



State of
New Mexico
City of Anthony

Annual Financial Report
For the Year Ended June 30, 2017



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INTRODUCTORY SECTION

City of Anthony
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June 30, 2017

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STATE OF NEW MEXICO

City of Anthony

Official Roster

June 30, 2017

<u>Name</u>	<u>Title</u>
<u>Board of Trustees</u>	
Diana M. Trujillo	Mayor
Erica Ramos	Mayor Pro-Term
Betty Gonzalez	Trustee
Fernando Herrera	Trustee
Gloria Gameros	Trustee
<u>Administrative Officials</u>	
Fernando Ramirez	Chief Financial Officer
Velma Navarrete	City Clerk
Judge Nellie Soriano	Municipal Judge

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
New Mexico State Auditor
The Mayor and the Board of Trustees
City of Anthony
Anthony, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental 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 Anthony (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 City'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 City'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, each major fund, and the aggregate remaining fund information of the City of Anthony, as of June 30, 2017, and the respective changes in financial position thereof, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *Management's 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.

Accounting principles generally accepted in the United States of America require Schedules I and II and the notes to the Required Supplementary Information on pages 58 through 62 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and Supporting Schedules III through VI required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and Supporting Schedules III through VI required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the Supporting Schedules III through VI required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, NM
December 15, 2017

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
City of Anthony
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 2,565,131
Receivables:	
Taxes	188,250
Due from other governments	188,730
<i>Total current assets</i>	<i>2,942,111</i>
Noncurrent assets	
Restricted cash and cash equivalents	39,632
Restricted investments	251,780
Capital assets, net of accumulated depreciation	7,949,751
<i>Total noncurrent assets</i>	<i>8,241,163</i>
<i>Total assets</i>	<i>11,183,274</i>
Deferred outflows of resources	
Difference between expected and actual experience	51,979
Changes in proportion	55,787
Changes in assumption	53,004
Net difference between projected and actual investment earnings	146,379
Employer contributions subsequent to the measurement date	91,101
<i>Total deferred outflows of resources</i>	<i>398,250</i>
<i>Total assets and deferred outflows of resources</i>	<i>\$ 11,581,524</i>

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

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 161,939
Accrued payroll	3,506
Accrued compensated absences	19,469
Accrued interest	9,191
Unearned revenue	144,491
Current portion of loans payable	82,632
	<hr/>
<i>Total current liabilities</i>	421,228
	<hr/>
Noncurrent liabilities	
Loan payable	1,751,591
Net pension liability	851,920
	<hr/>
<i>Total noncurrent liabilities</i>	2,603,511
	<hr/>
<i>Total liabilities</i>	3,024,739
	<hr/>
Deferred inflows of resources	
Change in assumptions	7,314
Difference between expected and actual experience	4,397
Changes in proportion	52,902
	<hr/>
<i>Total deferred inflows of resources</i>	64,613
	<hr/>
Net Position	
Net investment in capital assets	6,115,528
Restricted for:	
Debt service	62,205
Special revenue	1,897,567
Unrestricted	416,872
	<hr/>
<i>Total net position</i>	8,492,172
	<hr/>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u><u>\$ 11,581,524</u></u>

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

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STATE OF NEW MEXICO
City of Anthony
Statement of Activities
For the Year Ended June 30, 2017

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 1,006,936	\$ 135,483	\$ 875,207	\$ 52,130	\$ 55,884
Public safety	690,344	232,465	31,448	-	(426,431)
Public works	232,368	-	-	636,035	403,667
Culture and recreation	150,342	-	6,901	-	(143,441)
Interest on long-term debt	42,168	-	-	-	(42,168)
<i>Total governmental activities</i>	<u>\$ 2,122,158</u>	<u>\$ 367,948</u>	<u>\$ 913,556</u>	<u>\$ 688,165</u>	<u>(152,489)</u>
General revenues and transfers:					
Taxes:					
					1,261,023
					109,987
					112,419
					1,688
					15,025
					(88)
					<u>1,500,054</u>
					1,347,565
					<u>7,144,607</u>
					<u>\$ 8,492,172</u>

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

STATE OF NEW MEXICO

City of Anthony

Balance Sheet

Governmental Funds

June 30, 2017

	General Fund	Capital Appropriation Project 16-A2253-STB Capital Project Fund	CIF3339 Colonias Special Revenue Fund
<i>Assets</i>			
Cash and cash equivalents	\$ 2,217,060	\$ -	\$ -
Investments	-	-	-
Receivables:			
Taxes	187,416	-	-
Due from other governments	14,317	78,072	49,557
Due from other funds	251,812	-	-
<i>Total assets</i>	<u>\$ 2,670,605</u>	<u>\$ 78,072</u>	<u>\$ 49,557</u>
 <i>Liabilities</i>			
Accounts payable	\$ 25,755	\$ -	\$ 113,650
Accrued payroll	3,506	-	-
Unearned revenue	-	-	-
Due to other funds	-	79,272	125,269
<i>Total liabilities</i>	<u>29,261</u>	<u>79,272</u>	<u>238,919</u>
 <i>Deferred inflows of resources</i>			
Unavailable revenue - grants	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>			
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Debt service expenditures	-	-	-
Committed for:			
Subsequent year's expenditures	814,221	-	-
Unassigned	1,827,123	(1,200)	(189,362)
<i>Total fund balances</i>	<u>2,641,344</u>	<u>(1,200)</u>	<u>(189,362)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,670,605</u>	<u>\$ 78,072</u>	<u>\$ 49,557</u>

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

Other Governmental Funds	Total
\$ 387,703	\$ 2,604,763
251,780	251,780
834	188,250
46,784	188,730
-	251,812
<u>\$ 687,101</u>	<u>\$ 3,485,335</u>
\$ 22,534	\$ 161,939
-	3,506
144,491	144,491
47,271	251,812
<u>214,296</u>	<u>561,748</u>
<u>44,482</u>	<u>44,482</u>
<u>44,482</u>	<u>44,482</u>
29,828	29,828
34,347	34,347
25,375	25,375
97,632	97,632
675	675
291,412	291,412
-	814,221
(50,946)	1,585,615
<u>428,323</u>	<u>2,879,105</u>
<u>\$ 687,101</u>	<u>\$ 3,485,335</u>

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

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STATE OF NEW MEXICO

City of Anthony

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017

Exhibit B-1

Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$	2,879,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		7,949,751
Grant revenue are not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities		44,482
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable: Accrued interest		(9,191)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:		
Deferred outflows of resources related to net difference between expected and actual experience		51,979
Deferred outflows of resources related to changes in proportion		55,787
Deferred outflows of resources related to changes in assumption		53,004
Deferred outflows of resources related to net difference between projected and actual investment earnings on pension plan investments		146,379
Deferred outflows of resources related to employer contributions subsequent to the measurement date		91,101
Deferred inflows of resources related to changes in assumptions		(7,314)
Deferred inflows of resources related to net difference between expected and actual experience		(4,397)
Deferred inflows of resources related to changes in proportion		(52,902)
Some liabilities, including the loan and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		(19,469)
Loan payable		(1,834,223)
Net pension liability		(851,920)
<i>Total net position of governmental activities</i>	<u>\$</u>	<u>8,492,172</u>

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

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

	<u>General Fund</u>	<u>Capital Appropriation Project 16-A2253-STB Capital Project Fund</u>	<u>CIF3339 Colonias Special Revenue Fund</u>
<i>Revenues</i>			
Taxes:			
Gross receipts	\$ 1,261,023	\$ -	\$ -
Gasoline and motor vehicle taxes	104,311	-	-
Other	110,865	-	-
Intergovernmental income:			
State operating grants	221,858	-	507,384
State capital grants	-	78,072	-
Charges for services	128,421	-	-
Licenses and fees	221,242	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>2,047,720</u>	<u>78,072</u>	<u>507,384</u>
<i>Expenditures</i>			
Current:			
General government	743,122	-	-
Public safety	653,707	-	-
Public works	223,416	-	-
Culture and recreation	143,053	-	-
Capital outlay	165,659	79,272	765,588
Debt service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>1,928,957</u>	<u>79,272</u>	<u>765,588</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>118,763</u>	<u>(1,200)</u>	<u>(258,204)</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	68,842
Transfers (out)	(457,621)	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>(457,621)</u>	<u>-</u>	<u>68,842</u>
<i>Net change in fund balances</i>	(338,858)	(1,200)	(189,362)
<i>Fund balances - beginning</i>	<u>2,980,202</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ 2,641,344</u>	<u>\$ (1,200)</u>	<u>\$ (189,362)</u>

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

Other Governmental Funds	Total
\$ -	\$ 1,261,023
5,676	109,987
1,554	112,419
139,832	869,074
778,941	857,013
7,062	135,483
11,223	232,465
1,688	1,688
15,025	15,025
<u>961,001</u>	<u>3,594,177</u>
28,771	771,893
30,142	683,849
8,172	231,588
7,061	150,114
1,049,692	2,060,211
75,098	75,098
42,371	42,371
<u>1,241,307</u>	<u>4,015,124</u>
<u>(280,306)</u>	<u>(420,947)</u>
457,533	526,375
(68,842)	(526,463)
202,288	202,288
<u>590,979</u>	<u>202,200</u>
310,673	(218,747)
117,650	3,097,852
<u>\$ 428,323</u>	<u>\$ 2,879,105</u>

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

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STATE OF NEW MEXICO

City of Anthony

Exhibit B-2

Page 2 of 2

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$	(218,747)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		2,060,211
Depreciation expense		(231,745)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Decrease in unavailable revenue related to grants		(124,366)
---	--	-----------

Governmental funds report City 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:

City pension contributions		91,101
Pension expense		(99,182)

The issuance of long-term debt (e.g. bonds, loans, 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, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Decrease in accrued interest		203
Increase in accrued compensated absences		(2,720)
Proceeds from the issuance of debt		(202,288)
Principal payments on loan payable		75,098
		75,098

<i>Change in net position of governmental activities</i>	\$	1,347,565
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit C-1

City of Anthony

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ 1,220,695	\$ 1,292,092	\$ 1,291,760	\$ (332)
Gas and motor vehicle	73,592	101,496	101,421	(75)
Other	111,342	99,323	99,282	(41)
Intergovernmental income:				
State operating grants	225,862	221,858	221,858	-
Charges for services	97,500	99,247	99,247	-
Licenses and fees	211,550	224,659	224,659	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,940,541</u>	<u>2,038,675</u>	<u>2,038,227</u>	<u>(448)</u>
<i>Expenditures</i>				
Current:				
General government	810,232	839,671	807,063	32,608
Public safety	707,192	684,875	685,107	(232)
Public works	276,293	234,804	234,796	8
Culture and recreation	166,510	146,408	146,407	1
Capital outlay	44,025	59,427	59,427	-
<i>Total expenditures</i>	<u>2,004,252</u>	<u>1,965,185</u>	<u>1,932,800</u>	<u>32,385</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(63,711)</u>	<u>73,490</u>	<u>105,427</u>	<u>31,937</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	63,711	384,131	-	(384,131)
Transfers in	-	-	-	-
Transfers (out)	-	(457,621)	(457,621)	-
<i>Total other financing sources (uses)</i>	<u>63,711</u>	<u>(73,490)</u>	<u>(457,621)</u>	<u>(384,131)</u>
<i>Net change in fund balance</i>	-	-	(352,194)	(352,194)
<i>Fund balance - beginning of year</i>	-	-	2,821,066	2,821,066
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,468,872</u>	<u>\$ 2,468,872</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (352,194)
Adjustments to revenues for gross receipts and other taxes				9,493
Adjustments to expenditures for salaries, professional services, utilities, and other expenses				3,843
<i>Net change in fund balance (GAAP basis)</i>				<u>\$ (338,858)</u>

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

STATE OF NEW MEXICO

Exhibit C-2

City of Anthony

CIF3339 Colonias Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental income:				
State operating grants	\$ 688,420	\$ 526,669	\$ 457,827	\$ (68,842)
<i>Total revenues</i>	<u>688,420</u>	<u>526,669</u>	<u>457,827</u>	<u>(68,842)</u>
<i>Expenditures</i>				
Current:				
Capital outlay	757,262	651,938	651,938	-
<i>Total expenditures</i>	<u>757,262</u>	<u>651,938</u>	<u>651,938</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(68,842)</u>	<u>(125,269)</u>	<u>(194,111)</u>	<u>(68,842)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	125,269	-	(125,269)
Transfers in	68,842	-	68,842	68,842
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>68,842</u>	<u>125,269</u>	<u>68,842</u>	<u>(56,427)</u>
<i>Net change in fund balance</i>	-	-	(125,269)	(125,269)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (125,269)</u>	<u>\$ (125,269)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (125,269)
Adjustments to revenues for state operating grants accruals				49,557
Adjustments to expenditures for capital outlay expenditures				(113,650)
<i>Net change in fund balance (GAAP basis)</i>				<u>\$ (189,362)</u>

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

STATE OF NEW MEXICO
City of Anthony
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2017

Exhibit D-1

Assets

Cash	\$ 7,284
Accounts receivable	<u>6,626</u>
<i>Total assets</i>	<u><u>\$ 13,910</u></u>

Liabilities

Deposits payable	<u>\$ 13,910</u>
<i>Total liabilities</i>	<u><u>\$ 13,910</u></u>

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

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

The City of Anthony (the “City”) was incorporated in 2010. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police), streets, culture-recreation, and general administrative services.

The City of Anthony is a body politic and corporate under the name and form of government selected by its qualified electors. The City may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the City is presented to assist in the understanding of City’s financial statements. The financial statements and notes are the representation of 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.

During the year ended June 30, 2017, the City adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (partial), No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* (partial). These six Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the City, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the City’s financial statements directly; however, the effects on the City’s OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources came from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed after time – by including information about certain limitations on a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government’s tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

For tax abatement agreements entered into by other governments, the following should be disclosed:

- The names of the governments that entered into the agreements;
- The specific taxes being abated; and
- The gross dollar amount of taxes abated during the period.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The City’s pension plan does not meet the criteria for exclusion.

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 82 clarified and adjusted several items from GASB 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially 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.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61 and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the City has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City has no business-type activities.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund includes state shared gross receipts tax income fund and state shared gas tax income funds.

The *Capital Appropriation Project 16-A2253-STB Capital Projects Fund* is used to account for funds from the New Mexico Environment Department for the purchase of two solid waste trucks. The authority for the creation of the fund is NMSA 1978, Section 81-18-14. This fund is authorized by the Board of Trustees.

The *CIF3339 Colonias Special Revenue Fund* is used to account for fund from the Colonias Infrastructure Board for the construct of the flood control project in Anthony, NM. The authority for the creation of the fund is NMSA 1978, Section 6-30-1 through 6-30-8. The fund is authorized by the Board of Trustees.

Additionally, the City also reports the following fund type:

The City accounts for resources held for others in a custodial capacity in agency funds. Assets equals liabilities and this fund does not include measurements or results of operations. The City's agency fund is the trustee account for a local company yet to start operations and a sweep account for the State of New Mexico Motor Vehicle Division.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

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). As of June 30, 2017, there are no items are required to be valued using valuation techniques.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. 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 in the event they are not received within 60 days of year end.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The City estimates the allowance for uncollectible accounts based off the days delinquent. The City has estimated all accounts that are greater than 120 days to be uncollectible.

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

Capital Assets: Capital assets, which include buildings and improvements, 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 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical costs 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.

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. Library books and periodicals are estimated to have a useful life of less than one year or are under the capitalization threshold and are expensed when purchased.

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. There was no interest expense capitalized by the City during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Equipment	5-10
Infrastructure	25

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 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 in the governmental activities.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

Accordingly, the items are, net difference between expected and actual experience in the amount of \$51,979, changes in proportion in the amount of \$55,787, changes in assumptions in the amount of \$53,004, net difference between projected and actual investment earnings in the amount of \$146,379 and employer contributions subsequent to measurement date in the amount of \$91,101 are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods.

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 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 does has one deferred inflows which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – grants in the amount of \$44,482 is reported only in the governmental funds reported balance sheet. The City has three types of items present on the Statement of Net Position which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, change in assumptions of \$7,314, net difference between expected and actual experience of \$4,397, and changes in proportion of \$52,902, are reported on the Statement of Net Position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (P.E.R.A) and additions to/deductions from P.E.R.A's fiduciary net position have been determined on the same basis as they are reported by P.E.R.A, 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.

Compensated Absences: Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference is minimal. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and 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

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: For committed fund balance, the City's highest level of decision-making authority is the Board of Trustees. The formal action that is required to be taken to establish a fund balance commitment is the Board of Trustees.

For assigned fund balance, the Board of Trustees or an official or body to which the Board of Trustees delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2017, the City did not have any fund balances in nonspendable form.

Restricted and Committed Fund Balance: At June 30, 2017, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$29,828 for various general government operations as restricted by enabling legislation, \$34,347 for public safety, \$25,375 for culture and recreation, \$97,632 for public works, \$675 for health and welfare, and \$291,412 for debt service expenditures, and \$814,221 for committed fund balance for subsequent year expenditures. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 18 and 19.

Minimum Fund Balance Policy: The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund expenditures. The amount at June 30, 2017 for the City is \$160,721.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service and capital projects" are described on pages 33 and 69-71.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

c. Unrestricted net position: Net position that does not meet the definition of “restricted” or “Net Investment in Capital Assets.”

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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. Significant estimates in the City’s financial statements include depreciation on capital assets and the net pension liability.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the Board of Trusteesors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Board of Trustees Members and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

Governmental fund budgets are prepared on the Non-GAAP budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability (continued)

The budgetary information presented in these financial statements has been properly amended by Board of Trustees in accordance with the above procedures. These amendments resulted in the following changes:

Budgeted Funds:	Excess (deficiency)	
	of revenues over expenditures	
	Original Budget	Final Budget
General Fund	\$ (63,711)	\$ 73,490
Capital Appropriation Project 16-A2253-STB	\$ -	\$ (79,272)
CIF3339 Colonias	\$ (68,842)	\$ (125,269)
Nonmajor Funds	\$ 31,303	\$ 268,802

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

NOTE 3. Deposits and Investments

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The City is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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

All of the City's accounts are at an insured depository institution, including all noninterest-bearing transaction accounts, which will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$2,454,274 of the City's deposits of \$2,704,274 was exposed to custodial credit risk. \$2,454,274 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name, and no amounts were uninsured and uncollateralized.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

	First New Mexico Bank
Amount of deposits	\$ 2,704,274
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>2,454,274</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City of Anthony	<u>2,454,274</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 1,227,137
Pledged Collateral	<u>2,711,257</u>
Over (Under) collateralized	<u>\$ 1,484,120</u>

The collateral pledged is listed on Schedule IV in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 2,565,131
Restricted cash and cash equivalents per Exhibit A-1	39,632
Restricted investments per Exhibit A-1	251,780
Agency funds cash per Exhibit D-1	<u>7,284</u>
Total cash and cash equivalents	<u>2,863,827</u>
Add: outstanding checks	181,231
Less: deposits in transit	(49,372)
Less: U.S. Treasury Money Market Mutual Fund	<u>(291,412)</u>
Bank balance of deposits	<u>\$ 2,704,274</u>

Investments

The City has investments held in U.S. Treasury Money Market Mutual Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) loans.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

The City's investments at June 30, 2017 include the following:

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
U.S. Treasury Money Market Mutual Funds	Aaa	** >365 Days *	\$ 291,412

** Based Moody's rating

* The City has funds which are managed by NMFA which are considered restricted cash and cash equivalents and restricted investments. Of the total balances of \$291,412, \$39,632 is considered restricted cash and cash equivalents and \$251,780 is considered to be restricted investments per Exhibit A-1.

Interest Rate Risk – Investments. The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investments in the U.S Treasury Money Market Mutual Funds represent 100%, of the investment portfolio. Since the City only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the City. The City's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

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.

U.S. Treasury Money Market Mutual Funds are 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 \$251,780 in investments at June 30, 2017 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Money Market Mutual Fund	\$ 251,780	\$ -	\$ -	\$ 251,780
Total Investments	<u>\$ 251,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,780</u>

NOTE 4. Receivables

Receivables as of June 30, 2017, are as follows:

	<u>General</u>	<u>Capital</u>	<u>CIF3339</u>	<u>Total</u>	
	<u>Fund</u>	<u>Appropriation</u>	<u>Colonias</u>	<u>Nonmajor</u>	<u>Total</u>
		<u>Project</u>		<u>Funds</u>	
		<u>16-A2253-STB</u>			
Taxes:					
Gross receipts taxes	\$ 165,597	\$ -	\$ -	\$ -	\$ 165,597
Gasoline and oil taxes	-	-	-	834	834
Franchise taxes	21,819	-	-	-	21,819
Due from other					
Governments:					
Licenses and fees	14,317	-	-	-	14,317
State Capital Grants	-	78,072	-	-	78,072
State Operating Grants	-	-	49,557	46,784	96,341
	<u>\$ 201,733</u>	<u>\$ 78,072</u>	<u>\$ 49,557</u>	<u>\$ 47,618</u>	<u>\$ 376,980</u>

Receivables for governmental activities are considered to be 100% collectible.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 5. Transfers and Interfund Receivables

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2017 is as follows:

<u>Governmental Activities</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 251,812	\$ -
Capital Appropriation Project 16-A2253-STB		79,272
Capital Outlay - Landscape Project	-	764
Stonegarden	-	1,309
General Obligation Bond	-	2,707
Colonias 3339-CIF	-	125,269
NM DOT CN C1150915	-	2,610
End DWI	-	3,035
Buckle Up	-	1,201
NMFA Project NO. 3577-PG	-	35,645
Total	<u>\$ 251,812</u>	<u>\$ 251,812</u>

All interfund transactions are short-term and are expected to be repaid within a year.

The composition of interfund transfers as of June 30, 2017 is as follows:

<u>Governmental Activities</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 457,621
Debt Service Loan Comp Grant CIF-3339	-	68,842
Capital Outlay-Remodel Building	3,132	-
City Wide Streets SP-1-16 (906)	13,774	-
Colonias 3339-CIF	68,842	-
NM DOT MAP-7613	99,728	-
MAP-7613 (911) L100299	66,667	-
Roadway Rehabilitation John Hinkley & Nancy Dominc	144,554	-
NM DOT SP-1-17(956)	11,266	-
Debt Service Loan Comp Grant CIF-3339	943	-
Agency Fund	88	-
Debt Service	117,469	-
Total	<u>\$ 526,463</u>	<u>\$ 526,463</u>

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress are not subject to depreciation.

Governmental activities:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 453,800	\$ 30,000	\$ -	\$ 483,800
Construction in progress	<u>1,652,267</u>	<u>1,717,483</u>	<u>-</u>	<u>3,369,750</u>
Total capital assets not being depreciated	<u>2,106,067</u>	<u>1,747,483</u>	<u>-</u>	<u>3,853,550</u>
Capital assets being depreciated:				
Buildings and improvements	2,691,523	-	-	2,691,523
Equipment	627,854	168,774	-	796,628
Infrastructure	<u>1,111,272</u>	<u>143,954</u>	<u>-</u>	<u>1,255,226</u>
Total capital assets being depreciated	<u>4,430,649</u>	<u>312,728</u>	<u>-</u>	<u>4,743,377</u>
Total capital assets	<u>6,536,716</u>	<u>2,060,211</u>	<u>-</u>	<u>8,596,927</u>
Less accumulated depreciation:				
Buildings and improvements	139,228	67,288	-	206,516
Equipment	215,848	119,046	-	334,894
Infrastructure	<u>60,355</u>	<u>45,411</u>	<u>-</u>	<u>105,766</u>
Total accumulated depreciation	<u>415,431</u>	<u>231,745</u>	<u>-</u>	<u>647,176</u>
Total capital assets, net of depreciation	<u>\$ 6,121,285</u>	<u>\$ 1,828,466</u>	<u>\$ -</u>	<u>\$ 7,949,751</u>

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

General government	<u>\$ 231,745</u>
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STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
NMFA Loans	\$ 1,707,033	\$ 202,288	\$ 75,098	\$ 1,834,223	\$ 82,632
Compensated Absences	16,749	16,366	13,646	19,469	19,469
Total long-term debt	<u>\$ 1,723,782</u>	<u>\$ 218,654</u>	<u>\$ 88,744</u>	<u>\$ 1,853,692</u>	<u>\$ 102,101</u>

NMFA Loans

In December 2013, the City borrowed \$1,790,102 from the New Mexico Finance Authority. The loan proceeds were used to finance the acquisition of a building and grounds for the City's municipal building. The new building will allow the City to expand and improve on municipal services for the constituents of the City. This loan matures in May 2033 and accrues interest at 2.90%. The payments of principal and interest are paid from the revenue pledged as security through Municipal Local Option GRT.

On February 26, 2016, the City borrowed \$53,266 from the New Mexico Finance Authority. The proceeds of the loan are to be used for Flood Control Project 3339. The note matures in June 2036 and does not accrue interest. The City has pledged revenues to the payment of the loan to the grantor. The payments of principal is paid from the revenue pledged as security through Municipal Local Option GRT. The City had drawdowns on this loan in the amount of \$52,288 in the current year.

On February 26, 2016, the City borrowed \$68,842 from the New Mexico Finance Authority. The processes of the loan were used for Flood Control Project 3339. The note matures on June 1, 2034 and does not accrued interest. The City has to pledge revenue to the payment of the loan to the grantor. The payments of the principal is paid from the revenue pledged as security though Municipal Local Option GRT.

On January 13, 2017, the City borrowed \$150,000 from the New Mexico Finance Authority. The processes of the loan were used for Road Improvement Project 3505. The note matures on June 1, 2038 and does not accrued interest. The City has to pledge revenue to the payment of the loan to the grantor. The payments of the principal is paid from the revenue pledged as security though Municipal Local Option GRT.

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2017</u>
NMFA Loan- Municipal Building	Jun-14	May-33	2.90%	\$ 1,790,102	\$ 1,564,036
NMFA Loan- Flood Control Project	Feb-15	Jun-34	0.00%	53,266	52,288
NMFA Loan- Flood Control Project	Feb-16	Jun-36	0.00%	68,842	67,899
NMFA Loan - Road Improvements Project	Jan-17	Jun-38	0.00%	150,000	150,000
Total NMFA Loans					<u>\$ 1,834,223</u>

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 82,632	\$ 44,737	\$ 127,369
2019	88,697	42,598	131,295
2020	90,899	40,397	131,296
2021	93,165	38,130	131,295
2022-2026	502,227	154,250	656,477
2027-2031	569,761	86,713	656,474
2032-2036	391,842	15,294	407,136
2037-2038	15,000	-	15,000
	<u>\$ 1,834,223</u>	<u>\$ 422,119</u>	<u>\$ 2,256,342</u>

Compensated Absences

Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences increased \$2,720 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

Conduit debt obligation

The City of Anthony has issued Industrial Revenue Bonds to provide financial assistance to private entities for the acquisition and construction of industrial facilities deemed to be in public interest. The bonds are secured by the property financed and are payable solely from payments received from the entities involved. Upon repayment of the bonds, ownership of the acquired facilities transfers to the entity served the bond issuance. Neither the City or the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. See Note 17 for tax abatement information.

NOTE 8. Risk Management

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City participates in the New Mexico Self-Insurers' Fund risk pool.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage has not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2017, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. The City is not aware of any major lawsuits that have been filed.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 8. Risk Management (continued)

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A.** Deficit fund balance of individual funds. The following funds had deficit fund balances as of June 30, 2017.

Capital Appropriation Project 16-A2253-STB	\$	1,200
CIF3339 Colonias		189,362
NM DOT CN C1150915		2,610
Capital Outlay Landscape Project		764
Stonegarden		1,309
General Obligation Bond		2,707
NM DOT E100220 (CMAQ)		4,207
End DWI		1,753
Buckle Up		524
NMFA Project No. 3577-PG		37,072
	<u>\$</u>	<u>241,508</u>

- B.** Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. The City had the following fund that exceeded approved budgetary authority for the year ended June 30, 2017.

BKLUP/CIOT 16-OP-RF-158 (3)

- C.** Designated cash appropriations in excess of available balances. The following funds in which designated cash appropriations were in excess of available balances are as follows.

	<u>Designated Cash</u>	<u>Beginning Year Cash & AR Available</u>	<u>Cash Appropriation in excess of available</u>
Capital Appropriation Project 16-A2253-STB	\$ 79,272	\$ -	\$ (79,272)
Colonias 3339-CIF	125,269	-	(125,269)
BKLUP/CIOT 16-OP-RF-158	897	-	(897)
NMFA Project No. 3577-PG	35,645	-	(35,645)

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 10. Pension Plan - Public Employees Retirement Association

General Information about the Pension Plan

Plan Description: The Public Employees Retirement Fund (PERA 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 Officer, 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 PERA 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), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at: http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016 CAFR_12.22.2016_FINAL-with-corrections.pdf.

Contributions. The contribution requirements of defined benefit plan members and The City are established in State Statute under Chapter 10, Article 11 NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY16 annual audit report at:

http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016 CAFR_12.22.2016_FINAL-with-corrections.pdf.

The PERA coverage options that apply to City of Anthony are: Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from City of Anthony were \$91,101 for the year ended June 30, 2017. This includes contributions of \$21,391 in arrears for fiscal years 2014.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

City of Anthony's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2017, City of Anthony reported a liability of \$450,541 for its proportionate share of the net pension liability. At June 30, 2016, Anthony's proportion was 0.0282 percent, which was increased from its proportion measured as of June 30, 2015, by 0.0039 percent.

For the year ended June 30, 2017, City of Anthony recognized PERA Fund Municipal General Division pension expense of \$61,073. At June 30, 2017, City of Anthony reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 26,419	\$ 75
Changes in proportion	30,814	2,289
Difference between expected and actual experience	22,511	4,397
Net difference between projected and actual earnings on pension plan investments	82,899	-
Contributions subsequent to the measurement date	60,011	-
	\$ 222,654	\$ 6,761

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

\$60,011 reported as deferred outflows of resources related to pensions resulting from City of Anthony's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	(36,715)
2019		(36,715)
2020		(60,578)
2021		(21,874)
Thereafter		-

For PERA Fund Municipal Police Division, at June 30, 2017, City of Anthony reported a liability of \$401,379 for its proportionate share of the net pension liability. At June 30, 2016, City of Anthony's proportion was 0.0553 percent, which was decreased from its proportion measured as of June 30, 2015, by 0.0134 percent.

For the year ended June 30, 2017, City of Anthony recognized PERA Fund Municipal Police Division pension expense of \$38,109. At June 30, 2017, City of Anthony reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 26,585	\$ 7,239
Changes in proportion	24,973	50,613
Difference between expected and actual experience	29,468	-
Net difference between projected and actual earnings on pension plan investments	63,480	-
Contributions subsequent to the measurement date	31,090	-
	\$ 175,596	\$ 57,852

\$31,090 reported as deferred outflows of resources related to pensions resulting from City of Anthony's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	(21,623)
2019		(21,623)
2020		(28,642)
2021		(14,766)
Thereafter		-

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for the first 10 years, then 3.25% all other years
Projected salary increases	2.75% to 14.25% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75 all other years
Mortality assumptions	RP-200 mortality tables (combined table for healthy post-retirements, Employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scale AA.
Experience study date	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis 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 asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	<u>100.00%</u>	

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

Discount rate: The discount rate used to measure the total pension liability was 7.48 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present City of Anthony's net pension liability in each PERA Fund Division that City of Anthony participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

PERA Fund Municipal General Division

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
City of Anthony's proportionate share of the net pension liability	\$ 671,716	\$ 450,541	\$ 267,086

PERA Fund Municipal Police Division

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
City of Anthony's proportionate share of the net pension liability	\$ 590,528	\$ 401,379	\$ 246,677

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016_CAFR_12.22.2016_FINAL-with-corrections.pdf.

Payment for contributions in arrears: The City made an additional payment of \$21,391 for contributions in arrears from the 2014 fiscal year.

Payables to the pension plan. At June 30, 2017 there was \$2,899 of contributions due and payable to PERA for the City.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 11. Contingent Liabilities

The City is party to various claims and lawsuits arising in the normal course of business. The City is insured through the New Mexico Self Insurers Fund. The maximum exposure of the City is not estimable as of June 30, 2017.

NOTE 12. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 13. Construction and Other Significant Commitments

The City has committed to pay for several construction contracts that were not completed at June 30, 2017 in the amount of \$321,280 as follows:

<u>Project and Contractor</u>	<u>Year Ending</u>	<u>Remaining Amount</u>
Putters Circle - Renegade Construction	2018	\$ 113,650
NM 404/I-10 Interchange - Renegade Construction	2018	12,056
Acosta St. Phase II - Renegade Construction	2018	195,574

NOTE 14. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 15, 2017, which is the date on which the financial statements were issued.

NOTE 15. Concentrations

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the City is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 16. Restricted Net Position

The government-wide statement of net position reports \$112,732 of restricted net position for governmental activities, all of the special revenue funds which are restricted by enabling legislation. See pages 33 and 69-71 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 17. Tax Abatements

The City has the following tax abatement agreement:

Agency number for Agency making the disclosure (Abating Agency)	6007
Abating Agency Name	City of Anthony
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Dona Ana County
Agency number of Affected Agency	5007
Agency type of Affected Agency	County
Recipient(s) of tax abatement	CN Wire Corporation
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	New Mexico Statutes 3-32-1 through 3-32-16
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Contract states that the abating agency will receive a PILOT in the amount equal to the 25% of the property tax abated. Thus the gross amount abated for FY2017 is \$ 444,088.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	2 Payments (Contract states that from each payment City of Anthony keeps 40% and the rest 60% is distributed to Dona Ana County)
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 17. Tax Abatements (continued)

Agency number for Agency making the disclosure (Abating Agency)	6007
Abating Agency Name	City of Anthony
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Taxation and Revenue Department
Agency number of Affected Agency	333
Agency type of Affected Agency	New Mexico State agency
Recipient(s) of tax abatement	CN Wire Corporation
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	New Mexico Statutes 3-32-1 through 3-32-16
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Contract states that the abating agency will receive a PILOT in the amount equal to the 25% of the property tax abated. Thus the gross amount abated for FY2017 is \$ 444,088.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	2 Payments (Contract states that from each payment City of Anthony keeps 40% and the rest 60% is distributed to Dona Ana County)
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 17. Tax Abatements (continued)

Agency number for Agency making the disclosure (Abating Agency)	6007
Abating Agency Name	City of Anthony
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Dona Ana County
Agency number of Affected Agency	5007
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Valley Cold Storage & Transportation
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	New Mexico Statutes 3-32-1 through 3-32-16
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	None, Project started December 2016 and no payments have been received yet.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None, Project started December 2016 and no payments have been received yet.
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 17. Tax Abatements (continued)

Agency number for Agency making the disclosure (Abating Agency)	6007
Abating Agency Name	City of Anthony
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Taxation and Revenue Department
Agency number of Affected Agency	333
Agency type of Affected Agency	New Mexico State agency
Recipient(s) of tax abatement	Valley Cold Storage & Transportation
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax(es) Being Abated	Property Tax
Authority under which abated tax would have been paid to Affected Agency	New Mexico Statutes 3-32-1 through 3-32-16
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	None, Project started December 2016 and no payments have been received yet.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None, Project started December 2016 and no payments have been received yet.
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

NOTE 18. Subsequent Pronouncements

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City does not expect this pronouncement to have a material effect on their financial statements as they do not participate in such a plan.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO
City of Anthony
Notes to the Financial Statements
June 30, 2017

NOTE 18. Subsequent Pronouncements (continued)

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85 *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The City is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

City of Anthony

Schedule I

Page 1 of 2

Schedule of the City's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
City of Anthony's proportion of the net pension liability	0.0282%	0.0243%	0.0247%
City of Anthony's proportionate share of the net pension liability	\$ 450,541	\$ 247,760	\$ 192,687
City of Anthony's covered payroll	\$ 308,928	\$ 252,160	\$ 284,437
City of Anthony's proportionate share of the net pension liability as a percentage of its covered payroll	145.84%	98.26%	67.74%
Plan fiduciary net position as a percentage of the total pension liability	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, City of Anthony 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 Anthony

Schedule I

Page 2 of 2

Schedule of the City's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal Police Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
City of Anthony's proportion of the net pension liability	0.0553%	0.0687%	0.0587%
City of Anthony's proportionate share of the net	\$ 401,379	\$ 330,348	\$ 191,356
City of Anthony's covered payroll	\$ 196,192	\$ 230,538	\$ 212,779
City of Anthony's proportionate share of the net pension liability as a percentage of its covered payroll	204.58%	143.29%	89.93%
Plan fiduciary net position as a percentage of the total pension liability	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, City of Anthony 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 Anthony
Schedule of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

	<u>As of and for the Year Ended June 30, 2017</u>	<u>As of and for the Year Ended June 30, 2016</u>	<u>As of and for the Year Ended June 30, 2015</u>
Contractually required contributions	\$ 38,620	\$ 22,861	\$ 16,526
Contributions in relation to the contractually required contribution	<u>(50,524)</u>	<u>(22,861)</u>	<u>(16,526)</u>
Contribution deficiency (excess)	<u>\$ (11,904)</u>	<u>\$ -</u>	<u>\$ -</u>
City of Anthony's covered payroll	\$ 521,899	\$ 308,928	\$ 252,160
Contributions as a percentage of covered payroll	9.7%	7.4%	6.6%

* 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, City of Anthony 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 Anthony
Schedule of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

	<u>As of and for the Year Ended June 30, 2017</u>	<u>As of and for the Year Ended June 30, 2016</u>	<u>As of and for the Year Ended June 30, 2015</u>
Contractually required contributions	\$ 31,090	\$ 20,404	\$ 24,463
Contributions in relation to the contractually required contribution	<u>(40,577)</u>	<u>(20,404)</u>	<u>(24,463)</u>
Contribution deficiency (excess)	<u>\$ (9,487)</u>	<u>\$ -</u>	<u>\$ -</u>
City of Anthony's covered payroll	\$ 298,942	\$ 196,192	\$ 230,538
Contributions as a percentage of covered payroll	13.6%	10.4%	10.6%

* 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, City of Anthony 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 Anthony
Notes to Required Supplementary Information
June 30, 2017

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf> See the notes to the financial statements on the CAFR pages 74-76 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
City of Anthony
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

NEW MEXICO BEAUTIFICATION GRANT – The purpose of the "New Mexico Litter Control and Beautification Act," NMSA 1978, §§ 67-16-1 to -14 (1985, as amended through 2001), hereinafter referred to as the "Act," is to control litter by authorizing Department to eliminate litter from the State to the maximum practical extent through a State-coordinated plan of education, control, prevention, and elimination.

AUTO GRANT – 35-14-11 Municipal ordinance; court costs; collection; purpose. (3) A court automation fee of six dollars (\$6.00); the fees are to be collected upon conviction from persons convicted of violating any ordinance relating to the operation of a motor vehicle or any ordinance that may be enforced by the imposition of a term of imprisonment. All money collected pursuant to Paragraph (3) of subsection B of this section shall be remitted monthly to the state treasurer for credit to the municipal court automation fund and shall be used for the purchase, maintenance and operation of court automation systems in the municipal courts.

CORRECTIONS – A special revenue fund that accounts for revenues and expenditures relating to the Corrections department. Financing is provided by correction fees. Section 35-14-11, NMSA 1978.

JUDICIAL EDUCATION – A court education fee of three dollars (\$3.00); the fees are to be collected upon citation payments. This fund is authorized by the Board of Trustees.

CAPITAL OUTLAY LANDSCAPE PROJECT– DFA Appropriation 14-L-1681 to plan, design, construct and landscape a walkway and exercise path along Anthony Drive in Anthony in Doña Ana County. The authority is the Laws of 2013, Chapter 226 and the NMSA 1978, Section 9-6-5 and 9-6-5.1.

DOT/LGRF MAP GRANT– Department of Transportation, Cooperative Grants to account for grants received by the City to aid in the design, reconstruction and drainage improvement of the City Street. Authority is Section 67-3-28 and 67-3-28.2 NMSA 1978 and Commission Policy No 44-12.

CAPITAL OUTLAY/DOT 13-1841– DFA Appropriation 13-1841 NMDOT Control Number C1131841 for the purpose of planning, designing, and constructing improvements to streets in Anthony in Doña Ana County. The authority is the Laws of 2013, SB60, Chapter 226 and the NMSA 1978, Section 67-3-28, as amended, and State Highway Commission Policy No 44.

CAPITAL OUTLAY/REMODEL BUILDING - DFA Appropriation 14-L-2269 to plan, design and construct a multipurpose municipal building in Anthony in Doña Ana County. The authority is the Laws of 2014, Chapter 64 and the NMSA 1978, Section 9-6-5 and 9-6-5-1.

LIBRARY– To account for funds designated for library uses. This fund was created administratively by ordinance.

STONEGARDEN – Approved memorandum of agreement between Doña Ana County, Doña Ana Sheriff's Office and the City of Anthony Police Department for increased Border Security and protection under Operation Stonegarden, 2013. This fund is authorized by the Board of Trustees.

LAW ENFORCEMENT PROTECTION – A special revenues fund that accounts for revenues and expenditures relating to Law Enforcement. Financing is provided by grants. Section 19-13-3F, NMSA

STATE OF NEW MEXICO
City of Anthony
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

MUNICIPAL STREETS – A special revenue fund that accounts for funds to maintain roads for which the City is responsible. Funding is provided by the gas tax. Expenditures are restricted to the construction and maintenance of City roads. Authority is NMSA 7-1-6.27.

LODGERS' TAX – To account for the operations of tourist facilities or for half of advertising, promoting and publicizing such facilities and tourist attractions. State Statute Section 4-6-41 provides for this tax to be imposed by the City. Revenues received are pursuant to the Lodgers' Tax Act (Section 3-38-15, NMSA 1978).

CIF3178 2014 Colonias - To account for funds from the Colonias Infrastructure Board for the construction of Putter Circle Drainage in Anthony, NM. The authority for the creation of the fund is NMSA 1978, 6-30-1 through 6-30-8. This fund is authorized by the Board of Trustees.

GENERAL OBLIGATION BOND – To account for expenses under the General Obligation Bond awarded to the City of Anthony's Library. This fund is authorized by the Board of Trustees.

CITY WIDE STREETS SP-1-16-(906) – To account for Local Government Road Funds utilized for design, construction management, reconstruction and drainage improvements of city streets. This fund is authorized by the Board of Trustees.

NM DOT MAP-7613 (909) – To account for Local Government Road Funds utilized for planning, design full depth reconstruction, drainage improvements and construction management of city streets. This fund is authorized by the Board of Trustees.

KEEP NEW MEXICO TRUE – To account for funds from Keep New Mexico Beautiful, Inc. awarded to the City of Anthony for the Anthony Community Clean Up project. This fund is authorized by the Board of Trustees.

NM DOT CN1150915 - is used to account to funds from the New Mexico Department of Transportation for the plan, design, and construct improvements to the streets in Anthony, NM. Authority for creation of the fund is NMSA 1978, Section 67-3-28. This fund is authorized by the Board of Trustees.

NM DOT CN1150916 - To account for the funds from the New Mexico Department of Transportation for the planning, design, and construction improvements to the flood control facilities at the 4th Street drainage pond in Anthony, NM. Authority for creation of the fund is NMSA 1978, Section 67-3-28. This fund is authorized by the Board of Trustees.

NM DOT E100220 (CMAQ) - To account for the funds from the New Mexico Department of Transportation multi-modal improvements on RT: FL-5874-P from 4th Street to Duffer Lane in Anthony, NM. Authority for creation of the fund is NMSA 1978, Section 67-3-28. This fund is authorized by the Board of Trustees.

END DWI – To account for grants awarded to the City of Anthony for traffic enforcement and alcohol monitoring. This fund is authorized by the Board of Trustees.

BUCKLE UP – To account for grants awarded to the City of Anthony for traffic enforcement and alcohol monitoring. This fund is authorized by the Board of Trustees.

MAP 7613 (911) L100299 – To account for the funds from the New Mexico Department of Transportation for the planning, design, construction, reconstruction, pavement rehabilitation, drainage and miscellaneous improvements. Authority for the creation of the fund is NMSA 1978, Sections 67-3-28 and 67-3-28.2. The fund is authorized by the Board of Trustees.

STATE OF NEW MEXICO
City of Anthony
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

Roadway Rehabilitation John Hinkley & Nancy Dominic - To account for Local funds for the plan, design and construct improvements to John Hinkley & Nancy Dominici Road in Anthony, NM. This fund has been created by the Board of Trustees.

NM DOT SP-1-17 (956) - To account for Local Government Road Funds utilized for planning, design full depth reconstruction, drainage improvements and construction management of city streets. This fund has been approved by the Board of Trustees.

NMFA Project No. 3577-PG - To account for New Mexico Finance Authority funds to cover the cost of an Economic Development Feasibility Study in Anthony, NM. This fund has been approved by the Board of Trustees.

Charitable Projects Funds - To account for donation received by the City in order to promote the wellness of the people of Anthony, NM and specially for the children. This fund has been approved by the Board of Trustees.

Debt Service Funds

DEBT SERVICE - To accumulate monies for the repayment of the loan received from NMFA. The City has acquired the building at 820 Highway 478 Anthony, NM 88021 to house their daily operations. This fund is authorized by the Board of Trustees.

DEBT SERVICE LOAN COMP GRANT CIF-3339 - To accumulate monies for the repayment of the loan received from NMFA. The loan is a component of grant CI-3339 used for flood, Drainage and road improvements in the City of Anthony, NM. This fund is authorized by the Board of Trustees.

STATE OF NEW MEXICO
City of Anthony
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	New Mexico Beautification Grant Fund	Auto Grant Fund	Corrections Fund	Judicial Educational Fund
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 5,661	\$ 37,606	\$ 179
Investments	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	\$ -	\$ 5,661	\$ 37,606	\$ 179
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 279	\$ 3,259	\$ 138
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	279	3,259	138
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balances</i>				
Spendable:				
Restricted for:				
General government	-	5,382	-	41
Public safety	-	-	34,347	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Debt service payments	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	5,382	34,347	41
<i>Total liabilities and fund balances</i>	\$ -	\$ 5,661	\$ 37,606	\$ 179

See independent auditors' report.

Special Revenue

Capital Outlay Landscape Project	DOT/LGRF Map Grant	Capital Outlay/DOT 13- 1841	Capital Outlay/ Remodel Building	Library
\$ -	\$ 24,405	\$ 5,416	\$ -	\$ 23,662
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 24,405</u>	<u>\$ 5,416</u>	<u>\$ -</u>	<u>\$ 23,662</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
764	-	-	-	-
<u>764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	24,405	-	-	-
-	-	-	-	-
-	-	-	-	23,662
-	-	5,416	-	-
-	-	-	-	-
-	-	-	-	-
(764)	-	-	-	-
<u>(764)</u>	<u>24,405</u>	<u>5,416</u>	<u>-</u>	<u>23,662</u>
<u>\$ -</u>	<u>\$ 24,405</u>	<u>\$ 5,416</u>	<u>\$ -</u>	<u>\$ 23,662</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Anthony
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Stonegarden	Law Enforcement Protection Fund	Municipal Streets	Lodger's Tax
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 2,643	\$ 23,395	\$ 1,220
Investments	-	-	-	-
Receivables:				
Taxes	-	-	834	-
Due from other governments	1,701	-	-	343
	<u>1,701</u>	<u>-</u>	<u>-</u>	<u>343</u>
<i>Total assets</i>	<u>\$ 1,701</u>	<u>\$ 2,643</u>	<u>\$ 24,229</u>	<u>\$ 1,563</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 2,643	\$ 42	\$ -
Unearned revenue	-	-	-	-
Due to other funds	1,309	-	-	-
	<u>1,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>1,309</u>	<u>2,643</u>	<u>42</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	1,701	-	-	-
	<u>1,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>1,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	1,563
Public works	-	-	24,187	-
Debt service payments	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	(1,309)	-	-	-
	<u>(1,309)</u>	<u>-</u>	<u>24,187</u>	<u>1,563</u>
<i>Total fund balances</i>	<u>(1,309)</u>	<u>-</u>	<u>24,187</u>	<u>1,563</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,701</u>	<u>\$ 2,643</u>	<u>\$ 24,229</u>	<u>\$ 1,563</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Anthony
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	NM DOT CN C1150915	NM DOT CN C1150916	NM DOT E100220 (CMAQ)	End DWI
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	4,207	2,561
	-	-	4,207	2,561
<i>Total assets</i>	\$ -	\$ -	\$ 4,207	\$ 2,561
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 4,207	\$ -
Unearned revenue	-	-	-	-
Due to other funds	2,610	-	-	3,035
	2,610	-	4,207	3,035
<i>Total liabilities</i>	2,610	-	4,207	3,035
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	-	-	4,207	1,279
	-	-	4,207	1,279
<i>Total deferred inflows of resources</i>	-	-	4,207	1,279
<i>Fund balances</i>				
Spendable:				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Debt service payments	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	(2,610)	-	(4,207)	(1,753)
	(2,610)	-	(4,207)	(1,753)
<i>Total fund balances</i>	(2,610)	-	(4,207)	(1,753)
<i>Total liabilities and fund balances</i>	\$ -	\$ -	\$ 4,207	\$ 2,561

See independent auditors' report.

Special Revenue

Buckle Up	MAP 7613 (911) L100299	Roadway Rehabilitation John Hinkley & Nancy Dominic	NM DOT SP-1-17 (956)	NMFA Project No. 3577-PG
\$ -	\$ 221,697	\$ 600	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
900	-	-	-	37,072
<u>\$ 900</u>	<u>\$ 221,697</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 37,072</u>
\$ -	\$ 10,539	\$ -	\$ -	\$ 1,427
-	144,491	-	-	-
1,201	-	-	-	35,645
<u>1,201</u>	<u>155,030</u>	<u>-</u>	<u>-</u>	<u>37,072</u>
<u>223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,072</u>
<u>223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,072</u>
-	-	-	-	-
-	-	-	-	-
-	66,667	600	-	-
-	-	-	-	-
-	-	-	-	-
(524)	-	-	-	(37,072)
<u>(524)</u>	<u>66,667</u>	<u>600</u>	<u>-</u>	<u>(37,072)</u>
<u>\$ 900</u>	<u>\$ 221,697</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 37,072</u>

See independent auditors' report.

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STATE OF NEW MEXICO
City of Anthony
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Statement A-1
Page 4 of 4

	<u>Special Revenue</u>	<u>Debt Service</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Charitable Projects Funds</u>	<u>Debt Service</u>	<u>Debt Service Loan Comp Grant CIF-3339</u>	
<i>Assets</i>				
Cash and cash equivalents	\$ 675	\$ 25,859	\$ 13,773	\$ 387,703
Investments	-	115,553	136,227	251,780
Receivables:				
Taxes	-	-	-	834
Due from other governments	-	-	-	46,784
<i>Total assets</i>	<u>\$ 675</u>	<u>\$ 141,412</u>	<u>\$ 150,000</u>	<u>\$ 687,101</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 22,534
Unearned revenue	-	-	-	144,491
Due to other funds	-	-	-	47,271
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,296</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	-	-	-	44,482
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,482</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
General government	-	-	-	29,828
Public safety	-	-	-	34,347
Culture and recreation	-	-	-	25,375
Public works	-	-	-	97,632
Debt service payments	-	141,412	150,000	291,412
Health and welfare	675	-	-	675
Unassigned	-	-	-	(50,946)
<i>Total fund balances</i>	<u>675</u>	<u>141,412</u>	<u>150,000</u>	<u>428,323</u>
<i>Total liabilities and fund balances</i>	<u>\$ 675</u>	<u>\$ 141,412</u>	<u>\$ 150,000</u>	<u>\$ 687,101</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Anthony
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	New Mexico Beautification Grant Fund	Auto Grant Fund	Corrections Fund	Judicial Educational Fund
<i>Revenues</i>				
Taxes:				
Gasoline and motor vehicle taxes	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental income:				
State operating grants	2,382	-	-	-
State capital grants	-	-	-	-
Charges for services	-	7,062	-	-
Licenses and fees	-	-	9,770	1,453
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	2,382	7,062	9,770	1,453
<i>Expenditures</i>				
Current:				
General government	-	9,238	7,604	1,843
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,382	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,382	9,238	7,604	1,843
<i>Excess (deficiency) of revenues over expenditures</i>	-	(2,176)	2,166	(390)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	-	(2,176)	2,166	(390)
<i>Fund balances - beginning</i>	-	7,558	32,181	431
Fund balances - end of year	\$ -	\$ 5,382	\$ 34,347	\$ 41

See independent auditors' report.

Special Revenue

Capital Outlay Landscape Project	DOT/LGRF Map Grant	Capital Outlay/DOT 13- 1841	Capital Outlay/ Remodel Building	Library
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
796	-	22,647	27,627	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	12,605
<u>796</u>	<u>-</u>	<u>22,647</u>	<u>27,627</u>	<u>12,605</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,679
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,679</u>
<u>796</u>	<u>-</u>	<u>22,647</u>	<u>27,627</u>	<u>7,926</u>
-	-	-	3,132	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,132</u>	<u>-</u>
796	-	22,647	30,759	7,926
<u>(1,560)</u>	<u>24,405</u>	<u>(17,231)</u>	<u>(30,759)</u>	<u>15,736</u>
<u>\$ (764)</u>	<u>\$ 24,405</u>	<u>\$ 5,416</u>	<u>\$ -</u>	<u>\$ 23,662</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Anthony
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Stonegarden	Law Enforcement Protection Fund	Municipal Streets	Lodgers' Tax
<i>Revenues</i>				
<i>Taxes:</i>				
Gasoline and motor vehicle taxes	\$ -	\$ -	\$ 5,676	\$ -
Other	-	-	-	1,554
<i>Intergovernmental income:</i>				
State operating grants	2,818	24,800	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,818</u>	<u>24,800</u>	<u>5,676</u>	<u>1,554</u>
<i>Expenditures</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	4,525	18,969	-	-
Public works	-	-	-	3,965
Culture and recreation	-	-	-	-
Capital outlay	-	6,140	1,662	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,525</u>	<u>25,109</u>	<u>1,662</u>	<u>3,965</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,707)</u>	<u>(309)</u>	<u>4,014</u>	<u>(2,411)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Loan proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(1,707)	(309)	4,014	(2,411)
<i>Fund balances - beginning</i>	398	309	20,173	3,974
<i>Fund balances - end of year</i>	<u>\$ (1,309)</u>	<u>\$ -</u>	<u>\$ 24,187</u>	<u>\$ 1,563</u>

See independent auditors' report.

Special Revenue

<u>CIF3178 2014 Colonias</u>	<u>General Obligation Bond</u>	<u>City Wide Streets SP-1-16- (906)</u>	<u>NM DOT MAP- 7613 (909)</u>	<u>Keep New Mexico True Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	15,379	-	-	-
28,687	-	-	299,184	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>28,687</u>	<u>15,379</u>	<u>-</u>	<u>299,184</u>	<u>-</u>
-	8,341	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
80,975	6,380	55,095	356,451	-
-	-	-	-	-
-	-	-	-	-
<u>80,975</u>	<u>14,721</u>	<u>55,095</u>	<u>356,451</u>	<u>-</u>
<u>(52,288)</u>	<u>658</u>	<u>(55,095)</u>	<u>(57,267)</u>	<u>-</u>
-	-	13,774	99,728	-
-	-	-	-	-
52,288	-	-	-	-
<u>52,288</u>	<u>-</u>	<u>13,774</u>	<u>99,728</u>	<u>-</u>
-	658	(41,321)	42,461	-
762	(3,365)	41,321	(42,461)	150
<u>\$ 762</u>	<u>\$ (2,707)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Anthony
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	NM DOT CN C1150915	NM DOT CN C1150916	NM DOT E100220 (CMAQ)	End DWI
<i>Revenues</i>				
<i>Taxes:</i>				
Gasoline and motor vehicle taxes	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<i>Intergovernmental income:</i>				
State operating grants	-	-	-	3,223
State capital grants	250,000	150,000	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	250,000	150,000	-	3,223
<i>Expenditures</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	4,502
Public works	-	-	4,207	-
Culture and recreation	-	-	-	-
Capital outlay	163,357	98,033	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	163,357	98,033	4,207	4,502
<i>Excess (deficiency) of revenues over expenditures</i>	86,643	51,967	(4,207)	(1,279)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Loan proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	86,643	51,967	(4,207)	(1,279)
<i>Fund balances - beginning</i>	(89,253)	(51,967)	-	(474)
<i>Fund balances - end of year</i>	\$ (2,610)	\$ -	\$ (4,207)	\$ (1,753)

See independent auditors' report.

Special Revenue

Buckle Up	MAP 7613 (911) L100299	Roadway Rehabilitation John Hinkley & Nancy Dominic	NM DOT SP-1-17 (956)	NMFA Project No. 3577-PG
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,923	55,509	-	33,798	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,923</u>	<u>55,509</u>	<u>-</u>	<u>33,798</u>	<u>-</u>
-	-	-	-	-
2,146	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	55,509	143,954	45,064	37,072
-	-	-	-	-
-	-	-	-	-
<u>2,146</u>	<u>55,509</u>	<u>143,954</u>	<u>45,064</u>	<u>37,072</u>
<u>(223)</u>	<u>-</u>	<u>(143,954)</u>	<u>(11,266)</u>	<u>(37,072)</u>
-	66,667	144,554	11,266	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>66,667</u>	<u>144,554</u>	<u>11,266</u>	<u>-</u>
(223)	66,667	600	-	(37,072)
(301)	-	-	-	-
<u>\$ (524)</u>	<u>\$ 66,667</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ (37,072)</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Anthony
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	<u>Special Revenue</u>	<u>Debt Service</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Charitable Projects Funds</u>	<u>Debt Service</u>	<u>Debt Service Loan Comp Grant CIF-3339</u>	
<i>Revenues</i>				
Taxes:				
Gasoline and motor vehicle taxes	\$ -	\$ -	\$ -	\$ 5,676
Other	-	-	-	1,554
Intergovernmental income:				
State operating grants	-	-	-	139,832
State capital grants	-	-	-	778,941
Charges for services	-	-	-	7,062
Licenses and fees	-	-	-	11,223
Investment income	-	1,688	-	1,688
Miscellaneous	2,420	-	-	15,025
<i>Total revenues</i>	<u>2,420</u>	<u>1,688</u>	<u>-</u>	<u>961,001</u>
<i>Expenditures</i>				
Current:				
General government	1,745	-	-	28,771
Public safety	-	-	-	30,142
Public works	-	-	-	8,172
Culture and recreation	-	-	-	7,061
Capital outlay	-	-	-	1,049,692
Debt service:				
Principal	-	75,098	-	75,098
Interest	-	42,371	-	42,371
<i>Total expenditures</i>	<u>1,745</u>	<u>117,469</u>	<u>-</u>	<u>1,241,307</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>675</u>	<u>(115,781)</u>	<u>-</u>	<u>(280,306)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	117,469	943	457,533
Transfers (out)	-	-	(68,842)	(68,842)
Loan proceeds	-	-	150,000	202,288
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>117,469</u>	<u>82,101</u>	<u>590,979</u>
<i>Net change in fund balances</i>	675	1,688	82,101	310,673
<i>Fund balances - beginning</i>	-	139,724	67,899	117,650
<i>Fund balances - end of year</i>	<u>\$ 675</u>	<u>\$ 141,412</u>	<u>\$ 150,000</u>	<u>\$ 428,323</u>

See independent auditors' report.

SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
City of Anthony
Schedule of Deposit and Investment Accounts
June 30, 2017

Schedule III

<u>Bank Name/Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
First National Bank					
Checking - Operational	Checking	\$ 2,704,274	\$ 49,372	\$ 181,231	\$ 2,572,415
<i>Total First National Bank</i>		<u>2,704,274</u>	<u>49,372</u>	<u>181,231</u>	<u>2,572,415</u>
New Mexico Finance Authority					
Anthony 6 Land Purchase	State Treasurer Debt Service	22,568	-	-	22,568
Anthony 6 Land Purchase	Reserve Fund Payable	118,844	-	-	118,844
Anthony 18 Flood, drainage, road, improvements	Program Funds	150,000	-	-	150,000
<i>Total New Mexico Finance Authority</i>		<u>291,412</u>	<u>-</u>	<u>-</u>	<u>291,412</u>
<i>Total</i>		<u>\$ 2,995,686</u>	<u>\$ 49,372</u>	<u>\$ 181,231</u>	<u>\$ 2,863,827</u>

Deposits and investments per financial statements:

Cash and cash equivalents - Exhibit A-1	\$ 2,565,131
Restricted cash and cash equivalents - Exhibit A-1	39,632
Restricted Investments - Exhibit A-1	251,780
Fiduciary funds cash and investments - Exhibit E-1	<u>7,284</u>
<i>Total deposits and investments</i>	<u>\$ 2,863,827</u>

See independent auditors' report.

STATE OF NEW MEXICO

Schedule IV

City of Anthony

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2017

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2017</u>	<u>Location of Safekeeper</u>
First New Mexico Bank					
	Alamogordo NM	8/1/2029	CUSIP 011446GC9	\$ 224,056	
	Bloomfield	9/1/2021	CUSIP 094077KQ6	266,114	
	Grants & Cibola CNTYS	11/15/2018	CUSIP 388240ES8	304,665	
	Southern Sandoval NM	8/1/2021	CUSIP 843789EH7	265,990	
	University NM Gallup	9/15/2023	CUSIP 914684DK8	305,597	The Independent
	Bernalillo NM MUN	8/1/2023	CUSIP 085279QB6	212,353	Bankers' Bank
	Cloudcroft NM MUN	8/1/2020	CUSIP 189134EQ8	264,908	Dallas, Texas
	Chama VY Indpt Sch	10/1/2018	CUSIP157670FH8	231,646	
	Hobbs NM Sch Dist	4/15/2026	CUSIP 433866DT4	272,934	
	Dona Ana Sch Dist	8/1/2021	CUSIP 257584AM4	193,835	
	Penasco N Mex Indpt	9/1/2025	CUSIP 706593AQ3	169,159	
				<u>\$ 2,711,257</u>	
<i>Total Pledged Collateral</i>					

See independent auditors' report.

STATE OF NEW MEXICO

Schedule V

City of Anthony

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<i>Assets</i>				
Cash	\$ 140,000	\$ -	\$ 132,716	\$ 7,284
Accounts receivable, net	-	6,626	-	6,626
 Total assets	 <u>\$ 140,000</u>	 <u>\$ 6,626</u>	 <u>\$ 132,716</u>	 <u>\$ 13,910</u>
 <i>Liabilities</i>				
Due to others	\$ 140,000	-	\$ 126,090	\$ 13,910
 Total liabilities	 <u>\$ 140,000</u>	 <u>\$ -</u>	 <u>\$ 126,090</u>	 <u>\$ 13,910</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Anthony
Schedule of Joint Powers Agreements
June 30, 2017

Agreement	The City Participates with	Party Responsible for Operation	Description
Mesilla Valley Regional Dispatch Authority (MVRDA)	City of Las Cruces, Doña Ana County, Town of Mesilla, Village of Hatch, and the City of Sunland Park	Doña Ana County	Jointly operate, maintain and administer a combined communications center to provide emergency dispatch services
Detainee Housing	Doña Ana County	Doña Ana County	Detainee Housing assistance for adult and juvenile detainees

See independent auditors' report.

<u>Period</u>	<u>Cost to City</u>	<u>City Contributions</u>	<u>Audit Responsibility</u>
Perpetual	Various	\$ 84,981	MVRDA
Perpetual	\$98.77 per day per prisoner and Juvenile daily rate \$130.57	\$ 17,327	Doña Ana County

See independent auditors' report.

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COMPLIANCE SECTION



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

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
New Mexico State Auditor
The Mayor and Board of Trustees
City of Anthony
Anthony, 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, 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 Anthony (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items FS 2013-006 and FS 2017-001 to be significant deficiencies.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

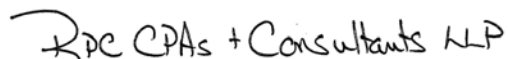
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2015-004, NM 2016-001, NM 2017-001, NM 2017-002, NM 2017-003, and NM 2017-004.

The City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
Albuquerque, NM
December 15, 2017

STATE OF NEW MEXICO
City of Anthony
Schedule of Findings and Responses
June 30, 2017

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | None noted |

B. FINDINGS - FINANCIAL STATEMENT AUDIT

FS 2013-006 Design Deficiencies in Internal Control (Repeated/Modified) (Significant Deficiency)

Condition: Management has not adopted sound accounting policies, established or maintained internal control that would initiate, authorize, record, processes and report transactions consistent with management's assertions embodied in the financial statements. The City had the following internal control deficiencies:

- The City does not have a routine close and reporting process to ensure all significant accounts are reconciled timely.
- Budget adjustments are not being reviewed consistently by someone other than the individual entering the budget adjustment.
- Adequate controls for access to computer programs and data have not been established by management for physical security and access to programs and data. Lack of such controls exist in the following areas:
 1. Information Security Policy/User Awareness
 2. Configuration of Access Rules/Access Administration
- Adequate controls are not in place to ensure recoverability from interruptions in service in a timely manner and to restore critical information services in the event of a disaster.

The city is currently developing a new and improved Employee Handbook. This will list all the policies and procedures for the city and will be provided to the employees. The department in charge to develop the new Employee Handbook is the City Clerk department and we are expecting to have it ready and implemented by June 30, 2018. As well, the Finance department is currently developing a manual for the accounting and finance policies and procedures. These will outline the necessary policies and procedures to ensure that GASB standards are followed. An IT manager was hire during FY2017 and an IT manual is currently under development.

Criteria: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring elements of internal control.

Effect: Because internal control is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information and fraudulent access to computer systems.

Cause: For the fiscal year 2017, management did not have a documented policy to ensure internal controls were in place and working properly, which resulted in various errors.

Auditors' Recommendations: The City should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented. The City's Council is charged with governance and should provide effective oversight of the internal control and financial reporting process.

Views of Responsible Officials and Planned Corrective Actions: The City Clerk, CFO, and IT manager will work closely to develop policies and procedures to remedy these deficiencies. The planning date to have all these policies ready is June 30, 2018.

B. FINDINGS - FINANCIAL STATEMENT AUDIT (continued)

FS 2017-001 Segregation of Duties (Significant Deficiency)

Condition: Three individuals have the ability to create vendors and new employees and print checks within the system.

Criteria: The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: There is an increased risk that ghost vendors and/or employees could be created and improperly paid.

Cause: The City has not considered it necessary to segregate or otherwise monitor access controls for employees who have the ability to create new vendors and employees and print checks.

Auditors' Recommendations: We recommend that the City limit access to employees, so that no one employee can create new vendors and employees and print checks.

Views of Responsible Officials and Planned Corrective Actions: The City Clerk, CFO, and Procurement Officer will work closely to develop policies and procedures to remedy these deficiencies. The planning date to have all these policies ready is June 30, 2018.

C. FINDINGS - SECTION 12-6-5 NMSA 1978

NM 2015-004 (FS 2015-004) Travel and Per Diem (Repeated/Modified) (Other Noncompliance)

Condition: The City reimbursed employees without receiving receipts for "actual expenses" in the amount of \$465 in 5 out of 5 transaction tested.

The City Clerk department was in charge of the per diem process during the 2016 fiscal year. As of July 1, 2017, a Finance department has been created. The Finance department has taken over the per diem process since July, 2017. As of July 2017, the city has been using an Excel Macros that minimize human intervention in the calculation of per diem. This Macros has been developed in accordance of the State of New Mexico Per Diem and Mileage Act.

Criteria: NMAC 6.20.2.19 requires the City to comply with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-4, for all per diem and reimbursement rates.

Effect: The City has overpaid monies for reimbursements using public funds and is not in compliance with the Per Diem and Mileage Act.

Cause: Reimbursements were made for actual expenses without proper documentation obtained from the employees.

Auditors' Recommendation: We recommend the City follow the Per Diem and Mileage Act when paying per diem and travel reimbursements.

Views of Responsible Officials and Planned Corrective Actions: The CFO and the Procurement Officer will work together to make sure that the Per Diem policy is been followed in accordance with the State of New Mexico Per Diem and Mileage Act. Prior to December, 2017 the City was not enforcing the policy, starting December, 2017, policy will be enforced.

C. FINDINGS - SECTION 12-6-5 NMSA 1978 (continued)

NM 2016-001 Cash Appropriations in Excess of Available Cash Balances (Repeated/Modified) (Other Noncompliance)

Condition: The City maintained a deficit budget in excess of available cash balances in the following funds:

	<u>Designated Cash</u>	<u>Beginning Year Cash & AR Available</u>	<u>Cash Appropriation in excess of available</u>
Capital Appropriation Project 16-A2253-STB	\$ 79,272	\$ -	\$ (79,272)
Colonias 3339-CIF	125,269	-	(125,269)
BKLUP/CIOT 16-OP-RF-158	897	-	(897)
NMFA Project No. 3577-PG	35,645	-	(35,645)

The Finance department is currently developing a manual for the accounting and finance policies and procedures. These will outline the necessary policies and procedures to ensure that the New Mexico State standards are followed. The Finance department is expecting to develop and implement a proper budget monitoring process by June 30, 2018.

Criteria: Section 2.2.2.10. (O) (1), NMAC, states that the City's cash balances rebudgeted to absorb budget deficits cannot exceed the actual cash balance available at the end of the prior year.

Effect: The City will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds. The City is in violation of the above statute.

Cause: Beginning balances were not considered for the above funds.

Auditors' Recommendations: The budget should be reviewed to insure all funds have adequate budget authority and cash balances for budgeted expenditures. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates. The City should work the DFA-LGD and its assigned budget analyst in order to ensure that available cash reported to DFA matches the cash balances in the audited financial statements.

Views of Responsible Officials and Planned Corrective Actions: The CFO will work closely with the Board of Finance to develop sound policies and procedures to remedy these deficiencies. The City is expecting to have these policies ready by June 30, 2018.

NM 2017-001 – Budgetary Condition – Other Matter

Condition: The City exceeded budgetary authority in the following fund:

BKLUP/CIOT 16-OP-RF-158	(3)
-------------------------	-----

Criteria: A budget is a proposed plan of financial operations for a given period of time. The annual budget authorizes and provides the basis for control of financial operations during the fiscal year. The City cannot exceed its budget as required by NMSA 1978 Section 6-6-1 to 6-6-19.

Effect: The City is spending funds that were not authorized by the City Council.

Cause: The City did not adequately monitor its budget in these areas. Expenditures were approved in excess of available budget or budget adjustments were not approved and journal entries were not made to cover the expenditure approved.

C. FINDINGS - SECTION 12-6-5 NMSA 1978 (continued)

NM 2017-001 – Budgetary Condition – Other Matter (continued)

Auditors' Recommendation: We recommend that expenditures not be approved which would cause the budget to be exceeded. We also recommend that timely budget adjustments be prepared when necessary.

Views of Responsible Officials and Planned Corrective Actions: The Finance department is currently developing a manual for the accounting and finance policies and procedures. These will outline the necessary policies and procedures to ensure that the New Mexico State standards are followed. The Finance Director is expecting to develop and implement a proper budget monitoring process by June 30, 2018.

ES 2017-002 — Personal Use of Vehicles (Other Matter)

Condition: The City allowed employees to take home City vehicles without adding taxable income for the fringe benefit according to an IRS-approved method.

Criteria: Per the 2014 State Audit Rule 2.2.2.10 H (2), IRS Rev. 1.274-5T(k)(3), and IRS Bulletin 2010-23, personal use of a government agency vehicle is always taxable income to the employee unless the vehicle is a qualified non-personal use vehicle. The value of commuting and other personal use of a "nonqualified vehicle" must be included on the employee's W-2. There are three rules the IRS allows to be used for valuing personal use of an employer's vehicle: automobile lease valuation rule; cents-per-mile rule; and the commuting rule (\$3 per day).

Effect: The City is not correctly preparing W-2's for employees and is in violation of the IRS's Fringe Benefits requirements. The City has failed to tax the fringe benefit for payroll related taxes.

Cause: The City did not fully understand the requirements for a qualified and non-qualified vehicle to correctly implement the fringe benefit requirements.

Auditors' Recommendations: The City should become familiar with the requirements listed in Publication 15-B, which outlines the requirements for employee fringe benefits, and should implement a procedure to properly provide for employee fringe benefits.

Views of Responsible Officials and Planned Corrective Actions: The city is currently developing a new and improved Employee Handbook. This will list all the policies and procedures for the city and will be provided to the employees. The department in charge to develop the new Employee Handbook is the City Clerk department and we are expecting to have it ready and implemented by June 30, 2018. A policy for personal use of vehicles will be included and enforce in these new policies and procedures.

ES 2017-003 — Public Monies (Other Matter)

Condition: The City maintained deposits in only one bank without taking into consideration other banks in the geographical location.

Criteria: Per the NMSA 1978 Section 6-10-36 deposits of funds of governmental unit may be made in noninterest-bearing checking accounts in one or more banks or savings and loan association designed as checking depositories located within the geographical boundaries of the governmental unit.

Effect: The City has all its monies deposited in one bank within the geographical location and is in violation of NMSA 1978 Section 6-10-36.

Cause: The City did not fully understand the requirements of monies to be deposited in more than one bank within the geographical location.

C. FINDINGS - SECTION 12-6-5 NMSA 1978 (continued)

FS 2017-003 — Public Monies (Other Matter) (continued)

Auditors' Recommendations: The City should become familiar with the requirements listed in NMSA 1978 Section 6-10-36, which outlines the requirements for public money deposits of certain governmental units and deposit fund in more than one bank in the geographical location.

Views of Responsible Officials and Planned Corrective Actions: The City Clerk will work closely with the Board of Finance and the City Mayor to open a bank account in the different Bank other than the one that the City is currently using. This account is expected to be opened before February, 2018.

NM 2017-004 Annual Inventory Certification – Other Matter

Condition: The City did not perform an annual capital asset inventory certification of their fixed asset listing timely.

Criteria: According to State Audit Rule 2.2.2.10 V Capital Asset Inventory: (2) Section 12-20-1-16 NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors. In addition according to NMAC 2.20.1.16 (E) the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency.

Effect: Items could be present on the capital assets listing that do not exist or items could exist that are not on the listing. As well as the listing could be misstated.

Cause: The City was aware of the requirement but the due date for the annual certification was overlooked.

Auditors' Recommendations: We recommend that once the annual inventory has been completed, the City has it certified by the City's Board of Trustees, and that the timeliness of the certification be monitored every year.

Views of Responsible Officials and Planned Corrective Actions: The Finance department is currently developing a manual for the accounting and finance policies and procedures. These will outline the necessary policies and procedures to ensure that the New Mexico State standards are followed. The Finance Director will work together with the Public Works Manager to develop procedures to ensure an annual Inventory of Capital Assets is performed on an annual basis. Deficiency is expected to be arranged before June 30, 2018.

D. PRIOR YEAR AUDIT FINDINGS

Prior Year Audit Findings

Financial Statement Findings

Disposition

FS 2013-06	Deficiencies in Internal Control	Modified and repeated
FS 2015-001	Capital Assets	Resolved
FS 2015-004	Travel and Per Diem	Modified and repeated
NM 2016-001	Cash Appropriations in Excess of Available Cash Balances	Modified and repeated

STATE OF NEW MEXICO

City of Anthony
Other Disclosures
June 30, 2017

Exit Conference

An exit conference was held on December 15, 2017. In attendance were the following:

Representing City of Anthony:

Diana M. Trujillo, Mayor
Gloria Gameros, Trustee
Fernando Ramirez, CFO
Velma Navarrete, City Clerk

Representing RPC CPAs + Consultants, LLP:

Alan D. "A.J." Bowers, Jr., CPA, Audit Partner
Vicki Dallas, CPA, Senior Accountant

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of City of Anthony from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.