
STATE OF NEW MEXICO
Town of Elida
June 30, 2016

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2016
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

Introductory Section

STATE OF NEW MEXICO
TOWN OF ELIDA

Official Roster
For the year ended June 30, 2016

Board of Trustees

Durward Dixon

Mayor

Steve Barron

Trustee / Mayor Pro

Beverly Creighton

Trustee

Andy Jasso

Trustee

Clay Ferguson

Trustee

Administrative Officials

Kimberly Summers

Clerk-Treasurer

STATE OF NEW MEXICO
TOWN OF ELIDA
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TOWN OF ELIDA
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Financial Section

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Independent Auditor's Report

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Town of Elida
Elida, New Mexico

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Elida (the Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the Town's nonmajor governmental, fiduciary fund and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents. I did not audit the 2015 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employees Retirement Association (PERA), the administrator of the cost sharing pension plan for the Town. The schedules and statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Town, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In my opinion, based on my report and the report of the other auditors, 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, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 25, 2016 on my consideration of the Town's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Sandra Rush CPA PC
Clovis, New Mexico
November 25, 2016

Basic Financial Statements

Government-wide Financial Statements

STATE OF NEW MEXICO
TOWN OF ELIDA
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 453,557	\$ 115,147	\$ 568,704
Cash in New Mexico Finance Authority			
State treasury debt service	1,247	-	1,247
Cash in State of New Mexico			
LGIP fund (pool - 4101)	8		8
Reserve contingencies fund (pool - 4102)	5		5
Accounts receivable			
Taxes	10,774	-	10,774
Other	-	-	-
Grantor	1,514	-	1,514
Sales	-	9,366	9,366
Allowance for uncollectable receivables	-	(848)	(848)
Total current assets	<u>467,105</u>	<u>123,665</u>	<u>590,770</u>
Noncurrent assets			
Restricted cash	-	8,100	8,100
Capital assets	3,780,779	1,976,196	5,756,975
Accumulated depreciation	<u>(1,638,050)</u>	<u>(848,386)</u>	<u>(2,486,436)</u>
Total noncurrent assets	<u>2,142,729</u>	<u>1,135,910</u>	<u>3,278,639</u>
Total assets	2,609,834	1,259,575	3,869,409
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Aggregated deferred outflows	<u>27,635</u>	<u>-</u>	<u>27,635</u>
Total assets and deferred outflows of resources	<u>\$ 2,637,469</u>	<u>\$ 1,259,575</u>	<u>\$ 3,897,044</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 6,934	\$ 2,433	\$ 9,367
Compensated absences	4,465	2,380	6,845
Current portion of long-term debt	<u>25,195</u>	<u>-</u>	<u>25,195</u>
Total current liabilities	<u>36,594</u>	<u>4,813</u>	<u>41,407</u>
Non-current liabilities			
Customer deposits	200	8,280	8,480
Long-term portion notes payable	50,465	-	50,465
Net pension liability	<u>210,783</u>	<u>-</u>	<u>210,783</u>
Total non-current liabilities	<u>261,448</u>	<u>8,280</u>	<u>269,728</u>
Total liabilities	<u>298,042</u>	<u>13,093</u>	<u>311,135</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Aggregated deferred inflows	7,687	-	7,687
<u>NET POSITION</u>			
Net investment in capital assets	2,067,069	1,127,810	3,194,879
Restricted			
Special revenue fund	152,698	-	152,698
Unrestricted	<u>111,973</u>	<u>118,672</u>	<u>230,645</u>
Total net position	<u>2,331,740</u>	<u>1,246,482</u>	<u>3,578,222</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,637,469</u>	<u>\$ 1,259,575</u>	<u>\$ 3,897,044</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA

Statement of Activities
For the year ended June 30, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Finance	\$ 177,095	\$ 22,887	\$ 56,863	\$ -	\$ (97,345)	\$ -	\$ (97,345)
Judicial	30,593	-	594	-	(29,999)	-	(29,999)
Public safety	205,802	6,980	112,566	-	(86,256)	-	(86,256)
Public works	110,942	2,735	-	-	(108,207)	-	(108,207)
Culture and recreation	38,445	320	8,424	-	(29,701)	-	(29,701)
Capital outlay	-	-	-	-	-	-	-
Interest	147	-	-	-	(147)	-	(147)
Depreciation	-	-	-	-	-	-	-
Total governmental activities	<u>563,024</u>	<u>32,922</u>	<u>178,447</u>	<u>-</u>	<u>(351,655)</u>	<u>-</u>	<u>(351,655)</u>
Business-type activities							
Water	152,036	88,399	70	-	-	(63,567)	(63,567)
Solid waste	<u>40,573</u>	<u>41,546</u>	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>3,873</u>	<u>3,873</u>
Total business-type activities	<u>192,609</u>	<u>129,945</u>	<u>2,970</u>	<u>-</u>	<u>-</u>	<u>(59,694)</u>	<u>(59,694)</u>
Total governmental and business-type activities	<u>\$ 755,633</u>	<u>\$ 162,867</u>	<u>\$ 181,417</u>	<u>\$ -</u>	<u>\$ (351,655)</u>	<u>\$ (59,694)</u>	<u>\$ (411,349)</u>
General Revenues							
Taxes							
Property					3,404	-	3,404
Gas					3,002	-	3,002
Gross receipts					70,636	-	70,636
Fuel rebate					10,538	-	10,538
Licenses					292	-	292
Motor vehicle fees					642	-	642
Interest income					45	-	45
Insurance recovery					55,380	16,515	71,895
Sale of capital asset					9,203	-	9,203
Donations					5,202	-	5,202
Small cities assistance					90,000	-	90,000
Total general revenues					<u>248,344</u>	<u>16,515</u>	<u>264,859</u>
Change in net position					(103,311)	(43,179)	(146,490)
Net position, beginning					<u>2,435,051</u>	<u>1,289,661</u>	<u>3,724,712</u>
Net position, ending					<u>\$ 2,331,740</u>	<u>\$ 1,246,482</u>	<u>\$ 3,578,222</u>

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

Fund Financial Statements

STATE OF NEW MEXICO
TOWN OF ELIDA
Balance Sheet
Governmental Funds
June 30, 2016

	General 101	Fire Protection 209	Law Enforcement Protection 211	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash in banks	\$ 299,397	\$ 103,862	\$ 16,121	\$ 33,977	\$ 453,357
New Mexico Finance Authority					
Cash state treasury debt service	-	1,247	-	-	1,247
State of New Mexico					
LGIP fund (pool-4101)	-	-	-	8	8
Reserve contingencies fund (pool-4102)	-	-	-	5	5
Accounts receivable					
Taxes	10,774	-	-	-	10,774
Grantor	-	-	-	1,514	1,514
Other	-	-	-	-	-
Restricted cash	200	-	-	-	200
Total assets	<u>\$ 310,371</u>	<u>\$ 105,109</u>	<u>\$ 16,121</u>	<u>\$ 35,504</u>	<u>\$ 467,105</u>
<u>LIABILITIES</u>					
Accounts payables	\$ 2,898	\$ 3,626	\$ 85	\$ 325	\$ 6,934
Funds held for others	200	-	-	-	200
Total liabilities	<u>3,098</u>	<u>3,626</u>	<u>85</u>	<u>325</u>	<u>7,134</u>
<u>FUND BALANCE</u>					
Restricted for					
Special revenue funds	-	101,483	16,036	35,179	152,698
Unassigned					
General government fund	307,273	-	-	-	307,273
Total fund balance	<u>307,273</u>	<u>101,483</u>	<u>16,036</u>	<u>35,179</u>	<u>459,971</u>
Total liabilities and fund balance	<u>\$ 310,371</u>	<u>\$ 105,109</u>	<u>\$ 16,121</u>	<u>\$ 35,504</u>	<u>\$ 467,105</u>

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

STATE OF NEW MEXICO

TOWN OF ELIDA

Reconciliation of Total Fund Balance from Balance Sheet Governmental Funds to the

Total Net Position on the Statement of Net Position

For the year ended June 30, 2016

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

Fund balance - total governmental funds		\$ 459,971
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Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds

Capital assets	\$ 3,780,779	
Accumulated depreciation	<u>(1,638,050)</u>	2,142,729

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

Deferred outflows of resources related to employer contribution subsequent to the measurement date	13,081	
Deferred outflows of resources related to change in proportion	14,554	
Deferred inflows of resources related to actuarial experience	(1,942)	
Deferred inflows of resources related to change in assumption	(5,127)	
Deferred inflows of resources related to investment experience	<u>(618)</u>	19,948

Certain liabilities, including accrued compensated absences, bonds payable,
lease purchase notes and net pension liability, are not due and payable
in the current period and therefore are not reported in the funds

Accrued compensated absences		(4,465)
Loans and notes payable		(75,660)
Net pension liability		<u>(210,783)</u>
Net position of governmental activities		<u>\$ 2,331,740</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the year ended June 30, 2016

	General 101	Fire Protection 209	Law Enforcement Protection 211	Other Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 3,404	\$ -	\$ -	\$ -	\$ 3,404
Gross receipts taxes	70,636	-	-	-	70,636
Motor vehicle taxes	642	-	-	-	642
Gas taxes	3,002	-	-	-	3,002
Charges for services	1,202	-	-	7,180	8,382
Interest	-	44	-	1	45
Licenses, fees and fines	53,574	-	-	21,685	75,259
Donations	120	4,732	-	350	5,202
Rents	2,855	-	-	-	2,855
Reimbursed expenses	1,525	11	-	14	1,550
Insurance recovery	55,167	213	-	-	55,380
Fuel rebate	10,538	-	-	-	10,538
Sale of scrap	2,650	-	-	-	2,650
Local grants	-	-	-	500	500
State grants	90,299	84,298	20,600	12,505	207,702
Federal grants	-	-	-	2,763	2,763
Total revenues	295,614	89,298	20,600	44,998	450,510
Expenditures					
Current					
General government					
Finance	149,754	-	-	-	149,754
Judicial	30,207	-	-	-	30,207
Public safety	75,665	53,239	10,488	18,395	157,787
Public works	19,568	-	-	1,280	20,848
Culture and recreation	8,578	-	-	9,598	18,176
Capital outlay	-	39,212	28,737	-	67,949
Debt service					
Principal	-	25,170	-	-	25,170
Interest	-	147	-	-	147
Total expenditures	283,772	117,768	39,225	29,273	470,038
Excess (deficiency) of revenues over expenditures	11,842	(28,470)	(18,625)	15,725	(19,528)
Other financing sources (uses)					
Sale of capital asset	-	-	19,000	-	19,000
Operating transfers (net)	21,400	-	-	(21,400)	-
Total other financing sources (uses)	21,400	-	19,000	(21,400)	19,000
Net change in fund balances	33,242	(28,470)	375	(5,675)	(528)
Fund balances, beginning	274,031	129,953	15,661	40,854	460,499
Fund balances, ending	<u>\$ 307,273</u>	<u>\$ 101,483</u>	<u>\$ 16,036</u>	<u>\$ 35,179</u>	<u>\$ 459,971</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 of Governmental Funds to the Statement of Activities
For the year ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ (528)
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Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.

Current year capital expenditures capitalized	67,949
Depreciation expense	(168,265)
Gain (loss) disposal of capital assets	(9,797)

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payment	25,170
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Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds.

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

Compensated absences	237
Change in deferred inflows / outflows for net pension liability	<u>(18,077)</u>

Change in Net Position of Governmental Activities	<u>\$ (103,311)</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 - 101
Statement of Revenues, Expenditures, and Changes in Cash Balance
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Property taxes	\$ 3,400	\$ 3,400	\$ 3,446	\$ 46
Gross receipts taxes	73,000	73,000	78,296	5,296
Motor vehicle taxes	550	550	629	79
Gas taxes	8,500	8,500	933	(7,567)
Charges for services	1,500	1,500	1,202	(298)
Interest	-	-	-	-
Licenses, fees and fines	92,800	92,800	53,574	(39,226)
Donations	30,000	66,000	120	(65,880)
Rents	-	-	2,855	2,855
Reimbursed expenses	-	-	4,345	4,345
Insurance recovery	-	-	55,167	55,167
Fuel rebate	-	-	10,538	10,538
Sale of scrap	-	-	2,650	2,650
Local grants	-	-	-	-
State grants	90,000	90,000	90,299	299
Federal grants	-	-	-	-
Total revenue	299,750	335,750	304,054	(31,696)
Expenditures				
Current				
General government				
Finance	132,000	152,386	151,137	1,249
Judicial	38,000	38,000	30,444	7,556
Public safety	90,000	90,000	77,085	12,915
Public works	29,000	29,000	20,447	8,553
Culture and recreation	9,000	9,000	8,578	422
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	298,000	318,386	287,691	30,695
Excess (deficiency) revenues over (under) expenditures	1,750	17,364	16,363	(1,001)
Other financing sources (uses):				
Operating transfers net	-	-	21,400	21,400
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	21,400	21,400
Net change in cash balances	1,750	17,364	37,763	20,399
Cash balance, beginning	-	-	261,834	261,834
Cash balance, ending	\$ 1,750	\$ 17,364	\$ 299,597	\$ 282,233
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 37,763	
Adjustment to revenues for accruals and other deferrals			(8,440)	
Adjustment to expenditures for payables, prepaids and other accruals			3,919	
Net change in fund balance (GAAP Basis)			\$ 33,242	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Special Revenue Fund - Fire Protection Fund - 209
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Gas taxes	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	44	44
Licenses, fees and fines	-	-	-	-
Donations	5,050	10,050	4,732	(5,318)
Reimbursed expenses	100	100	11	(89)
Insurance recovery	250	250	213	(37)
Local grants	-	-	-	-
State grants	73,960	73,960	84,298	10,338
Federal grants	-	-	-	-
Total revenues	<u>79,360</u>	<u>84,360</u>	<u>89,298</u>	<u>4,938</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	114,531	(114,531)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>114,531</u>	<u>(114,531)</u>
Excess (deficiency) revenues over (under) expenditures	79,360	84,360	(25,233)	(109,593)
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balances	79,360	84,360	(25,233)	(109,593)
Cash balance, beginning	-	-	130,342	130,342
Cash balance, ending	<u>\$ 79,360</u>	<u>\$ 84,360</u>	<u>\$ 105,109</u>	<u>\$ 20,749</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (25,233)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(3,237)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (28,470)</u>	

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

STATE OF NEW MEXICO

TOWN OF ELIDA

Special Revenue Fund - Law Enforcement Protection Fund - 211

Statement of Revenues, Expenditures, and Changes in Cash Balances

Budget and Actual (Non - GAAP Budgetary Basis)

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Gas taxes	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Licenses, fees and fines	-	-	-	-
Donations	-	-	-	-
Reimbursed expenses	-	-	-	-
Insurance recovery	-	-	-	-
Local grants	-	-	-	-
State grants	20,600	20,600	20,600	-
Federal grants	-	-	-	-
	<u>20,600</u>	<u>20,600</u>	<u>20,600</u>	<u>-</u>
Total revenues				
Expenditures				
Current				
General government				
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	36,346	39,226	39,225	1
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>36,346</u>	<u>39,226</u>	<u>39,225</u>	<u>1</u>
Total expenditures				
Excess (deficiency) revenues over (under) expenditures	(15,746)	(18,626)	(18,625)	1
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Sale of capital asset	-	19,000	19,000	-
Designated cash	15,746	-	-	-
	<u>15,746</u>	<u>19,000</u>	<u>19,000</u>	<u>-</u>
Total other financing sources (uses)				
Net change in cash balances	-	374	375	1
Cash balance, beginning	-	-	15,746	15,746
Cash balance, ending	<u>\$ -</u>	<u>\$ 374</u>	<u>\$ 16,121</u>	<u>\$ 15,747</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 375	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 375</u>	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Proprietary Funds
Statement of Net Position
June 30, 2016

	Business-type Activities Water Fund 501	Business-type Activities Solid Waste 502	Business-type Activities Totals
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 64,715	\$ 50,432	\$ 115,147
Accounts receivable	7,487	1,879	9,366
Allowance for uncollectable accounts receivable	(848)	-	(848)
Total current assets	<u>71,354</u>	<u>52,311</u>	<u>123,665</u>
Noncurrent assets			
Restricted cash, customer meter deposits	8,100	-	8,100
Capital assets, being depreciated	1,970,781	5,415	1,976,196
Less: accumulated depreciation	(846,220)	(2,166)	(848,386)
Total noncurrent assets	<u>1,132,661</u>	<u>3,249</u>	<u>1,135,910</u>
Total assets	<u>\$ 1,204,015</u>	<u>\$ 55,560</u>	<u>\$ 1,259,575</u>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities			
Accounts payable	\$ 2,433	\$ -	\$ 2,433
Compensated absences	1,902	478	2,380
Total current liabilities	<u>4,335</u>	<u>478</u>	<u>4,813</u>
Noncurrent liabilities			
Customer meter deposits	<u>8,280</u>	<u>-</u>	<u>8,280</u>
Total noncurrent liabilities	<u>8,280</u>	<u>-</u>	<u>8,280</u>
Total liabilities	12,615	478	13,093
Net position			
Net invested in capital assets	1,124,561	3,249	1,127,810
Unrestricted	66,839	51,833	118,672
Total net position	<u>1,191,400</u>	<u>55,082</u>	<u>1,246,482</u>
Total liabilities and net position	<u>\$ 1,204,015</u>	<u>\$ 55,560</u>	<u>\$ 1,259,575</u>

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 Net Position
For the year ended June 30, 2016

	Business-type Activities <u>Water Fund 501</u>	Business-type Activities <u>Solid Waste 502</u>	Business-type Activities <u>Totals</u>
Operating revenues			
Sales and services	\$ 87,316	\$ 41,546	\$ 128,862
Total operating revenues	<u>87,316</u>	<u>41,546</u>	<u>128,862</u>
Operating expenses			
Public works	72,418	12,642	85,060
Personnel	24,437	26,848	51,285
Depreciation	<u>55,331</u>	<u>1,083</u>	<u>56,414</u>
Total operating expenses	<u>152,186</u>	<u>40,573</u>	<u>192,759</u>
Operating income (loss)	(64,870)	973	(63,897)
Non-operating revenues (expenses)			
Net taxes - gross receipts	-	-	-
Net meter deposits	150	-	150
Insurnace recovery - wells	16,515	-	16,515
Rental income	1,011	-	1,011
State grant	-	2,900	2,900
Reimbursed expenses	<u>142</u>	<u>-</u>	<u>142</u>
Total non-operating revenue (expenses)	<u>17,818</u>	<u>2,900</u>	<u>20,718</u>
Net income (loss)	(47,052)	3,873	(43,179)
Operating transfers (net)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position - proprietary funds	(47,052)	3,873	(43,179)
Net position, beginning	1,237,369	52,292	1,289,661
Prior period adjustment	<u>1,083</u>	<u>(1,083)</u>	<u>-</u>
Net position, beginning restated	<u>1,238,452</u>	<u>51,209</u>	<u>1,289,661</u>
Net position, ending	<u>\$ 1,191,400</u>	<u>\$ 55,082</u>	<u>\$ 1,246,482</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, 2016

	Business-type Activities Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 125,342
Payments to suppliers and contractors	(86,340)
Payments to and on behalf of employees	<u>(51,904)</u>
Net cash provided (used) by operating activities	<u>(12,902)</u>
Cash flows from non capital financing activities	
Insurance recovery - well	16,515
Pasture rent	1,011
Reimbursed expenses	142
Net taxes - gross receipts	(432)
Change in meter deposits	150
Transfers (net)	<u>-</u>
Net cash provided (used) by non capital financing activities	<u>17,386</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	-
Net state grant	2,900
Disposal of capital asset	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>2,900</u>
Net increase (decrease) in cash and cash equivalents	7,384
Cash and cash equivalents, beginning	<u>115,863</u>
Total cash and cash equivalents, ending	<u>\$ 123,247</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (63,897)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	56,414
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(3,520)
Increase (Decrease) in accounts payable	<u>(1,899)</u>
Net cash provided (used) by operating activities	<u>\$ (12,902)</u>

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Agency Fund - Correction Fees
Statement of Fiduciary Assets and Liabilities
June 30, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 924
Total assets	<u>\$ 924</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 924
Total liabilities	<u>\$ 924</u>

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

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

This summary of significant accounting policies of the Town of Elida (the Town) is presented to assist in the understanding of the Town's financial statements. The financial statements and notes are the representation of the Town's management who is responsible for their integrity and objectivity. The financial statements of the Town 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 financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Town is a political subdivision of the state of New Mexico and was incorporated under provisions of Chapter 3, Article 2, NMSA 1978 as amended. The Town operates under the mayor-trustee form of government. The Town provides the following authorized services: public safety, police and fire, highways and streets, water, sanitation, health and welfare, social services, culture and recreation, public improvements, and general administrative services. The Town's basic financial statements include all activities and accounts of the Town's *financial reporting entity*.

The financial reporting entity consists of the primary government, and any another organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, there are no component units of the Town. The Town is not considered a component unit of another governmental agency during the fiscal year ended June 30, 2016.

B. Government-Wide Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. 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 activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

The net cost (by function of governmental-type activity) is normally covered by general revenues (property, sales, franchise, public service taxes, interest income, etc.). The Town does not allocate indirect costs. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term is considered an indirect expense and is reported separately on the Statement of Activities.

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The Town's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, the assets are being held for the benefit of a third party, and cannot be used to address activities or obligations of the municipality; these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. 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. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property, franchise, sales and public service tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial.

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

Governmental funds are used to account for the Town's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

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. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Town except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

STATE OF NEW MEXICO
TOWN OF ELIDA
Notes to The Financial Statements
June 30, 2016

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Town is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund and the Fire Protection Fund. No other funds were required to be presented as major at the discretion of management.

General Fund

The Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided primarily through property, gross receipts and other miscellaneous taxes.

Fire Protection Fund Special Revenue Fund

To account for discretionary funds used for the fire department.

Law Enforcement Protection Fund

The LEPF accounts for the state grant to be used for the repair and/or replacement of law enforcement equipment, according to state law, section 29-13.1 through 29-13.9, NMSA 1978. The fund was established by local ordinance to comply with state statutes. Section 29-13-17A, NMSA 1978 limits distributions from the fund for law enforcement related expenditures, including, but not limited to, the purchase of equipment, expenses associated with advanced law enforcement planning and training.

The government reports its Water Fund and Solid Waste Fund (Proprietary funds) as major business-type funds. Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule, the effect of interfold activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities

Program revenues reduce the cost of the function to be financed from the Town's general revenues. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. 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.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Town's enterprise fund is charges for services for the Town's garbage, water & sewer utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use the restricted resources first, then unrestricted resources as they are needed.

Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents:

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

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

Investments for the Town are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Restricted Assets:

Restricted assets are those held in trust for others.

Receivables and Payables:

Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Inventory:

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed.

Capital Assets:

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column 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, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Assets	Years
Buildings	5 - 50
Building Improvements	5 - 50
Public Domain Infrastructure	20
System Infrastructure	10 - 50
Vehicles	5 - 15
Equipment	5 - 40
Heavy Equipment	10

Deferred Outflows of Resources:

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

Deferred Inflows of Resources:

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

Pensions – Deferred Inflows and Deferred Outflows of Resources

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when the payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences:

All full-time regular employees are entitled to paid vacation time. Part time employees are entitled to paid vacation time on a basis prorated to the full-time (40 hour) work week. Unused sick leave is not paid upon termination.

Long-term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

Implementation of New Accounting Standards

During the year ended June 30, 2016, the Town adopted the following Government Accounting Standards Board Statements (GASB):

GASB No. 72 – Fair Value Measurement and Application. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Town’s financial statements.

GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will not have a material impact on the Town’s financial statements.

Fund Balance: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent: The following classifications may be used:

Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either 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, for example, inventories and prepaid amounts.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the Town Board of Trustees should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the Town's Board of Trustees removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Trustees or the Finance Committee. The Town did not have assigned fund balances for the year ended June 30, 2016.

Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds, other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the Town's policy to use committed first followed by assigned and unassigned resources as they are needed.

Net Position and Fund Equity:

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net investment in capital assets:

Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position:

Consist of net position with "legally enforceable" constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally enforceable means that a government 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 purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

Unrestricted Net Position:

All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

Inter-fund Transactions:

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the Town's financials include management's estimate of the useful lives of capital assets.

Tax Revenues:

The Town receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Town recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Town records only the portion of the taxes considered 'measureable' and 'available' in the governmental fund financial statements.

Note 2 Stewardship, Compliance, and Accountability

Budgetary Information

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

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, and Special Revenue Funds. The Town is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Town Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Cash Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2016, is presented.

The appropriated budget for the year ended June 30, 2016, was properly amended by the Town Council throughout the year.

Note 3 Deposits and Investments

State statutes authorize the investment of the Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Town properly followed State investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Town. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. 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.

New Mexico 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 Town for at least one half the amount in excess of FDIC coverage on deposit with the institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Town's deposits.

	JP Stone Community Bank Portales, NM	Type
Total amount on deposit on June 30, 2016		
Operating	\$ 591,246	Checking
Correction	174	Savings
Total deposited	<u>591,420</u>	
Less FDIC coverage	<u>(250,000)</u>	
Total uninsured public funds	<u>341,420</u>	
50% collateral requirement		
as per Section 6-10-17, NMSA 1978	<u>170,710</u>	
Pledged securities	<u>238,005</u>	
Over (under)	<u>\$ 67,295</u>	

Pledged Collateral:

Alamogordo NM School District, Ed Tech Lease Purchase Notes, CUIISP 011464JG0, maturity date 8/1/19, market value \$77,286, face value \$75,000 held at Texas Independent Bank, Dallas Texas, not in the Town's name.

Questa NM IDS #9 BQ GO, CUIISP 3133822H5, maturity date 9/1/2019, market value \$160,719, face value \$150,000 held at Texas Independent Bank, Dallas Texas, not in the Town's name.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$103,415 of the Town's bank balance of \$591,420 was exposed to custodial credit risk.

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Custodial Credit Risk Deposits	
Account Balance	\$ 591,420
FDIC Insurance	250,000
Collateral:	
Collateral held by the pledging bank, not in the District's name	238,005
Uninsured and uncollateralized	<u>103,415</u>
Total Deposits	<u>\$ 591,420</u>

Note 4 Receivables

Receivables as of June 30, 2016, are as follows:

	General Fund	Non Major	Totals
Governmental Activities			
Accounts receivable taxes			
Property Tax	\$ 168	\$ -	\$
Municipal Equivalent Dist. GRT	3,750	-	
MVD Fees	70	-	
State GRT	3,784	-	
Gas Tax	1,972	-	
Franchise Tax	1,030	-	
Total accounts receivable taxes			10,774
Accounts receivable from grantor			
Sebior Citizens		-	
Federal IIIB		1,142	
State HB2		372	
Total accounts receivable from grantor			<u>1,514</u>
Totals	<u>\$ 10,774</u>	<u>\$ 1,514</u>	<u>\$ 12,288</u>

The above accounts receivable taxes and accounts receivable from grantor are deemed 100% collectible.

	Water Fund	Solid Waste Fund	Totals
Business-type Activities			
Receivable from customers	\$ 7,496	\$ 1,870	\$ 9,366
Less allowance for uncollectible	<u>(848)</u>	<u>-</u>	<u>(848)</u>
Totals	<u>\$ 6,648</u>	<u>\$ 1,870</u>	<u>\$ 8,518</u>

Note 5 Interfund Receivables, Payables, and Transfers

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

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

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Permanent transfers for the year ended June 30, 2016 are listed below:

	Transfer In	Transfer Out
General	\$ 21,400	\$ -
Correction	-	(21,400)
Totals	<u>\$ 21,400</u>	<u>\$ (21,400)</u>

Note 6 Accounts Payables

Accounts payable are payable to suppliers as of June 30, 2016, are listed below.

Governmental Activities	General Fund	Fire Fund	LEPF Fund	Non Major	Totals
Accounts payable					
General					
Financial	\$ 943	\$	\$	\$	\$
Judicial	409				
Culture and recreation	-				
Public safety	166				
Public works	1,380				2,898
LEPF			85		85
Fire		3,626			3,626
EMS				128	128
Library				10	10
Senior citizens				187	187
Totals	<u>\$ 2,898</u>	<u>\$ 3,626</u>	<u>\$ 85</u>	<u>\$ 325</u>	<u>\$ 6,934</u>
Business-Type	Water Fund	Solid Waste Fund	Total		
Accounts payable	\$ 2,433	\$ -	\$ 2,433		

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Note 7 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 14,707	\$ -	\$ -	\$ 14,707
CNP	8,817	39,212	-	48,029
Capital assets being depreciated				
Buildings and improvements	972,072	-	-	972,072
Improvements	1,916,460	-	-	1,916,460
Vehicles	236,494	28,737	(24,720)	240,511
Equipment	1,290,036	-	(701,036)	589,000
Total assets	4,438,586	67,949	(725,756)	3,780,779
Less accumulated depreciation				
Buildings and improvements	(293,595)	(29,752)	-	(323,347)
Improvements	(851,221)	(87,769)	-	(938,990)
Vehicles	(128,225)	(22,711)	15,898	(135,038)
Equipment	(912,703)	(28,033)	700,061	(240,675)
Total accumulated depreciation	(2,185,744)	(168,265)	715,959	(1,638,050)
Governmental activity capital assets, net	\$ 2,252,842	\$ (100,316)	\$ (9,797)	\$ 2,142,729

Capital assets, net of accumulated depreciation, at June 30, 2016 appear in the Statement of Net Position as follows:
Governmental activities \$ 2,142,729.

Depreciation expense for the year ended June 30, 2016 was charged to the following governmental activities functions.

Culture and recreation	\$ 20,269
Financial	12,267
Public safety	45,635
Public works	90,094
	<u>168,265</u>
	<u>\$ 168,265</u>

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Business-Type Activities

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 104,994	\$ -	\$ -	\$ 104,994
Capital assets being depreciated				
Infrastructure	1,920,109	-	(107,576)	1,812,533
Vehicles	35,086	-	-	35,086
Equipment	59,579	-	(35,996)	23,583
Total assets	<u>2,119,768</u>	<u>-</u>	<u>(143,572)</u>	<u>1,976,196</u>
Less accumulated depreciation				
Infrastructure	(865,003)	(50,584)	107,576	(808,011)
Vehicles	(22,131)	(3,508)	-	(25,639)
Equipment	(48,410)	(2,322)	35,996	(14,736)
Total accumulated depreciation	<u>(935,544)</u>	<u>(56,414)</u>	<u>143,572</u>	<u>(848,386)</u>
Business-type activity capital assets, net	<u>\$ 1,184,224</u>	<u>\$ (56,414)</u>	<u>\$ -</u>	<u>\$ 1,127,810</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2016 totaled \$56,414.

Note 8 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 has purchased insurance from a commercial vendor and pays an annual premium for its general insurance coverage, as such all risk of loss is transferred.

Note 9 Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements

Overview of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds.
None
- B. Expenditures exceeded appropriations by fund.
None
- C. Excess expenditures over budget.
The Town did not reported expenditures in excess of budget at the function level at June 30, 2016,

Note 10 Long-term Debts

Governmental Activities

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government wide statement of net position:

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	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities					
NMFA Note payable	\$ 100,830	\$ 0	\$ (25,170)	75,660	\$ 25,195
Compensated absences	4,702	5,419	(5,656)	4,465	4,465
	<u>\$ 105,532</u>	<u>\$ 5,419</u>	<u>\$ (30,826)</u>	<u>\$ 80,125</u>	<u>\$ 29,660</u>

In prior years, the General Fund has typically liquidated the compensated absences and the Fire Protection Fund liquidated the NMFA note.

Note Payable

In 2015 the Town entered into a loan agreement with the New Mexico Finance Authority to finance the purchase of a fire truck, for the Fire Department. The original loan amount was \$125,945. The interest rate ranges from 0.100% to 0.450% and the principal payments range from \$25,170 to \$25,245.

Series	Date of Issue	Original Amount	Interest Rate	Balance	Due in One Year
NMFA Note	7/1/2015	\$ 125,945	0.100% to 0.450%	\$ 75,660	\$ 25,195

The annual requirement to amortize the loan as of June 30, 2016, including interest and administration fees is as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 25,195	\$ 82	\$ 25,277
2018	25,220	50	25,270
2019	25,245	25	25,270
	<u>\$ 75,660</u>	<u>\$ 157</u>	<u>\$ 75,817</u>

Business-type Activities

During the year ended June 30, 2016, the following changes occurred in the compensated absences liabilities reported in the government wide statement of net position:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Water	\$ 2,448	\$ 1,373	\$ (1,919)	\$ 1,902	\$ 1,902
Solid waste	551	345	(418)	478	478
	<u>\$ 2,999</u>	<u>\$ 1,718</u>	<u>\$ (2,337)</u>	<u>\$ 2,380</u>	<u>\$ 2,380</u>

Note 11 Public Employees Retirement Association (PERA) Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

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Benefits provided – For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015, available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf

Contributions – The contribution requirements of defined benefit plan members and the Town are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at:

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf

The PERA coverage options that applies to Town are The Municipal General Division and the Municipal Police Division. Statutorily required contributions to the pension plan from the Town were \$6,466 for the Municipal General Division and \$6,615 for the Municipal Police Division for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement dated June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

PERA Municipal General Division

For the PERA Municipal General Division, at June 30, 2016, the Town reported a liability of \$87,684 for its proportionate share of the net pension liability. At June 30, 2015, the Town's proportion was 0.0086%, which increased from its proportion of 0.0067% measured as of June 30, 2014.

For the PERA Municipal Police Division, at June 30, 2016, the Town reported a liability of \$123,099 for its proportionate share of the net pension liability. At June 30, 2015, the Town's proportion was 0.0256%, which increased from its proportion of 0.0243% measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized PERA Municipal General Division pension expense of \$(597). At June 30, 2016, the Town reported PERA Fund Division deferred outflows of resources and deferred inflows of resources of \$17,784 and \$2,253, respectively, related to pensions from the following sources:

For the year ended June 30, 2016, the Town recognized PERA Municipal Police Division pension expense of \$3,576. At June 30, 2016, the Town reported PERA Fund Division deferred outflows of resources and deferred inflows of resources of \$9,851 and \$5,434, respectively, related to pensions from the following sources:

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Municipal General Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,942
Change in assumptions	-	34
Net difference between projected and actual earnings on plan investments	-	277
Change in proportion and difference between District contribution and proportionate share of contributions	11,318	-
District's contribution subsequent to the measurement date	<u>6,466</u>	<u>-</u>
Totals	<u>\$ 17,784</u>	<u>\$ 2,253</u>

Municipal Police Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	-	5,093
Net difference between projected and actual earnings on plan investments	-	341
Change in proportion and difference between District contribution and proportionate share of contributions	3,236	-
District's contribution subsequent to the measurement date	<u>6,615</u>	<u>-</u>
Totals	<u>\$ 9,851</u>	<u>\$ 5,434</u>

\$6,466 and \$6,615 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Municipal General Division	Municipal Police Division
2017	\$ (2,322)	\$ (1,048)
2018	(2,322)	(1,048)
2019	(2,322)	(1,048)
2020	<u>4,713</u>	<u>6,312</u>
Total	<u>\$ (2,253)</u>	<u>\$ 3,168</u>

Actuarial assumptions – As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014, for each of the membership groups. Then each PERA Fund member group pension liability was rolled from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. There were not significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015, actuarial valuation.

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Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Lever percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increase	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirees, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study date	July 1, 2008 to June 30, 2013

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

All Funds - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On that basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate – The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Town’s net pension liability in each PERA fund division that Town participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

Proportionate share of the net pension liability	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Municipal General Division	\$ 149,292	\$ 87,684	\$ 36,462
Municipal Police Division	\$ 203,291	\$ 123,099	\$ 57,315

Pension plan fiduciary net position – Detailed information about the pension’s fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at:
<http://www.pera.state.nm.us/publications.html>.

Note 12 Post-Employment Benefits – State Retiree Health Care Plan

Pension Description - The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides 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, NMSA1978). 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 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 the event the time required for employee and employer contributions shall become the period between the employer's 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.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes 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 of 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 employer, employee and retiree contributions are required to be remitted to the RHCA monthly. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA1978, at the first session of the Legislature following July1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$3,936, \$4,266, and \$3,902, respectively, which equal the required contributions for each year.

Note 13 Contingent Liabilities

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

Note 14 Surety Bond

The officials and certain employees of the Town are covered by a surety bond as required by Section 126-7 NMSA 1978 Compilation.

Note 15 Subsequent Review

The Town has evaluated subsequent events through November 27, 2016 which is the date the financial statements were available for issuance.

Note 16 Restatement

Proprietary Net Position for the Water Fund was increased \$1,083 and Net Position for the Solid Waste Fund was decreased \$1,083 to correct each fund accumulated depreciation.

Required Supplementary Information

STATE OF NEW MEXICO
TOWN OF ELIDA
Schedule of Proportionate Share of the Net Pension Liability
Public Employee Retirement Association (PERA) Pension Plan
Last 10 Fiscal Years*

Schedule A-1

	<u>2016</u>
Municipal General Division	
The Town's proportion of the net pension liability (asset)	0.00860%
The Town's proportionate share of the net pension liability (asset)	\$ 87,684
The Town's covered-employee payroll	\$ 87,461
The Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	99.75%
Plan fiduciary net position as a percentage of the total pension liability	76.99%

	<u>2016</u>
Municipal Police Division	
The Town's proportion of the net pension liability (asset)	0.02560%
The Town's proportionate share of the net pension liability (asset)	\$ 123,099
The Town's covered-employee payroll	\$ 35,000
The Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.43%
Plan fiduciary net position as a percentage of the total pension liability	76.99%

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Schedule of Contributions
Public Employee Retirement Association (PERA) Pension Plan
Last 10 Fiscal Years*

Schedule A-2

	<u>2016</u>
Municipal General Division	
Contractually required contribution	\$ 6,466
Contributions in relation to the contractually required contribution	<u>6,466</u>
Contribution deficiency (excess)	<u>\$ -</u>
The District's covered-employee payroll	\$ 87,461
Contributions as a percentage of covered-employee payroll	7.39%

	<u>2016</u>
Municipal Police Division	
Contractually required contribution	\$ 6,615
Contributions in relation to the contractually required contribution	<u>6,615</u>
Contribution deficiency (excess)	<u>\$ -</u>
The District's covered-employee payroll	\$ 35,000
Contributions as a percentage of covered-employee payroll	18.90%

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

Note: Employee contributions are not included in this schedule.

STATE OF NEW MEXICO
TOWN OF ELIDA
Notes to Required Supplementary Information
June 30, 2016

Changes in Benefit Terms

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of Assumptions

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015, report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf.

Supplementary Information Related to NonMajor Governmental Funds

**Non-Major
Special Revenue Funds**

Correction Fund

Accounts for revenue and expenditures associated with the assessment of traffic violations within the Town's jurisdiction.

Environmental Gross Receipts Tax Fund

Accounts for municipal gross receipts tax revenues received to be used for the acquisition, construction, operation, and maintenance of solid waste facilities, water facilities, sewer systems, and related facilities (Town ordinance).

Emergency Medical Services Fund

The EMS fund accounts for the state emergency medical services grant, to be used for specific medical services provided through fire department activities. The municipality also accounts for all ambulance revenues for services provided. This state grant comes through the New Mexico Department of Health per EMS regulation DOH 94-11. The fund was created by local ordinance. Section 24-10A-1 to 24-10A-10, NMSA 1978 provides funds to municipalities for use in the establishment and enhancement of local emergency medical services. Section 24-10A-7, NMSA 1978 restricts expenditures from the fund from only emergency medical services.

Recreation Fund

Accounts for receipts which are restricted for use in recreational areas only. The fund was established by local ordinance.

Senior Citizens Fund

Accounts for the operation and maintenance of the senior citizen's transportation and health awareness program. The municipality provides out-of-town transportation for senior citizens seeking medical services. Funding is provided by federal, state, and local sources. The federal funding source is: Title III-B, funded by the United States Department of Health and Human Services and passed through the state of New Mexico. The state funds are authorized by the New Mexico General Appropriations Act (Chapter 3, 1999 Laws of New Mexico). The fund was established by local ordinance.

Library Fund

Accounts for the operation 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. The fund was established by local ordinance.

Cemetery Fund

Accounts for funds received from sale of lots and donations for the purpose of maintaining a community cemetery. The fund was established by local ordinance authorized by Section 3-40-1, NMSA 1978.

STATE OF NEW MEXICO
TOWN OF ELIDA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Correction 201	Environmental Gross Receipts 202	Emergency Medical Service 206	Recreation 217
<u>ASSETS</u>				
Cash in banks	\$ 634	\$ 9,131	\$ 3,294	\$ 77
New Mexico Finance Authority				
Cash state treasury debt service	-	-	-	-
State of New Mexico				
LGIP fund (pool-4100)	8	-	-	-
Reserve contingencies fund (pool-4102)	5	-	-	-
Accounts receivable grantor	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 647</u>	<u>\$ 9,131</u>	<u>\$ 3,294</u>	<u>\$ 77</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ 128	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	128	-
 <u>FUND BALANCE</u>				
Restricted for				
Special revenue funds	<hr/> 647	<hr/> 9,131	<hr/> 3,166	<hr/> 77
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	647	9,131	3,166	77
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 647</u>	<u>\$ 9,131</u>	<u>\$ 3,294</u>	<u>\$ 77</u>

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

Senior Citizens 219	Library 228	Cemetery 600	Totals
\$ 7,420	\$ 2,082	\$ 11,339	\$ 33,977
-	-	-	-
-	-	-	8
-	-	-	5
<u>1,514</u>	<u>-</u>	<u>-</u>	<u>1,514</u>
<u>\$ 8,934</u>	<u>\$ 2,082</u>	<u>\$ 11,339</u>	<u>\$ 35,504</u>
\$ 187	\$ 10	\$ -	\$ 325
<u>187</u>	<u>10</u>	<u>-</u>	<u>325</u>
<u>8,747</u>	<u>2,072</u>	<u>11,339</u>	<u>35,179</u>
<u>8,747</u>	<u>2,072</u>	<u>11,339</u>	<u>35,179</u>
<u>\$ 8,934</u>	<u>\$ 2,082</u>	<u>\$ 11,339</u>	<u>\$ 35,504</u>

STATE OF NEW MEXICO
TOWN OF ELIDA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2016

	Correction 201	Environmental Gross Receipts 202	Emergency Medical Service 206	Recreation 217
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Gas taxes	-	-	-	-
Charges for services	-	-	6,980	-
Interest	1	-	-	-
Licenses, fees and fines	21,685	-	-	-
Donations	-	-	-	-
Reimbursed expenses	-	-	-	-
Local grants	-	-	500	-
State grants	-	-	7,157	-
Federal grants	-	-	-	-
Total revenues	<u>21,686</u>	<u>-</u>	<u>14,637</u>	<u>-</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	18,395	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>18,395</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	21,686	-	(3,758)	-
Other financing sources (uses)				
Operating transfers (net)	(21,400)	-	-	-
New Mexico Finance Authority loan	-	-	-	-
Total other financing sources (uses)	<u>(21,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	286	-	(3,758)	-
Fund balances, beginning	<u>361</u>	<u>9,131</u>	<u>6,924</u>	<u>77</u>
Fund balances, ending	<u>\$ 647</u>	<u>\$ 9,131</u>	<u>\$ 3,166</u>	<u>\$ 77</u>

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

Senior Citizens 219	Library 228	Cemetery 600	Totals
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	200	7,180
-	-	-	1
-	-	-	21,685
350	-	-	350
14	-	-	14
-	-	-	500
5,348	-	-	12,505
<u>2,763</u>	<u>-</u>	<u>-</u>	<u>2,763</u>
<u>8,475</u>	<u>-</u>	<u>200</u>	<u>44,998</u>
-	-	-	-
-	-	-	-
-	-	-	18,395
-	-	1,280	1,280
9,431	167	-	9,598
-	-	-	-
-	-	-	-
<u>9,431</u>	<u>167</u>	<u>1,280</u>	<u>29,273</u>
(956)	(167)	(1,080)	15,725
-	-	-	(21,400)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(21,400)
(956)	(167)	(1,080)	(5,675)
<u>9,703</u>	<u>2,239</u>	<u>12,419</u>	<u>40,854</u>
<u>\$ 8,747</u>	<u>\$ 2,072</u>	<u>\$ 11,339</u>	<u>\$ 35,179</u>

STATE OF NEW MEXICO
TOWN OF ELIDA
Special Revenue Fund - Correction Fund - 201
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Gas taxes	-	-	-	-
Charges for services	29,719	29,719	21,685	(8,034)
Interest	-	-	1	1
Licenses, fees and fines	-	-	-	-
Donations	-	-	-	-
Reimbursed expenses	-	-	-	-
Local grant	-	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Total revenues	<u>29,719</u>	<u>29,719</u>	<u>21,686</u>	<u>(8,033)</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) revenues over (under) expenditures	29,719	29,719	21,686	(8,033)
Other financing sources (uses)				
Operating transfers (net)	-	-	(21,400)	(21,400)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(21,400)</u>	<u>(21,400)</u>
Net change in cash balances	29,719	29,719	286	(29,433)
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>361</u>	<u>361</u>
Cash balance, ending	<u>\$ 29,719</u>	<u>\$ 29,719</u>	<u>\$ 647</u>	<u>\$ (29,072)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 286	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 286</u>	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Special Revenue Fund - Emergency Medical Service Fund - 206
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Gas taxes	-	-	-	-
Charges for services	2,600	6,100	6,980	880
Interest	-	-	-	-
Licenses, fees and fines	-	-	-	-
Donations	-	-	-	-
Reimbursed expenses	-	-	-	-
Local grants	-	500	500	-
State grants	7,157	7,157	7,157	-
Federal grants	-	-	-	-
Total revenues	<u>9,757</u>	<u>13,757</u>	<u>14,637</u>	<u>880</u>
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	8,957	18,330	18,330	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>8,957</u>	<u>18,330</u>	<u>18,330</u>	<u>-</u>
Excess (deficiency) revenues over (under) expenditures	800	(4,573)	(3,693)	880
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	4,573	-	(4,573)
Total other financing sources (uses)	<u>-</u>	<u>4,573</u>	<u>-</u>	<u>(4,573)</u>
Net change in cash balances	800	-	(3,693)	(3,693)
Cash balance, beginning	-	-	6,987	6,987
Cash balance, ending	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 3,294</u>	<u>\$ 3,294</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (3,693)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(65)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (3,758)</u>	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Special Revenue Fund - Senior Citizens Fund - 219
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Gas taxes	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Licenses, fees and fines	-	-	-	-
Donations	-	-	350	350
Reimbursed expenses	-	-	14	14
Local grant	-	-	-	-
State grants	7,225	7,225	5,131	(2,094)
Federal grants	2,354	2,354	1,658	(696)
Total revenues	9,579	9,579	7,153	(2,426)
Expenditures				
Current				
General government				
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	9,579	9,579	9,521	58
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	9,579	9,579	9,521	58
Excess (deficiency) revenues over (under) expenditures	-	-	(2,368)	(2,368)
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	-	-	(2,368)	(2,368)
Cash balance, beginning	-	-	9,788	9,788
Cash balance, ending	\$ -	\$ -	\$ 7,420	\$ 7,420
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (2,368)	
Adjustment to revenues for accruals and other deferrals			1,322	
Adjustment to expenditures for payables, prepaids and other accruals			90	
Net change in fund balance (GAAP Basis)			\$ (956)	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Special Revenue Fund - Library Fund - 298
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Gas taxes	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Licenses, fees and fines	-	-	-	-
Donations	-	-	-	-
Reimbursed expenses	-	-	-	-
Local grants	50	50	-	(50)
State grants	-	-	-	-
Federal grants	-	-	-	-
Total revenues	<u>50</u>	<u>50</u>	<u>-</u>	<u>(50)</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	850	850	157	693
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>850</u>	<u>850</u>	<u>157</u>	<u>693</u>
Excess (deficiency) revenues over (under) expenditures	(800)	(800)	(157)	643
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	800	800	-	(800)
Total other financing sources (uses)	<u>800</u>	<u>800</u>	<u>-</u>	<u>(800)</u>
Net change in cash balances	-	-	(157)	(157)
Cash balance, beginning	-	-	2,239	2,239
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,082</u>	<u>\$ 2,082</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (157)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(10)	
Net change in fund balance (GAAP Basis)			<u>\$ (167)</u>	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Special Revenue Fund - Cemetery Fund - 600
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	25	25	-	(25)
Motor vehicle taxes	-	-	-	-
Gas taxes	300	300	-	(300)
Charges for services	-	-	200	200
Interest	-	-	-	-
Licenses, fees and fines	-	-	-	-
Donations	-	-	-	-
Reimbursed expenses	-	-	-	-
Local grants	-	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Total revenues	<u>325</u>	<u>325</u>	<u>200</u>	<u>(125)</u>
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	2,000	2,000	1,284	716
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,284</u>	<u>716</u>
Excess (deficiency) revenues over (under) expenditures	(1,675)	(1,675)	(1,084)	591
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	<u>1,675</u>	<u>1,675</u>	<u>-</u>	<u>(1,675)</u>
Total other financing sources (uses)	<u>1,675</u>	<u>1,675</u>	<u>-</u>	<u>(1,675)</u>
Net change in cash balances	-	-	(1,084)	(1,084)
Cash balance, beginning	-	-	12,423	12,423
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,339</u>	<u>\$ 11,339</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,084)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>4</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (1,080)</u>	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Enterprise Fund - Water Fund - 501
Statement of Revenues, Expenses, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 67,000	\$ 67,000	\$ 84,381	\$ 17,381
Total revenues	67,000	67,000	84,381	17,381
Expenses				
Current				
Public works	78,880	78,880	72,288	6,592
Personal	33,297	33,297	24,983	8,314
Total expenses	112,177	112,177	97,271	14,906
Excess (deficiency) revenues over (under) expenses	(45,177)	(45,177)	(12,890)	32,287
Other financing sources (uses)				
Net taxes - gross receipts	(1,400)	(1,400)	(423)	977
Net meter deposits	-	-	150	150
Insurnace recovery - wells	3,300	16,515	16,515	-
Rental income	-	1,200	1,011	189
State grant	-	-	-	-
Reimbursed expenses	-	585	142	443
Operating transfers (net)	-	-	-	-
Designated cash	43,277	28,277	-	(28,277)
Total other financing sources (uses)	45,177	45,177	17,395	(27,782)
Net change in cash balances	-	-	4,505	4,505
Cash balance, beginning	-	-	68,310	68,310
Cash balance, ending	\$ -	\$ -	\$ 72,815	\$ 72,815
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 4,505	
Adjustment to revenues for accruals and other deferrals			2,935	
Adjustment to expenditures for payables, prepaids and other accruals			(54,492)	
Net change in fund balance (GAAP Basis)			\$ (47,052)	

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

STATE OF NEW MEXICO
TOWN OF ELIDA
Enterprise Fund - Solid Waste Fund - 502
Statement of Revenues, Expenses, and Changes in Cash Balance
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 40,100	\$ 40,100	\$ 40,961	\$ 861
Total revenues	40,100	40,100	40,961	861
Expenses				
Current				
Public works	15,984	17,889	14,052	3,837
Personal	25,016	26,921	26,921	-
Total expenses	41,000	44,810	40,973	3,837
Excess (deficiency) revenues over (under) expenses	(900)	(4,710)	(12)	4,698
Other financing sources (uses)				
Net taxes - gross receipts	(313)	(313)	(9)	304
Net meter deposits	-	-	-	-
Insurnace recovery - wells	-	-	-	-
Rental income	-	-	-	-
State grant	2,900	2,900	2,900	-
Reimbursed expenses	-	-	-	-
Operating transfers (net)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	2,587	2,587	2,891	304
Net change in cash balances	1,687	(2,123)	2,879	5,002
Cash balance, beginning	-	-	47,553	47,553
Cash balance, ending	\$ -	\$ -	\$ 50,432	\$ 50,432
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2,879	
Adjustment to revenues for accruals and other deferrals			585	
Adjustment to expenditures for payables, prepaids and other accruals			409	
Net change in fund balance (GAAP Basis)			\$ 3,873	

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

Supplementary Information Related to Agency Funds

Agency Funds

Activity Trust Fund

To account for funds collected on behalf of the State of New Mexico that is custodial in nature.

STATE OF NEW MEXICO
TOWN OF ELIDA
Agency Fund - Correction Fees
Statement of Changes in Assets and Liabilities
June 30, 2016

Schedule I

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Police allocation	\$ 570	\$ -	\$ (264)	\$ 306
Judicial education fee	<u>285</u>	<u>333</u>	<u>-</u>	<u>618</u>
Total assets	<u>\$ 855</u>	<u>\$ 333</u>	<u>\$ (264)</u>	<u>\$ 924</u>
 <u>LIABILITIES</u>				
Funds handled on behalf of State of New Mexico	<u>\$ 855</u>	<u>\$ 333</u>	<u>\$ (264)</u>	<u>\$ 924</u>
Total liabilities	<u>\$ 855</u>	<u>\$ 333</u>	<u>\$ (264)</u>	<u>\$ 924</u>

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

Other Supplemental Information

STATE OF NEW MEXICO
TOWN OF ELIDA
Bank Reconciliation - All Accounts
For the year ended June 30, 2016

Schedule II

<u>Bank Name / Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in transit</u>	<u>Outstanding checks</u>	<u>Book balance</u>
The James Polk Stone Community Bank					
General account	Checking	\$ 591,246	\$ 1,170	\$ (15,394)	\$ 577,022
Correction fund	Savings	<u>174</u>	<u>460</u>	<u>-</u>	<u>634</u>
Total The James Polk Stone Community Bank		<u>591,420</u>	<u>1,630</u>	<u>(15,394)</u>	<u>577,656</u>
New Mexico Finance Authority					
Cash State Treasury debt service	Debt Service	1,247	-	-	1,247
State of New Mexico					
LGIP fund (pool-4101)	LGIP	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total		<u>\$ 592,675</u>	<u>\$ 1,630</u>	<u>\$ (15,394)</u>	578,911
State of New Mexico					
Reserve contingencies fund (pool-4102)					5
Petty cash					<u>72</u>
Reconciled balance at year end					<u>\$ 578,988</u>
Reconciliation to financial statements					
Cash and cash equivalents					
Total cash and cash equivalents per statement of net position					\$ 568,704
Total restricted cash per statement of net position					8,100
Total New Mexico Finance Authority cash per statement of net position					1,247
Total State of New Mexico LGIP fund cash per statement of net position					8
Total State of New Mexico Reserve contingencies fund cash per statement of net position					5
Total cash and cash equivalents per statement of fiduciary assets and liabilities - agency funds - correction fund					<u>924</u>
Total cash and cash equivalents					<u>\$ 578,988</u>

SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)

For the Year Ended June 30, 2016

Prepared by Agency Staff Name: Kimberly Summers Title: Clerk/Treasurer Date 08/03/2016

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
None								

Compliance Section

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Sandra Rush

Certified Public Accountant PC

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Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Independent Auditor's Report

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Town of Elida
Elida, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Town of Elida (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town presented as supplemental information, and have issued my report thereon dated November 25, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sandra Rush CPA PC
Clovis, New Mexico
November 25, 2016

STATE OF NEW MEXICO
TOWN OF ELIDA
Schedule of Findings and Responses
June 30, 2016

Prior Year Audit Finding

2015-001 Pledger Collateral

Resolved

Current Year Audit Finding

None

Financial Statement Preparation

Although it would be preferred and desirable for the Town to prepare its own GAAP-basis financial statements, it is felt that the Town's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the Town. Management of the Town has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

Exit Conference

The contents of this report were discussed with, Durward Dixon, Mayor, Kimberly Summers, Clerk/Treasurer, and Sandra Rush, CPA, in an exit conference on November 23, 2016.

