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STATE OF NEW MEXICO  
Town of Elida  
June 30, 2018

Financial Statements and Supplementary Information  
As Of And For The Year Ended June 30, 2018  
With Independent Auditor's Report Thereon

*Sandra Rush CPA PC  
1101 E Llano Estacado  
Clovis, New Mexico 88101*

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## Introductory Section

STATE OF NEW MEXICO  
TOWN OF ELIDA

Official Roster  
For the year ended June 30, 2018

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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# *Sandra Rush*

*Certified Public Accountant PC*

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1101 E Llano Estacado • Clovis, New Mexico 88101 • 575-763-2245

## Independent Auditor's Report

Wayne A. Johnson  
New Mexico State Auditor  
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, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Town of Elida (Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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 of material misstatement.

An audit involves performing procedures to obtain 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 Town'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 Town'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the general fund and major special revenue funds of the Town as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*


Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 an opinion on the basic financial statements. The supplemental information as noted in the table of contents required by Section 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated December 1, 2018 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  
December 1, 2018

## Basic Financial Statements

## Government-wide Financial Statements

STATE OF NEW MEXICO  
TOWN OF ELIDA  
Statement of Net Position  
June 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 480,809	\$ 63,787	\$ 544,596
Petty cash	-	72	72
Cash in New Mexico Finance Authority State treasury debt service	1,461	-	1,461
Cash in State of New Mexico LGIP fund (pool - 4101)	13		13
Accounts receivable			
Taxes	17,048	-	17,048
Grantor	1,178	-	1,178
Other	623	-	623
Sales	-	9,112	9,112
Total current assets	<u>501,132</u>	<u>72,971</u>	<u>574,103</u>
Noncurrent assets			
Restricted cash	200	8,650	8,850
Capital assets	4,744,128	2,025,042	6,769,170
Accumulated depreciation	(1,972,659)	(941,530)	(2,914,189)
Total noncurrent assets	<u>2,771,669</u>	<u>1,092,162</u>	<u>3,863,831</u>
Total assets	<u>3,272,801</u>	<u>1,165,133</u>	<u>4,437,934</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Aggregated deferred outflows	<u>54,254</u>	<u>-</u>	<u>54,254</u>
Total assets and deferred outflows of resources	<u>\$ 3,327,055</u>	<u>\$ 1,165,133</u>	<u>\$ 4,492,188</u>
 <u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 5,820	\$ 4,650	\$ 10,470
Current portion of long-term debt	<u>28,364</u>	<u>-</u>	<u>28,364</u>
Total current liabilities	<u>34,184</u>	<u>4,650</u>	<u>38,834</u>
Non-current liabilities			
Customer deposits	200	8,830	9,030
Compensated absences	3,462	4,896	8,358
Long-term portion notes payable	129,492	-	129,492
Net pension liability - PERA	172,036	-	172,036
Net OPEB liability	<u>126,434</u>	<u>-</u>	<u>126,434</u>
Total non-current liabilities	<u>431,624</u>	<u>13,726</u>	<u>445,350</u>
Total liabilities	<u>465,808</u>	<u>18,376</u>	<u>484,184</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Aggregated deferred inflows	<u>96,493</u>	<u>-</u>	<u>96,493</u>
 <u>NET POSITION</u>			
Net investment in capital assets	2,613,613	1,083,512	3,697,125
Restricted			
General government fund	200	-	200
Special revenue fund	125,988	-	125,988
Capital project fund	8,933	-	8,933
Unrestricted	<u>16,020</u>	<u>63,245</u>	<u>79,265</u>
Total net position	<u>2,764,754</u>	<u>1,146,757</u>	<u>3,911,511</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,327,055</u>	<u>\$ 1,165,133</u>	<u>\$ 4,492,188</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, 2018

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	\$ 132,423	\$ 1,369	\$ 80,237	\$ -	\$ (50,817)	\$ -	\$ (50,817)
Elections	400	-	-	-	(400)	-	(400)
Judicial	23,304	-	-	-	(23,304)	-	(23,304)
Public safety	247,970	15,204	273,938	50,000	91,172	-	91,172
Public works	115,536	2,550	31,288	-	(81,698)	-	(81,698)
Culture and recreation	33,993	830	-	-	(33,163)	-	(33,163)
Interest	1,423	-	-	-	(1,423)	-	(1,423)
Total governmental activities	555,049	19,953	385,463	50,000	(99,633)	-	(99,633)
Business-type activities							
Water	137,716	68,543	2,706	1,154	-	(65,313)	(65,313)
Solid waste	49,527	44,470	-	-	-	(5,057)	(5,057)
Total business-type activities	187,243	113,013	2,706	1,154	-	(70,370)	(70,370)
Total governmental and business-type activities	\$ 742,292	\$ 132,966	\$ 388,169	\$ 51,154	\$ (99,633)	\$ (70,370)	\$ (170,003)
				General Revenues			
				Taxes			
				Property	3,886	-	3,886
				Gas	-	-	-
				Gross receipts	98,711	-	98,711
				Fuel rebate	10,600	-	10,600
				Licenses	195	-	195
				Motor vehicle fees	720	-	720
				Interest income	257	-	257
				Municipal equivalent distribution	726	-	726
				Development tax	2,014	-	2,014
				Gain (loss) sale of capital assets	9,584	-	9,584
				Other	6,081	386	6,467
				State grants	90,000	1,980	91,980
				Total general revenues	222,774	2,366	225,140
				Change in net position	123,141	(68,004)	55,137
				Net position, beginning	2,794,165	1,214,761	4,008,926
				Restatement	(152,552)		(152,552)
				Net position, beginning restated	2,641,613	1,214,761	3,856,374
				Net position, ending	\$ 2,764,754	\$ 1,146,757	\$ 3,911,511

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, 2018

	General 101	<u>Special Revenue</u> Fire Protection 209	<u>Capital Projects</u> Building Fund 300	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash in banks	\$ 347,182	\$ 77,061	\$ 8,933	\$ 47,633	\$ 480,809
New Mexico Finance Authority					
Cash state treasury debt service	-	1,461	-		1,461
State of New Mexico					
LGIP fund (pool-4101)	-	-	-	13	13
Accounts receivable					
Taxes	17,048	-	-	-	17,048
Grantor	-	-	-	1,178	1,178
Other	-	-	-	623	623
Restricted cash	200	-	-		200
Total assets	<u>\$ 364,430</u>	<u>\$ 78,522</u>	<u>\$ 8,933</u>	<u>\$ 49,447</u>	<u>\$ 501,332</u>
<b>LIABILITIES</b>					
Accounts payables	\$ 3,839	\$ 1,349	\$ -	\$ 632	\$ 5,820
Funds held for others	200	-	-	-	200
Total liabilities	<u>4,039</u>	<u>1,349</u>	<u>-</u>	<u>632</u>	<u>6,020</u>
<b>FUND BALANCE</b>					
Restricted for					
General government fund	200				
Special revenue funds	-	77,173	-	48,815	125,988
Capital projects	-	-	8,933	-	8,933
Unassigned					
General government fund	360,191	-	-	-	360,191
Total fund balance	<u>360,391</u>	<u>77,173</u>	<u>8,933</u>	<u>48,815</u>	<u>495,312</u>
Total liabilities and fund balance	<u>\$ 364,430</u>	<u>\$ 78,522</u>	<u>\$ 8,933</u>	<u>\$ 49,447</u>	<u>\$ 501,332</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, 2018

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

Fund balance - total governmental funds		\$	495,312
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Capital assets	\$	4,744,128	
Accumulated depreciation		<u>(1,972,659)</u>	2,771,469
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:			
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 pension - PERA		51,596	
Deferred inflows of resources related to pension - PERA		(67,717)	
Deferred outflows of resources related to pension - RHC		2,658	
Deferred inflows of resources related to pension - RHC		<u>(28,776)</u>	(42,239)
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		(3,462)	
Loans and notes payable		(157,856)	
Net pension liability - PERA		(172,036)	
Net pension liability - RHC		<u>(126,434)</u>	<u>(459,788)</u>
Net position of governmental activities			<u>\$ 2,764,754</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, 2018

	General 101	Special Revenue Fire Protection 209	Capital Projects Building Fund 300	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 3,886	\$ -	\$ -	\$ -	\$ 3,886
Gross receipts taxes - environmental	2,014	-	-	-	2,014
Gross receipts taxes - state	38	-	-	-	38
Gross receipts taxes - municipal	56,048	-	-	-	56,048
Municipal economic development	2,014	-	-	-	2,014
Municipal equivalent distribution	726	-	-	24	750
Motor vehicle taxes	720	-	-	-	720
Charges for services	-	-	-	5,427	5,427
Interest	-	255	0	2	257
Licenses, fees and fines	41,137	-	-	10,252	51,389
Donations	17,250	6,176	-	160	23,586
Rents	3,280	-	-	-	3,280
Other	39,462	5,606	-	-	45,068
Fuel rebate	10,600	-	-	-	10,600
Local grants	7	-	-	3,500	3,507
State grants	130,618	172,324	64,851	35,854	403,647
Federal grants	-	-	50,000	6,375	56,375
<b>Total revenues</b>	<b>307,800</b>	<b>184,361</b>	<b>114,851</b>	<b>61,594</b>	<b>668,606</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>General government</b>					
Elections	400	-	-	-	400
Finance	126,567	-	-	-	126,567
Judicial	23,304	-	-	-	23,304
Public safety	70,361	94,731	-	11,865	176,957
Public works	14,173	-	-	17,382	31,555
Culture and recreation	10,228	-	-	157	10,385
Capital outlay	66,981	-	132,699	31,893	231,573
<b>Debt service</b>					
Principal	2,526	28,166	-	-	30,692
Interest	1,212	211	-	-	1,423
<b>Total expenditures</b>	<b>315,752</b>	<b>123,108</b>	<b>132,699</b>	<b>61,297</b>	<b>632,856</b>
Excess (deficiency) of revenues over expenditures	(7,952)	61,253	(17,848)	297	35,750
<b>Other financing sources (uses)</b>					
Loan proceeds NMFA	25,000	-	-	-	25,000
Gain (loss) sale of capital assets	-	-	-	18,000	18,000
Operating transfers (net)	10,094	(15,476)	22,950	(17,568)	-
<b>Total other financing sources (uses)</b>	<b>35,094</b>	<b>(15,476)</b>	<b>22,950</b>	<b>432</b>	<b>43,000</b>
Net change in fund balances	27,142	45,777	5,102	729	78,750
Fund balances, beginning	333,249	31,396	3,831	48,086	416,562
Fund balances, ending	<u>\$ 360,391</u>	<u>\$ 77,173</u>	<u>\$ 8,933</u>	<u>\$ 48,815</u>	<u>\$ 495,312</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, 2018

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

Net change in fund balances - total governmental funds	\$	78,750
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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	231,573	
Depreciation expense	(187,089)	
Disposal of capital asset	(18,000)	
Gain (loss) on disposal of capital asset	9,584	
Note proceeds	<u>(25,000)</u>	11,068

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	30,692
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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	(1,024)	
Change in deferred inflows / outflows for net pension liability	<u>3,655</u>	<u>2,631</u>

Change in Net Position of Governmental Activities	\$	<u><u>123,141</u></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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenue</b>				
Property taxes	\$ 3,605	\$ 3,605	\$ 3,827	\$ 222
Gross receipts taxes - environmental	1,640	1,640	2,014	374
Gross receipts taxes - municipal	37,230	37,230	40,750	3,520
Municipal economic development	1,640	1,640	2,014	374
Municipal equivalent distribution	200	200	301	101
Motor vehicle taxes	420	420	767	347
Charges for services	690	690	1,369	679
Licenses, fees and fines	40,086	40,086	41,137	1,051
Donations	10,000	17,639	17,250	(389)
Other	8,000	32,411	38,131	5,720
Rental	-	3,450	3,280	(170)
Fuel rebate	10,850	10,850	11,525	675
Gross receipts taxes - state	35,500	35,500	40,618	5,118
Local grants	-	-	-	-
State grants	90,000	90,000	92,253	2,253
Federal grants	-	-	-	-
<b>Total revenue</b>	<b>239,861</b>	<b>275,361</b>	<b>295,236</b>	<b>19,875</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Election	1,600	1,600	400	1,200
Finance	55,933	59,115	58,684	431
Finance personnel services	69,067	68,788	67,855	933
Judicial	4,035	8,656	8,656	-
Judicial personnel services	14,285	14,285	14,285	-
Public safety	31,787	20,213	20,213	-
Public safety personnel services	20,213	51,139	51,139	-
Public works	32,730	12,730	12,646	84
Public works personnel services	1,270	1,770	1,270	500
Culture and recreation	-	10,000	9,638	362
Capital outlay	-	68,500	66,981	1,519
<b>Debt service</b>				
Principal	-	4,000	2,526	1,474
Interest	-	1,212	1,212	-
<b>Total expenditures</b>	<b>230,920</b>	<b>322,008</b>	<b>315,505</b>	<b>6,503</b>
Excess (deficiency) revenues over (under) expenditures	8,941	(46,647)	(20,269)	26,378
<b>Other financing sources (uses):</b>				
Operating transfers net	10,696	21,909	10,094	(11,815)
Loan proceeds	25,000	25,000	25,000	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>35,696</b>	<b>46,909</b>	<b>35,094</b>	<b>(11,815)</b>
<b>Net change in cash balances</b>	<b>44,637</b>	<b>262</b>	<b>14,825</b>	<b>14,563</b>
Cash balance, beginning	-	-	332,357	332,357
Cash balance, ending	\$ 44,637	\$ 262	\$ 347,182	\$ 346,920
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 14,825	
Adjustment to revenues for accruals and other deferrals			12,564	
Adjustment to expenditures for payables, prepaids and other accruals			(247)	
Net change in fund balance (GAAP Basis)			\$ 27,142	

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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	255	255
Licenses, fees and fines	-	-	-	-
Donations	2,500	8,677	6,176	(2,501)
Other	2,500	8,106	5,606	(2,500)
Local grants	-	-	-	-
State grants	156,834	167,444	172,324	4,880
Federal grants	-	-	-	-
<b>Total revenues</b>	<b>161,834</b>	<b>184,227</b>	<b>184,361</b>	<b>134</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	95,072	99,952	93,057	6,895
Public safety personnel services	796	796	796	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	28,166	28,378	28,378	-
Interest	-	211	211	-
<b>Total expenditures</b>	<b>124,034</b>	<b>129,337</b>	<b>122,442</b>	<b>6,895</b>
Excess (deficiency) revenues over (under) expenditures	37,800	54,890	61,919	7,029
<b>Other financing sources (uses)</b>				
Operating transfers net	(43,277)	(44,373)	(15,476)	28,897
Designated cash	5,477	-	-	-
<b>Total other financing sources (uses)</b>	<b>(37,800)</b>	<b>(44,373)</b>	<b>(15,476)</b>	<b>28,897</b>
Net change in cash balances	-	10,517	46,443	35,926
Cash balance, beginning	-	-	32,079	32,079
Cash balance, ending	\$ -	\$ 10,517	\$ 78,522	\$ 68,005
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 46,443	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(666)	
Net change in fund balance (GAAP Basis)			\$ 45,777	

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, 2018

	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	\$ 49,170	\$ 14,617	\$ 63,787
Petty cash	72	-	72
Accounts receivable, net	<u>6,749</u>	<u>2,363</u>	<u>9,112</u>
Total current assets	<u>55,991</u>	<u>16,980</u>	<u>72,971</u>
Noncurrent assets			
Restricted cash, customer meter deposits	8,650	-	8,650
Capital assets, being depreciated	2,019,627	5,415	2,025,042
Less: accumulated depreciation	<u>(937,199)</u>	<u>(4,331)</u>	<u>(941,530)</u>
Total noncurrent assets	<u>1,091,078</u>	<u>1,084</u>	<u>1,092,162</u>
Total assets	<u>\$ 1,147,069</u>	<u>\$ 18,064</u>	<u>\$ 1,165,133</u>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities			
Accounts payable	\$ 3,697	\$ 953	\$ 4,650
Compensated absences	<u>3,951</u>	<u>945</u>	<u>4,896</u>
Total current liabilities	<u>7,648</u>	<u>1,898</u>	<u>9,546</u>
Noncurrent liabilities			
Customer meter deposits	<u>8,830</u>	<u>-</u>	<u>8,830</u>
Total noncurrent liabilities	<u>8,830</u>	<u>-</u>	<u>8,830</u>
Total liabilities	16,478	1,898	18,376
Net position			
Net invested in capital assets	1,082,428	1,084	1,083,512
Unrestricted	<u>48,163</u>	<u>15,082</u>	<u>63,245</u>
Total net position	<u>1,130,591</u>	<u>16,166</u>	<u>1,146,757</u>
Total liabilities and net position	<u>\$ 1,147,069</u>	<u>\$ 18,064</u>	<u>\$ 1,165,133</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, 2018

	Business-type Activities Water Fund 501	Business-type Activities Solid Waste 502	Business-type Activities Totals
Operating revenues			
Sales and services	\$ 68,543	\$ 44,470	\$ 113,013
Total operating revenues	<u>68,543</u>	<u>44,470</u>	<u>113,013</u>
Operating expenses			
Public works	67,825	21,398	89,223
Personnel	25,965	27,046	53,011
Depreciation	43,926	1,083	45,009
Total operating expenses	<u>137,716</u>	<u>49,527</u>	<u>187,243</u>
Operating income (loss)	(69,173)	(5,057)	(74,230)
Non-operating revenues (expenses)			
Other revenues (expenses)	386	-	386
Change in meter deposits	-	-	-
Net gross receipts tax	-	-	-
State grant	3,860	1,980	5,840
Total non-operating revenue (expenses)	<u>4,246</u>	<u>1,980</u>	<u>6,226</u>
Net income (loss)	(64,927)	(3,077)	(68,004)
Operating transfers (net)	-	-	-
Change in net position - proprietary funds	(64,927)	(3,077)	(68,004)
Net position, beginning	1,195,518	19,243	1,214,761
Net position, ending	<u>\$ 1,130,591</u>	<u>\$ 16,166</u>	<u>\$ 1,146,757</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, 2018

	Business-type Activities Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 113,189
Payments to suppliers and contractors	(86,171)
Payments to and on behalf of employees	<u>(51,385)</u>
Net cash provided (used) by operating activities	<u>(24,367)</u>
Cash flows from non capital financing activities	
Net taxes - gross receipts	78
Change in meter deposits	250
Transfers (net)	<u>-</u>
Net cash provided (used) by non capital financing activities	<u>328</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	-
Net state grant	1,154
Net other	386
Disposal of capital asset	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>1,540</u>
Net increase (decrease) in cash and cash equivalents	(22,499)
Cash and cash equivalents, beginning	<u>95,008</u>
Total cash and cash equivalents, ending	<u>\$ 72,509</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (74,230)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	45,009
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	176
Increase (Decrease) in accounts payable	<u>4,678</u>
Net cash provided (used) by operating activities	<u>\$ (24,367)</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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 513</u>
Total assets	<u><u>\$ 513</u></u>
<u>LIABILITIES</u>	
Deposits held for others	<u>\$ 513</u>
Total liabilities	<u><u>\$ 513</u></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, 2018.

### **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 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.

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.

#### 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.

#### Capital Projects – Building Fund

Accounts for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

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.

Generally, 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.

**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, 2018.

**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 'measurable' 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, 2018, is presented.

The appropriated budget for the year ended June 30, 2018, 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, 2018.

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.

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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, 2018		
Operating	\$ 567,908	Checking
Correction	372	Savings
Total deposited	<u>568,280</u>	
Less FDIC coverage	<u>(250,000)</u>	
Total uninsured public funds	<u>318,280</u>	
50% collateral requirement		
as per Section 6-10-17, NMSA 1978	<u>159,140</u>	
Pledged securities	<u>227,894</u>	
Over (under)	<u>\$ 68,754</u>	

Pledged Collateral:

Description	CUSIP#	Maturity Date	Market Value	Location
ALAMOGORDO SCH DIST	011464JGO	8/1/2019	\$ 75,172	TIB, DALLAS TX
QUESTA NM ISD	748352CS8	9/1/2019	<u>152,722</u>	TIB, DALLAS TX
			<u>\$ 227,894</u>	

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, 2018, \$90,386 of the Town's bank balance of \$568,280 was exposed to custodial credit risk.

Custodial Credit Risk Deposits	
Account Balance	\$ 568,280
FDIC Insurance	250,000
Collateral:	
Collateral held by the pledging bank, not in the District's name	227,894
Uninsured and uncollateralized	<u>90,386</u>
Total Deposits	<u>\$ 568,280</u>

**Note 4 Receivables**

Receivables as of June 30, 2018, are as follows:

	General Fund	EMS Fund	Non Major
Governmental Activities			
Accounts receivable taxes			
Property Tax	\$ 259	\$ -	\$ -
MVD Fees	63	-	-
Gas Tax	996	-	-
Municipal Economic Development	379	-	-
Municipal Equivalent Distb	46	-	-
Municipal Gross Receipts Tax	7,663	-	-
State Gross Receipts Tax	7,642	-	-
Total Accounts Receivable Taxes	-	-	-
Accounts receivable from grantor	-	-	-
Senior Citizens	-	-	1,178
Accounts receivable other	-	-	-
EMS	-	623	-
Totals	<u>\$ 17,048</u>	<u>\$ 623</u>	<u>\$ 1,178</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	\$ 7,105	\$ 2,487	\$ 9,592
Less allowance for uncollectible	(356)	(124)	(480)
Totals	<u>\$ 6,749</u>	<u>\$ 2,363</u>	<u>\$ 9,112</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.

	Transfer In	Transfer Out
General	\$ 20,016	\$ -
Correction		(10,550)
Fire		(6,592)
Lepf		(2,874)
Building	22,950	
General		(9,922)
Fire		(13,028)
Fire	4,144	
Ambulance	-	(4,144)
Totals	<u>\$ 47,110</u>	<u>\$ (47,110)</u>

**Note 6 Accounts Payables**

Accounts payable are payable to suppliers as of June 30, 2018, are listed below.

Governmental Activities	General Fund	Fire Fund	Non Major	Totals
Accounts payable				
General				
Financial	\$ 1,193	\$	\$	\$
Judicial	365			
Culture and recreation	590			
Public safety	412			
Public works	1,279			3,839
Fire		1,349		1,349
EMS			121	121
Cemetery			175	175
Senior citizens			336	336
<b>Totals</b>	<b>\$ 3,839</b>	<b>\$ 1,349</b>	<b>\$ 632</b>	<b>\$ 5,820</b>

Business-Type	Water Fund	Solid Waste Fund	Total
Accounts payable	\$ 3,697	\$ 953	\$ 4,650

**Note 7 Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 14,707	\$ -	\$ -	\$ 14,707
CNP	806,383	57,926	(864,309)	-
Capital assets being depreciated				
Buildings and improvements	972,072	141,754	-	1,113,826
Improvements	1,916,460	864,309	-	2,780,769
Vehicles	240,511	31,893	(26,578)	245,826
Equipment	589,000	-	-	589,000
<b>Total assets</b>	<b>4,539,133</b>	<b>1,095,882</b>	<b>(890,887)</b>	<b>4,744,128</b>
Less accumulated depreciation				
Buildings and improvements	(350,195)	(33,299)	-	(383,494)
Improvements	(1,026,759)	(103,294)	-	(1,130,053)
Vehicles	(157,749)	(25,989)	18,162	(165,576)
Equipment	(269,029)	(24,507)	-	(293,536)
<b>Total accumulated depreciation</b>	<b>(1,803,732)</b>	<b>(187,089)</b>	<b>18,162</b>	<b>(1,972,659)</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 2,735,401</b>	<b>\$ 908,793</b>	<b>\$ (872,725)</b>	<b>\$ 2,771,469</b>

Capital assets, net of accumulated depreciation, at June 30, 2018 appear in the Statement of Net Position as follows: Governmental activities \$2,771,469.

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Depreciation expense for the year ended June 30, 2018 was charged to the following governmental activities functions.

Culture and recreation	\$	23,608
Financial		8,487
Public safety		71,013
Public works		83,981
	\$	<u>187,089</u>

Business-Type Activities

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 104,994	\$ -	\$ -	\$ 104,994
CNP	48,846	-	-	48,846
Capital assets being depreciated				
Infrastructure	1,812,533	-	-	1,812,533
Vehicles	35,086	-	-	35,086
Equipment	23,583	-	-	23,583
Total assets	<u>2,025,042</u>	<u>-</u>	<u>-</u>	<u>2,025,042</u>
Less accumulated depreciation				
Infrastructure	(850,791)	(38,994)	-	(889,785)
Vehicles	(29,148)	(3,509)	-	(32,657)
Equipment	(16,582)	(2,506)	-	(19,088)
Total accumulated depreciation	<u>(896,521)</u>	<u>(45,009)</u>	<u>-</u>	<u>(941,530)</u>
Business-type activity capital assets, net	<u>\$ 1,128,521</u>	<u>\$ (45,009)</u>	<u>\$ -</u>	<u>\$ 1,083,512</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2018 totaled \$45,009.

**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, 2018,

**Note 10 Long-term Debts**

Governmental Activities

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government wide statement of net position:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities					
NMFA Note payable	\$ 50,465	\$ -	\$ (25,220)	\$ 25,245	\$ 25,245
NMFA Note payable	113,083	-	-	113,083	-
Portales Escrow Co.	-	25,000	(2,526)	22,474	3,119
	<u>\$ 163,548</u>	<u>\$ 25,000</u>	<u>\$ (27,746)</u>	<u>\$ 160,802</u>	<u>\$ 28,364</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	<u>\$ 2,438</u>	<u>\$ 3,387</u>	<u>\$ (2,363)</u>	<u>\$ 3,462</u>	<u>\$ -</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.

Town entered into a loan agreement with the New Mexico Finance Authority to finance the purchase of a fire station. The interest rate ranges from 1.83% to 2.490% and the principal payments range from \$14,382 to \$18,9305.

Town entered into a loan agreement to finance the purchase of a house. Monthly payments in the amount of \$365.21 are paid to the Portales Escrow Co. The interest rate is 6%

The annual requirement to amortize the loans as of June 30, 2018, including interest and administration fees is as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 25,245	\$ 25	\$ 25,270
Year Ended June 30,	Principal	Interest	Total
2019	\$ -	\$ 2,722	\$ 2,722
2020	14,382	2,722	17,104
2021	14,645	2,458	17,103
2022	14,929	2,174	17,103
2023	15,236	1,866	17,102
2024 - 2027	53,891	3,864	57,755
	<u>\$ 113,083</u>	<u>\$ 15,806</u>	<u>\$ 74,857</u>

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Year Ended June 30,	Principal	Interest	Total
2019	\$ 3,119	\$ 1,264	\$ 4,383
2020	3,308	1,074	4,382
2021	3,515	867	4,382
2022	3,732	651	4,383
2023	3,962	420	4,382
2024 - 2025	4,838	180	5,018
	<u>\$ 22,474</u>	<u>\$ 4,456</u>	<u>\$ 9,400</u>

Business-type Activities

During the year ended June 30, 2018, the following changes occurred in the compensated absences liabilities reported in the business-type activities Statement of Net Position:

	Beginning Balance	Additions	Deletions	Ending Balance
Water	\$ 2,614	\$ 1,875	\$ (538)	\$ 3,951
Solid waste	656	424	(135)	945
	<u>\$ 3,270</u>	<u>\$ 2,299</u>	<u>\$ (673)</u>	<u>\$ 4,896</u>

**Note 11 Public Employees Retirement Association (PERA) Plan**

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

**Plan Description.** The 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-IIA-1 to 10-IIA-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

**Benefits Provided** For a description of the benefits provided and recent changes to the benefits see Note D in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at: <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-final.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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 46 through 48 of the PERA FY 17 annual audit report. The PERA coverage options that apply to the Town are: General Division and Police Division.

**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, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

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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, 2017.

Only employer contributions for the pay period end dates that fall within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 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 Fund Division – General.** At June 30, 2018, the Town reported a liability of \$94,812 for its proportionate share of the net pension liability at June 30, 2017. At June 30, 2017, the Town's proportion was 0.0069%, which was slightly lower than its 0.0078% proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized PERA Fund - General pension expense of approximately \$11,648.

At June 30, 2017, the Town reported PERA Fund Division - General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal General Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,725	\$ 4,856
Change in assumptions	4,372	980
Net difference between projected and actual earnings on plan investments	7,779	-
Change in proportion and difference between Entity contribution and proportionate share of contributions	6,000	11,924
Entity's contribution subsequent to the measurement date	5,664	-
<b>Totals</b>	<b>\$ 27,540</b>	<b>\$ 17,760</b>

For the General Division, \$5,664 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2017 and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Municipal General Division
2019	\$ 2,864
2020	4,755
2021	(1,229)
2022	(2,274)

**PERA Fund Division - Police.** At June 30, 2018, the Town reported a liability of \$77,224 for its proportionate share of the net pension liability at June 30, 2017. As of June 30, 2017, the Town's proportion was 0.0139%, which was slightly lower than its 0.0176% proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized PERA Fund - Police pension expense of approximately (\$3,296). At June 30, 2017, the Town reported PERA Fund Division - Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:



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Municipal Police Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,690	\$ 14,428
Change in assumptions	4,595	1,796
Net difference between projected and actual earnings on plan investments	6,219	-
Change in proportion and difference between Entity contribution and proportionate share of contributions	1,790	33,733
Entity's contribution subsequent to the measurement date	6,762	-
Totals	<u>\$ 24,056</u>	<u>\$ 49,957</u>

For the Police Division, \$6,762 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2017 and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Municipal Police Division
2019	\$ (13,086)
2020	(10,212)
2021	(7,547)
2022	(1,818)

**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, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

PERA	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	4 year smoothed Market Value
<b>Actuarial Assumptions</b>	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 9 years, then 2.75 all other years
Mortality Assumption	RP-2000 Mortality Tables
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) July 1, 2010 through June 20, 2016 (economic)

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

The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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All Funds Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets to Include Real Estate Equity	20.00%	7.35%
Total	100.00%	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.25% for the first ten years (select period) then 7.75% for all other years (ultimate). The equivalent blended rate of 7.48% will be used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Association's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Association's net pension liability in each PERA Fund Division in which the Association participates, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

Proportionate share of the net pension liability	1% Decrease 6.51%	Current Discount 7.51%	1% Increase 8.51%
Municipal General Division	\$ 148,601	\$ 94,812	\$ 50,078
Municipal Police Division	\$ 123,150	\$ 77,224	\$ 39,534

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at: [www.pera.state.nm.us/publications.html](http://www.pera.state.nm.us/publications.html).

**Payables to the Pension Plan.** At June 30, 2018, the Town did not have any outstanding contributions to the pension plan reported within accounts payables in the General Fund

**Note 12 OPEB**

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

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

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

**Employees covered by benefit terms-**At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

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Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,349</u>
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>97,349</u>

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

Contributions to the Fund from the Town was \$2,394 for the year ended June 30, 2017.

At June 30, 2018, the Town reported a liability of \$126,434 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The Town's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the Town's proportion was .00279 percent.

For the year ended June 30, 2018, the Town recognized OPEB expense of \$5,027 . At June 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ -	\$ 4,852
Change in assumptions	-	22,105
Difference between projected and actual and projected earnings on OPEB investments	-	1,819
District's contribution made after the measurement date	<u>2,658</u>	<u>-</u>
Totals	<u>\$ 2,658</u>	<u>\$ 28,776</u>

Deferred outflows of resources totaling \$2,658 represents the Town's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	\$ (6,118)
2020	(6,118)
2021	(6,118)
2022	(6,118)
2023	<u>(4,304)</u>
Total	<u>\$ (28,776)</u>

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation 8% graded down to 4.5% over 14 years for Non- Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

**Rate of Return.** The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.10%
U.S. equity - large cap	9.10%
Non U.S. - emerging markets	12.20%
Non U.S. - developed equities	9.80%
Private equity	13.80%
Credit and structured finance	7.30%
Real estate	6.90%
Absolute return	6.10%
U.S. equity - small/mid cap	9.10%

**Discount Rate.** The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029.

Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.** The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

STATE OF NEW MEXICO  
TOWN OF ELIDA  
Notes to The Financial Statements  
June 30, 2018

	1% Decrease 2.81%	Current Discount 3.81%	1% Increase 4.81%
District's proportionate share of the net pension liability	\$ 153,362	\$ 126,434	\$ 105,306

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

1% Decrease	Current Trend Rates	1% Increase
\$ 107,541	\$ 126,434	\$ 141,166

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2017.

**Payable Changes in the Net OPEB Liability.** At June 30, 2018, the Town did not report a payable for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

**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 December 1, 2017 which is the date the financial statements were available for issuance.

**Note 16 GASB 77 Abatement Disclosures**

The Village was not part of any tax abatement agreements subject to GASBS 77 Tax Abatement Disclosures during the year ended June 30, 2018. As a result, they make no such disclosures related to GASBS 77.

**Note 17 Restatement – Change in Accounting Principal**

During the year ended June 30, 2018, there was a restatement in the District's financial statements due to the implementation of GASB 75 resulting in a reduction in net position in the amount of (\$152,552). This includes the District's proportionate share of the beginning net OPEB liability of \$126,434.

## Required Supplementary Information

STATE OF NEW MEXICO  
TOWN OF ELIDA  
Notes to Required Supplementary Information  
June 30, 2018

Schedule of Proportionate Share of the Net Pension Liability

Fiscal Year Measurement Year	2015 2014	2016 2015	2017 2016	2018 2017
The Entity's proportion of the net pension liability (asset)	0.03100%	0.11160%	0.02540%	0.02080%
The Entity's proportionate share of the net pension liability (asset)	\$ 131,482	\$ 210,783	\$ 254,475	\$ 172,036
The Entity's covered-employee payroll	\$ 130,372	\$ 122,461	\$ 110,654	\$ 112,277
The Entity's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.85%	172.12%	229.97%	153.22%
Plan fiduciary net position as a percentage of the total pension liability	81.29%	76.99%	69.18%	73.74%

\* Governmental Accounting Standards Board Statement No.68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the entity is not available prior to fiscal year 2015, the year the statement's requirements became effective.

Schedule of Contributions

June 30,	2015	2016	2017	2018
Contractually required contribution	\$ 15,099	\$ 13,081	\$ 11,620	\$ 12,426
Contributions in relation to the contractually required contribution	15,099	13,081	11,620	12,426
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
The Entity's covered-employee payroll	130,372	122,461	110,654	112,277
Contributions as a percentage of covered-employee payroll	11.58%	10.68%	10.50%	11.07%

\* Governmental Accounting Standards Board Statement No.68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the entity is not available prior to fiscal year 2015, the year the statement's requirements became effective.

*Note: Employee contributions are not included in this schedule.*

See notes to required supplementary information

STATE OF NEW MEXICO  
TOWN OF ELIDA  
Notes to Required Supplementary Information  
June 30, 2018

PERA

**Changes of Benefit Terms.** The Public Employees Retirement Association of New Mexico (PERA) Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at: <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>

**Changes of Assumptions.** PERA Annual Actuarial Valuation as of June 30, 2017 report is available at: [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2016%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2016%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio."

For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

RHC Plan

Changes in benefit provisions.

There were no modifications to the benefit provisions as this is the first year of adoption of the OPEB accounting standard.

Changes in assumptions and methods.

There were no modifications to the assumptions and methods as this is the first year of adoption of the OPEB accounting standard.



STATE OF NEW MEXICO  
TOWN OF ELIDA  
Required Supplementary Information  
For the Year Ended June 30, 2018

Schedule of Employer's Proportionate Share of the Net OPEB Liability

	<u>2018*</u>
The District's proportion of the net OPEB liability	0.00279%
The District's proportionate share of the net OPEB liability	\$ 126,434
The District's covered-employee payroll	\$ 123,578
The District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	102.31%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

Schedule of Employer's Contributions

	<u>2018*</u>
Contractually required contribution	\$ 2,658
Contributions in relation to the contractually required contribution	<u>2,658</u>
Contribution deficiency (excess)	<u>\$ -</u>
The District's covered-employee payroll	\$ 123,578
Contributions as a percentage of covered-employee payroll	2.15%

\*These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.

STATE OF NEW MEXICO  
TOWN OF ELIDA  
Capital Projects Fund - Building Fund - 300  
Statement of Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Charges for services	-	-	-	-
interest	-	-	-	-
Licenses, fees and fines	-	-	-	-
Donations	-	-	-	-
Other	-	-	-	-
Local grants	-	-	-	-
State grants	-	-	64,851	64,851
Federal grants	50,000	50,000	50,000	-
<b>Total revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>114,851</b>	<b>64,851</b>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	49,772	132,699	132,699	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>49,772</b>	<b>132,699</b>	<b>132,699</b>	<b>-</b>
Excess (deficiency) revenues over (under) expenditures	228	(82,699)	(17,848)	64,851
Other financing sources (uses):				
Operating transfers	-	8,351	22,950	14,599
Loan proceeds NMFA	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>8,351</b>	<b>22,950</b>	<b>14,599</b>
Net change in cash balances	228	(74,348)	5,102	79,450
Cash balance, beginning	-	-	3,831	3,831
Cash balance, ending	\$ 228	\$ (74,348)	\$ 8,933	\$ 83,281
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 5,102	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 5,102	

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

Supplementary Information Related to NonMajor Governmental Funds

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**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).

**Fire Protection Fund**

To account for the operations and maintenance of fire equipment. Financing is provided by a state allotment. Authority – NMSA 59S-53-1.

**Law Enforcement Protection Fund**

To account for the operation and maintenance of the police department authorized by the State Statute Chapter 289, Laws of 1983. Financing is provided by a grant from the State of New Mexico.

**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, 2018

	Correction 201	Environmental Gross Receipts 202	Emergency Medical Service 206	Law Enforcement Protection 211
<b>ASSETS</b>				
Cash in banks	\$ 572	\$ 9,131	\$ 3,592	\$ 14,691
New Mexico Finance Authority				
Cash state treasury debt service	-	-	-	-
State of New Mexico				
LGIP fund (pool-4100)	13	-	-	-
Accounts receivable				
Grantor	-	-	-	-
Other	-	-	623	-
	<u>585</u>	<u>9,131</u>	<u>4,215</u>	<u>14,691</u>
Total assets	<u>\$ 585</u>	<u>\$ 9,131</u>	<u>\$ 4,215</u>	<u>\$ 14,691</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 121	\$ -
	<u>-</u>	<u>-</u>	<u>121</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>121</u>	<u>-</u>
<b>FUND BALANCE</b>				
Restricted for				
Special revenue funds	<u>585</u>	<u>9,131</u>	<u>4,094</u>	<u>14,691</u>
Total fund balance	<u>585</u>	<u>9,131</u>	<u>4,094</u>	<u>14,691</u>
Total liabilities and fund balance	<u>\$ 585</u>	<u>\$ 9,131</u>	<u>\$ 4,215</u>	<u>\$ 14,691</u>

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

<u>Recreation 217</u>	<u>Senior Citizens 219</u>	<u>Library 228</u>	<u>Cemetery 600</u>	<u>Totals</u>
\$ 77	\$ 6,516	\$ 1,914	\$ 11,140	\$ 47,633
-	-	-	-	-
-	-	-	-	13
-	1,178	-	-	1,178
-	-	-	-	623
<u>\$ 77</u>	<u>\$ 7,694</u>	<u>\$ 1,914</u>	<u>\$ 11,140</u>	<u>\$ 49,447</u>
<u>\$ -</u>	<u>\$ 336</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ 632</u>
<u>-</u>	<u>336</u>	<u>-</u>	<u>175</u>	<u>632</u>
<u>77</u>	<u>7,358</u>	<u>1,914</u>	<u>10,965</u>	<u>48,815</u>
<u>77</u>	<u>7,358</u>	<u>1,914</u>	<u>10,965</u>	<u>48,815</u>
<u>\$ 77</u>	<u>\$ 7,694</u>	<u>\$ 1,914</u>	<u>\$ 11,140</u>	<u>\$ 49,447</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, 2018

	Correction 201	Environmental Gross Receipts 202	Emergency Medical Service 206	Law Enforcement Protection 211
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Motor vehicle taxes	-	-	-	-
Charges for services	-	-	4,952	-
Interest	2	-	-	-
Licenses, fees and fines	10,252	-	-	-
Donations	-	-	-	-
Other	-	-	-	-
Local grants	-	-	3,500	-
State grants	-	-	7,087	20,000
Federal grants	-	-	-	-
<b>Total revenues</b>	<u>10,254</u>	<u>-</u>	<u>15,539</u>	<u>20,000</u>
<b>Expenditures</b>				
Current				
General government				
Finance	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	10,298	1,567
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	31,893
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>10,298</u>	<u>33,460</u>
Excess (deficiency) of revenues over expenditures	10,254	-	5,241	(13,460)
Other financing sources (uses)				
Operating transfers (net)	(10,550)	-	(4,144)	(2,874)
Gain (loss) sale of capital asset	-	-	-	18,000
<b>Total other financing sources (uses)</b>	<u>(10,550)</u>	<u>-</u>	<u>(4,144)</u>	<u>15,126</u>
Net change in fund balances	(296)	-	1,097	1,666
Fund balances, beginning	<u>881</u>	<u>9,131</u>	<u>2,997</u>	<u>13,025</u>
Fund balances, ending	<u>\$ 585</u>	<u>\$ 9,131</u>	<u>\$ 4,094</u>	<u>\$ 14,691</u>

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



Recreation 217	Senior Citizens 219	Library 228	Cemetery 600	Totals
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	24	24
-	-	-	-	-
-	-	-	475	5,427
-	-	-	-	2
-	-	-	-	10,252
-	60	-	100	160
-	-	-	-	-
-	-	-	-	3,500
-	8,767	-	-	35,854
-	6,375	-	0	6,375
-	15,202	-	599	61,594
-	-	-	-	-
-	-	-	-	-
-	-	-	-	11,865
-	15,643	-	1,739	17,382
-	-	157	-	157
-	-	-	-	31,893
-	-	-	-	-
-	-	-	-	-
-	15,643	157	1,739	61,297
-	(441)	(157)	(1,140)	297
-	-	-	-	(17,568)
-	-	-	-	18,000
-	-	-	-	432
-	(441)	(157)	(1,140)	729
77	7,799	2,071	12,105	48,086
<u>\$ 77</u>	<u>\$ 7,358</u>	<u>\$ 1,914</u>	<u>\$ 10,965</u>	<u>\$ 48,815</u>

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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 68,860	\$ 68,860	\$ 69,127	\$ 267
Total revenues	68,860	68,860	69,127	267
Expenses				
Current				
Public works	65,326	65,368	65,368	-
Personal	24,628	24,628	24,628	-
Total expenses	89,954	89,996	89,996	-
Excess (deficiency) revenues over (under) expenses	(21,094)	(21,136)	(20,869)	267
Other financing sources (uses)				
Net taxes - gross receipts	676	676	32	(644)
Net meter deposits	-	-	250	250
Insurance recovery - wells	-	-	-	-
State grant	1,154	1,154	1,154	-
Other	386	386	386	-
Capital outlay	-	-	-	-
Operating transfers (net)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	2,216	2,216	1,822	(394)
Net change in cash balances	(18,878)	(18,920)	(19,047)	(127)
Cash balance, beginning	-	-	76,939	76,939
Cash balance, ending	\$ (18,878)	\$ (18,920)	\$ 57,892	\$ 76,812
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (19,047)	
Adjustment to revenues for accruals and other deferrals			(584)	
Adjustment to expenditures for payables, prepaids and other accruals			(45,296)	
Net change in fund balance (GAAP Basis)			\$ (64,927)	

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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 43,000	\$ 43,000	\$ 44,062	\$ 1,062
Total revenues	<u>43,000</u>	<u>43,000</u>	<u>44,062</u>	<u>1,062</u>
Expenses				
Current				
Public works	19,000	20,803	20,803	-
Personnel	<u>20,000</u>	<u>26,757</u>	<u>26,757</u>	<u>-</u>
Total expenses	<u>39,000</u>	<u>47,560</u>	<u>47,560</u>	<u>-</u>
Excess (deficiency) revenues over (under) expenses	4,000	(4,560)	(3,498)	1,062
Other financing sources (uses)				
Net taxes - gross receipts	2,150	216	46	(170)
Net meter deposits	-	-	-	-
Insurance recovery - wells	-	-	-	-
Rental income	-	-	-	-
State grant	-	-	-	-
Other revenues (expenses)	-	-	-	-
Operating transfers (net)	-	-	-	-
Designated cash	-	<u>4,344</u>	-	<u>(4,344)</u>
Total other financing sources (uses)	<u>2,150</u>	<u>4,560</u>	<u>46</u>	<u>(4,514)</u>
Net change in cash balances	6,150	-	(3,452)	(3,452)
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>18,069</u>	<u>18,069</u>
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,617</u>	<u>\$ 14,617</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (3,452)	
Adjustment to revenues for accruals and other deferrals			408	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(33)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (3,077)</u>	

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

Supplementary Information Related to Agency Funds

**Agency Fund**

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STATE OF NEW MEXICO  
TOWN OF ELIDA  
Agency Fund - Correction Fees  
Statement of Changes in Assets and Liabilities  
June 30, 2018

Schedule I

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Police allocation	\$ 138	\$ 3,186	\$ (2,982)	\$ 342
Judicial education fee	<u>282</u>	<u>1,524</u>	<u>(1,635)</u>	<u>171</u>
Total assets	<u>\$ 420</u>	<u>\$ 4,710</u>	<u>\$ (4,617)</u>	<u>\$ 513</u>
 <u>LIABILITIES</u>				
Funds handled on behalf of State of New Mexico	<u>\$ 420</u>	<u>\$ 4,710</u>	<u>\$ (4,617)</u>	<u>\$ 513</u>
Total liabilities	<u>\$ 420</u>	<u>\$ 4,710</u>	<u>\$ (4,617)</u>	<u>\$ 513</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, 2018

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	\$ 567,907	\$ 4,460	\$ (18,980)	\$ 553,387
Correction fund	Savings	372	200	-	572
Total The James Polk Stone Community Bank		<u>568,279</u>	<u>4,660</u>	<u>(18,980)</u>	<u>553,959</u>
New Mexico Finance Authority					
Cash State Treasury debt service	Debt Service	1,447	-	-	1,447
Cash State Treasury debt service		14	-	-	14
State of New Mexico					
LGIP fund (pool-4101)	LGIP	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</u>
Total		<u>\$ 569,753</u>	<u>\$ 4,660</u>	<u>\$ (18,980)</u>	555,433
Petty cash					<u>72</u>
Reconciled balance at year end					<u>\$ 555,505</u>
Reconciliation to financial statements					
Cash and cash equivalents					
Total cash and cash equivalents per statement of net position					\$ 544,596
Total petty cash per statement of net position					72
Total restricted cash per statement of net position					8,850
Total New Mexico Finance Authority cash per statement of net position					1,461
Total State of New Mexico LGIP fund cash per statement of net position					<u>13</u>
Net Position total cash					554,992
Total cash and cash equivalents per statement of fiduciary assets and liabilities - agency funds - correction fund					<u>513</u>
Total cash and cash equivalents					<u>\$ 555,505</u>



## Compliance Section

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# Sandra Rush

Certified Public Accountant PC

1101 E Llano Estacado • Clovis, New Mexico 88101 • 575-763-2245

Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Wayne A. Johnson  
New Mexico State Auditor  
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, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Town of Elida (Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated December 1, 2018.

### 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.

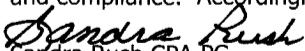
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify 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 from 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Sandra Rush CPA PC  
Clovis, New Mexico  
December 1, 2018

STATE OF NEW MEXICO  
TOWN OF ELIDA  
Schedule of Findings and Responses  
June 30, 2018

Prior Year Audit Finding

None

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, Beverly Creighton, council member, Kimberly Summers, Clerk/Treasurer, and Sandra Rush, CPA, in an exit conference on November 28, 2017.