

STATE OF NEW MEXICO

TOWN OF ELIDA

AUDIT REPORT

***For the Year Ended June 30, 2012
(with Auditor's Report Thereon)***

***RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS***

STATE OF NEW MEXICO

TOWN OF ELIDA

AUDIT REPORT

For The Year Ended June 30, 2012

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
TOWN OF ELIDA
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STATE OF NEW MEXICO
TOWN OF ELIDA
Official Roster
Year Ended June 30, 2012

Village Council

<u>Name</u>	<u>Title</u>
Mr. Durward Dixon	Mayor
Mr. Steve Barron	Mayor Pro-Tem
Mr. Andy Jasso	Member
Mr. Eddie Manis	Member
Ms. Kay Nuckols	Member

Village Administration

Ms. Kimberly Summers	Clerk/Treasurer
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Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
and
Honorable Mayor and Town Council
Town of Elida
Elida, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the General, Fire Protection, Environmental Gross Receipts Tax and EMS Funds of the Town of Elida, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's non-major governmental, enterprise and fiduciary funds and the budgetary comparisons for all non-major governmental and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the Town of Elida's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Elida's internal control over financial reporting. According, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Elida, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Fire Protection, Environmental Gross Receipts Tax and EMS Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, enterprise and fiduciary funds of the Town of Elida, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the non-major governmental and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2013 on our consideration of the Town of Elida's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons of the Town of Elida. The accompanying financial information listed as Schedule of Changes in Assets and Liabilities - All Agency Funds are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



March 19, 2013

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TOWN OF ELIDA
Statement of Net Assets
June 30, 2012

Statement 1
Page 1 of 2

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 330,201	\$ 33,896	\$ 364,097
Accounts receivable (net of uncollectible accounts)	9,857	10,110	19,967
Due from grantor	<u>13,677</u>	<u>-</u>	<u>13,677</u>
Total current assets	<u>353,735</u>	<u>44,006</u>	<u>397,741</u>
Restricted Assets (Cash)			
Customer meter deposits	<u>-</u>	<u>7,305</u>	<u>7,305</u>
Total restricted assets	<u>-</u>	<u>7,305</u>	<u>7,305</u>
Capital Assets			
Land	13,707	104,994	118,701
Equipment	1,060,270	55,065	1,115,335
Buildings and improvements	433,986	-	433,986
Heavy equipment	-	22,500	22,500
Vehicles	292,198	35,086	327,284
Plant/Infrastructure	<u>1,875,559</u>	<u>1,886,103</u>	<u>3,761,662</u>
Total capital assets	<u>3,675,720</u>	<u>2,103,748</u>	<u>5,779,468</u>
Less accumulated depreciation	(1,731,083)	(793,231)	(2,524,314)
Total capital assets (net of accumulated depreciation)	<u>1,944,637</u>	<u>1,310,517</u>	<u>3,255,154</u>
Total assets	<u><u>\$ 2,298,372</u></u>	<u><u>\$ 1,361,828</u></u>	<u><u>\$ 3,660,200</u></u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Statement of Net Assets
June 30, 2012

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Customer meter deposits (restricted)	-	7,305	7,305
Total current liabilities	-	7,305	7,305
Non-Current Liabilities			
Compensated absences payable	8,616	1,716	10,332
Total non-current liabilities	8,616	1,716	10,332
Total liabilities	8,616	9,021	17,637
Net Assets			
Invested in capital assets	1,944,637	1,310,517	3,255,154
Unrestricted	345,119	42,290	387,409
Total net assets	2,289,756	1,352,807	3,642,563
Total liabilities and net assets	\$ 2,298,372	\$ 1,361,828	\$ 3,660,200

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Statement of Activities
Year Ended June 30, 2012

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 129,853	\$ 902	\$ 5,018	\$ -	\$ (123,933)	\$ -	\$ (123,933)
Highways and streets	22,728	-	-	11,705	(11,023)	-	(11,023)
Public safety	227,577	164,406	183,088	-	119,917	-	119,917
Health and welfare	10,812	-	250	-	(10,562)	-	(10,562)
Culture and recreation	13,838	-	15,533	37,341	39,036	-	39,036
Depreciation - unallocated	172,038	-	-	-	(172,038)	-	(172,038)
Total governmental activities	<u>576,846</u>	<u>165,308</u>	<u>203,889</u>	<u>49,046</u>	<u>(158,603)</u>	<u>-</u>	<u>(158,603)</u>
Business-type activities:							
Water services	115,024	63,350	1,810	-	-	(49,864)	(49,864)
Solid waste services	16,183	23,269	-	-	-	7,086	7,086
Total business-type activities	<u>131,207</u>	<u>86,619</u>	<u>1,810</u>	<u>-</u>	<u>-</u>	<u>(42,778)</u>	<u>(42,778)</u>
Total all activities	<u>\$ 708,053</u>	<u>\$ 251,927</u>	<u>\$ 205,699</u>	<u>\$ 49,046</u>	<u>(158,603)</u>	<u>(42,778)</u>	<u>(201,381)</u>
General Revenues:							
Property taxes					2,537	-	2,537
Gross receipts taxes					120,012	-	120,012
Environmental gross receipts taxes					2,853	-	2,853
Gasoline taxes					13,074	-	13,074
Motor vehicle taxes					604	-	604
State aid not restricted to special purpose							
General					35,000	-	35,000
Transfers					(53,990)	53,990	-
Investment earnings					99	-	99
Total general revenues					<u>120,189</u>	<u>53,990</u>	<u>174,179</u>
Change in net assets					(38,414)	11,212	(27,202)
Net assets - beginning of year					2,328,170	1,341,595	3,669,765
Net assets - ending					<u>\$ 2,289,756</u>	<u>\$ 1,352,807</u>	<u>\$ 3,642,563</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Balance Sheet
Governmental Funds
June 30, 2012

Statement 3

	General Fund	Fire Protection Fund	Environmental Gross Receipts Tax Fund	EMS Fund	MAP Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash on deposit	\$ 117,493	\$ 80,659	\$ 45,797	\$ 44,172	\$ -	\$ 42,080	\$ 330,201
Accounts receivable	9,857	-	-	-	-	-	9,857
Due from grantor	13,677	-	-	-	-	-	13,677
	<u>141,027</u>	<u>80,659</u>	<u>45,797</u>	<u>44,172</u>	<u>-</u>	<u>42,080</u>	<u>353,735</u>
Total assets	<u>\$ 141,027</u>	<u>\$ 80,659</u>	<u>\$ 45,797</u>	<u>\$ 44,172</u>	<u>\$ -</u>	<u>\$ 42,080</u>	<u>\$ 353,735</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Restricted	-	80,659	45,797	44,172	-	42,080	212,708
Committed	-	-	-	-	-	-	-
Unassigned	141,027	-	-	-	-	-	141,027
	<u>141,027</u>	<u>80,659</u>	<u>45,797</u>	<u>44,172</u>	<u>-</u>	<u>42,080</u>	<u>353,735</u>
Total fund balance	<u>141,027</u>	<u>80,659</u>	<u>45,797</u>	<u>44,172</u>	<u>-</u>	<u>42,080</u>	<u>353,735</u>
Total liabilities and fund balance	<u>\$ 141,027</u>	<u>\$ 80,659</u>	<u>\$ 45,797</u>	<u>\$ 44,172</u>	<u>\$ -</u>	<u>\$ 42,080</u>	<u>\$ 353,735</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2012

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

Total fund balances - governmental funds		\$ 353,735
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets	3,675,720	
Accumulated depreciation	<u>(1,731,083)</u>	
		1,944,637
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:		
Compensated absences		<u>(8,616)</u>
Net assets of governmental activities		<u>\$ 2,289,756</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	General Fund	Fire Protection Fund	Environmental Gross Receipts Tax Fund	EMS Fund	MAP Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 2,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,537
Charges for services	352	-	-	781	-	-	1,133
Licenses and permits	550	-	-	-	-	-	550
Fines and forfeitures	128,105	-	-	-	-	35,520	163,625
Local sources	2,666	3,454	40,000	3,350	-	1,614	51,084
State sources	54,717	104,327	-	7,185	-	28,009	194,238
Federal sources	40,913	-	-	-	-	1,700	42,613
State shared taxes	136,543	-	-	-	-	-	136,543
Earnings from investments	19	-	-	17	-	63	99
Total revenues	<u>366,402</u>	<u>107,781</u>	<u>40,000</u>	<u>11,333</u>	<u>-</u>	<u>66,906</u>	<u>592,422</u>
EXPENDITURES							
Current:							
General government	127,120	-	-	-	1,000	-	128,120
Highways and streets	22,728	-	-	-	-	-	22,728
Public safety	101,734	81,127	-	-	-	44,716	227,577
Health & welfare	-	-	-	10,025	-	787	10,812
Culture and recreation	4,046	-	-	-	-	9,792	13,838
Capital outlay	80,387	14,240	-	-	231,036	31,248	356,911
Total expenditures	<u>336,015</u>	<u>95,367</u>	<u>-</u>	<u>10,025</u>	<u>232,036</u>	<u>86,543</u>	<u>759,986</u>
Excess (deficiency) revenues over expenditures	30,387	12,414	40,000	1,308	(232,036)	(19,637)	(167,564)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	(53,990)	-	-	-	(53,990)
	-	-	(53,990)	-	-	-	(53,990)
Net change in fund balances	<u>30,387</u>	<u>12,414</u>	<u>(13,990)</u>	<u>1,308</u>	<u>(232,036)</u>	<u>(19,637)</u>	<u>(221,554)</u>
Fund balance beginning of year	110,640	68,245	59,787	42,864	232,036	61,717	575,289
Fund balance end of year	<u>\$ 141,027</u>	<u>\$ 80,659</u>	<u>\$ 45,797</u>	<u>\$ 44,172</u>	<u>\$ -</u>	<u>\$ 42,080</u>	<u>\$ 353,735</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ (221,554)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation expense in the period.

Capital outlays	356,911	
Depreciation expense	<u>(172,038)</u>	

Excess of capital outlay over depreciation expense		<u>184,873</u>
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In the Statement of Activities, certain operating expenses are measured by the amount incurred during the year. In the fund financial statements however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increase) decrease in the liabilities for the year were:

Compensated absences payable		<u>(1,733)</u>
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Change in net assets of governmental activities		<u>\$ (38,414)</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF ELIDA
General Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 3,002	\$ 3,002	\$ 2,732	\$ (270)
Charges for services	3,250	3,250	352	(2,898)
Licenses and permits	625	625	550	(75)
Fines and forfeitures	135,000	135,000	128,105	(6,895)
Local sources	18,000	18,000	2,666	(15,334)
State sources	88,083	88,083	40,032	(48,051)
Federal sources	400,000	400,000	38,941	(361,059)
State shared taxes	77,060	131,060	134,472	3,412
Earnings from investments	-	-	19	19
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 725,020</u>	<u>\$ 779,020</u>	<u>\$ 347,869</u>	<u>\$ (431,151)</u>
EXPENDITURES				
Current:				
General government	\$ 124,785	\$ 144,785	\$ 127,120	\$ 17,665
Highways and streets	35,000	35,000	22,728	12,272
Public safety	99,000	103,000	101,734	1,266
Health and welfare	-	-	-	-
Culture and recreation	5,000	5,000	4,046	954
Capital outlay	453,083	453,083	80,387	372,696
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 716,868</u>	<u>\$ 740,868</u>	<u>\$ 336,015</u>	<u>\$ 404,853</u>
OTHER FINANCING SOURCES				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Fire Protection Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 3,350	\$ 3,350	\$ 3,454	\$ 104
State sources	73,584	73,584	104,327	30,743
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 76,934</u>	<u>\$ 76,934</u>	<u>\$ 107,781</u>	<u>\$ 30,847</u>
EXPENDITURES				
Public safety	\$ 136,934	\$ 136,934	\$ 99,152	\$ 37,782
Total expenditures	<u>\$ 136,934</u>	<u>\$ 136,934</u>	<u>\$ 99,152</u>	<u>\$ 37,782</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Environmental Gross Receipts Tax Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total revenues	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING USES				
Transfer out	\$ 99,787	\$ 99,787	\$ 53,990	\$ 45,797
Total other financing uses	<u>\$ 99,787</u>	<u>\$ 99,787</u>	<u>\$ 53,990</u>	<u>\$ 45,797</u>
BUDGETED CASH BALANCE	<u>\$ 59,787</u>	<u>\$ 59,787</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
EMS Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 4,000	\$ 4,000	\$ 781	\$ (3,219)
Local sources	3,350	3,350	3,350	-
State sources	7,194	7,194	7,185	(9)
Earnings from investments	-	-	17	17
	<u>14,544</u>	<u>14,544</u>	<u>11,333</u>	<u>(3,211)</u>
Total revenues	<u>\$ 14,544</u>	<u>\$ 14,544</u>	<u>\$ 11,333</u>	<u>\$ (3,211)</u>
EXPENDITURES				
Health and welfare	\$ 24,544	\$ 24,544	\$ 10,025	\$ 14,519
	<u>24,544</u>	<u>24,544</u>	<u>10,025</u>	<u>14,519</u>
Total expenditures	<u>\$ 24,544</u>	<u>\$ 24,544</u>	<u>\$ 10,025</u>	<u>\$ 14,519</u>
BUDGETED CASH BALANCE	<u>\$ 10,000</u>	<u>\$ 10,000</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Proprietary Funds
Statement of Net Assets
June 30, 2012

Statement 11

	Water Fund	Solid Waste Fund	Total
ASSETS			
Current Assets			
Cash on deposit	\$ 24,821	\$ 9,075	\$ 33,896
Accounts receivable (net)	8,310	1,800	10,110
Total Current Assets	33,131	10,875	44,006
Non-Current Assets			
Restricted Assets (Cash)			
Customer meter deposits	7,305	-	7,305
Total Non-Current Assets	7,305	-	7,305
Capital Assets			
Land	104,994	-	104,994
Land improvements	-	-	-
Equipment	55,065	-	55,065
Heavy equipment	-	22,500	22,500
Vehicles	57,586	-	57,586
Plant/infrastructure	1,886,103	-	1,886,103
Accumulated depreciation	(793,231)	(22,500)	(815,731)
Total Capital Assets	1,310,517	-	1,310,517
Total Assets	\$ 1,350,953	\$ 10,875	\$ 1,361,828
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Customer meter deposits payable from Restricted Assets	7,305	-	7,305
Total Current Liabilities	7,305	-	7,305
Long-Term Liabilities			
Compensated absences payable	1,716	-	1,716
Total Long-Term Liabilities	1,716	-	1,716
Total Liabilities	9,021	-	9,021
NET ASSETS			
Invested in Capital Assets	1,310,517	-	1,310,517
Unrestricted	31,415	10,875	42,290
Total Net Assets	1,341,932	10,875	1,352,807
Total Liabilities and Net Assets	\$ 1,350,953	\$ 10,875	\$ 1,361,828

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Sales and services	\$ 63,350	\$ 23,269	\$ 86,619
Local source	1,810	-	1,810
State sources	-	-	-
	<u>65,160</u>	<u>23,269</u>	<u>88,429</u>
OPERATING EXPENSES			
Personal services	13,263	3,292	16,555
Maintenance and operations	43,569	12,891	56,460
Depreciation	58,192	-	58,192
	<u>115,024</u>	<u>16,183</u>	<u>131,207</u>
Operating income (loss)	<u>(49,864)</u>	<u>7,086</u>	<u>(42,778)</u>
NON-OPERATING REVENUE (EXPENSE)			
Investment income	-	-	-
Investment expense	-	-	-
Transfers in	53,990	-	53,990
Transfers out	-	-	-
State grant	-	-	-
Federal grant	-	-	-
	<u>53,990</u>	<u>-</u>	<u>53,990</u>
Total Non-Operating Revenue (Expense)	<u>53,990</u>	<u>-</u>	<u>53,990</u>
Change in Net Assets	4,126	7,086	11,212
Total net assets, beginning of year	<u>1,337,806</u>	<u>3,789</u>	<u>1,341,595</u>
Total net assets, end of year	<u>\$ 1,341,932</u>	<u>\$ 10,875</u>	<u>\$ 1,352,807</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2012

Statement 13

	Water Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 66,253	\$ 23,193	\$ 89,446
Cash received from local sources	-	-	-
Cash received from state sources	-	-	-
Cash payments to employees and to suppliers for goods and services	(55,116)	(16,183)	(71,299)
Net cash provided by operating activities	<u>11,137</u>	<u>7,010</u>	<u>18,147</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Loan proceeds	-	-	-
Principal paid	-	-	-
Acquisition of capital assets	(53,990)	-	(53,990)
Investment expense	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(53,990)</u>	<u>-</u>	<u>(53,990)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from state sources	-	-	-
Cash received from federal sources	-	-	-
Operating transfers from other funds	53,990	-	53,990
Operating transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>53,990</u>	<u>-</u>	<u>53,990</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	11,137	7,010	18,147
Cash, beginning of year	<u>13,684</u>	<u>2,065</u>	<u>15,749</u>
Cash, end of year	<u>\$ 24,821</u>	<u>\$ 9,075</u>	<u>\$ 33,896</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (49,864)	\$ 7,086	\$ (42,778)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	58,192	-	58,192
Changes in assets and liabilities:			
(Increase) decrease in receivables	1,093	(76)	1,017
Increase (decrease) in accounts payable	-	-	-
Increase (decrease) in compensated absences	1,716	-	1,716
Net cash provided (used) by operating activities	<u>\$ 11,137</u>	<u>\$ 7,010</u>	<u>\$ 18,147</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u> -</u>
Total Assets	<u><u> -</u></u>
LIABILITIES	
Due to other agencies	\$ <u> -</u>
Total Liabilities	<u><u> -</u></u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Notes to Financial Statements
Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Elida is incorporated under Section 3 New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation and general administrative services.

The financial statements of the Town of Elida have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to 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. Based upon the application of these criteria, the Town had no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary

Notes to Financial Statements (continued)

activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which is normally 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 operation 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 and proprietary funds. 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 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 are recognized as revenues in the year for which they are billed. 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Notes to Financial Statements (continued)

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

The government 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.

The *Fire Protection Fund* (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

The *Environmental Gross Receipts Tax Fund* (Special Revenue Fund) is to account for the operation and maintenance of the Environmental issues within the Town. Financing is provided by a County subsidy. The fund was created by grant provisions.

The *EMS (Emergency Medical Services) Fund* (Special Revenue Fund) is to account for the operation and maintenance of the Town EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of State grant provisions. (NMSA 59A-53-1)

The *MAP Fund* (Capital Projects Fund) is to account for resources received from a State grant to design and reconstruct streets within the Town limits. Financing and authority are provided by NMSA 1978, Section 67-3-28, as amended, and Section 67-3-28.2 NMSA, as amended, and Commission Policy No. 44-92.

Notes to Financial Statements (continued)

Fiduciary Funds - Agency Funds

Agency Funds - To account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Town.

The Town also reports additional Government funds as non-major. They include:

Special Revenue Funds - these funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The Town reports the following Proprietary Fund types:

Enterprise Fund - Water Fund - To account for the provision of water services to the residents of Elida, New Mexico. All activities necessary to provide these services are accounted for in this fund.

Enterprise Fund - Solid Waste Fund - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific capital grants and contributions including special assessments.

Notes to Financial Statements (continued)

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Town Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Town Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Town Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.

Notes to Financial Statements (continued)

5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principals. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Town. The pledged securities remain in the name of the financial institution.

F. Inventories

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their

Notes to Financial Statements (continued)

estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	5 to 50
Building improvements	5 to 50
Public domain infrastructure	20
System infrastructure	10 to 50
Vehicles	5 to 15
Equipment	5 to 40
Heavy equipment	10

The Town does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

H. Compensated Absences

All full-time regular employees are entitled to paid vacation time. Part time regular employees are entitled to paid vacation time on a basis prorated to the full-time (40 hour) work week. No unused sick leave is paid upon leaving the Town.

Full-time regular employees accrue vacation time as follows: One or more years of service: 12 days per year (8 hours per month), Five or more years of service: 15 days per year (10 hours per month) and Ten or more years of service: 20 days per year (13.3 hours per month). Annual leave must be requested and approved in advance. The maximum accrual of vacation leave time is not to exceed 30 days (240 hours).

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the

Notes to Financial Statements (continued)

applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

J. Taxes

Motor Vehicle Registration Fees - Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies within the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 2978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Gasoline Tax - The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the Town adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the Town after deducting certain administrative costs.

State Gross Receipts Tax - Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

K. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as "deposits held in trust for others".

Notes to Financial Statements (continued)

L. Net Assets

The governmental activities and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitation on their use.

Unrestricted net assets - This category reflects net assets of the Town not restricted for any project or other purposes.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Town ordinances).

Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposed specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution)

Notes to Financial Statements (continued)

of the Town Council. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a Town official delegated that authority by the Town Council or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Notes to Financial Statements (continued)

N. 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.

O. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

2. DEPOSITORY COLLATERAL

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Town's Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

The following is the Cash on Deposit at each financial institution.

JP Stone Community Bank	General	Checking	\$ 420,185
JP Stone Community Bank	Corrections	Checking	15,426
JP Stone Community Bank	Fire and Rescue	Savings	13,782
JP Stone Community Bank	Cemetery Fund	Certificate of Deposit	13,000
JP Stone Community Bank	General Fund	Certificate of Deposit	10,000
NMFA			<u>32</u>
			<u>\$ 472,425</u>
New Mexico State Treasurer	Investment Pool		<u>\$ 6,435</u>
	Total amount on deposit		\$ 478,860
	Deposit in transit		4,647
	Petty cash		72
	Outstanding checks		<u>(112,177)</u>
	Total per financial statements		<u>\$ 371,402</u>

Notes to Financial Statements (continued)

The following schedule details the public money held by JP Stone Community Bank and the pledged collateral provided for the Town follows:

	<u>JP Stone Community Bank</u>
Cash on deposit at June 30	\$ 472,425
Less FDIC	<u>(273,000)</u>
Uninsured funds	199,425
Funds needing collateralization at 50% (required by State Law)	99,713
Pledged collateral at June 30	<u>138,264</u>
Excess of Pledged Collateral	<u>\$ 38,551</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, \$0 of the Town's bank balance \$472,425 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 61,162
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Town's name	<u>138,263</u>
Total	<u>\$ 199,425</u>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the cooperative for at least one half of the amount on deposit with the institution. 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.

<u>Independent Bankers Bank</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
Carlsbad NM SCH DIST BQ NONC CUSIP# 142735DE6	8-1-14	<u>\$ 138,264</u>

The amount held at the New Mexico Finance Authority totaling \$32 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to the New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

Notes to Financial Statements (continued)

The accounts of the State Treasurers Investment Pool are monitored by the State Treasurers Office and the State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk.

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10, 1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. Participation in the local government investment pool is voluntary.

The credit rating of the investment pool at the New Mexico State Treasurer is as follows:

New MexiGrow LGIP AAAM rated	<u>\$ 6,435</u>	60-day WAM
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3. ACCOUNTS RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 10,110
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	-	10,110
Property taxes	14	-
Gross receipts taxes receivable	6,864	-
Intergovernmental	<u>2,979</u>	<u>-</u>
Total	<u>\$ 9,857</u>	<u>\$ 10,110</u>

Notes to Financial Statements (continued)

4. CAPITAL ASSETS

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 13,707	\$ -	\$ -	\$ 13,707
Total capital assets not being depreciated	<u>13,707</u>	<u>-</u>	<u>-</u>	<u>13,707</u>
Building and improvements	382,999	50,987	-	433,986
Infrastructure	1,615,123	260,436	-	1,875,559
Vehicles	246,710	45,488	-	292,198
Equipment	<u>1,060,270</u>	<u>-</u>	<u>-</u>	<u>1,060,270</u>
Total capital assets being depreciated	<u>3,305,102</u>	<u>356,911</u>	<u>-</u>	<u>3,662,013</u>
Less accumulated depreciation for:				
Building and improvements	(190,565)	(16,256)	-	(206,821)
Infrastructure	(502,190)	(85,724)	-	(587,914)
Vehicles	(88,799)	(24,824)	-	(113,623)
Equipment	<u>(777,491)</u>	<u>(45,234)</u>	<u>-</u>	<u>(822,725)</u>
Total accumulated depreciation	<u>(1,559,045)</u>	<u>(172,038)</u>	<u>-</u>	<u>(1,731,083)</u>
Total capital assets being depreciated	<u>1,746,057</u>	<u>184,873</u>	<u>-</u>	<u>1,930,930</u>
Net capital assets	<u>\$ 1,759,764</u>	<u>\$ 184,873</u>	<u>\$ -</u>	<u>\$ 1,944,637</u>

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 104,994	\$ -	\$ -	\$ 104,994
Total capital assets not being depreciated	<u>104,994</u>	<u>-</u>	<u>-</u>	<u>104,994</u>
Infrastructure	1,837,913	48,190	-	1,886,103
Heavy equipment	22,500	-	-	22,500
Vehicles	35,086	-	-	35,086
Equipment	<u>49,265</u>	<u>5,800</u>	<u>-</u>	<u>55,065</u>
Total capital assets being depreciated	<u>1,944,764</u>	<u>53,990</u>	<u>-</u>	<u>1,998,754</u>
Less accumulated depreciation for:				
Infrastructure	(662,163)	(52,261)	-	(714,424)
Heavy equipment	(22,500)	-	-	(22,500)
Vehicles	(30,597)	(3,509)	-	(34,106)
Equipment	<u>(19,779)</u>	<u>(2,422)</u>	<u>-</u>	<u>(22,201)</u>
Total accumulated depreciation	<u>(735,039)</u>	<u>(58,192)</u>	<u>-</u>	<u>(793,231)</u>
Total capital assets being depreciated	<u>1,209,725</u>	<u>(4,202)</u>	<u>-</u>	<u>1,205,523</u>
Net capital assets	<u>\$ 1,314,719</u>	<u>\$ (4,202)</u>	<u>\$ -</u>	<u>\$ 1,310,517</u>

Notes to Financial Statements (continued)

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

During the year ended June 30, the following changes occurred in the liabilities reported in the Governmental Funds:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ <u>6,883</u>	\$ <u>1,733</u>	\$ <u>-</u>	\$ <u>8,616</u>	\$ <u>-</u>

The liability will be liquidated by the General Fund.

Enterprise Fund

During the year ended June 30, the following changes occurred in certain long-term liabilities reported in the Enterprise Fund:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ <u>-</u>	\$ <u>1,716</u>	\$ <u>-</u>	\$ <u>1,716</u>	\$ <u>-</u>

This liability will be paid out of the Water Fund.

6. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

Deposits in the Water Utility Enterprise Fund consist of the following:

Hydrant Meter deposits \$ 7,305

Water meter deposits are charged to new customers and consist of the following:

Residential properties	\$ 50
Commercial properties	\$ 50

7. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the Town by the County Treasurer, and are remitted to the Town in the month following collection. Because the Treasurer for the county in which the Town is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Town.

Notes to Financial Statements (continued)

The Town is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Town is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Town.

The Town accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Town has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Towns financial records.

8. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Environmental Gross Receipts Tax Fund</u>	<u>EMS Fund</u>
Accrual basis	\$ 366,402	\$ 107,781	\$ 40,000	\$ 11,333
Budget basis	<u>347,869</u>	<u>107,781</u>	<u>40,000</u>	<u>11,333</u>
Increase (decrease) in receivables/due from grantor	<u>\$ 18,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures</u>				
Accrual basis	\$ 336,015	\$ 95,367	\$ -	\$ 10,025
Budget basis	336,015	99,152	-	10,025
Depreciation	-	-	-	-
Capital outlay	-	-	-	-
(Increase) decrease in compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in payables	<u>\$ -</u>	<u>\$ (3,785)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Revenues</u>		<u>MAP Fund</u>	<u>Non-Major Special Revenue Fund</u>	<u>Proprietary Fund</u>
Accrual basis		\$ -	\$ 66,906	\$ 88,429
Budget basis		<u>-</u>	<u>66,906</u>	<u>89,446</u>
Increase (decrease) in receivables/due from grantor		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,017)</u>
<u>Expenditures</u>				
Accrual basis		\$ 232,036	\$ 86,543	\$ 131,207
Budget basis		232,036	86,543	125,289
Depreciation		-	-	(58,192)
Capital outlay		-	-	53,990
(Increase) decrease in compensated absences		<u>-</u>	<u>-</u>	<u>(1,716)</u>
Increase (decrease) in payables		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

9. RETIREMENT PLAN

Plan Description. Substantially all of Town of Elida's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Board (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 7% and 16.3% of their gross salary. The Town of Elida is required to contribute 7% and 18.5% of the gross covered salary. The contribution requirements of plan members and the Town of Elida are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Town of Elida contributions to PERA for the year ending June 30, 2012, 2011 and 2010 were \$14,282, \$26,287 and \$15,728 respectively equal to the amount of the required contributions for the year.

10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description. Town of Elida contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provided health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employers effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

Notes to Financial Statements (continued)

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. The report and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses for the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and employees. During the fiscal year ending June 30, 2012 the statute requires each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal years ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

1. For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 13	2.000%	1.000%

2. For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978], during the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 2.292% of each participating employee's annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for both employees and employers will rise as follows:

Notes to Financial Statements (continued)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Town of Elida's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$2,561, \$3,268 and \$3,190, respectively, which equal the required contributions for each year.

11. TRANSFERS

The composition of interfund transfers for the year are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>
	<u>Proprietary Fund</u>
Environmental Gross Receipts Tax Fund	\$ 53,990
Total Transfers In/Out	<u>\$ 53,990</u>
<u>Balance of Transfers</u>	
Transfer to Proprietary Fund	\$ 53,990 From Environmental Gross Receipts Tax Fund

In the year ended June 30, the Town made the following one-time transfers:

- 1) The Environmental Gross Receipts Tax Fund transferred monies to the Proprietary Fund to cover one-time expenditures.

Notes to Financial Statements (continued)

12. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Environmental Gross Receipts Tax Fund</u>	<u>EMS Fund</u>
<u>Nonspendable:</u>				
Interfund loans	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-
Total nonspendable	-	-	-	-
<u>Restricted for:</u>				
Road improvements	-	-	-	-
Fire protection	-	80,659	-	-
Culture and recreational services	-	-	-	-
Emergency Medical Services	-	-	-	44,172
Environmental improvements	-	-	45,797	-
Law Enforcement	-	-	-	-
Cemetery improvements	-	-	-	-
Total restricted	-	80,659	45,797	44,172
<u>Committed to:</u>				
Other purposes	-	-	-	-
Total committed	-	-	-	-
<u>Unassigned:</u>	141,027	-	-	-
Total Fund Balances	<u>\$ 141,027</u>	<u>\$ 80,659</u>	<u>\$ 45,797</u>	<u>\$ 44,172</u>

<u>Fund Balances</u>	<u>MAP Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Totals</u>
<u>Nonspendable:</u>			
Interfund loans	\$ -	\$ -	\$ -
Inventory	-	-	-
Total nonspendable	-	-	-
<u>Restricted for:</u>			
Road improvements	-	-	-
Fire protection	-	-	80,659
Culture and recreational services	-	3,754	3,754
Emergency Medical Services	-	-	44,172
Environmental improvements	-	-	45,797
Law Enforcement	-	22,954	22,954
Cemetery improvements	-	15,372	15,372
Total restricted	-	42,080	212,708
<u>Committed to:</u>			
Other purposes	-	-	-
Total committed	-	-	-
<u>Unassigned:</u>	-	-	141,027
Total Fund Balances	<u>\$ -</u>	<u>\$ 42,080</u>	<u>\$ 353,735</u>

Notes to Financial Statements (continued)

13. BUDGET VIOLATIONS

The Special Revenue Seniors Fund had a budget overrun of \$43 and the Corrections Fund had budget overrun of \$64.

OTHER MAJOR FUNDS BUDGETS

STATE OF NEW MEXICO
TOWN OF ELIDA
MAP Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
General government	\$ -	\$ -	\$ 1,000	\$ (1,000)
Capital outlay	<u>232,036</u>	<u>232,036</u>	<u>231,036</u>	<u>1,000</u>
Total expenditures	<u>\$ 232,036</u>	<u>\$ 232,036</u>	<u>\$ 232,036</u>	<u>\$ 1,000</u>
BUDGETED CASH BALANCE	<u>\$ 232,036</u>	<u>\$ 232,036</u>		

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

NON-MAJOR FUNDS

**NON-MAJOR
SPECIAL REVENUE FUNDS**

RECREATION FUND - To account for the operation and maintenance of recreation facilities in the Town. Financing is provided by a specific annual cigarette tax levy. Authority: NMSA 7-12-1 and 7-12-15.

(DEPARTMENT OF JUSTICE) DOT ASSET FORFEITURE FUND - To account for revenues acquired from cash seized or proceeds from the sale of confiscated items during drug or other criminal investigations/arrests. These funds are used to supplement law enforcement operations.

LIBRARY FUND - To account for the operations and maintenance of the Town Library. Financing is provided by a County subsidy, various grants and donations. The donations provide for payment of all current operating costs and may be used only for that purpose.

CORRECTION FEES FUND - To account for fines collected by the Town Courts and designated to be used to pay for the contract with Roosevelt County for the use of their jail. Authority is Section 35-14-11 NMSA

LAW ENFORCEMENT PROTECTION FUND (LEPF) - To account for funds allotted by the Law Enforcement Protection Fund, Section 29-13-5, NMSA 1978, to "enhance the efficiency and effectiveness of law enforcement service".

SENIORS FUND - To account for grant funds received/used for the benefit of the Town's Senior Citizens. The authority for the allocation and set-up of the fund is 9-2-5 through 9-2-19, NMSA 1978.

CEMETERY FUND - To account for the operations and maintenance of the cemetery. Financing is provided by the sale of burial permits. Authority is NMSA 3-45-1.

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2012

Statement A-1

	Recreation Fund	DOT Asset Forfeiture Fund	Library Fund	Corrections Fund	Law Enforcement Protection Fund	Seniors Fund	Cemetery Fund	Total Governmental Funds
ASSETS								
Cash on deposit	\$ 77	\$ 1,092	\$ 2,876	\$ 21,862	\$ -	\$ 801	\$ 15,372	\$ 42,080
Total assets	<u>\$ 77</u>	<u>\$ 1,092</u>	<u>\$ 2,876</u>	<u>\$ 21,862</u>	<u>\$ -</u>	<u>\$ 801</u>	<u>\$ 15,372</u>	<u>\$ 42,080</u>
FUND BALANCE								
Restricted	\$ 77	\$ 1,092	\$ 2,876	\$ 21,862	\$ -	\$ 801	\$ 15,372	\$ 42,080
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	<u>\$ 77</u>	<u>\$ 1,092</u>	<u>\$ 2,876</u>	<u>\$ 21,862</u>	<u>\$ -</u>	<u>\$ 801</u>	<u>\$ 15,372</u>	<u>\$ 42,080</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

Statement A-2

	Recreation Fund	DOT Asset Forfeiture Fund	Library Fund	Corrections Fund	Law Enforcement Protection Fund	Seniors Fund	Cemetery Fund	Total Governmental Funds
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	35,520	-	-	-	35,520
Local sources	20	-	500	-	-	844	250	1,614
State sources	-	-	-	-	21,200	6,809	-	28,009
Federal sources	-	-	-	-	-	1,700	-	1,700
Earnings from investments	-	-	-	35	-	-	28	63
Total revenues	20	-	500	35,555	21,200	9,353	278	66,906
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	40,064	4,652	-	-	44,716
Health and welfare	-	-	-	-	-	-	787	787
Culture and recreation	800	-	440	-	-	8,552	-	9,792
Capital outlay	-	-	-	-	31,248	-	-	31,248
Total expenditures	800	-	440	40,064	35,900	8,552	787	86,543
Net change in fund balances	(780)	-	60	(4,509)	(14,700)	801	(509)	(19,637)
Fund balance beginning of year	857	1,092	2,816	26,371	14,700	-	15,881	61,717
Fund balance end of year	<u>\$ 77</u>	<u>\$ 1,092</u>	<u>\$ 2,876</u>	<u>\$ 21,862</u>	<u>\$ -</u>	<u>\$ 801</u>	<u>\$ 15,372</u>	<u>\$ 42,080</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Special Revenue Fund - Recreation Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 100	\$ 100	\$ 20	\$ (80)
State shared taxes	-	-	-	-
Total revenues	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 20</u>	<u>\$ (80)</u>
EXPENDITURES				
Culture and recreation	\$ 800	\$ 800	\$ 800	\$ -
Total expenditures	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 856</u>	<u>\$ 856</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Special Revenue Fund - DOT Asset Forfeiture Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 1,092	\$ 1,092	\$ -	\$ 1,092
Total expenditures	<u>\$ 1,092</u>	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>
BUDGETED CASH BALANCE	<u>\$ 1,092</u>	<u>\$ 1,092</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Special Revenue Fund - Library Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 500	\$ 2,100	\$ 500	\$ (1,600)
Total revenues	<u>\$ 500</u>	<u>\$ 2,100</u>	<u>\$ 500</u>	<u>\$ (1,600)</u>
EXPENDITURES				
Culture and recreation	\$ 2,092	\$ 2,092	\$ 440	\$ 1,652
Total expenditures	<u>\$ 2,092</u>	<u>\$ 2,092</u>	<u>\$ 440</u>	<u>\$ 1,652</u>
BUDGETED CASH BALANCE	<u>\$ 2,816</u>	<u>\$ 2,816</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Special Revenue Fund - Corrections Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 31,000	\$ 31,000	\$ 35,520	\$ 4,520
Earnings from investments	130	130	35	(95)
Total revenues	<u>\$ 31,130</u>	<u>\$ 31,130</u>	<u>\$ 35,555</u>	<u>\$ 4,425</u>
EXPENDITURES				
Public safety	\$ 40,000	\$ 40,000	\$ 40,064	\$ (64)
Total expenditures	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,064</u>	<u>\$ (64)</u>
BUDGETED CASH BALANCE	<u>\$ 8,870</u>	<u>\$ 8,870</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Special Revenue Fund - Law Enforcement Protection Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 21,200	\$ 21,200	\$ 21,200	\$ -
Total revenues	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 35,900	\$ 35,900	\$ 35,900	\$ -
Total expenditures	<u>\$ 35,900</u>	<u>\$ 35,900</u>	<u>\$ 35,900</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 14,700</u>	<u>\$ 14,700</u>		

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Special Revenue Fund - Seniors Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ 844	\$ 844	\$ -
State sources	6,809	6,809	6,809	-
Federal sources	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>	<u>-</u>
Total revenues	<u>\$ 8,509</u>	<u>\$ 9,353</u>	<u>\$ 9,353</u>	<u>\$ -</u>
EXPENDITURES				
Culture and recreation	<u>\$ 8,509</u>	<u>\$ 8,509</u>	<u>\$ 8,552</u>	<u>\$ (43)</u>
Total expenditures	<u>\$ 8,509</u>	<u>\$ 8,509</u>	<u>\$ 8,552</u>	<u>\$ (43)</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Non-Major Special Revenue Fund - Cemetery Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 160	\$ 160	\$ -	\$ (160)
Local sources	750	750	250	(500)
Earnings from investments	50	50	28	(22)
Total revenues	<u>\$ 960</u>	<u>\$ 960</u>	<u>\$ 278</u>	<u>\$ (682)</u>
EXPENDITURES				
Health and welfare	\$ 2,500	\$ 2,500	\$ 787	\$ 1,713
Total expenditures	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 787</u>	<u>\$ 1,713</u>
BUDGETED CASH BALANCE	<u>\$ 15,882</u>	<u>\$ 15,882</u>		

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

PROPRIETARY FUND DETAIL

PROPRIETARY FUNDS BUDGETS

WATER FUND - To account for the provision of water services to the residents of Elida, New Mexico. All activities necessary to provide these services are accounted for in this fund.

SOLID WASTE FUND - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO
TOWN OF ELIDA
Proprietary Funds
Water/Sewer Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 60,900	\$ 60,900	\$ 64,443	\$ 3,543
Local sources	1,250	1,250	1,810	560
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u><u>\$ 62,150</u></u>	<u><u>\$ 62,150</u></u>	<u><u>\$ 66,253</u></u>	<u><u>\$ 4,103</u></u>
EXPENDITURES				
Personal services	\$ 12,000	\$ 12,000	\$ 11,547	\$ 453
Maintenance and operations	59,947	59,947	43,569	16,378
Capital outlay	53,990	53,990	53,990	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u><u>\$ 125,937</u></u>	<u><u>\$ 125,937</u></u>	<u><u>\$ 109,106</u></u>	<u><u>\$ 16,831</u></u>
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ 69,787	\$ 69,787	\$ 53,990	\$ (15,797)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financings sources (uses)	<u><u>\$ 69,787</u></u>	<u><u>\$ 69,787</u></u>	<u><u>\$ 53,990</u></u>	<u><u>\$ (15,797)</u></u>
BUDGETED CASH BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		
REVENUES				
Budgetary basis			\$ 66,253	
(Decrease) in receivables			<u>(1,093)</u>	
Modified accrual basis			<u><u>\$ 65,160</u></u>	
EXPENDITURES				
Budgetary basis			\$ 109,106	
Capital outlay			(53,990)	
Depreciation			58,192	
Increase in compensated absences			1,716	
(Decrease) in accounts payable			<u>-</u>	
Modified accrual basis			<u><u>\$ 115,024</u></u>	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Proprietary Funds
Solid Waste Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 21,784	\$ 21,784	\$ 23,193	\$ 1,409
State grant	-	-	-	-
State shared taxes	-	-	-	-
Interest income	-	-	-	-
Total revenues	\$ 21,784	\$ 21,784	\$ 23,193	\$ 1,409
EXPENDITURES				
Personal services	\$ 4,000	\$ 4,000	\$ 3,292	\$ 708
Maintenance and operations	17,500	17,500	12,891	4,609
Capital outlay	-	-	-	-
Total expenditures	\$ 21,500	\$ 21,500	\$ 16,183	\$ 5,317
BUDGETED CASH BALANCE	\$ -	\$ -		
REVENUES				
Budgetary basis			\$ 23,193	
Increase in receivables			76	
Modified accrual basis			\$ 23,269	
EXPENDITURES				
Budgetary basis			\$ 16,183	
Depreciation			-	
Capital outlay			-	
(Decrease) in payables			-	
Increase in compensated absences			-	
Modified accrual basis			\$ 16,183	

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
TOWN OF ELIDA
Schedule of Changes in Assets
and Liabilities - Agency Funds
Year Ended June 30, 2012

	Balances June 30, 2011	Additions	Deletions	Balances June 30, 2012
ASSETS				
Cash of deposit	\$ -	\$ 15,980	\$ 15,980	\$ -
Total assets	<u>\$ -</u>	<u>\$ 15,980</u>	<u>\$ 15,980</u>	<u>\$ -</u>
LIABILITIES				
Due to other agencies	\$ -	\$ 15,980	\$ 15,980	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 15,980</u>	<u>\$ 15,980</u>	<u>\$ -</u>

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

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

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

Mr. Hector H. Balderas
New Mexico State Auditor
and
Honorable Mayor and Town Council
Town of Elida
Elida, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Fire Protection, Environmental Gross Receipts Tax and EMS Funds of the Town of Elida, as of and for the year ended June 30, 2012, and have issued our report thereon dated March 19, 2013. We also have audited the financial statements of each of the Town's non-major governmental and fiduciary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012. 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.

Internal Control Over Financial Reporting

Management of the Town of Elida is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Elida's internal control over financial reporting as a basis for designing our auditing procedures 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 Town of Elida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies

or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Status of Comments and Responses as Amounts Collected on Behalf of the State (12-04), Capital Asset Listing/Depreciation Schedule (12-06), Meter Deposit Bank Account (12-08), Bad Meters Not Repaired (12-11), Water Conservation Fee (12-19), Free Water to Employees (12-20), Required Support for Disbursement (12-21) and Travel Voucher (12-22) that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Elida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying Status of Comments and Responses as Late Audit Report (12-01), Budget Overruns (12-02), Bank/Savings Accounts Not on Books of Record (12-03), Capital Asset Listing/Depreciation Schedule (12-06), Depreciation Policy (12-07), Old Meter Deposits (12-10), Backhoe Charge Policy (12-12), Solid Waste Ordinance (12-13), Receipt Books (12-14), Arsenic Violation (12-15), Approval for Cell Phones (12-17), Use of Fuel Credit Cards (12-18), Water Conservation Fee (12-19), Free Water to Employees (12-20), Required Support for Disbursement (12-21), Travel Voucher (12-22) and Travel Policy (12-23).

We noted certain matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying Status of Comments and Responses as Separate Bank Account for on Behalf Collections (12-05), Water Meter Deposits (12-09) and Corrections Contract (12-16).

The Town of Elida's responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Town of Elida's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Office of the State Auditor, the New Mexico State Legislature, applicable federal grantors and the New Mexico Department of Finance and Administration and is not intended to be used by anyone other than these specified parties.

Red & Associates, LLP

March 19, 2013

STATUS OF COMMENTS AND RESPONSES

Prior Year Audit Findings

1. Gift Card Purchases (11-01) - Resolved.

Current Year Audit Findings

1. Late Audit Report (12-01)
2. Budget Overruns (12-02)
3. Bank/Savings Accounts Not on Books of Record (12-03)
4. Amounts Collected on Behalf of the State (12-04)
5. Separate Bank Account for On Behalf Collections (12-05)
6. Capital Asset Listing/Depreciation Schedule (12-06)
7. Depreciation Policy (12-07)
8. Meter Deposit Bank Account (12-08)
9. Water Meter Deposits (12-09)
10. Old Meter Deposits (12-10)
11. Bad Meters Not Repaired (12-11)
12. Backhoe Charge Policy (12-12)
13. Solid Waster Ordinance (12-13)
14. Receipt Books (12-14)
15. Arsenic Violation (12-15)
16. Corrections Contract (12-16)
17. Approval for Cell Phones (12-17)
18. Use of Fuel Credit Cards (12-18)
19. Water Conservation Fee (12-19)
20. Free Water to Employees (12-20)
21. Required Support for Disbursement (12-21)
22. Travel Voucher (12-22)
23. Travel Policy (12-23)

Late Audit Report - Other Mater
(12-01)

CONDITION The June 30, 2012 audit report was not submitted to the State Auditors Office by the required deadline of December 1, 2012.

CRITERIA According to NMAC 2.2.2 Requirements for Contracting and Conducting Audits of Agencies; all Town audits are due to the State Auditors Office by December 1, 2012.

CAUSE The Town had a three year contract with a previously selected auditor. This auditing firm however was not approved to perform the Town audit because they were limited in the number of audits they could perform. The Town then had to go out for bid again to obtain another auditing firm. The new contract with the new firm was not approved by the State Auditors Office until after November 15, 2012. This did not provide enough time to perform and deliver the audit by the State Auditor deadline.

EFFECT NMAC 2.2.2 Requirements for Contracting and Conducting Audits of Agencies regulation was not followed.

RECOMMENDATION Now that the Town has completed and submitted the 2012 audit, there should be no reason for the 2013 audit report to be late.

RESPONSE We have remained in contact with the State Auditor concerning the Town's late audit status. The State Auditor is also aware of the issue with our previous auditor. This is the Town's first time being late, but not to our fault.

Budget Overruns - Other Matter
(12-02)

CONDITION The Town overspent the final approved budget of the Seniors Fund by \$43 and the Corrections Fund by \$64.

CRITERIA NMSA 1978 Section 22-8-11 B requires all funds to be spent within the established guidelines set for budgets.

CAUSE Management did not budget the additional revenue resources received (\$42) in capital credits for the Seniors Fund. The Corrections Fund had an unexpected expenditure of \$64 that was not budgeted for before the fiscal year end.

EFFECT The Town had the adequate cash to pay the \$42 but not the required budget authority from DFA.

RECOMMENDATION Management should review its budget quarterly and request all budget adjustments at that time to ensure budget overruns do not occur.

RESPONSE Management has taken steps to check the budget on a quarterly basis to ensure that budget overruns do not occur.

Bank/Savings Accounts Not On Books of Record - Other Matter
(12-03)

CONDITION	The Town has two certificates of deposit and four savings accounts that are not included in the Town's books of record.
CRITERIA	The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are managements 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 managements assertions embodied in the financial statements.
CAUSE	Management has not had the time to enter these amounts on the books of record.
EFFECT	Financial statements are understated by these cash balances.
RECOMMENDATION	These amounts should be included on the books of record as soon as possible.
RESPONSE	Management has taken the required steps to enter these records into the Town's books as per required by SAS AU paragraph 110.03.

Amounts Collected on Behalf of the State -
Significant Deficiency
(12-04)

CONDITION	The Town is including Court Automation Fees and Judicial Education Fees as revenues and expenditures in their general fund. These are collections made on behalf of the State and should be kept separate in an Agency Fund in the books of record and the DFA report.
CRITERIA	All amounts collected on behalf of another entity should be collected, disbursed and reported in an Agency Fund.
CAUSE	Management was not aware of this requirement.
EFFECT	These amounts are incorrectly included as revenue and expenditures for budget purposes for the General Fund. Also, any cash left in the bank at June 30, could be mistakenly budgeted for the General Fund.
RECOMMENDATION	Management should separate these receipts and disbursements in an Agency Fund as soon as possible, not only on the DFA report but on the books of record.
RESPONSE	Management has set up a fund to show the correct balances in revenues and expenditures. Management has also corrected these balances to reflect their correct balances on the third quarter DFA reports for fiscal year ending June 30, 2013.

Separate Bank Account for On Behalf Collections - Other Matter
(12-05)

CONDITION The Town is including monies received on behalf of the State in their regular bank account.

CRITERIA Proper accounting controls in accordance with generally accepted accounting principles requires that management establish and implement effective internal controls in an effort to minimize the risk of error, theft or fraud. This would include setting up a separate bank account to ensure all monies collected be kept separate.

CAUSE Management was not aware of the potential problems with accounting errors by keeping these amounts commingled with their regular funds.

EFFECT Error, theft or fraud could occur if these monies are not kept separate.

RECOMMENDATION The Town should use the bank account currently used to receipt these monies to also distribute these monies to the various agencies.

RESPONSE Management writes a receipt on every deposit that it receives from the State. The receipt is attached with a copy of the check and any back-up paperwork received from the State. This documentation helps to make sure there is no error when recorded.

Capital Asset Listing/Depreciation Schedule -
Significant Deficiency
(12-06)

CONDITION	The Town could not provide a complete Capital Asset Listing and Depreciation Schedule for the fiscal year ending June 30, 2012.
CRITERIA	A depreciation schedule should be maintained. The depreciation schedule should be separated by each major class of asset to comply with GASB 34.177a. Also, a depreciation schedule is required to comply with 2.20.1.12 NMAC.
CAUSE	Management of the Town are relying on the auditors to prepare this schedule.
EFFECT	Management is not complying with Generally Accepted Accounting Principles.
RECOMMENDATION	Management should update and complete their capital asset list including depreciation based on the policy approved by the Board.
RESPONSE	Management is gathering the necessary information together to present to the Town of Elida's Trustee Board information on current asset listing and prepare a depreciation schedule. This will be presented at the April 24, 2013 meeting so that a policy is established.

Depreciation Policy - Other Matter
(12-07)

CONDITION	The Town has not approved a depreciation policy so depreciation can be charged to capital assets according to Board approval.
CRITERIA	The Town needs a depreciation policy so capital assets can be depreciated according to Board policy. This is due to the implementation of GASB 34.
CAUSE	The Town has not approved a policy for management to follow.
EFFECT	Depreciation may be charged incorrectly because no set policy is in place.
RECOMMENDATION	The Town should approve a policy as soon as possible. Management should then implement that policy as soon as possible.
RESPONSE	Management has requested advice of a CPA on suggestions for a depreciation schedule to be presented to the Board of Trustees in order for them to have a policy at hand to approve at the next Board Meeting.

Meter Deposit Bank Account - Significant Deficiency
(12-08)

CONDITION	The Town is including meter deposit receipts in the General Fund cash balance which is owed to Town residents. This balance is being budgeted for in the yearly budget by DFA.
CRITERIA	All meter deposits are owed to the residents that paid that deposit. These amounts should be kept separate to ensure the funds are available to be paid and not budgeted for.
CAUSE	Management was not aware of this requirement.
EFFECT	The General Fund budget will be short by the \$7,305 due to meter holders.
RECOMMENDATION	Management should move these monies into a separate account to ensure the funds are available for payment and not budgeted for .
RESPONSE	Management is presenting this information at the April 24, 2013 Board Meeting. The Board, at that time, will come up with an action plan and policy on this money so the correct numbers are presented in Meter Deposit Reports.

Water Meter Deposits - Other Matter
(12-09)

CONDITION	The Town is not reconciling their monthly water meter deposit each month.
CRITERIA	The monthly meter deposit list should be reconciled each month. This complies with good accounting practices.
CAUSE	Management is aware of this situation but has not completed an accurate meter deposit.
EFFECT	Errors or omissions could occur since an accurate list is not being prepared monthly.
RECOMMENDATION	Management should designate an employee to perform this duty each month, identify differences and resolve those differences.
RESPONSE	Management has designated an employee to reconcile the monthly water meter deposits. This reconciliation includes new water meter deposits, and water meter deposits refunded because the customer has left the water service area.

Old Meter Deposits - Other Matter
(12-10)

CONDITION	The Town has failed to create a policy providing guidance on when meter deposits could be returned after a designated time period.
CRITERIA	The Town may determine that meter deposits could be returned after a certain time period, instead of keeping them indefinitely.
CAUSE	Management was unaware they could prepare such a policy.
EFFECT	Staff time is wasted on keeping track of \$5 meter deposits that are over 10 years old.
RECOMMENDATION	The Town should review their options of returning old, small meter deposits.
RESPONSE	At the next Board Meeting management has asked this subject to be put on the agenda so that the Board of Trustees can review options and take action on these old meter deposits.

Bad Meters Not Repaired - Significant Deficiency
(12-11)

CONDITION	The Town has three separate residences that have bad meters that have not been repaired in over a year.
CRITERIA	The Anti-Donation Law prohibits the use of providing services for the benefit of others without payment.
CAUSE	Management has not repaired these meters.
EFFECT	The Anti-Donation Clause is being violated because the Town will not repair these meters. In effect giving away Town resources.
RECOMMENDATION	The Board should have these meters fixed immediately.
RESPONSE	Management has asked that this item be put on the next Board Meetings agenda. Management is suggesting/recommending that the meters be fixed within the next thirty days. The Board of Trustees will make the final approval and take formal action in that meeting.

Backhoe Charge Policy - Other Matter
(12-12)

CONDITION The Board has not approved a policy concerning the rental of the Town backhoe. Management does not have a contract available for the renter to sign agreeing to all terms and conditions set by the Town Policy.

CRITERIA All amounts charged by the Town are to be approved and set in Policy by the Board. This includes all agreements needing to be signed by the renters.

CAUSE The Board has not ensured a policy be approved.

EFFECT Management could be charging an incorrect rate. Agreements could be contested later by the renters.

RECOMMENDATION The Board should approve a policy at the next Board meeting. An agreement should be prepared for all renters to sign.

RESPONSE Management will review a policy at the next Board Meeting. The Board will update the policy once the Board of Trustee's have approved a rate and contract for all renters to sign.

Solid Waste Ordinance - Other Matter
(12-13)

CONDITION	The Board has not approved an Ordinance for the Solid Waste Charges charged each month for Solid Waste removal.
CRITERIA	An Ordinance must be passed by the Board to ensure the correct amount is charged for the services provided and can be enforced legally.
CAUSE	Management was unaware of this oversight.
EFFECT	These charges cannot be enforced legally.
RECOMMENDATION	The Board should approve a Solid Waste Ordinance as soon as possible.
RESPONSE	Management has drawn up a Solid Waste Ordinance to present at the next Board Meeting for approval.

Receipt Books - Other Matter
(12-14)

CONDITION	The Town is not using receipt books to collect all revenues received.
CRITERIA	The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with managements assertions embodied in the financial statements.
CAUSE	Management was unaware of this procedure.
EFFECT	Management is not ensuring proper internal control procedures are being used.
RECOMMENDATION	Management should start using receipt books as soon as possible.
RESPONSE	Receipt books are now being used for all checks and cash received into the office.

Arsenic Violation - Other Matter
(12-15)

CONDITION	The Town received a notice of violation concerning the arsenic level in the Water System dated March 29, 2012.
CRITERIA	The New Mexico Drinking Water Regulations, 20.7.10.100 New Mexico Administrative Code (NMAC) requires the Maximum Contaminant Level (MCL) for arsenic be 0.010 mg/L.
CAUSE	Management was not ensuring the arsenic levels were under the required MCL.
EFFECT	The Town of Elida was required to reduce the level immediately.
RECOMMENDATION	The Town of Elida is currently working with the New Mexico Environment Department to ensure the levels decrease to an acceptable level.
RESPONSE	The Town's latest water sample came back with a lower reading. This level is now below the acceptable level.

Corrections Contract - Other Matter
(12-16)

CONDITION	The Board approved a corrections contract in the amount of \$40,000 with Curry County to provide Adult and Juvenile Detention Facilities to the Town. The Town however had only \$35,000 in revenues for the year.
CRITERIA	Management should review all contracts and ensure that there are enough resources received to cover all payments/agreements made for that year.
CAUSE	Management did not ensure resources were available to cover all payments made.
EFFECT	If the Corrections Fund did not have a cash balance from the prior year then the Fund would have been run into a deficit.
RECOMMENDATION	The Town should ensure resources are available to cover all payments/agreements entered into each year.
RESPONSE	Management ensures that resources were available before this payment occurred. While the revenues were only \$35,000 for the year, there was a cash carryover from the previous year that covered the additional \$5,000.

Approval for Cell Phones - Other Matter
(12-17)

CONDITION	The Board has not instituted procedures to regulate who can enter into a cell phone agreement under the Town's name.
CRITERIA	The Board is tasked with establishing and implementing effective internal controls in an effort to minimize the risk of error, theft or fraud. This includes procedures limiting those individuals capable of obtaining a cell phone and cell service in the Town's name.
CAUSE	The Board has not implemented these internal controls to safeguard use of cell phones.
EFFECT	As a result of the failure to comply with policies and procedures, errors, theft or fraud could occur.
RECOMMENDATION	The Board should implement internal controls to ensure cell phone use is limited and safeguarded against abuse as soon as possible.
RESPONSE	At the next Board Meeting the Trustee's will review the cell phone policy for employees.

Use of Fuel Credit Cards - Other Matter
(12-18)

CONDITION	Management was not attaching fuel receipts to invoices to ensure that all gas charges were correct and are relevant to Town vehicles.
CRITERIA	For credit card transactions, the Town should be matching all activity with actual receipts. In addition, for fuel purchases, fuel logs should be maintained for every vehicle and the logs should be reconciled to the receipts and charges on the credit card statements.
CAUSE	Due to its fleet size, the Town has never emphasized the need for tracking fuel costs.
EFFECT	Unauthorized purchases can go undetected since actual receipts and vehicle logs are not reconciled to credit card statements.
RECOMMENDATION	The Town should reconcile all receipts to the credit card statements. In addition, the Town should reconcile the vehicle logs to actual purchases on the statement and to actual receipts.
RESPONSE	Management is setting procedures in place for employees to fill out a fuel log sheet to be matched with fuel receipts and vehicles/equipment. This will also include matching vehicle repairs and mileage.

Water Conservation Fees - Significant Deficiency
(12-19)

CONDITION	The Town is calculating water conservation fees on the amount of water billed and not on the amount of water produced.
CRITERIA	According to Taxation and Revenue Department Regulations, every entity that operates a public water supply system must pay a water conservation fee based on the water produced each month.
CAUSE	The Town Clerk is not receiving the amount produced each month from the Water Superintendent.
EFFECT	The Town is not paying the correct amount of water conservation fees.
RECOMMENDATION	The Board should ensure that the Water Superintendent provides the Village Clerk with the necessary information so as to calculate and pay the water conservation fee correctly.
RESPONSE	Management is now ensuring that they are receiving the correct information from the Water Superintendent on the first of each month. The Water Superintendent is obtaining this reading directly from the well meter.

Free Water to Employees - Significant Deficiency
(12-20)

CONDITION	An employee of the Town is not having their water meter read each month and having that amount billed.
CRITERIA	All water meters need to be read and billed each month to the resident of that property. Also, the benefit of this water usage should be included on the employees W-2 and taxes paid on that amount.
CAUSE	The employee feels this is a benefit from the Town and so the meter does not need to be read.
EFFECT	It is unclear how much water this residence is using. Currently, the Town appears to be violating the Anti-Donation Clause since they are allowing this employee to obtain water without paying for it.
RECOMMENDATION	The Board should insist that this employee have their meter read each month and have the water billed and paid for by the employee.
RESPONSE	At the next Board Meeting management will inform the Board that every water meter has to be read. Also, if the Board agrees to pay for an employees water then a policy is to be created approving this benefit for an employee or including a stipend for the employee to cover the cost of the employee's water usage.

Required Support for Disbursement - Significant Deficiency
(12-21)

CONDITION Four out of four payments tested were made to vendors without the proper documentation to support the disbursements totaling \$2,176. There was no signature of receipt or documentation that the goods received were verified complete. Also, there was no purchase order verifying budget was available.

CRITERIA The State Department of Finance and Administration requires adequate support and approval of all disbursements made. These items include:

1. Approved purchase orders,
2. Approved requisitions,
3. An invoice,
4. Three quotes or sealed bids (if applicable),
5. Evidence of signature of approvals and signatures of receipt.

CAUSE Management of the Town are not requiring all documentation be attached before purchases are made.

EFFECT Department of Finance and Administration regulations have not been followed.

RECOMMENDATION The Town should implement policies to ensure that all Department of Finance and Administration regulations are followed.

RESPONSE Management has requested at the next Board Meeting that the Board approve a policy concerning purchase orders.

Travel Voucher - Significant Deficiency
(12-22)

CONDITION	Management of the Town is not using travel vouchers to show which employee is taking the travel, why the travel is necessary and how much is being requested.
CRITERIA	The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are managements 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 managements assertions embodied in the financial statements.
CAUSE	Management was not aware that this procedure would help document the necessary information to complete the transaction.
EFFECT	Errors or omissions could occur without proper documentation to support the disbursement.
RECOMMENDATION	Management should implement Travel Vouchers immediately.
RESPONSE	Travel vouchers have been created for approval of the Mayor for employee traveling.

Travel Policy - Other Matter
(12-23)

CONDITION	The Board of the Town has not approved a formal policy on travel and how it will be paid to employees.
CRITERIA	Management can only implement the policies that have been approved by the Board.
CAUSE	The Board was not aware that there was no policy.
EFFECT	It is unclear how management decides to pay for travel expenditures.
RECOMMENDATION	The Board should approve a travel policy as soon as possible.
RESPONSE	Management has requested, at the next Board Meeting, that the Board look at updating the current travel policy. The current policy has not been updated for some time.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2012 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An exit conference was held on March 19, 2013. In attendance were Ms. Kimberly Summers, Clerk/Treasurer, Mr. Durward Dixon, Mayor, Mr. Steve Barron, Mayor Pro-Tem and Ms. Pamela A. Rice, CPA, Contract Auditor.