
Public works	-	15,000	-	15,000
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	74,737	(74,737)
Total expenditures	<u>263,109</u>	<u>363,827</u>	<u>4,710,606</u>	<u>(4,346,779)</u>
Excess (deficiency) of revenues over (under) expenditures	7,786	4,536,878	(93,792)	4,062,888
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in/(out)	(7,786)	2,653	-	(2,653)
Total other financing sources (uses):	<u>(7,786)</u>	<u>2,653</u>	<u>-</u>	<u>(2,653)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	4,539,531	(93,792)	<u>4,060,235</u>
Budgeted cash carryover	-	-	93,792	
Net change in fund balance	<u>\$ -</u>	<u>4,539,531</u>	<u>-</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (93,792)	
To adjust applicable revenue accruals and deferrals			195,738	
To adjust applicable expenditure accruals			(10,582)	
Net change in fund balance (GAAP)			<u>\$ 91,364</u>	

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
As of June 30, 2021**

	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	\$ 1,992,090	990,049	200	180,630	3,162,969	639,567
Investments	36,280	3,862,840	-	-	3,899,120	2,689,583
Receivables						
Accounts receivable, net	1,622,776	833,174	-	-	2,455,950	-
Due from other funds	1,987	23,502	-	-	25,489	277,743
Due from other governments	-	600,527	835,726	-	1,436,253	-
Prepaid expenses	55,175	19,962	21,502	570	97,209	693
Inventories	17,325	119,211	-	-	136,536	-
Total current assets	3,725,633	6,449,265	857,428	181,200	11,213,526	3,607,586
Non-current assets:						
Capital assets, net	11,235,289	32,209,943	19,922,841	3,411,887	66,779,960	-
Total non-current assets	11,235,289	32,209,943	19,922,841	3,411,887	66,779,960	-
Total assets	14,960,922	38,659,208	20,780,269	3,593,087	77,993,486	3,607,586
Deferred Outflows of Resources:						
OPEB deferrals	222,665	92,357	28,424	-	343,446	-
Pension deferrals	73,772	42,674	19,254	-	135,700	-
Total deferred outflows of resources	296,437	135,031	47,678	-	479,146	-
Total assets and deferred outflows of resources	\$ 15,257,359	38,794,239	20,827,947	3,593,087	78,472,632	3,607,586
Liabilities, deferred inflows of resources and net position:						
Liabilities:						
Accounts payable	\$ 18,050	310,521	507,039	3,825	839,435	44,519
Accrued payroll liabilities	78,979	28,136	15,028	-	122,143	10,613
Accrued interest	3,384	9,393	-	2,224	15,001	-
Due to other fund	-	4,977	758,592	-	763,569	99
Current portion of compensated absences	76,675	11,612	3,639	-	91,926	4,548
Current portion of long-term debt	504,079	1,110,199	-	170,000	1,784,278	-
Total current liabilities	681,167	1,474,838	1,284,298	176,049	3,616,352	59,779
Non-current liabilities						
Landfill closure	6,028,297	-	-	-	6,028,297	-
Long-term debt	1,046,134	8,994,670	-	1,800,000	11,840,804	-
Compensated absences	19,169	2,903	910	-	22,982	1,137
Net pension liability	263,980	162,303	54,522	-	480,805	-
Net OPEB liability	1,003,107	427,597	117,796	-	1,548,500	-
Total non-current liabilities	8,360,687	9,587,473	173,228	1,800,000	19,921,388	1,137
Total liabilities	9,041,854	11,062,311	1,457,526	1,976,049	23,537,740	60,916
Deferred inflows of resources:						
OPEB deferrals	471,214	202,989	53,445	-	727,648	-
Pension deferrals	7,362	5,452	136	-	12,950	-
Total deferred inflows of resources	478,576	208,441	53,581	-	740,598	-
Net position						
Net investment in capital assets	9,685,076	22,105,074	19,922,841	1,441,887	53,154,878	-
Unrestricted net position	(3,948,147)	5,418,413	(606,001)	175,151	1,039,416	3,546,670
Total net position	5,736,929	27,523,487	19,316,840	1,617,038	54,194,294	3,546,670
Total liabilities, deferred inflows of resources and net position:	\$ 15,257,359	38,794,239	20,827,947	3,593,087	78,472,632	3,607,586

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, 2021**

	Business-Type Activities Enterprise Funds Major Funds					Governmental Activities
	Solid Waste Fund 02	Wastewater Fund 10	Airport Fund 12	Golf Course Fund 19	Total	Internal Service Funds
Operating revenues:						
Charges for services	\$ 5,113,418	3,257,913	-	620,194	8,991,525	-
Total operating revenues	5,113,418	3,257,913	-	620,194	8,991,525	-
Operating expenses:						
Personnel services	1,729,392	740,240	244,573	-	2,714,205	223,480
Contractual services	1,194,461	811,900	926,040	1,573,185	4,505,586	655,774
General and administrative	844,001	360,180	435,625	-	1,639,806	22,871
Depreciation	885,859	1,495,821	781,212	67,299	3,230,191	-
Total operating expenses	4,653,713	3,408,141	2,387,450	1,640,484	12,089,788	902,125
Operating income (loss)	459,705	(150,228)	(2,387,450)	(1,020,290)	(3,098,263)	(902,125)
Non-operating revenues (expenses):						
Federal grants - capital	-	-	60,829	-	60,829	-
State grants - capital	-	3,181,822	835,893	-	4,017,715	-
Miscellaneous	39,626	201,157	648,542	447,226	1,336,551	993,859
Interest income	252,321	229,040	1,498	(40,796)	442,063	7,114
Interest expense	-	(110,013)	-	-	(110,013)	-
Total non-operating revenues (expenses)	291,947	3,502,006	1,546,762	406,430	5,747,145	1,000,973
Income (loss) before transfers	751,652	3,351,778	(840,688)	(613,860)	2,648,882	98,848
Other financing sources/(uses)						
Transfers in	556,272	381,144	941,821	1,804,389	3,683,626	245,722
Transfers out	(803,691)	(193,000)	-	(117,000)	(1,113,691)	(514,231)
Total other financing sources/(uses)	(247,419)	188,144	941,821	1,687,389	2,569,935	(268,509)
Change in net position	504,233	3,539,922	101,133	1,073,529	5,218,817	(169,661)
Net position, beginning of year	5,232,696	23,983,565	19,215,707	543,509	48,975,477	3,716,331
Net position, end of year	\$ 5,736,929	27,523,487	19,316,840	1,617,038	54,194,294	3,546,670

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, 2021**

	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	
Cash flows from operating activities:						
Receipts from customers and users	\$ 5,006,740	2,754,613	-	620,194	8,381,547	-
Payments to suppliers	(1,911,295)	(898,147)	(716,891)	(1,574,471)	(5,100,804)	(721,821)
Payments to employees	(1,848,769)	(808,958)	(256,842)	-	(2,914,569)	(221,767)
Net cash provided (used) for operating activities	1,246,676	1,047,508	(973,733)	(954,277)	366,174	(943,588)
Cash flows from noncapital financing activities:						
Transfers from other funds	556,272	381,144	941,821	1,804,389	3,683,626	225,574
Transfers to other funds	(803,691)	(193,000)	-	(117,000)	(1,113,691)	(514,231)
Increase/(decrease) in interfund balances	(62,368)	(19,796)	(184,070)	(59,694)	(325,928)	-
Miscellaneous income	39,626	201,157	648,542	447,226	1,336,551	993,859
Net cash provided (used) for noncapital financing activities	(270,161)	369,505	1,406,293	2,074,921	3,580,558	705,202
Cash flows from capital and related financing activities:						
Intergovernmental receipts-capital	-	3,181,822	1,037,598	-	4,219,420	-
Acquisition and construction of capital assets	(708,322)	(4,694,659)	(1,589,713)	(1,293,810)	(8,286,504)	-
Principal paid on long-term debt	(493,904)	(540,304)	-	(1,853,000)	(2,887,208)	-
Interest paid on long-term debt	-	(110,013)	-	-	(110,013)	-
Long-term debt proceeds	-	286,811	-	1,970,000	2,256,811	-
Net cash provided (used) for capital and related financing activities	(1,202,226)	(1,876,343)	(552,115)	(1,176,810)	(4,807,494)	-
Cash flows from investing activities:						
Proceeds from sale & maturities of investments	1,916	1,667,185	215,000	233,604	2,117,705	538,302
Purchase of investments	(36,279)	(2,777,113)	(140,877)	-	(2,954,269)	(1,089,778)
Interest and dividends	252,321	229,040	1,498	(40,796)	442,063	7,114
Net cash provided (used) for investing activities	217,958	(880,888)	75,621	192,808	(394,501)	(544,362)
Net increase (decrease) in cash and cash equivalents	(7,753)	(1,340,218)	(43,934)	136,642	(1,255,263)	(782,748)
Cash and cash equivalents – beginning of year	1,999,843	2,330,267	44,134	43,988	4,418,232	1,422,315
Cash and cash equivalents – end of year	\$ 1,992,090	990,049	200	180,630	3,162,969	639,567
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 459,705	(150,228)	(2,387,450)	(1,020,290)	(3,098,263)	(902,125)
Adjustments						
Depreciation and amortization	885,859	1,495,821	781,212	67,299	3,230,191	-
Pension expense/(revenue)	(17,895)	(8,918)	(6,816)	-	(33,629)	-
OPEB expense/(revenue)	(83,554)	(34,405)	(10,890)	-	(128,849)	-
Changes in assets and liabilities:						
Receivables	(106,678)	(497,118)	140,876	-	(462,920)	-
Inventories	(3,800)	-	-	-	(3,800)	-
Accounts payable	16,854	273,933	503,898	3,825	798,510	(43,176)
Accrued expenses and other liabilities	2,205	(21,947)	4,806	(5,111)	(20,047)	650
Accrued issuance costs	-	(6,182)	-	-	(6,182)	-
Landfill post closure liabilities	114,113	-	-	-	114,113	-
Compensated absences	(20,133)	(3,448)	631	-	(22,950)	1,063
Net cash provided by operating activities	\$ 1,246,676	1,047,508	(973,733)	(954,277)	366,174	(943,588)

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
As of June 30, 2021**

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 4,802
Investments	10
Total assets	\$ <u>4,812</u>
Liabilities:	
Accounts payable	\$ -
Total liabilities	<u>-</u>
Net position	
Restricted for:	
Individuals, other governments	4,812
Total net position	\$ <u><u>4,812</u></u>

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2021**

	Custodial Funds
Additions	
Rabies vaccination	\$ 898
Interest	-
Total additions	<u>898</u>
Deductions	
Bonds	<u>342</u>
Total deductions	<u>342</u>
Net increase (decrease) in fiduciary net position	556
Net position, beginning	-
Restatement	<u>4,256</u>
Net position, beginning-restated	<u>4,256</u>
Net position, ending	<u>\$ 4,812</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, 2021**

**NOTE 1 – ENTITY AND 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-Commission 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 Statements No. 39, No. 61, No. 80, and No. 90 as well as other applicable GASB Statements. 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.

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.



**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021.

*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 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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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.

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

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.

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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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:

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 are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City’s own programs. The statements of fiduciary activities are presented using the economic resources measurement focus and the accrual basis of accounting. The statement of fiduciary net position reports assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position of custodial funds. The statement of changes in fiduciary net position is used to report additions and deductions from the City’s custodial funds. The City has no pension, employee benefit trust funds, investment trust funds, or private-purpose funds.

*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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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.

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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.

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

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, 2021.

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 expended. Certain cash and investment balances are classified as restricted assets on the statement of net position because they are set aside for debt service requirements and as reserves for debt service requirements, DFA minimum balance requirements and funds for various projects.

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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Short-Term Obligations

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

Long-Term Obligations

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

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 City 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 collectively on the Statement of Net Position as “OPEB” and “Pension” deferrals. These amounts are deferred and recognized as an outflow of resources in the period the amounts become available. The City has recorded \$2,870,895 and \$3,668,151 related to OPEB and Pension deferrals, respectively.

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 period that the amounts become available. The City has recorded \$70,932 related to property taxes and \$100,000 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 collectively on the Statement of Net Position as “OPEB” and “Pension” deferrals. These amounts are deferred and recognized as

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

an inflow of resources in the period that the amounts become available. The City has recorded \$5,404,010 and \$1,848,077 related to related to OPEB and Pension deferrals, respectively.

**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.

See the Schedule of Governmental Fund Balances on, per the table of contents, 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.

*Minimum Fund Balance Policy.* The New Mexico Department of Finance and Administration (DFA) requires that 1/12 of the 2021 budgets expenditures in the general fund be restricted as subsequent-year expenditures

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

to provide adequate cash reserves. The City follows this requirement in order to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. See the Schedule of Governmental Fund Balances, per the table of contents, for the amount of minimum fund balance.

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 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 2018. For the year ended June 30, 2021, 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.



**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

*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.

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021 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, 2021:

Fund Type	Amount
Primary government	
Governmental funds	\$ 19,174,100
Internal service funds	639,567
Business-type activities	3,162,969
Fiduciary funds	<u>4,802</u>
Total cash and cash equivalents - primary government	<u>\$ 22,981,438</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 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 several financial institutions within Clovis, New Mexico. The City's deposits are carried at cost, which approximates fair value. The Federal Depository Insurance Corporation (FDIC) insures the cash accounts at the financial institution.

The City's cash balances consist of demand deposits and interest bearing savings accounts. 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 in the schedule of depositories as listed in the table of contents.

*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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

For the custodial credit risk of the New Mexico Finance Authority deposit of \$108,255 with the State Treasurer, see the separately issued financial statements for 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. See the City's schedule of pledged collateral by depository as listed in the table of contents.

As of June 30, 2021, the City's bank balances (inclusive of investments listed in Note 4) of \$46,861,806 were exposed to custodial credit risk as follows:

Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the City's name.	\$ 22,849,295
Uninsured and uncollateralized	-
Total uninsured deposits	<u>\$ 22,849,295</u>

**NOTE 4 – INVESTMENTS**

The City's investments consisted of the following as of June 30, 2021:

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Credit Risk- Rating</u>	<u>Maturity</u>
New Mexico LGIP	\$ 23,262,501	23,262,501	AAAm	[48] day WAM (R)
	<u>\$ 23,262,501</u>	<u>23,262,501</u>		[78] day WAM (F)

A summary of the City's investments by fund type as of June 30, 2021 is as follows:

<u>Fund Type</u>	<u>Amount</u>
Primary government	
Governmental funds	\$ 16,673,799
Internal service funds	2,689,582
Business-type activities	3,899,120
Fiduciary funds	<u>10</u>
Total cash and cash equivalents - primary government	<u>\$ 23,262,511</u>

*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, 2021, 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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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.

*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. These investments are 100% 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 Mexico Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

#### Fair Value Measurements

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

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

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

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

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

*New Mexico 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.

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 \$23,262,501 in investments at June 30, 2021 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, 2021:

	Level 1	Level 2	Level 3	Total
\$	<u>23,262,501</u>	<u>-</u>	<u>-</u>	<u>23,262,501</u>

**NOTE 5 – RECEIVABLES**

Receivables as of June 30, 2021 are as follows:

	General Fund	Environ- mental Tax	Intergovern Grants	Nonmajor Funds	Total Receivables
Accounts	\$ 3,764,028	-	-	-	3,764,028
Taxes (Property, GRT, etc.)	3,569,378	100,265	-	2,082,447	5,752,090
Other intergovernmental	-	-	125,321	787,863	913,184
Other	-	-	-	459,000	459,000
Subtotal	7,333,406	100,265	125,321	3,329,310	10,888,302
Less: Allowance for uncollectibles	(1,242,854)	-	-	-	(1,242,854)
Net Receivables	<u>\$ 6,090,552</u>	<u>100,265</u>	<u>125,321</u>	<u>3,329,310</u>	<u>9,645,448</u>
	Solid Waste Fund	Waste- water	Airport	Golf Course	Total Proprietary
Accounts	\$ 3,493,728	1,840,555	5,911	-	5,340,194
Taxes:					
Other intergovernmental	-	600,527	835,726	-	1,436,253
Subtotal	3,493,728	2,441,082	841,637	-	6,776,447
Less: Allowance for uncollectibles	(1,870,952)	(1,007,381)	(5,911)	-	(2,884,244)
Net Receivables	<u>\$ 1,622,776</u>	<u>1,433,701</u>	<u>835,726</u>	<u>-</u>	<u>3,892,203</u>

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

In accordance with GASB No. 63 and 65, the property tax revenues totaling \$70,932 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 Curry County Treasurer sends tax notices to property owners by November 1st of each year. Taxes are payable in equal semiannual installments by November 10th and April 10th of subsequent year. Thirty days later the bill becomes delinquent and the County Treasurer assesses penalties and interest. Taxes are collected on behalf of the City by the County Treasurer, and are remitted to the City in the month following collection. The County Treasurer is statutorily required to collect taxes as an intermediary agency for all forms of government. Distribution of taxes collected is made through the County Treasurer's office.

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

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 7 – CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2021 follows. Land and construction in progress are not subject to depreciation.

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance 06/30/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/21</u>
Non-depreciable capital assets:				
Land	\$ 3,365,773	36,695	(1,000)	3,401,468
Construction in progress	85,540	2,506,478	-	2,592,018
Total non-depreciable capital assets	<u>3,451,313</u>	<u>2,543,173</u>	<u>(1,000)</u>	<u>5,993,486</u>
Capital assets being depreciated:				
Land improvements	3,820,729	-	-	3,820,729
Buildings and improvements	23,753,996	-	-	23,753,996
Equipment and vehicles	23,046,806	1,183,150	(902,163)	23,327,793
Infrastructure	<u>93,672,119</u>	<u>81,023</u>	<u>-</u>	<u>93,753,142</u>
Total capital assets being depreciated	144,293,650	1,264,173	(902,163)	144,655,660
Less accumulated depreciation for:				
Land improvements	(301,363)	(34,239)	-	(335,602)
Buildings and improvements	(11,458,482)	(627,311)	-	(12,085,793)
Equipment and vehicles	(18,096,631)	(1,319,189)	849,206	(18,566,614)
Infrastructure	<u>(49,262,394)</u>	<u>(3,090,335)</u>	<u>-</u>	<u>(52,352,729)</u>
Total accumulated depreciation	<u>(79,118,870)</u>	<u>(5,071,074)</u>	<u>849,206</u>	<u>(83,340,738)</u>
Total capital assets being depreciated	<u>65,174,780</u>	<u>(3,806,901)</u>	<u>(52,957)</u>	<u>61,314,922</u>
Total capital assets, net of depreciation	\$ <u>68,626,093</u>	<u>(1,263,728)</u>	<u>(53,957)</u>	<u>67,308,408</u>

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 7 – CAPITAL ASSETS, continued**

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>Balance 06/30/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/21</u>
Non-depreciable capital assets:				
Land	6,159,811	-	-	6,159,811
Construction in progress	\$ 995,471	5,898,210	-	6,893,681
Total non-depreciable capital assets	7,155,282	5,898,210	-	13,053,492
Capital assets being depreciated:				
Land improvements	1,517,878	-	-	1,517,878
Buildings and improvements	16,760,893	113,463	-	16,874,356
Equipment and vehicles	15,586,862	981,025	(1,136,632)	15,431,255
Infrastructure	79,396,456	1,293,810	-	80,690,266
Total capital assets being depreciated	113,262,089	2,388,298	(1,136,632)	114,513,755
Less accumulated depreciation for:				
Land improvements	(197,869)	(27,857)	-	(225,726)
Buildings and improvements	(7,695,371)	(408,829)	-	(8,104,200)
Equipment and vehicles	(13,049,851)	(631,072)	1,136,632	(12,544,291)
Infrastructure	(37,750,634)	(2,162,434)	-	(39,913,068)
Total accumulated depreciation	(58,693,725)	(3,230,192)	1,136,632	(60,787,285)
Total capital assets being depreciated	54,568,364	(841,894)	-	53,726,470
Total capital assets, net of depreciation	\$ 61,723,646	5,056,316	-	66,779,962

Depreciation expense for the year ended June 30, 2021 was charged to the following functions and funds:

Governmental activities:

General government	\$ 494,328
Public safety	1,028,383
Public works	2,755,636
Culture and recreation	662,202
Health and welfare	130,525
Total governmental activities	\$ 5,071,074

Business-type activities

Solid Waste	\$ 885,860
Wastewater	1,495,821
Airport	781,212
Golf course	67,299
Total business type activities	\$ 3,230,192



**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 8 – LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Amount due within one year
Governmental funds debt					
Compensated absences	\$ 1,215,840	1,082,690	(1,176,084)	1,122,446	897,957
Revenues bonds payable	5,600,000	-	(790,000)	4,810,000	790,000
Notes payable	5,291,444	2,267,000	(2,894,000)	4,664,444	372,075
Total governmental activities	\$ 12,107,284	3,349,690	(4,860,084)	10,596,890	2,060,032
Business-type funds debt					
Compensated absences	\$ 137,858	86,890	(109,840)	114,908	91,926
Revenues bonds payable	6,169,117	4,210,000	(4,618,901)	5,760,216	834,079
Notes payable	8,086,362	2,256,811	(2,478,307)	7,864,866	950,199
Total business-type activities	\$ 14,393,337	6,553,701	(7,207,048)	13,739,990	1,876,204

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 2021.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2021 are as follows.

Governmental activities

Revenue Bonds

Bonds payable for governmental funds at June 30, 2021 are comprised of the following:

	Sales Tax Revenue bond Series 2012	Sales Tax Revenue bond Series 2015
Original issue:	10/3/2012	7/1/2015
Principal:	\$ 9,000,000	6,705,000
Interest:	June 1 & December 1	June 1 & December 1
Rates:	2.00% to 2.50%	2.00% to 3.00%
Maturity	6/1/2027	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-

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2027.

The annual requirements to amortize the 2012 Bond Issue outstanding as of June 30, 2021, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	440,000	20,685	460,685
2027-2031	<u>405,000</u>	<u>10,125</u>	<u>415,125</u>
Total	\$ <u>2,605,000</u>	<u>210,350</u>	<u>2,815,350</u>

The July 1, 2015 Gross Receipts Tax Refunding and Improvement Revenue Bonds, Series 2015, were issued for (1) refunding, redeeming, paying and discharging the City's outstanding Gross Receipts Tax Improvement Revenue Bonds, Series 2005, in the amount of \$2,110,000, (ii) acquiring, constructing, reconstructing, resurfacing, maintaining, repairing, or otherwise improving municipal streets, and (iii) paying the costs of issuance of the bonds. The Bonds are being issued pursuant to Sections 7-1-6.4 NMSA 1978, as amended, providing for the disposition of tax receipts derived from the state-shared gross receipts tax. The 2015 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to the City by the New Mexico Taxation and Revenue Department pursuant to 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, 2021, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	140,000	22,350	162,350
2027-2031	<u>605,000</u>	<u>45,900</u>	<u>650,900</u>
Total	\$ <u>2,205,000</u>	<u>248,400</u>	<u>2,453,400</u>

Notes Payable

NMFA LOAN – PPRF-5254 B – Park

On July 1, 2020, the City borrowed \$2,267,000 with interest rates between 0.46% and 1.70% from the NM Finance Authority as part of a restructuring of the previously held NMFA Loan – EJP PP-2603-2011 Clovis 6-A. The net proceeds of \$2,267,000 (after estimated issuance costs of \$32,370) were used for the improvement of

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

park infrastructure. The note matures on June 30, 2032. The payments of principal and interest are paid from pledged governmental gross receipts tax revenues. The revenues pledged totaled \$17,825 at June 30, 2021, and equal .08% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2021, the City collected \$512,189 in pledged revenues, and retired \$17,825 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>
2022	\$	199,000	21,319	220,319
2023		200,000	20,403	220,403
2024		201,000	19,443	220,443
2025		202,000	18,378	220,378
2026		203,000	17,146	220,146
2027-2031		1,045,000	56,722	1,101,722
2032-2036		<u>217,000</u>	<u>3,689</u>	<u>220,689</u>
Total	\$	<u>2,267,000</u>	<u>157,100</u>	<u>2,424,100</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 \$822,077 at June 30, 2021, and equal 7.8% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2021, the City collected \$10,431,390 in pledged revenues, and retired \$822,077 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>
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		188,776	48,339	237,115
2027-2031		1,051,274	164,544	1,215,818
2032-2035		<u>450,000</u>	<u>21,488</u>	<u>471,488</u>
Total	\$	<u>2,397,444</u>	<u>467,257</u>	<u>2,864,701</u>

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Business-type activities

Revenue Bonds

Bonds payable for proprietary funds at June 30, 2021 are comprised of the following:

	Sales Tax Revenue bond Series 2020 PPRF-5253	Sales Tax Revenue bond Series 2014 PPRF-3095
Original issue:	7/31/2020	4/18/2014
Principal:	\$ 4,210,000	4,888,665
Interest:	June 1 & December 1	June 1 & December 1
Rates:	.46% to 1.42%	.25% to 2.79%
Maturity	6/1/2031	6/1/2024

On July 1, 2020, the City borrowed \$4,210,000 with interest rates between 0.46% and 1.42% from the NM Finance Authority as part of a restructuring of the previously held 2010 Gross Receipts Tax Revenue Bond. Issuance costs related to the restructuring of debt amounted to \$60,500. The Bonds were issued to defray, in part (i) the cost of constructing, purchasing, furnishing, equipping or making improvement to the City's wastewater 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 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, 2031.

The annual requirements to amortize the PPRF-5253 Bond Issue outstanding as of June 30, 2021, including interest payments are as follows:

	Principal	Interest	Total
2022	\$ 330,000	36,559	366,559
2023	420,000	35,041	455,041
2024	420,000	33,025	453,025
2025	425,000	30,799	455,799
2026	425,000	28,206	453,206
2027-2031	2,190,000	80,297	2,270,297
Total	\$ 4,210,000	243,927	4,453,927

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 7-9-4, 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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

The annual requirements to amortize the 2014 Bond Issue outstanding as of June 30, 2021, including interest payments are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	504,079	40,613	544,692
2023		516,227	28,464	544,691
2024		529,907	14,784	544,691
2025		-	-	-
2026		-	-	-
Total	\$	<u>1,550,213</u>	<u>83,861</u>	<u>1,634,074</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 \$534,474 at June 30, 2021, and equal 16.4% of future wastewater utility revenues at their current rate. During the year ended June 30, 2021, the City collected \$3,257,913 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>
2022	\$	465,292	69,182	534,474
2023		474,597	59,877	534,474
2024		484,089	50,385	534,474
2025		493,771	40,703	534,474
2026		503,647	30,827	534,474
2027-2031		<u>1,037,714</u>	<u>31,234</u>	<u>1,068,948</u>
Total	\$	<u>3,459,110</u>	<u>282,208</u>	<u>3,741,318</u>

NMFA LOAN - PPRF-5254 A– Golf Course

On July 1, 2020, the City borrowed \$1,970,000 with interest rates between 0.69% and 1.94% from the NM Finance Authority as part of a restructuring of the previously held NMFA Loan – EJP PP-2603-2011 Clovis 6-B. The net proceeds of \$1,970,000 (after estimated issuance costs of \$28,130) were used for improvements to the City's golf course. The note matures on June 1, 2032. The payments of principal and interest are paid from pledged governmental gross receipts tax revenues. The revenues pledged totaled \$22,313 at June 30, 2021, and equal 4.4% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2021, the City collected \$512,189 in pledged revenues, and retired \$-0- in principal and interest on the aforementioned note.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	170,000	26,687	196,687
2023		171,000	25,514	196,514
2024		172,000	24,231	196,231
2025		174,000	22,769	196,769
2026		175,000	20,925	195,925
2027-2031		915,000	66,776	981,776
2032		193,000	3,744	196,744
Total	\$	<u>1,970,000</u>	<u>190,646</u>	<u>2,160,646</u>

**NMFA LOAN - WPF-833**

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/denitrification 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 \$84,446 at June 30, 2021, and equal 2.59% of future wastewater utility revenues at their current rate. During the year ended June 30, 2021, the City collected \$3,257,913 in pledged revenues, and retired \$84,446 in principal and interest on the aforementioned note.

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

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	164,111	4,780	168,891
2023		82,363	2,082	84,445
2024		82,569	1,877	84,446
2025		82,776	1,670	84,446
2026		82,983	1,463	84,446
2027-2031		418,036	4,193	422,229
2032-2035		84,233	211	84,444
Total	\$	<u>997,071</u>	<u>16,276</u>	<u>1,013,347</u>

**NMFA LOAN - WPF-908**

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 \$66,981 at June 30, 2021, and equal 2.06% of future wastewater utility revenues at their current rate. During the year ended June 30, 2021, the City collected \$3,257,913 in pledged revenues, and retired \$66,981 in principal and interest on the aforementioned note.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 129,199	4,763	133,962
2023	64,842	2,139	66,981
2024	65,004	1,977	66,981
2025	65,167	1,815	66,982
2026	65,329	1,652	66,981
2027-2031	329,106	5,801	334,907
2032-2035	266,359	1,666	268,025
Total	\$ <u>985,006</u>	<u>19,813</u>	<u>1,004,819</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 \$7,477 at June 30, 2021, and equal 0.2% of future wastewater utility revenues at their current rate. During the year ended June 30, 2021, the City collected \$3,257,913 in pledged revenues, and retired \$7,477 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>
2022	\$ 8,592	418	9,010
2023	8,614	396	9,010
2024	8,633	374	9,007
2025	8,656	353	9,009
2026	8,679	331	9,010
2027-2031	43,717	1,329	45,046
2032-2036	44,267	780	45,047
2037-2041	35,813	224	36,037
Total	\$ <u>166,971</u>	<u>4,205</u>	<u>171,176</u>

**NMFA LOAN - WPF-4846**

On December 19, 2019, the City borrowed \$286,811 from the New Mexico Finance Authority. The note matures on June 1, 2041 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 \$-0- at June 30, 2021, and equal 0.0% of future wastewater utility revenues at their current rate. During the year ended June 30, 2021, the City collected \$3,257,913 in pledged revenues, and retired \$-0- in principal and interest on the aforementioned note.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 13,005	1,769	14,774
2023	14,089	685	14,774
2024	14,125	649	14,774
2025	14,160	614	14,774
2026	14,195	579	14,774
2027-2031	71,511	2,359	73,870
2032-2036	72,408	1,460	73,868
2037-2041	<u>73,318</u>	<u>551</u>	<u>73,869</u>
Total	\$ <u>286,811</u>	<u>8,666</u>	<u>295,477</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 if 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 to 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.

**NOTE 9 – LANDFILL CLOSURE AND POST-CLOSURE CARE**

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

The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The total estimated liability for landfill closure costs for Cells 1 through 4; Asbestos Monofill; C & D Wedge and the OD closed landfill is \$6,028,297 as of June 30, 2021, which is based on the cumulative capacity to date as a percentage of projected capacity at the time of landfill closure. This represents an increase of \$114,113 from the prior year. It is estimated that no additional costs will be recognized as closure and post-closure care costs between the balance sheet date and the date the landfill site is expected to close in accordance with State of New Mexico Environmental Division and Federal EPA regulations. The estimated total current cost of the landfill closure and post-closure care of \$6,028,297 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, 2021. 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



**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

\$8,311,534 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.

The composition of interfund transfers during the year ended June 30, 2021 was as follows:

	General Fund	Inter- governmental Grants	Non-Major Govern- mental Funds	Solid Waste	Wastewater	Airport	Golf Course	Internal Service Funds	Total
General	\$ -	113,993	1,920,742	62,368	-	941,821	1,332,644	20,320	4,391,888
Non-Major Governmental	3,607,985	-	2,335,503	493,904	341,850	-	471,745	225,402	7,476,389
Solid Waste	259,000	-	544,691	-	-	-	-	-	803,691
Wastewater	153,706	-	-	-	39,294	-	-	-	193,000
Golf Course	-	-	117,000	-	-	-	-	-	117,000
Internal Service Funds	2,072	-	512,159	-	-	-	-	-	514,231
Total	\$ 4,022,763	113,993	5,430,095	556,272	381,144	941,821	1,804,389	245,722	13,496,199

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 10 – INTERFUND BALANCES AND TRANSFERS, continued**

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, 2021, are as follows:

Fund	Due From	Due To	Total
General Fund (01)	\$ 898,002	(2,084)	895,918
Solid Waste Fund (02)	1,987	-	1,987
Recreation Fund (04)	-	(39)	(39)
Senior Services Division (05)	-	(165)	(165)
Environmental Tax Fund (06)	8,848	-	8,848
State Fire Marshall Grant (07)	-	(277,743)	(277,743)
Wastewater Fund (10)	23,502	(4,977)	18,525
Airport Fund (12)	-	(758,592)	(758,592)
Ned Houk Park Fund (13)	-	(23,521)	(23,521)
Library Fund (14)	-	(124)	(124)
Worker's Comp Fund (48)	277,743	(99)	277,644
Economic Development GRT (64)	-	(8,414)	(8,414)
Water Dedication GRT (66)	-	(35,391)	(35,391)
Special Streets Fund (75)	-	(8,323)	(8,323)
Recycling Fund (76)	-	(7,027)	(7,027)
Special Fire & Police GRT (86)	-	(17,045)	(17,045)
Clovis Area Transit System (92)	-	(8,032)	(8,032)
Department of Justice (96)	-	(8,745)	(8,745)
Intergovernmental Grants (97)	-	(49,761)	(49,761)
	<u>\$ 1,210,082</u>	<u>(1,210,082)</u>	<u>-</u>

**NOTE 11 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. City of Clovis has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insurers Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The City pays an annual premium to New Mexico Self-Insurers Fund for general insurance coverage and all risk of loss is transferred. The premiums paid for the year ended June 30, 2021 totaled \$1,656,202.

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,

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

but not limited to, reinsurance expenses, claims adjusting, rating and underwriting, safety and loss control, reporting and administration. In the retention rating year (1/1/91 – 1/1/92), the City paid a “loss fund deposit” to the Fund equal to 15% of the estimated “manual premium”. This deposit is retained by the Fund for the benefit of the City in paying all applicable claims and costs for all policy periods. Each anniversary date, the deposit will be reviewed and revised if necessary. The City’s self-insured specific retention is \$250,000 per accident, with aggregate of 150% of the “manual premium” for a policy period.

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

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

**NOTE 12 – PERA PENSION PLAN**

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

**Benefits Provided** – Tier I - Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member’s final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors’ annuities are also available.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

PERA Fund Contribution Rates and Pension Factors in Effect During FY20						
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%	17.24%	3.00%	2.50%	90.00%
MUNICIPAL PLANS 1 - 4						
"Municipal Plan 1 (plan open to new employers)"	7.00%	8.50%	7.65%	2.00%	2.00%	90.00%
"Municipal Plan 2 (plan open to new employers)"	9.15%	10.65%	9.80%	2.50%	2.00%	90.00%
"Municipal Plan 3 (plan closed to new employers 6/95)"	13.15%	14.65%	9.80%	3.00%	2.50%	90.00%
"Municipal Plan 4 (plan closed to new employers 6/00)"	15.65%	17.15%	12.30%	3.00%	2.50%	90.00%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.00%	8.50%	10.70%	2.00%	2.00%	90.00%
Municipal Police Plan 2	7.00%	8.50%	15.70%	2.50%	2.00%	90.00%
Municipal Police Plan 3	7.00%	8.50%	19.20%	2.50%	2.00%	90.00%
Municipal Police Plan 4	12.35%	13.85%	19.20%	3.00%	2.50%	90.00%
Municipal Police Plan 5	16.30%	17.80%	19.20%	3.50%	3.00%	90.00%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.00%	9.50%	11.65%	2.00%	2.00%	90.00%
Municipal Fire Plan 2	8.00%	9.50%	18.15%	2.50%	2.00%	90.00%
Municipal Fire Plan 3	8.00%	9.50%	21.90%	2.50%	2.00%	90.00%
Municipal Fire Plan 4	12.80%	14.30%	21.90%	3.00%	2.50%	90.00%
Municipal Fire Plan 5	16.20%	17.70%	21.90%	3.50%	3.00%	90.00%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.30%	3.00%	3.00%	90.00%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.00%	3.00%	90.00%
State Plan 3 - Peace Officer	7.42%	8.92%	17.24%	3.00%	3.00%	90.00%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.37%	3.00%	3.00%	90.00%

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*** At June 30, 2021, the City reported a liability of \$14,917,096 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.4101%, which was a decrease of 0.0364% from its proportion measured as of June 30, 2019.

**For PERA Fund Division Municipal General:** At June 30, 2021, the City reported a liability of \$2,851,340 for its proportionate share of the net pension liability. At June 30, 2020, the City's proportion was 0.1410%, which was an increase of 0.0087% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized pension expense (income) of \$167,404. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,017	-
Changes of assumptions	52,756	-
Net difference between projected and actual earnings on pension plan investments	521,425	-
Changes in proportion and differences between City contributions and proportionate share of contributions	127,472	65,939
City contributions subsequent to the measurement date	133,585	-
	<u>\$ 914,255</u>	<u>65,939</u>

\$133,585 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, 2022. 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:		
2022	\$	222,978
2023		184,187
2024		179,625
2025		127,941
2026		-
Thereafter	\$	-

**For PERA Fund Division Municipal Police:** At June 30, 2021, the City reported a liability of \$4,278,888 for its proportionate share of the net pension liability. At June 30, 2020, the City's proportion was 0.4982%, which was a decrease of 0.0914% from its proportion measured as of June 30, 2020.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

For the year ended June 30, 2021, the City recognized pension expense (income) of \$(239,824). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 248,650	-
Changes of assumptions	101,327	-
Net difference between projected and actual earnings on pension plan investments	734,438	-
Changes in proportion and differences between City contributions and proportionate share of contributions	20,902	824,222
City contributions subsequent to the measurement date	260,710	-
	<u>\$ 1,366,027</u>	<u>824,222</u>

\$260,710 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, 2022. 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:		
2022	\$	28,326
2023		(44,349)
2024		116,807
2025		180,311
2026		-
Thereafter	\$	-

**For PERA Fund Division Municipal Fire:** At June 30, 2021, the City reported a liability of \$7,786,868 for its proportionate share of the net pension liability. At June 30, 2020, the City's proportion was 1.0295%, which was a decrease of 0.0544% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized pension expense (income) of \$(212,575). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 172,636	-
Changes of assumptions	93,321	-
Net difference between projected and actual earnings on pension plan investments	720,700	-
Changes in proportion and differences between City contributions and proportionate share of contributions	50,651	957,915
City contributions subsequent to the measurement date	350,561	-
	<u>\$ 1,387,869</u>	<u>957,915</u>

\$350,561 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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

ended June 30, 2022. 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:		
2022	\$	(93,842)
2023		(152,231)
2024		148,509
2025		176,957
2026		-
Thereafter	\$	-

**Actuarial assumptions.** The total pension liability in the June 30, 2020 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization period	Level Percentage of Pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 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, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2020. These assumptions were adopted by the Board use in the June 30, 2019 actuarial valuation.

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

All Funds - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.50%	5.90%
Risk Reduction & Mitigation	19.50%	1.00%
Credit Oriented Fixed Income	15.00%	4.20%
Real Assets to include Real Estate Equity	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
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, 2020. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Municipal General Division	\$ 4,082,378	2,851,340	1,830,562
Municipal Police Division	6,140,617	4,278,888	2,755,163
Municipal Fire Division	10,077,223	7,786,868	5,904,373

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

**Payable Changes in the Net Pension Liability.** At June 30, 2021, the City reported \$60,071 of outstanding contributions due to PERA.

**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



**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021, 2020, and 2019, the City's required and actual contributions totaled \$1,409,161, \$1,381,009, and \$1,379,477, respectively.

**NOTE 14 – DEFERRED COMPENSATION PLAN**

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

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

Employees are mandated to contribute a minimum of 3% of their gross salary but may elect to contribute up to 100% of their salary up to a maximum dollar amount of \$18,500 per year into the plan. Eligible employees may also make catch-up contributions totaling \$5,500 per year. There are employees that are making contributions to the Deferred Compensation Plan. All contributions withheld from participant's wages by the City have been paid to the plan administrator. Employee contributions withheld and remitted to the plan were \$1,074,621, \$885,026, and \$894,128 for the years ended June 30, 2021, 2020, and 2019, 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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2020, 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	91,082
	<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	49,492
	<u>91,082</u>

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the City were \$263,465 for the year ended June 30, 2021.

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

At June 30, 2021, the City reported a liability of \$11,907,263 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020. At June 30, 2020, the City’s proportion was 0.28358 percent.

For the year ended June 30, 2021, the City recognized OPEB expense (income) of \$(733,532). At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	2,114,411
Changes of assumptions	2,337,481	2,114,648
Net difference between projected and actual earnings on OPEB plan investments	64,933	-
Changes of proportion	205,016	1,174,951
City contributions subsequent to the measurement date	263,465	-
	<u>\$ 2,870,895</u>	<u>5,404,010</u>

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Deferred outflows of resources totaling \$236,465 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2022	\$	(1,208,492)
2023		(1,024,125)
2024		(552,464)
2025		(220,349)
2026		208,850
Total	\$	<u>(2,796,580)</u>

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, 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 members, 2.50% for PERA members
Projected salary 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 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-2014 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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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 2.86% as of June 30, 2020. 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, 2040. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2040. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2040, resulting in a blended discount rate of 2.86%.

**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 (1.86 percent) or 1-percentage-point higher (3.86 percent) than the current discount rate:

1% Decrease -1.86%	Current Discount -2.86%	1% Increase -3.86%
\$ 14,800,777	11,907,263	9,670,876

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 Trend Rate	1% Increase
9,773,636	11,907,263	13,525,676

**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, 2020.

**Payable Changes in the Net OPEB Liability.** At June 30, 2021, the City reported a payable of \$15,946 for outstanding contributions due to NMRHCA for the year ended June 30, 2021.

**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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021, 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, 2021 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, 2021 related to land and buildings held as rental property under operating leases is included in property, plant and equipment of the Airport in the Proprietary Funds Statement of Net Assets.

**NOTE 18 – OPERATING LEASES**

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

Fiscal Year	
<u>Ending June 30,</u>	<u>Amount</u>
2022	\$ 217,694
2023	205,000
2024	17,083
2025	-
2026	-
Total \$	<u>439,777</u>

Rental payments charged to current operations for the year ended June 30, 2021 were approximately \$735,036.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

Deficit Fund Balances

The City reported the following funds with a deficit fund balance at June 30, 2021:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Fund 76 - Recycling Fund	Special revenue fund	\$ (2,126)
Fund 96 - Department of Justice fund	Special revenue fund	(8,745)
		<u>\$ (10,871)</u>

Legal Compliance with Budget

The City did not have any funds that exceeded budget at the fund level as of June 30, 2021.

**NOTE 20 – RESTATEMENTS**

During the year ended June 30, 2021, the City adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by reclassifying amounts formerly classified as “Deposits held in trust for others” and reclassifying those amounts to the new presentation “Net Position – Restricted for individuals, organizations, and other governments.” Beginning net position has been restated to reflect this change.

	(New Presentation) Statement of Net Position - Fiduciary Fund	(Old Presentation) Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
Net Position, July 1, 2020, as previously reported	\$ -	-
Deposits held in trust for others	-	4,256
Change in accounting principles	4,256	(4,256)
Net Position, July 1, 2020, as previously reported	<u>\$ 4,256</u>	<u>-</u>

In addition, a prior year note receivable was understated as follows:

<u>Fund</u>	<u>Purpose/Reason</u>	<u>Amount</u>
Governmental activities		
(64) Economic Development	Prior year notes receivable were understated	\$ 433,650
Total governmental funds		<u>\$ 433,650</u>

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 21 – COMMITMENTS**

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

<u>Project</u>	<u>Contract Type</u>	<u>Contract Price</u>	<u>Amount Expended at 6/30/2021</u>	<u>% of Completion</u>
Shooting Range Engineering	Infrastructure	\$ 100,000	97,691	97.69%
Shooting Range Construction	Infrastructure	3,424,994	2,494,328	72.83%
Effluent Phase 2 Construction	Infrastructure	897,984	717,976	79.95%
Effluent Phase 2 Engineering	Infrastructure	473,615	473,363	99.95%
Effluent Phase 1D Construction	Infrastructure	4,341,080	4,223,369	97.29%
Effluent Phase 1D Engineering	Infrastructure	351,890	252,530	71.76%
Taxiway Alpha Improvements	Infrastructure	1,505,225	1,278,857	84.96%
Airport Self Service Fueling System	Equipment	299,771	97,635	32.57%
		<u>\$ 11,394,559</u>	<u>9,635,748</u>	

**NOTE 22 – RESTRICTED NET POSITION**

The Balance Sheet – Governmental Funds reports \$20,089,910 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 the schedule of governmental fund balances.

**NOTE 23 – UNEARNED REVENUE AND UNAVAILABLE REVENUE**

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

	<u>Amount</u>
Deferred property tax revenue. Assessed but not collected within 60 days of year end (General Fund)	\$ 70,932
Unexpended grant funds received in advance (Lodgers Tax Fund)	<u>100,000</u>
	<u>\$ 170,932</u>

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 24 – GASBS 77 TAX ABATEMENT DISCLOSURES**

The City negotiated property tax abatement agreements and has a tax abatement agreement with Southwest Cheese as of June 30, 2021.

Agency Number	6108
Agency Name	City of Clovis
Agency Type	Municipality
Tax Abatement Agreement Name	\$160,000,000 City of Clovis, New Mexico Taxable Industrial Revenue Bonds, (Southwest Cheese), Series 2016 - as described by Ordinance
Recipient(s) of tax abatement	Southwest Cheese
Parent company(ies) of recipient(s) of tax abatement	Southwest Cheese
Tax abatement program (name and brief description)	Southwest Cheese expansion
Specific Tax(es) Being Abated	Real and personal property tax
Legal authority under which tax abatement agreement was entered into	Ordinance 1498-96, Relating to Economic Development Planning, State of New Mexico Industrial Revenue Bond Act
Criteria that make a recipient eligible to receive a tax abatement	City of Clovis Ordinance No. 1498-96
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	Land conveyed as tax exempt, tax exemption against assessed value of improvements and personal property
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	Abatement is determined by applying current tax year property tax rates against the assessed value as determined by the County Assessor. The rates are applied "as if" the property were still taxable, allowing determination of the abated taxes for each affected entity and total taxes abated.
Are there provisions for recapturing abated taxes? (Yes or No)	None
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	None
List each specific commitment made by the recipient of the abatement.	1. Southwest Cheese will continuously operate the project property to the expiration of the term as a cheese plant. The company will acquire, equip, and construct facilities on the project property for this purpose.



**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<p>2. Southwest Cheese will file returns for the reporting and paying compensating tax which is due because of the project and will pay, as a Related cost, any gross receipts or compensating tax due from the issuer under any such returns pursuant to Section 7-9-54, NMSA 1978. The Company will promptly pay any gross receipts or compensating tax plus applicable penalty and interest which may become due.</p>
	<p>3. Company agrees to pay all taxes, assessments and governmental charges at any time they may be lawfully assessed; all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the property; all lawful governmental assessments for public improvements. Company is solely responsible for all costs related to maintenance, insurance and operation of the project property.</p>
	<p>4. If the agreement has not been terminated on or before December 31, 2045, the company will take all necessary action to have the project property assessed for property tax purposes upon completion of the term. The company agrees to pay all ad valorem taxes on the project property from and after December 31, 2045. Otherwise, the company will undertake the assessment and assume payment of ad valorem taxes from the date termination of the agreement.</p>
	<p>5. Company will give the City prompt notices of any material damage or destruction of the project property, or any notice of imminent domain against the property. Company also agrees to adhere to all environmental laws and will not cause, contribute to or permit any contamination of the property, and bear all costs of compliance including any treatment, disposal, and storage of any waste connected with any activity on the project site.</p>
	<p>6. The company will make all the principal and interest payments on the bonds in accordance with the bond indenture. Company also agrees to pay reasonable fees for the depository, issuer's fees and other expenses related to the bonds.</p>
	<p>7. The company agrees to pay the issuer payments in lieu of taxes (PILT) for the project during each year of the agreement. The company will make the payment by December 31st of each year (beginning in 2017) as specified in the agreement.</p>

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	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.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$1,997,767
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	Ordinance · No. 2069-2016 is the authority for the PILOT payments. Southwest Cheese will make annual fixed payments of PILOT by December 31 of each year to City of Clovis, Clovis Municipal Schools and Clovis Community College in the amounts set forth in the agreement.
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	City: \$129,656.00
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	County \$39,198.00, Clovis Community College \$27,137.00, and Clovis Schools \$105,534.00
List each specific commitment made by your agency or any other government, other than the tax abatement.	City agrees to provide the company, as agent for the issuer, a supply of Nontaxable Transaction Certificates to be issued to vendors and contractors by the company, as agent for the issues, in order to permit the vendors and contracts to claim deductions available under the New Mexico Gross Receipts and Compensating Tax Act for their receipt from selling certain tangible property for the project.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	Clovis Community College, Curry County, and Clovis Municipal Schools
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None
In the report disclosure is this abatement aggregated?	None
Threshold amount for aggregation	None

**NOTE 25 – EVALUATION OF SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 15, 2021, the date which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
LAST 10 FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015
	Measurement Date as of						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability (asset) (%)							
Municipal General	0.1410%	0.1323%	0.1424%	0.1336%	0.1253%	0.1337%	0.1271%
Municipal Police	0.4982%	0.5896%	0.7166%	0.7018%	0.6646%	0.6532%	0.7284%
Municipal Fire	1.0295%	1.0839%	1.3121%	1.2777%	1.3111%	1.2779%	1.2928%
	0.4101%	0.4464%	0.5334%	0.5214%	0.5213%	0.5504%	0.5751%
City's proportionate share of the net pension liability (asset) (\$)							
Municipal General	\$ 2,851,340	2,290,244	2,270,383	1,835,777	2,001,873	1,363,187	991,516
Municipal Police	4,278,888	4,355,192	4,889,392	3,898,959	4,903,616	3,140,952	2,374,505
Municipal Fire	7,786,868	7,448,960	8,398,263	7,310,291	8,746,370	6,595,474	5,396,139
	<u>14,917,096</u>	<u>14,094,396</u>	<u>15,558,038</u>	<u>13,045,027</u>	<u>15,651,859</u>	<u>11,099,613</u>	<u>8,762,160</u>
City's covered-employee payroll							
Municipal General	\$ 1,507,330	1,249,371	1,123,246	1,305,581	1,102,859	1,146,456	848,732
Municipal Police	1,231,950	1,366,592	1,775,175	1,551,727	1,657,838	1,544,617	1,483,178
Municipal Fire	1,479,731	1,502,250	1,872,670	1,767,380	1,758,475	1,640,783	1,451,816
	<u>4,219,011</u>	<u>4,118,213</u>	<u>4,771,091</u>	<u>4,624,688</u>	<u>4,519,172</u>	<u>4,331,856</u>	<u>3,783,727</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll							
Municipal General	189.16%	183.31%	202.13%	140.61%	181.52%	118.90%	116.82%
Municipal Police	347.33%	318.69%	275.43%	251.27%	295.78%	203.35%	160.10%
Municipal Fire	526.24%	495.85%	448.46%	413.62%	497.38%	401.97%	371.68%
Plan fiduciary net position as a percentage of the total pension liability							
Municipal General	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Police	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Fire	66.36%	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.

See independent auditors' report  
See notes to required supplementary information

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
LAST 10 FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution							
Municipal General	\$ 133,585	116,615	101,009	87,592	107,270	124,683	105,323
Municipal Police	260,710	270,810	272,640	289,045	273,377	238,966	255,307
Municipal Fire	350,561	338,859	330,934	352,460	335,208	316,361	314,767
	<u>744,856</u>	<u>726,284</u>	<u>704,583</u>	<u>729,097</u>	<u>715,855</u>	<u>680,010</u>	<u>675,397</u>
Contributions in relation to the contractually required contribution							
Municipal General	133,585	116,615	101,009	87,592	107,270	124,683	105,323
Municipal Police	260,710	270,810	272,640	289,045	273,377	238,966	9,498
Municipal Fire	350,561	338,859	330,934	352,460	335,208	316,361	68,003
	<u>744,856</u>	<u>726,284</u>	<u>704,583</u>	<u>729,097</u>	<u>715,855</u>	<u>680,010</u>	<u>182,824</u>
Contribution deficiency (excess)							
Municipal General	-	-	-	-	-	-	-
Municipal Police	-	-	-	-	-	-	245,809
Municipal Fire	-	-	-	-	-	-	246,764
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492,573</u>

\* 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.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For The Year Ended June 30, 2021**

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

Changes of Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2019 report is available at <http://www.nmpera.org/>

See independent auditors' report  
See notes to required supplementary information

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
LAST 10 FISCAL YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>Measurement Date as of</u>			
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
City's proportion of the net OPEB liability (asset)	0.28358%	0.30511%	0.31231%	0.30460%
City's proportionate share of the net OPEB liability (asset)	\$ 11,907,263	12,101,343	13,580,347	13,801,663
City's covered-employee payroll	\$ 12,188,599	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	97.69%	87.12%	102.04%	118.59%
Plan fiduciary net position as a percentage of the total OPEB liability	16.50%	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.

See independent auditors' report  
See notes to required supplementary information

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S CONTRIBUTIONS OPEB PLAN  
LAST 10 FISCAL YEARS\***

	2021	2020	2019	2018
Contractually required contribution	\$ 263,465	187,001	291,946	264,883
Contributions in relation to the contractually required contribution	<u>263,465</u>	<u>187,001</u>	<u>291,946</u>	<u>264,883</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 13,201,511	13,889,944	13,309,139	11,638,622
Contributions as a percentage of covered-employee payroll	2.00%	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.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For The Year Ended June 30, 2021**

Changes of Benefit Terms: There were no modifications to the benefit provisions.

Changes of Assumptions: In the June 30, 2019 actuarial valuation rolled forward to the measurement date of June 30, 2020, changes in assumptions and differences between expected and actual experience include adjustments resulting from an decrease in the discount rate from 4.16% to 2.86%, changes in medical carrier election assumptions based on recent enrollment, and updated Medicare Advantage trends to reflect 2020 and 2021 premiums. The New Mexico Retiree Health Care Authority Annual Actuarial Valuations as of June 2019 report is available by contacting the Authority at 4308 Carlisle Blvd. NE Suite 105, Albuquerque, NM 87107

See independent auditors' report  
See notes to required supplementary information



## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

**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.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

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

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

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

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

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

**NONMAJOR 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.

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

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

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

**DEBT SERVICE FUNDS LISTING**

**2012 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 2012 street bonds.

**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, 2021**

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 11,306,976	293,158	72,323	11,672,457
Investments	7,990,997	1,744,287	317,627	10,052,911
Receivables				
Taxes receivable	1,991,710	90,737	-	2,082,447
Other receivables	459,000	-	-	459,000
Due from other governments	563,065	224,798	-	787,863
Prepaid expenses	42,825	-	-	42,825
Inventories	188,281	-	-	188,281
Total assets	<u>22,542,854</u>	<u>2,352,980</u>	<u>389,950</u>	<u>25,285,784</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>\$ 22,542,854</u>	<u>2,352,980</u>	<u>389,950</u>	<u>25,285,784</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 404,646	167,521	-	572,167
Accrued payroll liabilities	143,601	-	-	143,601
Due to other fund	394,569	-	-	394,569
Total liabilities	<u>942,816</u>	<u>167,521</u>	<u>-</u>	<u>1,110,337</u>
Deferred Inflows of Resources:				
"Unavailable" revenues	100,000	-	-	100,000
Total deferred inflows of resources	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Fund balances:				
Nonspendable	231,106	-	-	231,106
Restricted	8,399,760	904,991	389,950	9,694,701
Committed	9,955,051	1,280,468	-	11,235,519
Assigned	2,924,992	-	-	2,924,992
Unassigned	(10,871)	-	-	(10,871)
Total fund balances	<u>21,500,038</u>	<u>2,185,459</u>	<u>389,950</u>	<u>24,075,447</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 22,542,854</u>	<u>2,352,980</u>	<u>389,950</u>	<u>25,285,784</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, 2021**

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Totals
Revenues:				
Taxes				
Gross receipts	\$ 10,544,794	512,189	-	11,056,983
Other	1,058,289	-	-	1,058,289
Licenses and permits	3,313	-	-	3,313
Charges for services	132,132	-	-	132,132
Fines and forfeitures	300,464	-	-	300,464
Intergovernmental revenue	-			
Federal grants	3,265,421	-	-	3,265,421
State grants	879,404	1,053,072	-	1,932,476
Interest income	22,581	4,140	1,547	28,268
Miscellaneous income	1,401,821	28,795	-	1,430,616
Total revenues	<u>17,608,219</u>	<u>1,598,196</u>	<u>1,547</u>	<u>19,207,962</u>
Expenditures:				
Current:				
General government	193,834	-	-	193,834
Public safety	701,640	-	-	701,640
Public works	4,707,856	1,528,826	-	6,236,682
Culture and recreation	1,968,697	-	-	1,968,697
Health and welfare	276,704	-	-	276,704
Capital outlay	2,863,800	36,695	-	2,900,495
Debt service				
Principal	-	-	3,696,846	3,696,846
Interest	-	-	332,162	332,162
Total expenditures	<u>10,712,531</u>	<u>1,565,521</u>	<u>4,029,008</u>	<u>16,307,060</u>
Excess (deficiency) of revenues over (under) expenditures	6,895,688	32,675	(4,027,461)	2,900,902
Other financing sources (uses):				
Proceeds from debt issuance	-	-	2,267,000	2,267,000
Transfers in	2,851,000	120,626	2,458,469	5,430,095
Transfers out	(6,517,370)	(241,066)	(717,954)	(7,476,390)
Total other financing sources (uses):	<u>(3,666,370)</u>	<u>(120,440)</u>	<u>4,007,515</u>	<u>220,705</u>
Net change in fund balances	3,229,318	(87,765)	(19,946)	3,121,607
Beginning fund balance	17,837,070	2,273,224	409,896	20,520,190
Restatement	433,650	-	-	433,650
Beginning fund balance, as restated	<u>18,270,720</u>	<u>2,273,224</u>	<u>409,896</u>	<u>20,953,840</u>
Ending fund balance	<u>\$ 21,500,038</u>	<u>2,185,459</u>	<u>389,950</u>	<u>24,075,447</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, 2021**

	Municipal Road Fund Fund 3	Recreation Fund Fund 4	Older Adults Division Fund Fund 5	Fire Equipment Fund Fund 7	Sanitary Sewer Improve- ments Fund 8	Ned Houk Park Fund Fund 13	Carver Library Fund 14
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ 3,224	-	75	360,899	295,082	151,295	4,930
Investments	-	39,809	103,632	379,392	54	-	51,724
Receivables							
Taxes receivable	9,172	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	275,292	21,389
Prepaid expenses	-	1,817	3,075	-	-	3,276	2,528
Inventories	-	-	-	-	-	2,286	-
Total assets	<u>12,396</u>	<u>41,626</u>	<u>106,782</u>	<u>740,291</u>	<u>295,136</u>	<u>432,149</u>	<u>80,571</u>
Deferred Outflows of Resources:							
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 12,396</u>	<u>41,626</u>	<u>106,782</u>	<u>740,291</u>	<u>295,136</u>	<u>432,149</u>	<u>80,571</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ -	3,490	3,947	856	-	306,877	3,327
Accrued payroll liabilities	-	6,947	7,283	-	-	9,429	26,917
Due to other fund	-	39	165	277,743	-	23,521	124
Total liabilities	<u>-</u>	<u>10,476</u>	<u>11,395</u>	<u>278,599</u>	<u>-</u>	<u>339,827</u>	<u>30,368</u>
Deferred Inflows of Resources:							
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	1,817	3,075	-	-	5,562	2,528
Restricted	12,396	-	-	461,692	-	-	-
Committed	-	29,333	92,312	-	295,136	-	-
Assigned	-	-	-	-	-	86,760	47,675
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>12,396</u>	<u>31,150</u>	<u>95,387</u>	<u>461,692</u>	<u>295,136</u>	<u>92,322</u>	<u>50,203</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 12,396</u>	<u>41,626</u>	<u>106,782</u>	<u>740,291</u>	<u>295,136</u>	<u>432,149</u>	<u>80,571</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, 2021**

	Infra- structure Improv Fund 60	Special Parks Improv Fund 61	Civic Center Fund 62	Special Designated Fund 63	Economic Development Fund 64	Capital Outlay GRT Fund 65	GRT Water Project Fund 66
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ 59,564	112,553	40,874	2,100,180	2,064,040	1,223,919	3,595,071
Investments	1,041,880	517,448	581,262	-	1,359,940	127,680	1,777,015
Receivables							
Taxes receivable	90,737	90,737	90,737	-	165,607	369,368	331,214
Other receivables	-	-	-	-	459,000	-	-
Due from other governments	-	-	-	-	-	-	-
Prepaid expenses	-	-	166	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>1,192,181</u>	<u>720,738</u>	<u>713,039</u>	<u>2,100,180</u>	<u>4,048,587</u>	<u>1,720,967</u>	<u>5,703,300</u>
Deferred Outflows of Resources:							
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,192,181</u>	<u>720,738</u>	<u>713,039</u>	<u>2,100,180</u>	<u>4,048,587</u>	<u>1,720,967</u>	<u>5,703,300</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ -	-	22,171	325	-	-	-
Accrued payroll liabilities	-	-	-	-	-	-	-
Due to other fund	-	-	-	-	8,414	-	35,391
Total liabilities	<u>-</u>	<u>-</u>	<u>22,171</u>	<u>325</u>	<u>8,414</u>	<u>-</u>	<u>35,391</u>
Deferred Inflows of Resources:							
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	166	-	-	-	-
Restricted	-	-	-	-	-	-	5,667,909
Committed	1,192,181	720,738	-	-	4,040,173	1,720,967	-
Assigned	-	-	690,702	2,099,855	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,192,181</u>	<u>720,738</u>	<u>690,868</u>	<u>2,099,855</u>	<u>4,040,173</u>	<u>1,720,967</u>	<u>5,667,909</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 1,192,181</u>	<u>720,738</u>	<u>713,039</u>	<u>2,100,180</u>	<u>4,048,587</u>	<u>1,720,967</u>	<u>5,703,300</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, 2021**

	Emergency Medical Services Fund 72	Special Streets Fund Fund 75	Recycling Fund Fund 76	Lodger's Tax Fund Fund 77+78	Special Fire & Police GRT Fund 86	Corrections Fund Fund 89	Law Enforcement Protection Fund Fund 90
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ -	954,000	-	238,143	-	15,441	-
Investments	-	115,136	-	1,747,593	139,471	-	-
Receivables							
Taxes receivable	-	391,924	-	89,266	362,948	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governments	-	-	5,701	-	-	-	-
Prepaid expenses	-	23,686	-	-	-	-	-
Inventories	-	185,995	-	-	-	-	-
Total assets	-	1,670,741	5,701	2,075,002	502,419	15,441	-
Deferred Outflows of Resources:							
Total deferred outflows of resources	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ -	1,670,741	5,701	2,075,002	502,419	15,441	-
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ -	24,675	800	30,438	-	-	-
Accrued payroll liabilities	-	64,666	-	-	-	-	-
Due to other fund	-	8,323	7,027	-	17,045	-	-
Total liabilities	-	97,664	7,827	30,438	17,045	-	-
Deferred Inflows of Resources:							
"Unavailable" revenues	-	-	-	100,000	-	-	-
Total deferred inflows of resources	-	-	-	100,000	-	-	-
Fund balances:							
Nonspendable	-	209,681	-	-	-	-	-
Restricted	-	-	-	1,944,564	-	-	-
Committed	-	1,363,396	-	-	485,374	15,441	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(2,126)	-	-	-	-
Total fund balances	-	1,573,077	(2,126)	1,944,564	485,374	15,441	-
Total liabilities, deferred inflows of resources and fund balances:	\$ -	1,670,741	5,701	2,075,002	502,419	15,441	-

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, 2021**

	Clovis Area Transit System Fund 92	Department of Justice Fund 96	Drug Control Fund Fund 98	Total
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 76,871	-	10,815	11,306,976
Investments	-	-	8,961	7,990,997
Receivables				
Taxes receivable	-	-	-	1,991,710
Other receivables	-	-	-	459,000
Due from other governments	250,663	-	10,020	563,065
Prepaid expenses	7,313	-	964	42,825
Inventories	-	-	-	188,281
Total assets	<u>334,847</u>	<u>-</u>	<u>30,760</u>	<u>22,542,854</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>\$ 334,847</u>	<u>-</u>	<u>30,760</u>	<u>22,542,854</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 2,422	-	5,318	404,646
Accrued payroll liabilities	28,359	-	-	143,601
Due to other fund	8,032	8,745	-	394,569
Total liabilities	<u>38,813</u>	<u>8,745</u>	<u>5,318</u>	<u>942,816</u>
Deferred Inflows of Resources:				
"Unavailable" revenues	-	-	-	100,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Fund balances:				
Nonspendable	7,313	-	964	231,106
Restricted	288,721	-	24,478	8,399,760
Committed	-	-	-	9,955,051
Assigned	-	-	-	2,924,992
Unassigned	-	(8,745)	-	(10,871)
Total fund balances	<u>296,034</u>	<u>(8,745)</u>	<u>25,442</u>	<u>21,500,038</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 334,847</u>	<u>-</u>	<u>30,760</u>	<u>22,542,854</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, 2021**

	Municipal Road Fund Fund 3	Recreation Fund Fund 4	Older Adults Division Fund Fund 5	Fire Equipment Fund Fund 7	Sanitary Sewer Improve- ments Fund 8	Ned Houk Park Fund Fund 13	Carver Library Fund 14
Revenues:							
Taxes							
Gross receipts	-	-	-	-	-	-	-
Other	\$ 106,805	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Charges for services	-	-	-	-	33,798	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental revenue							
Federal grants	-	-	-	-	-	2,256,036	-
State grants	-	-	-	743,640	-	-	51,603
Interest income	5	178	298	726	26	469	521
Miscellaneous income	-	-	-	-	-	7,250	8,040
Total revenues	<u>106,810</u>	<u>178</u>	<u>298</u>	<u>744,366</u>	<u>33,824</u>	<u>2,263,755</u>	<u>60,164</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	414,261	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	235,740	-	-	-	196,068	841,908
Health and welfare	-	-	276,704	-	-	-	-
Capital outlay	-	-	-	143,056	-	2,509,737	6,724
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>235,740</u>	<u>276,704</u>	<u>557,317</u>	<u>-</u>	<u>2,705,805</u>	<u>848,632</u>
Excess (deficiency) of revenues over (under) expenditures	106,810	(235,562)	(276,406)	187,049	33,824	(442,050)	(788,468)
Other financing sources (uses):							
Proceeds from debt issuance	-	-	-	-	-	-	-
Transfers in	10,191	287,880	266,214	512,159	-	119,614	821,799
Transfers out	(113,586)	-	(67)	(388,823)	-	(139)	(124)
Total other financing sources (uses):	<u>(103,395)</u>	<u>287,880</u>	<u>266,147</u>	<u>123,336</u>	<u>-</u>	<u>119,475</u>	<u>821,675</u>
Net change in fund balances	3,415	52,318	(10,259)	310,385	33,824	(322,575)	33,207
Beginning fund balance	8,981	(21,168)	105,646	151,307	261,312	414,897	16,996
Restatement	-	-	-	-	-	-	-
Beginning fund balance, as restated	<u>8,981</u>	<u>(21,168)</u>	<u>105,646</u>	<u>151,307</u>	<u>261,312</u>	<u>414,897</u>	<u>16,996</u>
Ending fund balance	<u>\$ 12,396</u>	<u>31,150</u>	<u>95,387</u>	<u>461,692</u>	<u>295,136</u>	<u>92,322</u>	<u>50,203</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, 2021**

	Infra- structure Improv Fund 60	Special Parks Improv Fund 61	Civic Center Fund 62	Special Designated Fund 63	Economic Develop- ment Fund 64	Capital Outlay GRT Fund 65	GRT Water Project Fund 66
Revenues:							
Taxes							
Gross receipts	\$ 512,189	512,189	512,189	-	972,407	2,074,101	1,864,207
Other	-	-	-	-	-	-	-
Licenses and permits	-	-	-	3,313	-	-	-
Charges for services	-	-	-	97,853	-	-	-
Fines and forfeitures	-	-	-	195,755	-	-	-
Intergovernmental revenue							
Federal grants	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	-
Interest income	2,172	330	2,039	179	1,537	379	9,669
Miscellaneous income	-	-	58,857	77,714	135,042	-	1,025,245
Total revenues	<u>514,361</u>	<u>512,519</u>	<u>573,085</u>	<u>374,814</u>	<u>1,108,986</u>	<u>2,074,480</u>	<u>2,899,121</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	12,726	-	-	-	137,049	56,883	1,184,536
Culture and recreation	-	12,728	682,253	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>12,726</u>	<u>12,728</u>	<u>682,253</u>	<u>-</u>	<u>137,049</u>	<u>56,883</u>	<u>1,184,536</u>
Excess (deficiency) of revenues over (under) expenditures	501,635	499,791	(109,168)	374,814	971,937	2,017,597	1,714,585
Other financing sources (uses):							
Proceeds from debt issuance	-	-	-	-	-	-	-
Transfers in	-	29,948	150,000	764	-	251,750	51,228
Transfers out	(302,215)	(56,486)	(251,750)	(109,013)	(341,850)	(1,740,292)	-
Total other financing sources (uses):	<u>(302,215)</u>	<u>(26,538)</u>	<u>(101,750)</u>	<u>(108,249)</u>	<u>(341,850)</u>	<u>(1,488,542)</u>	<u>51,228</u>
Net change in fund balances	199,420	473,253	(210,918)	266,565	630,087	529,055	1,765,813
Beginning fund balance	992,761	247,485	901,786	1,833,290	2,976,436	1,191,912	3,902,096
Restatement	-	-	-	-	433,650	-	-
Beginning fund balance, as restated	<u>992,761</u>	<u>247,485</u>	<u>901,786</u>	<u>1,833,290</u>	<u>3,410,086</u>	<u>1,191,912</u>	<u>3,902,096</u>
Ending fund balance	<u>\$ 1,192,181</u>	<u>720,738</u>	<u>690,868</u>	<u>2,099,855</u>	<u>4,040,173</u>	<u>1,720,967</u>	<u>5,667,909</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, 2021**

	Emergency Medical Services Fund 72	Special Streets Fund Fund 75	Recycling Fund Fund 76	Lodger's Tax Fund Fund 77+78	Special Fire & Police GRT Fund 86	Corrections Fund Fund 89	Law Enforcement Protection Fund Fund 90
Revenues:							
Taxes							
Gross receipts	\$ -	2,048,756	-	-	2,048,756	-	-
Other	-	413,868	-	537,616	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	104,709	-
Intergovernmental revenue							
Federal grants	-	-	-	-	-	-	-
State grants	16,925	-	11,436	-	-	-	55,800
Interest income	-	883	-	2,578	471	2	106
Miscellaneous income	-	58,703	5,858	-	-	-	139
Total revenues	<u>16,925</u>	<u>2,522,210</u>	<u>17,294</u>	<u>540,194</u>	<u>2,049,227</u>	<u>104,711</u>	<u>56,045</u>
Expenditures:							
Current:							
General government	-	-	-	193,834	-	-	-
Public safety	16,831	-	-	-	50,909	-	82,891
Public works	-	2,488,008	13,738	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	8,540	-	-	-	-	5,500
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>16,831</u>	<u>2,496,548</u>	<u>13,738</u>	<u>193,834</u>	<u>50,909</u>	<u>-</u>	<u>88,391</u>
Excess (deficiency) of revenues over (under) expenditures	94	25,662	3,556	346,360	1,998,318	104,711	(32,346)
Other financing sources (uses):							
Proceeds from debt issuance	-	-	-	-	-	-	-
Transfers in	-	-	6,245	10,000	5,265	-	-
Transfers out	(99)	(41,558)	(14,118)	(523,615)	(2,268,218)	(89,270)	-
Total other financing sources (uses):	<u>(99)</u>	<u>(41,558)</u>	<u>(7,873)</u>	<u>(513,615)</u>	<u>(2,262,953)</u>	<u>(89,270)</u>	<u>-</u>
Net change in fund balances	(5)	(15,896)	(4,317)	(167,255)	(264,635)	15,441	(32,346)
Beginning fund balance	5	1,588,973	2,191	2,111,819	750,009	-	32,346
Restatement	-	-	-	-	-	-	-
Beginning fund balance, as restated	<u>5</u>	<u>1,588,973</u>	<u>2,191</u>	<u>2,111,819</u>	<u>750,009</u>	<u>-</u>	<u>32,346</u>
Ending fund balance	<u>\$ -</u>	<u>1,573,077</u>	<u>(2,126)</u>	<u>1,944,564</u>	<u>485,374</u>	<u>15,441</u>	<u>-</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, 2021**

	Clovis Area Transit System Fund 92	Department of Justice Fund 96	Drug Control Fund Fund 98	Total
Revenues:				
Taxes				
Gross receipts	\$ -	-	-	10,544,794
Other	-	-	-	1,058,289
Licenses and permits	-	-	-	3,313
Charges for services	481	-	-	132,132
Fines and forfeitures	-	-	-	300,464
Intergovernmental revenue				
Federal grants	831,975	-	177,410	3,265,421
State grants	-	-	-	879,404
Interest income	-	-	13	22,581
Miscellaneous income	11,300	-	13,673	1,401,821
Total revenues	843,756	-	191,096	17,608,219
Expenditures:				
Current:				
General government	-	-	-	193,834
Public safety	-	9,724	127,024	701,640
Public works	814,916	-	-	4,707,856
Culture and recreation	-	-	-	1,968,697
Health and welfare	-	-	-	276,704
Capital outlay	127,903	-	62,340	2,863,800
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	942,819	9,724	189,364	10,712,531
Excess (deficiency) of revenues over (under) expenditures	(99,063)	(9,724)	1,732	6,895,688
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	314,150	-	13,793	2,851,000
Transfers out	(276,147)	-	-	(6,517,370)
Total other financing sources (uses):	38,003	-	13,793	(3,666,370)
Net change in fund balances	(61,060)	(9,724)	15,525	3,229,318
Beginning fund balance	357,094	979	9,917	17,837,070
Restatement	-	-	-	433,650
Beginning fund balance, as restated	357,094	979	9,917	18,270,720
Ending fund balance	\$ 296,034	(8,745)	25,442	21,500,038

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, 2021**

	Street Improvement Fund 24	2018 Street Bonds Fund 25	Street Construction Fund 87	Drainage Improvement Fund 88	Totals
Assets and deferred inflows of resources:					
Assets:					
Cash and cash equivalents	\$ -	-	237,583	55,575	293,158
Investments	10,972	-	599,159	1,134,156	1,744,287
Receivables					
Taxes receivable	-	-	-	90,737	90,737
Other receivables	-	-	-	-	-
Due from other governments	-	-	224,798	-	224,798
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>10,972</u>	<u>-</u>	<u>1,061,540</u>	<u>1,280,468</u>	<u>2,352,980</u>
Deferred Outflows of Resources:					
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 10,972</u>	<u>-</u>	<u>1,061,540</u>	<u>1,280,468</u>	<u>2,352,980</u>
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	\$ -	-	167,521	-	167,521
Accrued payroll liabilities	-	-	-	-	-
Due to other fund	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>167,521</u>	<u>-</u>	<u>167,521</u>
Deferred Inflows of Resources:					
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	10,972	-	894,019	-	904,991
Committed	-	-	-	1,280,468	1,280,468
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>10,972</u>	<u>-</u>	<u>894,019</u>	<u>1,280,468</u>	<u>2,185,459</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 10,972</u>	<u>-</u>	<u>1,061,540</u>	<u>1,280,468</u>	<u>2,352,980</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, 2021**

	Street Improvement Fund 24	2018 Street Bonds Fund 25	Street Construction Fund 87	Drainage Improvement Fund 88	Totals
Revenues:					
Taxes					
Gross receipts	\$ -	-	-	512,189	512,189
Other	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental revenue					
Federal grants	-	-	-	-	-
State grants	-	-	1,053,072	-	1,053,072
Interest income	39	-	1,285	2,816	4,140
Miscellaneous income	-	-	28,795	-	28,795
Total revenues	<u>39</u>	<u>-</u>	<u>1,083,152</u>	<u>515,005</u>	<u>1,598,196</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	1,270,431	258,395	1,528,826
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	36,695	-	36,695
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,307,126</u>	<u>258,395</u>	<u>1,565,521</u>
Excess (deficiency) of revenues over (under) expenditures	39	-	(223,974)	256,610	32,675
Other financing sources (uses):					
Proceeds from debt issuance	-	-	-	-	-
Transfers in	-	-	120,626	-	120,626
Transfers out	(18,411)	(222,655)	-	-	(241,066)
Total other financing sources (uses):	<u>(18,411)</u>	<u>(222,655)</u>	<u>120,626</u>	<u>-</u>	<u>(120,440)</u>
Net change in fund balances	(18,372)	(222,655)	(103,348)	256,610	(87,765)
Beginning fund balance	29,344	222,655	997,367	1,023,858	2,273,224
Restatement	-	-	-	-	-
Beginning fund balance, as restated	<u>29,344</u>	<u>222,655</u>	<u>997,367</u>	<u>1,023,858</u>	<u>2,273,224</u>
Ending fund balance	<u>\$ 10,972</u>	<u>-</u>	<u>894,019</u>	<u>1,280,468</u>	<u>2,185,459</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, 2021**

	2012 Street Bonds Fund 40	Landfill Cell #5 Fund 41	Street Improvement Fund 42	2018 Street Bonds Fund 45	Civic Center Fund 46	Parks and Infrastructure Fund 47	Totals
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ -	-	-	30,403	-	41,920	72,323
Investments	29,406	99,668	20,307	-	-	168,246	317,627
Receivables							
Taxes receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>29,406</u>	<u>99,668</u>	<u>20,307</u>	<u>30,403</u>	<u>-</u>	<u>210,166</u>	<u>389,950</u>
Deferred Outflows of Resources:							
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 29,406</u>	<u>99,668</u>	<u>20,307</u>	<u>30,403</u>	<u>-</u>	<u>210,166</u>	<u>389,950</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ -	-	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-	-	-
Due to other fund	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:							
"Unavailable" revenues	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	29,406	99,668	20,307	30,403	-	210,166	389,950
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>29,406</u>	<u>99,668</u>	<u>20,307</u>	<u>30,403</u>	<u>-</u>	<u>210,166</u>	<u>389,950</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 29,406</u>	<u>99,668</u>	<u>20,307</u>	<u>30,403</u>	<u>-</u>	<u>210,166</u>	<u>389,950</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, 2021**

	2012 Street Bonds Fund 40	Landfill Cell #5 Fund 41	Street Improvement Fund 42	2018 Street Bonds Fund 45	Civic Center Fund 46	Parks and Infrastructure Fund 47	Totals
Revenues:							
Taxes							
Gross receipts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental revenue							
Federal grants	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	-
Interest income	\$ 318	437	250	46	-	496	1,547
Miscellaneous income	-	-	-	-	-	-	-
Total revenues	318	437	250	46	-	496	1,547
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	440,000	-	350,000	757,846	-	2,149,000	3,696,846
Interest	67,325	50,787	64,100	109,812	-	40,138	332,162
Total expenditures	507,325	50,787	414,100	867,658	-	2,189,138	4,029,008
Excess (deficiency) of revenues over (under) expenditures	(507,007)	(50,350)	(413,850)	(867,612)	-	(2,188,642)	(4,027,461)
Other financing sources (uses):							
Proceeds from debt issuance	-	-	-	-	-	2,267,000	2,267,000
Transfers in	507,325	544,691	414,100	818,867	-	173,486	2,458,469
Transfers out	-	(493,904)	-	-	-	(224,050)	(717,954)
Total other financing sources (uses):	507,325	50,787	414,100	818,867	-	2,216,436	4,007,515
Net change in fund balances	318	437	250	(48,745)	-	27,794	(19,946)
Beginning fund balance	29,088	99,231	20,057	79,148	-	182,372	409,896
Restatement	-	-	-	-	-	-	-
Beginning fund balance, as restated	29,088	99,231	20,057	79,148	-	182,372	409,896
Ending fund balance	\$ 29,406	99,668	20,307	30,403	-	210,166	389,950

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, 2021**

**INTERNAL SERVICE FUNDS LISTING**

**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, 2021**

	Workers Compensation Fund 48	Un- employment Revenue Fund 53	Prop and Liability Self- Insurance Fund 54	Total
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 638,929	638	-	639,567
Investments	1,553,285	1,136,298	-	2,689,583
Receivables				
Due from other funds	277,743	-	-	277,743
Prepaid expenses	693	-	-	693
Total current assets	2,470,650	1,136,936	-	3,607,586
Non-current assets:				
Capital assets, net	-	-	-	-
Total non-current assets	-	-	-	-
Total assets	2,470,650	1,136,936	-	3,607,586
Deferred Outflows of Resources:				
OPEB deferrals	-	-	-	-
Pension deferrals	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 2,470,650	1,136,936	-	3,607,586
Liabilities, deferred inflows of resources and net position:				
Liabilities:				
Accounts payable	\$ 43,502	1,017	-	44,519
Accrued payroll liabilities	10,613	-	-	10,613
Due to other fund	99	-	-	99
Current portion of compensated absences	4,548	-	-	4,548
Total current liabilities	58,762	1,017	-	59,779
Non-current liabilities				
Compensated absences	1,137	-	-	1,137
Total non-current liabilities	1,137	-	-	1,137
Total liabilities	59,899	1,017	-	60,916
Deferred inflows of resources:				
OPEB deferrals	-	-	-	-
Pension deferrals	-	-	-	-
Unearned revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Net position				
Net Investment in Capital Assets	-	-	-	-
Unrestricted Net Position	2,410,751	1,135,919	-	3,546,670
Total net position	2,410,751	1,135,919	-	3,546,670
Total liabilities, deferred inflows of resources and net position:	\$ 2,470,650	1,136,936	-	3,607,586

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 NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2021**

	Workers Compensation Fund 48	Un- employment Revenue Fund 53	Prop and Liability Self- Insurance Fund Fund 54	Total
Operating revenues:				
Charges for services	\$ -	-	-	-
Total operating revenues	-	-	-	-
Operating expenses:				
Personnel services	223,480	-	-	223,480
Contractual services	638,987	16,787	-	655,774
General and administrative	22,871	-	-	22,871
Total operating expenses	885,338	16,787	-	902,125
Operating income (loss)	(885,338)	(16,787)	-	(902,125)
Non-operating revenues (expenses):				
Miscellaneous	846,091	147,768	-	993,859
Interest income	3,903	3,211	-	7,114
Total non-operating revenues (expenses)	849,994	150,979	-	1,000,973
Income (loss) before transfers	(35,344)	134,192	-	98,848
Other financing sources/(uses)				
Transfers in	225,402	20,320	-	245,722
Transfers out	(514,220)	-	(11)	(514,231)
Total other financing sources/(uses)	(288,818)	20,320	(11)	(268,509)
Change in net position	(324,162)	154,512	(11)	(169,661)
Net position, beginning of year	2,734,913	981,407	11	3,716,331
Restatement	-	-	-	-
Beginning net position, as restated	2,734,913	981,407	11	3,716,331
Net position, end of year	\$ 2,410,751	1,135,919	-	3,546,670

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2021**

	Workers Compensation Fund 48	Un- employment Revenue Fund 53	Prop and Liability Self- Insurance Fund 54	Total
Cash flows from operating activities:				
Payments to suppliers	\$ (706,052)	(15,769)	-	(721,821)
Payments to employees	(221,767)	-	-	(221,767)
Net cash provided (used) for operating activities	(927,819)	(15,769)	-	(943,588)
Cash flows from noncapital financing activities:				
Transfers from other funds	225,563	-	11	225,574
Transfers to other funds	(514,220)	-	(11)	(514,231)
Tax receipts	-	-	-	-
Miscellaneous income	846,091	147,768	-	993,859
Net cash provided (used) for noncapital financing activities	557,434	147,768	-	705,202
Cash flows from capital and related financing activities:				
Principal paid on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Net cash provided (used) for capital and related financing activities	-	-	-	-
Cash flows from investing activities:				
Proceeds from sale and maturities of investments	271,700	266,602	-	538,302
Purchase of investments	(687,173)	(402,605)	-	(1,089,778)
Interest and dividends	3,903	3,211	-	7,114
Net cash provided (used) for investing activities	(411,570)	(132,792)	-	(544,362)
Net increase (decrease) in cash and cash equivalents	(781,955)	(793)	-	(782,748)
Cash and cash equivalents – beginning of year	1,420,884	1,431	-	1,422,315
Cash and cash equivalents – end of year	\$ 638,929	638	-	639,567
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (885,338)	(16,787)	-	(902,125)
Adjustments				
Depreciation and amortization	-	-	-	-
Changes in assets and liabilities:				
Accounts payable	(44,194)	1,018	-	(43,176)
Accrued expenses and other liabilities	650	-	-	650
Compensated absences	1,063	-	-	1,063
Net cash provided by operating activities	\$ (927,819)	(15,769)	-	(943,588)

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
FIDUCIARY FUND DESCRIPTIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

**FIDUCIARY FUNDS LISTING**

**Veterinary Fund** – To account for monies collected and expended to veterinarians on behalf of City residents who have had their unvaccinated animals detained. The fund is custodial in nature.

**Municipal Court Service Fund** - To account for bonds collected from alleged law violators. The fund is custodial in nature.

**STATE OF NEW MEXICO**  
**CITY OF CLOVIS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**As of June 30, 2021**

	Veterinary Fund 49	Municipal Court Fund 50	Total
Assets:			
Cash and cash equivalents	\$ 2,973	1,829	4,802
Investments	10	-	10
Total assets	<u>\$ 2,983</u>	<u>1,829</u>	<u>4,812</u>
Liabilities:			
Accounts payable	\$ -	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Restricted for:			
Individuals, other governments	<u>2,983</u>	<u>1,829</u>	<u>4,812</u>
Total net position	<u>\$ 2,983</u>	<u>1,829</u>	<u>4,812</u>

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



**STATE OF NEW MEXICO**  
**CITY OF CLOVIS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2021**

	Veterinary Fund 49	Municipal Court Fund 50	Total
Additions			
Rabies vaccination	\$ 898	-	898
Interest	-	-	-
Total additions	898	-	898
Deductions			
Bonds	-	342	342
Total deductions	-	342	342
Net increase (decrease) in fiduciary net position	898	(342)	556
Net position, beginning	-	-	-
Restatement	2,085	2,171	4,256
Net position, beginning-restated	2,085	2,171	4,256
Net position, ending	\$ 2,983	1,829	4,812

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

## **OTHER SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF GOVERNMENTAL FUND BALANCES  
As of June 30, 2021**

	Major Funds				
	Special Revenue Funds				
	General Fund	Environmental Tax	Inter-governmental Grants	Total Non-Major Funds	Total Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 41,871	-	-	188,281	230,152
Prepaid expenses	495,016	-	-	42,825	537,841
Subtotal nonspendable funds	536,887	-	-	231,106	767,993
Restricted for:					
DFA required reserves	2,025,304	-	-	-	2,025,304
Environmental projects	-	8,311,533	-	-	8,311,533
Road/drainage improvements	-	-	-	5,680,305	5,680,305
Operate/maintain recreational facilities	-	-	-	-	-
Economic development efforts	-	-	58,372	1,944,564	2,002,936
Various capital project efforts	-	-	-	904,991	904,991
Debt service requirements	-	-	-	389,950	389,950
Transportation services	-	-	-	288,721	288,721
Providing emergency medical services	-	-	-	-	-
Fire fighting efforts/equipment	-	-	-	461,692	461,692
Public safety and law enforcement efforts	-	-	-	24,478	24,478
Operate/maintain senior citizens facility	-	-	-	-	-
Animal welfare programs	-	-	-	-	-
Subtotal restricted funds	2,025,304	8,311,533	58,372	9,694,701	20,089,910
Committed to:					
Operate/maintain recreational facilities	-	-	-	750,071	750,071
DFA required reserves	-	-	-	-	-
Improvement of sewer distribution lines	-	-	-	295,136	295,136
Road/drainage improvements	-	-	-	1,363,396	1,363,396
Improvement of City property/equipment	-	-	-	2,913,148	2,913,148
Various capital project efforts	-	-	-	1,280,468	1,280,468
Transportation services	-	-	-	-	-
Recycling efforts	-	-	-	-	-
Public safety and law enforcement efforts	-	-	-	500,815	500,815
Operate/maintain senior citizens facility	-	-	-	92,312	92,312
Economic development efforts	-	-	-	4,040,173	4,040,173
Subtotal committed funds	-	-	-	11,235,519	11,235,519
Assigned to:					
Operate/maintain recreational facilities	-	-	-	134,435	134,435
Multi-purpose special events center	-	-	-	690,702	690,702
Departmental improvements	-	-	-	2,099,855	2,099,855
Subtotal assigned funds	-	-	-	2,924,992	2,924,992
Unassigned	9,754,910	-	-	(10,871)	9,744,039
	<u>\$ 12,317,101</u>	<u>8,311,533</u>	<u>58,372</u>	<u>24,075,447</u>	<u>44,762,453</u>

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF DEPOSITORIES  
As of June 30, 2021**

Account name	Type	Citizens Bank	New Mexico Bank and Trust	Western Bank of Clovis	NMFA	State of New Mexico	Plus Deposits in Transit	Less O/S Checks	Balance Per Books
<b>Cash and equivalents:</b>									
General Fund	CK*	\$ 3,158,598	-	-	-	-	1,673,783	(1,341,861)	3,490,520
Special Streets Fund	CK*	1,004,038	-	-	-	-	-	(50,038)	954,000
NM Law Enforcement Protection	CK*	3,304	-	-	-	-	-	(3,304)	-
General Fund Investment	CK*	-	13,618,755	-	-	-	282,007	(33,871)	13,866,891
Fire Fund	MM*	-	439,037	-	-	-	-	(192,859)	246,178
Airport vending	CK*	-	153	-	-	-	-	-	153
Touchstone Golf CPGC	CK*	-	101,906	-	-	-	-	-	101,906
Payroll Account	CK*	-	18,378	-	-	-	-	(4,394)	13,984
Municipal Court Trust Account	CK	-	829	-	-	-	-	-	829
Civic Center Checking-CC Card Account	CK*	-	16,410	-	-	-	-	-	16,410
Department of Justice	CK*	-	153	-	-	-	-	-	153
Drug Control Fund	CK*	-	10,195	-	-	-	-	-	10,195
Finance Credit Card	CK*	-	41,908	-	-	-	-	(40,867)	1,041
EFT Transfer Fund	CK*	-	1,429	-	-	-	103	-	1,532
Zoo Credit Card	CK*	-	14,248	-	-	-	-	(8,087)	6,161
Landfill Credit Card	CK*	-	166,976	-	-	-	-	-	166,976
Money Market Account	MM*	-	1,473,322	-	-	-	-	-	1,473,322
Aquatic Center Credit Cards	CK*	-	37,935	-	-	-	-	(378)	37,557
Animal Shelter Revenue	CK*	-	4,661	-	-	-	-	(2,180)	2,481
Municipal Court Credit Cards	CK*	-	1,646	-	-	-	-	(646)	1,000
Money Market Investment Account	MM	-	-	3,060,415	-	-	-	(824,034)	2,236,381
Lodging Tax Fund	CK	-	-	316,744	-	-	19,490	(98,701)	237,533
NMFA cash	CK*	-	-	-	108,255	-	-	-	108,255
Petty cash	Cash	-	-	-	-	-	-	-	7,980
Total cash and equivalents		<u>4,165,940</u>	<u>15,947,941</u>	<u>3,377,159</u>	<u>108,255</u>	<u>-</u>	<u>1,975,383</u>	<u>(2,601,220)</u>	<u>22,981,438</u>
<b>Investments:</b>									
State of New Mexico	LGIP Fund (pool-4101)	-	-	-	-	23,262,511	-	-	23,262,511
Total investments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,262,511</u>	<u>-</u>	<u>-</u>	<u>23,262,511</u>
Total amount on deposit		<u>\$ 4,165,940</u>	<u>15,947,941</u>	<u>3,377,159</u>	<u>108,255</u>	<u>23,262,511</u>	<u>1,975,383</u>	<u>(2,601,220)</u>	<u>46,243,949</u>

\* denotes interest bearing account

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY  
As of June 30, 2021**

Account Name	CUSIP	Citizens Bank	New Mexico Bank and Trust	Western Bank of Clovis	NMFA	Total
Total amount of deposit in bank		\$ 4,165,940	15,947,941	3,377,159	108,255	23,599,295
FDIC coverage		(250,000)	(250,000)	(250,000)	-	(750,000)
Total uninsured public funds		3,915,940	15,697,941	3,127,159	108,255	22,849,295
50% of Collateral Requirement (Section 6-10-17 NMSA 1978)		\$ 1,957,970	7,848,971	1,563,580	54,128	11,424,648
Pledged collateral:						
Raymond James 3.50%-FNMA Pool #BF0485-1/1/50	3140FXRF1	\$ -	658,873	-	-	658,873
Raymond James 3.50%-FNMA Pool #BA0485-1/1/50	3140FXRF1	-	311,833	-	-	311,833
Raymond James 2.50%-FHLMC Pool #RA2581-5/1/50	3133KH2N5	-	56,739	-	-	56,739
Raymond James 5.00%-FNMA Pool #BF0135-8/1/56	3140FXEH1	-	2,765,405	-	-	2,765,405
Raymond James 3.00%-FNMA Pool #BF0462-3/1/6	3140FXQQ8	-	5,242,236	-	-	5,242,236
Raymond James 3.73%-FNMA Pool #AN9640-6/1/28	3138LNAW5	-	2,107,088	-	-	2,107,088
Raymond James 5.00%-KENALL KANE & WILL CNTYS IL C-2/1/33	488764XD8	-	1,184,460	-	-	1,184,460
Raymond James 3.00%-SCRT 2018-1 MA-5/25/57	35563PDZ9	-	1,090,149	-	-	1,090,149
Raymond James 3.00%-SCRT 2018-3 HA-8/25/57	35563PGB9	-	1,407,796	-	-	1,407,796
Guaranteed Loans Receivable pledged:						-
XXXXX0281-90%	n/a		633,513	-	-	633,513
XXXXX8001-90%	n/a		596,419	-	-	596,419
XXXXX2974-90%	n/a		270,000	-	-	270,000
XXXXX7571-90%	n/a		291,034	-	-	291,034
XXXXXX6001-90%	n/a		66,584	-	-	66,584
XXXXXX1101-90%	n/a		238,474	-	-	238,474
XXXXXX0001-90%	n/a		90,693	-	-	90,693
XXXXXX1501-90%	n/a		89,083	-	-	89,083
XXXXXX1501-90%	n/a		318,933	-	-	318,933
XXXXXX8002-90%	n/a		48,938	-	-	48,938
XXXXXX2135-90%	n/a		1,038,825	-	-	1,038,825
XXX3816-90%	n/a		162,018	-	-	162,018
XXX3855-90%	n/a		371,942	-	-	371,942
XXXXXX9034-90%	n/a		31,913	-	-	31,913
XXX2972-90%	n/a		43,888	-	-	43,888
XXXXXX5163-90%	n/a		153,906	-	-	153,906
XXXXXX5162-90%	n/a		408,741	-	-	408,741
XXXXXX5164-90%	n/a		890,196	-	-	890,196
XXXXXX9032-90%	n/a		396,730	-	-	396,730
XXX7707-90%	n/a		555,218	-	-	555,218
XXXXXX3082-90%	n/a		331,596	-	-	331,596
8871	36202K2C8	-	-	908	-	908
1393000066	3128MJZM5	-	-	461,985	-	461,985
1393000056	3128MMQ48	-	-	286,197	-	286,197
1393000067	3138WJM96	-	-	422,371	-	422,371
1393000029	31412QHM4	-	-	227,180	-	227,180
FN MA 2920	31418CG65	-	-	476,726	-	476,726
FANNIE MAE	31418CV92	-	-	188,657	-	188,657
GN II 004576	36202FDA1	-	-	56,332	-	56,332
2562000141	83162CUG6	-	-	146,841	-	146,841
FN MA3283	31418CUH5	-	-	201,557	-	201,557
SBAP 2016-200	83162CXS7			905,143		
TIB-GNR 2012-106 QC - 7/20/42	38378HKU9	204,022	-	-	-	204,022
TIB-GNR 2015-100 PJ - 7/20/45	38379NQ54	145,787	-	-	-	145,787
TIB-GNR 2017-146 A - 1/16/42	38379R5Y5	637,739	-	-	-	637,739
TIBD-GNR 2016-127 AC - 8/16/50	38379UH74	1,241,145	-	-	-	1,241,145
TIBD-SBAP 2012-20I 1 - 9/01/32	83162CVA8	596,782	-	-	-	596,782
TIB-SBA Pool #509619 - 12/25/32	83164LVL2	1,026,322	-	-	-	1,026,322
See NMSIF audited financials		-	-	-	-	-
See NMFA audited financials		-	-	-	108,255	108,255
Total collateral		3,851,797	21,853,223	3,373,897	108,255	28,282,029
Amount over/(under) collateralized		\$ 1,893,827	14,004,253	1,810,318	54,128	16,857,382

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

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

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF JOINT POWERS AGREEMENTS  
As of June 30, 2021**

Joint Powers Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Agency	Amount contributed by City during current FY	Audit Responsibility	Fiscal agent and responsible reporting entity	Joint Powers Agreement	Participants
1 Emergency Override System	Cannon AFB City of Clovis	City Cos Communication	Provide Cannon AFB an Emergency Override System	7/1/1992 thru 6/30/2002 or term of franchise agree	N/A	\$ -	N/A	City of Clovis	Emergency Override System	Cannon AFB City of Clovis
2 Drug Task Force	City of Clovis Curry County City of Portales Roosevelt County Quay County City of Tucumcari any other agencies involved in Region V Task Force	City	Region V Task Force for prevention, investigation control & prosecution of drugs	7/1/1992 continues with existence of task force	Federal/state funds \$142,478 No matching required	\$ -	City	City of Clovis	Drug Task Force	City of Clovis Curry County City of Portales Roosevelt County Quay County City of Tucumcari any other agencies involved in Region V Task Force
3 ENMWUA	City of Clovis Curry County City of Portales Village of Grady Town of Elida City of Texico City of Melrose	City	Acquisition and distribution of waters from Ute Reservoir	10/13/1987 indefinite	Based on water rights cost and maintenance costs		City	City of Clovis *Effective July 1, 2015 Eastern NM Water Utility Authority is the fiscal agent and responsible for reporting entity*	Ute Reservoir	City of Clovis Curry County City of Portales Village of Grady Town of Elida City of Texico City of Melrose
4 Fire Control	City of Clovis State of New Mexico	City	Control of fires in and adjacent to suburban areas	4/19/1979 indefinite	n/a	\$ -	N/A	City of Clovis	Fire Control	City of Clovis State of New Mexico
5 Emergency Services	City of Clovis Clovis Comm College	City	Define conditions under which emergency services are to be provided	1/27/1982 indefinite	n/a	\$ -	N/A	City of Clovis	Emergency Services	City of Clovis Clovis Comm College
6 DWI Prevention	City of Clovis Curry County City of Texico	City	Funds for comprehensive community programs for DWI prevention purposes/	1/14/1992 to 1/13/1993 then as long as funding is available thru state	State funding varies No matching funds	\$ -	City	City of Clovis	DWI Prevention	City of Clovis Curry County City of Texico
7 Exchange of service	Curry County City of Clovis	City of Clovis	County to provide detention services  City to provide Pest Control, Emer Mgmt E-911, Library, Fire/EMS services, 4 free landfill dump days to County residents	5/15/18 to 6/30/2028	\$1,350,000 to Curry County over 10 year period	\$ 22,131  (75,833.31 paid under previous agreement)	City of Clovis	City of Clovis		City of Clovis Curry County
8 Master Water Assurance Plan	Curry County City of Clovis	Curry County	Support of Master Water Assurance Plan	5/15/18 to 6/30/2018	\$1,350,000 to City of Clovis over 10 year period	\$ -	Curry County	Curry County		Curry County City of Clovis
9 Bus Routes	Clovis Schools Curry County	Clovis Schools	Improving and repairing of roads and highways	4/1/89 to as allowed by State	In kind services	\$ -	Clovis Schools	Clovis Shools		Clovis Schools Curry County

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

## **FEDERAL COMPLIANCE SECTION**

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2021**

	AL Number	Federal Grantors Number	Federal Awards Expended
<u>Department of the Treasury</u>			
Passed through NM Department of Finance and Administration			
COVID-19-Coronavirus Relief Program	* 21.019	CARES-BUS-05001-CCL	\$ 4,260,000
COVID-19-Coronavirus Relief Program	* 21.019	CARES-05001-CCL	219,685
Total Department of the Treasury			4,479,685
<u>Department of the Interior</u>			
Direct			
Fish and Wildlife Cluster			
Wildlife Restoration and Basic Hunter Education	* 15.611	F19AF00166	2,256,036
Total Fish and Wildlife Cluster			2,256,036
Total Department of the Interior			2,256,036
<u>U.S. Department of Transportation</u>			
Passed through NM Department of Transportation			
Federal Transit Cluster			
COVID19-Formula Grants for Rural Areas (CARES)	* 20.509	FY21	641,477
Formula Grants for Rural Areas	* 20.509	FY20	190,498
Subtotal Federal Transit Cluster			831,975
Airport Improvement Program	20.106	3-35-0011-031	60,829
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	21-AL-64-023	11,327
Total U.S. Department of Transportation			904,131
<u>U.S. Department of Justice</u>			
Passed through NM Department of Public Safety			
COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0400	25,755
Bulletproof Vest Partnership Program	16.607	FY2021	4,841
Edward Byrne Memorial Grant Program	16.738	19-JAG-REG5-FFY21	177,411
Total U.S. Department of Justice			208,007
<u>U.S. Department of Homeland Security</u>			
Passed through NM Department of Homeland Security			
Emergency Management Performance Grants	97.042	20-EMPG	30,287
Homeland Security Grant Program	97.067	EMW-2019-SS-0127-S01	74,187
Homeland Security Grant Program	97.067	EMW-2020-SS-0127-S01	20,000
Total U.S. Department of Homeland Security			124,474
Total Federal Financial Assistance			\$ 7,972,333

\* Major program

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

Federal grant revenue per fund financials	\$ 7,992,707
Federal expenditures per SEFA	7,972,333
Difference	20,374
Less: Revenue received in CY for PY expenditures - AL-21.019	(20,374)
Net difference	\$ -

**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, 2021.

**Note 4 - 10% de minimus Indirect Cost Rate**

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the City of Clovis, State of New Mexico, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 15, 2021.

**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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we considered to be significant deficiencies: 2021-002 and 2021-003.

**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 disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

**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.



Hinkle + Landers, PC  
Albuquerque, NM  
December 15, 2021

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

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Clovis, State of New Mexico's 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, 2021. 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, 2021.

### **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.



Hinkle + Landers, PC  
Albuquerque, NM  
December 15, 2021

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION I SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements:*

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

*Federal Awards:*

- |                                                                                                       |            |
|-------------------------------------------------------------------------------------------------------|------------|
| 1. Internal control over major programs:                                                              |            |
| a. Material weaknesses identified?                                                                    | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                      | No         |
| 2. Type of 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:                                                                  |            |

<u>AL Number</u>	<u>Federal Program</u>	<u>Funding Agency</u>
21.019	COVID-19-Coronavirus Relief Program	U.S. Dept. of the Treasury
15.611	Wildlife Restoration and Basic Hunter Education	U.S. Dept of the Interior
20.509	Formula Grants for Rural Areas	U.S Dept of Transportation

- |                                                                             |           |
|-----------------------------------------------------------------------------|-----------|
| 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, 2021**

**SECTION II - FINANCIAL STATEMENT AND FEDERAL FINDINGS**

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Type of Finding</u>
Prior Year Findings		
2020-001 - CASH ALLOCATION TO FUNDS	RESOLVED	A
Current Year Findings		
2021-001-PERA & RHCA REMITTANCE	Current	G
2021-002-EMPLOYEE BENEFITS & DEDUCTIONS	Current	B
2021-003-CREDIT CARD RECONCILIATION PROCESS	Current	B

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters)  
Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance Related to Federal Awards
- G. Other Non-compliance with State Audit Rule, NM State Statutes, NMAC, or Other Entity Compliance
- H. Instance of Material Non-compliance

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**PRIOR YEAR FINDINGS**

None repeated. See the status of prior year finding on the previous page.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**CURRENT YEAR FINDINGS**

**2021-001— PERA & RHCA REMITTANCE**

**Type of Finding:** (G) Other Non-compliance with State Audit Rule, NM State Statutes, NMAC, or Other Entity Compliance

**Statement of Condition**

During our FY21, we noted the following:

- in 22 out of 50 instances, RHC contributions were remitted after the 10th of the month following the end of the pay period and
- in 2 out of 50 instances, an incorrect amount was remitted for a dollar difference of \$6,605.88.

During FY21 test work over PERA contributions, we noted 5 out of 25 instances in which PERA contributions were remitted later than 15 days after the end of the month in which transmittal report was due.

**Criteria**

Monthly contributions to RHC are required to be remitted no later than the 10th of the following month per NMSA 1978 10-7C-15 and PERA instructions for preparing the contribution form states that contributions covered by the report are to be transmitted no later than the 15th day of the subsequent month.

**Cause**

There was a conversion to a new software system in July 2019 that provided some learning challenges for the Payroll Administrator. The Payroll Administrator worked with support on developing procedural steps for the reporting of RHCA and PERA.

**Effect**

The City is not in compliance with New Mexico State Statutes in regard to RHC and PERA contributions rules for transmitting and reporting contributions on a timely basis.

**Recommendation**

The City should implement internal controls to ensure that monthly RHC and PERA contributions are remitted by the due dates.

**View of Responsible Officials and Corrective Action Plan**

The Finance Director will develop a check list of all payroll reporting requirements that will be completed by the Payroll Administrator following the processing of each payroll. This checklist will provide oversight as to the timing issues required for each of the deductions. Follow up with the Payroll Administrator for any deadlines that are missed to determine why and how to correct the issue. Disciplinary action may be taken for repeated instances. The checklist will be implemented by the end of January 2022.

**Corrective Action Plan Timeline**

The checklist will be implemented by the end of January 2022.

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

Finance Director and Payroll Administrator



**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**2021-002— EMPLOYEE BENEFITS & DEDUCTIONS**

**Type of Finding:** (B) Significant Deficiency in Internal Control Over Financial Reporting

**Statement of Condition**

During our FY21 test work over payroll, for 2 of 25 tested employees, the employer portions of ICMA retirement and RHC were not properly recorded in the general ledger, for a total of \$490.58 for the pay period tested. In addition, 1 of 25 tested employees did not properly have the employee portion of RHC properly withheld at the correct rate, for total of \$0.33 difference for the pay period tested.

**Criteria**

Employer portions of employee benefits such as RHC and ICMA are required to be recorded as expenses and/or payroll related liabilities. Employee portions of employee benefits should be withheld from the employee's pay at the appropriate rate.

**Cause**

There was a conversion to a new software system in July 2019 that provided some learning challenges for the Payroll Administrator. The Payroll Administrator was not diligent in entering information and doing audits of each of the payrolls once completed.

**Effect**

Employee's net pay may not be correct as deductions were not be properly withheld or withheld at the correct rates. Contributions reported and remitted to RHC and ICMA may not be correct.

**Recommendation**

The City should implement internal controls to ensure payroll and benefits are properly recorded. Manager review of new employee set-up and changes to employee payroll information is also recommended.

**View of Responsible Officials and Corrective Action Plan**

Finance Director will develop a checklist for all new employees that will be used by the Payroll Administrator. This checklist will be submitted to the Finance Director at the time of review of payroll processing. In addition, the Finance Director will assign the Assistant Finance Director with the task of a monthly audit of payroll and deductions. Disciplinary action may be taken for repeated instances. The checklist will be prepared and ready for use by the end of January 2022.

**Corrective Action Plan Timeline**

The checklist will be prepared and ready for use by the end of January 2022.

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

Finance Director, Payroll Administrator, and Assistant Finance Director.

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**2021-003—CREDIT CARD RECONCILIATION PROCESS**

**Type of Finding:** (B) Significant Deficiency in Internal Control Over Financial Reporting

**Statement of Condition**

We noted that credit card statements are not being reconciled or reviewed by upper management and payments were made on the credit card prior to receipt of the statements and the reconciling of all receipts for individual charges. During test work, \$44,319.55 of support was reviewed, but no statement was provided.

**Criteria**

Appropriate credit card controls include review or reconciliation of credit card statements with receipts and expenses. Expenditures should be verified as correctly charged and in line with the organizations goals and policies. Credit card reconciliations should be reviewed by someone other than the authorized user of the credit card and the preparer, such as the Finance Director or Assistant Finance Director.

An essential element of a preventative control system is segregation of functions in such a manner that no single individual can perpetrate an error, misappropriation or illegal act without being discovered in a timely manner. Ideally, three general categories of functions should be separated:

- Functions involving custody of assets (e.g. physical control of asset, handling cash, custody of check stock),
- Functions involving recording transactions (e.g. bookkeeping, preparation of bank reconciliations), and
- Functions involving authorization (e.g. sign checks, approve purchases)

Improving internal controls reduces the opportunity for fraud or errors to take place, or to be identified and corrected in a timely manner.

**Cause**

The City's credit card issuer, Bank of America, has switched to online statements and Finance has been using the Works program to verify purchases.

**Effect**

A significant opportunity exists for misappropriation of funds and/or for errors to go undetected when supporting documentation is not reconciled to charges, and when there is not an independent review.

**Recommendation**

We recommend a monthly reconciliation and review of all credit card accounts be completed. The reviews should be done by a responsible official (such as the Finance Director or Assistant Finance Director) of the organization who does not have access to cash, the check stock, or the general ledger and is familiar with accounting procedures.

A credit card reconciliation checklist is available upon request.

**View of Responsible Officials and Corrective Action Plan**

Finance Director or Assistant Finance Director will print the statements each month from the Works program and review against the Purchase Orders. As the purchase orders have been reviewed by the Finance Director and Purchasing Agent, the purchases will have been approved per procurement policy. Any charges on the statements that are not matched to a purchase order will be referred to the department for a written explanation as to the charge and request for requisition to be completed. Excessive failure to request and receive approval of a purchase

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

order before purchasing may result in the suspension of the card and cardholder privileges. This process will begin with the January 2022 statements.

**Corrective Action Plan Timeline**

This process will begin with the January 2022 statements.

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

Finance Director and Assistant Finance Director

**STATE OF NEW MEXICO  
CITY OF CLOVIS  
OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2021**

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

Presentation: The accompanying financial statements are the responsibility of the City and are based on information from the City's financial records. Assistance was provided by Hinkle + Landers, PC to the City in preparing the financial statements. 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 15, 2021. The following individuals were in attendance.

City of Clovis Officials

Megan Palla, CPA  
Justin A Howalt, P.E.  
Claire Burroughes  
LeighAnn Melancon

Commissioner, District 4  
City Manager  
Assistant City Manager  
Finance Director

Hinkle + Landers, PC

Farley Vener, CPA, CFE  
Maclen Enriquez, CPA

President & Managing Shareholder  
Senior Audit Manager