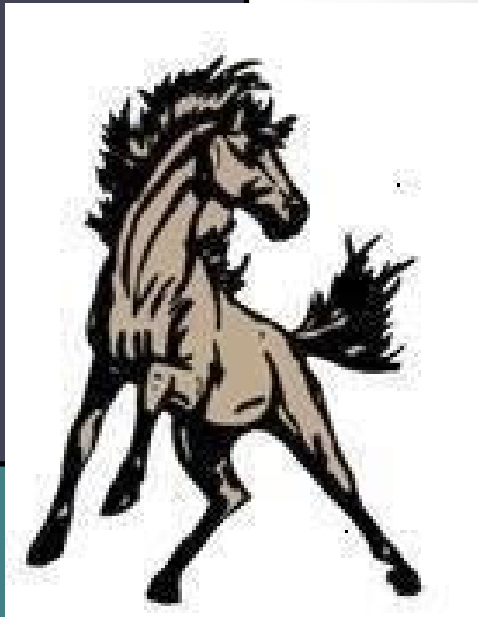


State of New Mexico

# VILLAGE OF GRADY



FOR YEAR ENDED JUNE 30, 2019

ANNUAL FINANCIAL REPORT

*RICE & ASSOCIATES*

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

VILLAGE OF GRADY

AUDIT REPORT

For The Year Ended June 30, 2019

(with Auditor's Report Thereon)

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VILLAGE OF GRADY  
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Year Ended June 30, 2019

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STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Official Roster  
Year Ended June 30, 2019

Village Council

<u>Name</u>	<u>Title</u>
Mr. Wesley Shafer	Mayor
Mr. Jimmy Schell	Mayor Pro Tem
Ms. Kathy Edwards	Member
Ms. Mae Szaloy	Member
Mr. Bobby Windham	Member

Village Administration

Ms. Leona Powell	Clerk/Treasurer
Ms. Katy MacKechnie	Deputy Clerk
Ms. Misty Crowley	Deputy Clerk

*Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

**INDEPENDENT AUDITOR'S REPORT**

Mr. Brian Colon  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Grady  
Grady, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General, Gas Tax, Fire Protection, Senior and IRB Park Funds of the Village of Grady, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Village of Grady's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Grady's non-major governmental funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Grady, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Gas Tax, Fire Protection, Senior and IRB Park Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental funds of the Village of Grady, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, 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 MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require the Schedules I, II and the notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Village of Grady financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The Schedule of Changes in Assets and Liabilities - All Agency Funds required by Section 2.2.2 NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Assets and Liabilities - All Agency Funds is the responsibility of management and were derived from and relates 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 basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Assets and Liabilities - All Agency Funds fairly states, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2019 on our consideration of the Village of Grady's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Grady's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
September 5, 2019

## **FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Statement of Net Position  
June 30, 2019

Statement 1  
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$ 1,094,650	\$ 89,093	\$ 1,183,743
Accounts receivable (net of uncollectible accounts)	13,573	2,525	16,098
Inventory	2,452	-	2,452
Total current assets	1,110,675	91,618	1,202,293
Non-current assets			
Land	11,200	3,100	14,300
Land improvements	23,232	7,388	30,620
Buildings and improvements	1,017,760	-	1,017,760
Vehicles	83,413	-	83,413
Heavy equipment	1,168,265	36,000	1,204,265
Equipment	4,159	14,460	18,619
Plant/Infrastructure	445,713	331,501	777,214
Total capital assets	2,753,742	392,449	3,146,191
Less accumulated depreciation	(1,511,565)	(244,053)	(1,755,618)
Total capital assets (net of accumulated depreciation)	1,242,177	148,396	1,390,573
Deferred outflows of resources	19,510	-	19,510
Total assets	\$ 2,372,362	\$ 240,014	\$ 2,612,376

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Statement of Net Position  
June 30, 2019

Statement 1  
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 97,902	\$ -	\$ 97,902
Current portion of loan payable	22,866	-	22,866
Unearned revenues	146,129	-	146,129
<b>Total current liabilities</b>	<b>266,897</b>	<b>-</b>	<b>266,897</b>
<b>Non-Current Liabilities</b>			
Compensated absences payable	278	-	278
Loan payable	23,690	-	23,690
Net pension liability	71,746	-	71,746
<b>Total non-current liabilities</b>	<b>95,714</b>	<b>-</b>	<b>95,714</b>
<b>Total liabilities</b>	<b>362,611</b>	<b>-</b>	<b>362,611</b>
Deferred Inflows of resources	6,737	-	6,737
<b>Net Position</b>			
Net investment in capital assets	1,195,621	148,396	1,344,017
Restricted for:			
State mandated cash balance	35,275	-	35,275
Special revenue fund	270,926	-	270,926
Debt service	399	-	399
Unrestricted	500,793	91,618	592,411
<b>Total net position</b>	<b>2,003,014</b>	<b>240,014</b>	<b>2,243,028</b>
<b>Total liabilities and net position</b>	<b>\$ 2,372,362</b>	<b>\$ 240,014</b>	<b>\$ 2,612,376</b>

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Statement of Activities  
Year Ended June 30, 2019

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 332,313	\$ -	\$ 319,204	\$ -	\$ (13,109)	\$ -	\$ (13,109)
Highways and streets	-	-	-	-	-	-	-
Public safety	45,827	-	109,615	-	63,788	-	63,788
Culture and recreation	82,244	11,871	67,929	-	(2,444)	-	(2,444)
Depreciation - unallocated	128,348	-	-	-	(128,348)	-	(128,348)
Interest	1,831	-	-	-	(1,831)	-	(1,831)
Total governmental activities	<u>590,563</u>	<u>11,871</u>	<u>496,748</u>	<u>-</u>	<u>(81,944)</u>	<u>-</u>	<u>(81,944)</u>
Business-type activities:							
Water	33,015	29,843	40,682	-	-	37,510	37,510
Solid waste service	21,212	18,062	-	-	-	(3,150)	(3,150)
Total business-type activities	<u>54,227</u>	<u>47,905</u>	<u>40,682</u>	<u>-</u>	<u>-</u>	<u>34,360</u>	<u>34,360</u>
Total all activities	<u>\$ 644,790</u>	<u>\$ 59,776</u>	<u>\$ 537,430</u>	<u>\$ -</u>	<u>(81,944)</u>	<u>34,360</u>	<u>(47,584)</u>
General Revenues:							
Property taxes					4,116	-	4,116
Gross receipts taxes					27,774	-	27,774
Gasoline taxes					5,134	-	5,134
Motor vehicle taxes					200	-	200
State aid not restricted to special purpose							
General					90,000	-	90,000
Investment earnings					398	-	398
Total general revenues					<u>127,622</u>	<u>-</u>	<u>127,622</u>
Change in net position					<u>45,678</u>	<u>34,360</u>	<u>80,038</u>
Net position - beginning of year					1,967,957	205,654	2,173,611
Restatement (Note 13)					<u>(10,621)</u>	<u>-</u>	<u>(10,621)</u>
Net position - beginning of year - restated					<u>1,957,336</u>	<u>205,654</u>	<u>2,162,990</u>
Net position - ending					<u>\$ 2,003,014</u>	<u>\$ 240,014</u>	<u>\$ 2,243,028</u>

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

STATE OF NEW MEXICO  
Village of Grady  
Balance Sheet  
Governmental Funds  
June 30, 2019

Statement 3

	General Fund	Gas Tax Fund	Fire Fund	Seniors Fund	IRB Park Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash on deposit	\$ 770,682	\$ 114,615	\$ 41,189	\$ 40,872	\$ 126,864	\$ 428	\$ 1,094,650
Accounts receivable	3,137	417	-	10,019	-	-	13,573
Inventory	-	-	-	2,452	-	-	2,452
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,452</u>	<u>-</u>	<u>-</u>	<u>2,452</u>
Total assets	<b><u>\$ 773,819</u></b>	<b><u>\$ 115,032</u></b>	<b><u>\$ 41,189</u></b>	<b><u>\$ 53,343</u></b>	<b><u>\$ 126,864</u></b>	<b><u>\$ 428</u></b>	<b><u>\$ 1,110,675</u></b>
<b>LIABILITIES</b>							
Unearned revenues	\$ 89,250	\$ 56,879	\$ -	\$ -	\$ -	\$ -	\$ 146,129
Accounts payable	89,250	-	8,298	354	-	-	97,902
	<u>89,250</u>	<u>-</u>	<u>8,298</u>	<u>354</u>	<u>-</u>	<u>-</u>	<u>97,902</u>
Total liabilities	<u>178,500</u>	<u>56,879</u>	<u>8,298</u>	<u>354</u>	<u>-</u>	<u>-</u>	<u>244,031</u>
<b>FUND BALANCE</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	35,275	58,153	32,891	52,989	126,864	428	306,600
Committed	-	-	-	-	-	-	-
Unassigned	560,044	-	-	-	-	-	560,044
	<u>560,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,044</u>
Total fund balance	<u>595,319</u>	<u>58,153</u>	<u>32,891</u>	<u>52,989</u>	<u>126,864</u>	<u>428</u>	<u>866,644</u>
Total liabilities and fund balance	<b><u>\$ 773,819</u></b>	<b><u>\$ 115,032</u></b>	<b><u>\$ 41,189</u></b>	<b><u>\$ 53,343</u></b>	<b><u>\$ 126,864</u></b>	<b><u>\$ 428</u></b>	<b><u>\$ 1,110,675</u></b>

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2019

Statement 4

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

Total fund balances - governmental funds		\$ 866,644
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets	2,753,742	
Accumulated depreciation	<u>(1,511,565)</u>	
		1,242,177
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:		
Compensated absences	(278)	
Loans payable	<u>(46,556)</u>	
		(46,834)
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds		
Net pension liability		(71,746)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds		
Deferred outflows/inflows		<u>12,773</u>
Net position of governmental activities		<b><u>\$ 2,003,014</u></b>

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2019

	General Fund	Gas Tax Fund	Fire Funds	Seniors Funds	IRB Park Funds	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 4,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,116
Charges for services	-	-	-	11,871	-	-	11,871
Licenses and permits	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Local sources	319,204	-	-	5,110	-	1,000	325,314
State sources	90,000	-	81,614	43,660	-	27,001	242,275
Federal sources	-	-	-	19,159	-	-	19,159
State shared taxes	27,974	5,134	-	-	-	-	33,108
Earnings from investments	-	-	398	-	-	-	398
<b>Total revenues</b>	<b>441,294</b>	<b>5,134</b>	<b>82,012</b>	<b>79,800</b>	<b>-</b>	<b>28,001</b>	<b>636,241</b>
<b>EXPENDITURES</b>							
Current:							
General government	328,316	-	-	-	-	-	328,316
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	18,253	-	-	27,574	45,827
Health & welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	79,411	2,833	-	82,244
Capital outlay	-	-	52,725	-	-	-	52,725
NMFA principle	-	-	22,111	-	-	-	22,111
NMFA interest	-	-	1,831	-	-	-	1,831
<b>Total expenditures</b>	<b>328,316</b>	<b>-</b>	<b>94,920</b>	<b>79,411</b>	<b>2,833</b>	<b>27,574</b>	<b>533,054</b>
<b>Net change in fund balances</b>	<b>112,978</b>	<b>5,134</b>	<b>(12,908)</b>	<b>389</b>	<b>(2,833)</b>	<b>427</b>	<b>103,187</b>
Fund balance beginning of year	482,341	53,019	57,430	51,590	129,697	1	774,078
Restatement	-	-	(11,631)	1,010	-	-	(10,621)
Fund balance beginning of year -restated	482,341	53,019	45,799	52,600	129,697	1	763,457
<b>Fund balance end of year</b>	<b>\$ 595,319</b>	<b>\$ 58,153</b>	<b>\$ 32,891</b>	<b>\$ 52,989</b>	<b>\$ 126,864</b>	<b>\$ 428</b>	<b>\$ 866,644</b>

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



STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances - Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2019

Statement 6

Net change in fund balances - total governmental funds \$ 103,187

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

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

Depreciation expense	(128,348)	
Capital outlays	<u>52,725</u>	
Excess of depreciation expense over capital outlay		(75,623)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension and OPEB expense.

Pension contributions		3,388
Pension expense		(7,107)

The issuance of long-term debt (e.g. loans) 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.

Loan proceeds	-	
Repayment of long-term debt	<u>22,111</u>	
		22,111

In the Statement of Activities, certain operating expenses are measured by the amount incurred during the year. In the fund financial statements however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increase) decrease in the liabilities for the year were:

Compensated absences payable		<u>(278)</u>
------------------------------	--	--------------

Change in net position of governmental activities \$ 45,678

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

STATE OF NEW MEXICO  
 VILLAGE OF GRADY  
 General Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 4,182	\$ 4,182	\$ 4,201	\$ 19
Franchise taxes	-	-	-	-
Gas taxes	-	-	-	-
MVD	150	150	199	49
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Local sources	388,150	416,150	562,646	146,496
State sources	90,000	90,000	90,000	-
Federal sources	-	-	-	-
State shared taxes	27,800	27,800	28,270	470
Earnings from investments	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u><b>\$ 510,282</b></u>	<u><b>\$ 538,282</b></u>	<u><b>\$ 685,316</b></u>	<u><b>\$ 147,034</b></u>
<b>EXPENDITURES</b>				
General government	\$ 423,300	\$ 451,300	\$ 450,414	\$ 886
Highways & Streets	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u><b>\$ 423,300</b></u>	<u><b>\$ 451,300</b></u>	<u><b>\$ 450,414</b></u>	<u><b>\$ 886</b></u>
<b>BUDGETED CASH BALANCE</b>	<u><b>\$ 86,982</b></u>	<u><b>\$ 86,982</b></u>		

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

STATE OF NEW MEXICO  
 VILLAGE OF GRADY  
 Gas Tax Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Gas taxes	5,004	5,004	5,148	144
MVD	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
State shared taxes	-	-	-	-
Earnings from investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 5,004</u>	<u>\$ 5,004</u>	<u>\$ 5,148</u>	<u>\$ 144</u>
<b>EXPENDITURES</b>				
General government	\$ -	\$ -	\$ -	\$ -
Highways & Streets	75,839	75,839	-	75,839
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 75,839</u>	<u>\$ 75,839</u>	<u>\$ -</u>	<u>\$ 75,839</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ 70,835</u>	<u>\$ 70,835</u>		

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Fire Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Gas taxes	-	-	-	-
MVD	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Local sources	-	-	-	-
State sources	81,614	81,614	81,614	-
Federal sources	-	-	-	-
State shared taxes	-	-	-	-
Earnings from investments	-	-	398	398
	<u>-</u>	<u>-</u>	<u>398</u>	<u>398</u>
Total revenues	<u>\$ 81,614</u>	<u>\$ 81,614</u>	<u>\$ 82,012</u>	<u>\$ 398</u>
<b>EXPENDITURES</b>				
General government	\$ -	\$ -	\$ -	\$ -
Highways & Streets	80,282	80,282	71,056	9,226
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Principle	22,111	22,111	22,111	-
Interest	1,831	1,831	1,831	-
	<u>1,831</u>	<u>1,831</u>	<u>1,831</u>	<u>-</u>
Total expenditures	<u>\$ 104,224</u>	<u>\$ 104,224</u>	<u>\$ 94,998</u>	<u>\$ 9,226</u>
BUDGETED CASH BALANCE	<u>\$ 22,610</u>	<u>\$ 22,610</u>		

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Seniors Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Gas taxes	-	-	-	-
MVD	-	-	-	-
Charges for services	13,500	13,500	11,871	(1,629)
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Local sources	3,000	3,000	5,110	2,110
State sources	42,070	49,492	87,737	38,245
Federal sources	18,158	15,680	17,465	1,785
State shared taxes	-	-	-	-
Earnings from investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 76,728</u>	<u>\$ 81,672</u>	<u>\$ 122,183</u>	<u>\$ 40,511</u>
<b>EXPENDITURES</b>				
General government	\$ -	\$ -	\$ -	\$ -
Highways & Streets	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	77,176	99,908	78,967	20,941
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 77,176</u>	<u>\$ 99,908</u>	<u>\$ 78,967</u>	<u>\$ 20,941</u>
BUDGETED CASH BALANCE	<u>\$ 448</u>	<u>\$ 18,236</u>		

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

STATE OF NEW MEXICO  
 VILLAGE OF GRADY  
 IRB Park Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Gas taxes	-	-	-	-
MVD	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
State shared taxes	-	-	-	-
Earnings from investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
General government	\$ 129,697	\$ 129,697	\$ 2,833	\$ 126,864
Highways & Streets	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 129,697</u>	<u>\$ 129,697</u>	<u>\$ 2,833</u>	<u>\$ 126,864</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ 129,697</u>	<u>\$ 129,697</u>		

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Proprietary Funds  
Statement of Net Position  
June 30, 2019

Statement 12

	Water Fund	Solid Waste Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash on deposit	\$ 83,545	\$ 5,548	\$ 89,093
Accounts receivable (net)	1,832	693	2,525
Total Current Assets	85,377	6,241	91,618
Capital Assets			
Land	3,100	-	3,100
Land improvements	7,388	-	7,388
Buildings and Improvements	-	-	-
Equipment	14,460	-	14,460
Heavy equipment	36,000	-	36,000
Plant/infrastructure	331,501	-	331,501
Accumulated depreciation	(244,053)	-	(244,053)
Total Capital Assets	148,396	-	148,396
Total Assets	<b>\$ 233,773</b>	<b>\$ 6,241</b>	<b>\$ 240,014</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total Current Liabilities	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	148,396	-	148,396
Unrestricted	85,377	6,241	91,618
Total Net Position	233,773	6,241	240,014
Total Liabilities and Net Position	<b>\$ 233,773</b>	<b>\$ 6,241</b>	<b>\$ 240,014</b>

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Proprietary Funds  
Statement of Revenues,  
Expenses and Changes in Fund Net Position  
For the Year Ended June 30, 2019

	Water Fund	Solid Waste Fund	Total
<b>OPERATING REVENUES</b>			
Local sources	\$ 40,682	\$ 18,062	\$ 58,744
Sales and services	29,843	-	29,843
Total operating revenue	<u>70,525</u>	<u>18,062</u>	<u>88,587</u>
<b>OPERATING EXPENSES</b>			
Personal services	2,659	-	2,659
Maintenance and operations	16,912	872	17,784
Major contractual services	-	20,340	20,340
Depreciation	13,444	-	13,444
Total operating expenses	<u>33,015</u>	<u>21,212</u>	<u>54,227</u>
Operating income (loss)	<u>37,510</u>	<u>(3,150)</u>	<u>34,360</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Investment income	-	-	-
Investment expense	-	-	-
Total Non-Operating Revenue (Expense)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	37,510	(3,150)	34,360
Total net position, beginning of year	<u>196,263</u>	<u>9,391</u>	<u>205,654</u>
Total net position, end of year	<u><b>\$ 233,773</b></u>	<u><b>\$ 6,241</b></u>	<u><b>\$ 240,014</b></u>

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



STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2019

Statement 14

	Water Fund	Solid Waste Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 31,072	\$ 18,263	\$ 49,335
Cash received from local sources	40,682	-	40,682
Cash received from State sources	-	-	-
Cash payments to employees and to suppliers for goods and services	(21,093)	(21,212)	(42,305)
Net cash provided by operating activities	50,661	(2,949)	47,712
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid	-	-	-
Interest paid	-	-	-
Acquisition of capital assets	(11,971)	-	(11,971)
Net cash provided (used) by capital and related financing activities	(11,971)	-	(11,971)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash received from state grants	-	-	-
Cash received from federal grants	-	-	-
Operating transfers from other funds	-	-	-
Operating transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash	38,690	(2,949)	35,741
Cash, beginning of year	44,855	8,497	53,352
Cash, end of year	<b>\$ 83,545</b>	<b>\$ 5,548</b>	<b>\$ 89,093</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 37,510	\$ (3,150)	\$ 34,360
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	13,444	-	13,444
Changes in assets and liabilities:			
(Increase) decrease in receivables	629	201	830
Increase (decrease) in accounts payable	(1,522)	-	(1,522)
(Increase) decrease in allowance for doubtful accounts	600	-	600
Net cash provided (used) by operating activities	<b>\$ 50,661</b>	<b>\$ (2,949)</b>	<b>\$ 47,712</b>

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Statement of Fiduciary Assets and Liabilities - Agency Funds  
June 30, 2019

Statement 15

	Agency Funds
<b>ASSETS</b>	
Cash	\$ 19,985
Total Assets	<b>\$ 19,985</b>
<b>LIABILITIES</b>	
Due to other agencies	\$ -
Fire discretionary	11,949
Senior discretionary	8,036
Total Liabilities	<b>\$ 19,985</b>

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Notes to Financial Statements  
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Grady is incorporated under Section 3, Article 2, New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

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

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village had no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which is normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

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

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Gas Tax Fund* (Special Revenue Fund) accounts for receipts of State of New Mexico gasoline taxes and expenditures to maintain the roads of the Village.

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

The *Seniors Fund* is to account for the resources from a grant to purchase and equip a vehicle for the Grady Senior Center, to purchase and install meals equipment and to plan, design, renovate and equip the Grady Senior Center.

*IRB Park Fund* (Special Revenue Fund) is to account for donations received from Industrial Revenue Bonds. No minimum balance is required according to Legislation.

The Village reports the following Proprietary Fund types:

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

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

The Village also reports additional Governmental funds as non-major.

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

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Village holds for other in an agency capacity.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise

fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### D. Budgets and Budgetary Accounting

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

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principals. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

#### E. Cash and Investments

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

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

#### F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

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

#### G. 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 deferred inflow of resources. The Village has two types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### H. Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Village has two types of items that qualify for reporting in this category. Accordingly, the items, change in proportion and employer contributions subsequent to measurement date, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

#### I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	10
Buildings	30
Building improvements	30
Infrastructure	30
Vehicles	5
Equipment	5
Heavy equipment	20

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

#### J. Compensated Absences

It is the policy of the Village of Grady to permit certain employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon separation from the Village's service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Sick pay does not vest and is recorded as an expenditure when it is paid.

#### K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

#### L. Taxes

Franchise Taxes - By authority of Chapter 3, Article 42, NMSA 1978 and various ordinances, the Village imposes a franchise tax on certain public utilities operating within the municipality.

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

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



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

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

#### M. Restricted Assets

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

#### N. Net Position

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

Net investment in capital assets - This category reflects the portion of net assets that are associates with capital assets less outstanding capital asset related debt.

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

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

#### O. Fund Balance

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

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

#### P. 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.

#### Q. Risk Management

The Village 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 Village carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

#### R. Surety Coverage

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (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.

2. DEPOSITORY COLLATERAL

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

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

Wells Fargo Bank	Checking	<u>\$ 1,278,394</u>
		<b><u>\$ 1,278,394</u></b>
NM Finance Authority	Fire	<u>\$ 399</u>
		<b><u>\$ 399</u></b>
Total amount on deposit		\$ 1,278,793
Deposit in transit		-
Outstanding checks		(75,699)
Petty cash		<u>634</u>
Total per financial statements		<b><u>\$ 1,203,728</u></b>

The following schedule details the public money held by Wells Fargo Bank and the pledged collateral provided for the Village follows:

	<u>Wells Fargo Bank</u>
Cash on deposit at June 30	\$ 1,278,394
Less <u>FDIC</u>	<u>(250,000)</u>
Uninsured funds	1,028,394
Funds needing collateralization at 50% (required by State Law)	514,197
Pledged collateral at June 30	<u>(620,023)</u>
Excess of Pledged Collateral	<b><u>\$ 105,826</u></b>

Notes to Financial Statements (continued)

*Custodial Credit Risk - Deposits* - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, \$1,028,394 of the Village's bank balance \$1,278,394 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 408,371
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name	<u>620,023</u>
Total	<b><u>\$ 1,028,394</u></b>

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

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Bank of New York Mellon</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNMA #3138NYVR3	1-01-43	\$ 191,163
FNMA #3138WFYK6	11-01-30	<u>428,860</u>
		<b><u>\$ 620,023</u></b>

The amount held at the New Mexico Finance Authority totaling \$399 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

3. ACCOUNTS RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 3,125
Less allowance for uncollectible accounts	<u>-</u>	<u>(600)</u>
Subtotal	-	2,525
Gross receipts taxes receivable	3,002	-
Property taxes receivable	135	-
Gas tax	417	-
MVD	-	-
AAA - Seniors	<u>10,019</u>	<u>-</u>
Total	<b><u>\$ 13,573</u></b>	<b><u>\$ 2,525</u></b>

4. ACCOUNTS PAYABLE

Accounts payable as of June 30, are as follows:

Payable to Vendors	\$ 8,298
Payable to Curry County	89,250
Payable to Seniors (Prepays)	<u>354</u>
Total	<u><b>\$ 97,902</b></u>

5. PROPERTY TAX

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

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

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

6. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ -	\$ 278	\$ -	\$ 278	\$ -
NMFA loan payable	<u>68,667</u>	<u>-</u>	<u>22,111</u>	<u>46,556</u>	<u>22,866</u>
	<u><b>\$ 68,667</b></u>	<u><b>\$ 278</b></u>	<u><b>\$ 22,111</b></u>	<u><b>\$ 46,834</b></u>	<u><b>\$ 22,866</b></u>

The compensated absences payable will be liquidated by the General Fund. The loan will be liquidated by the Fire Protection Fund.

Notes to Financial Statements (continued)

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$208,177 and interest for the purpose of defraying the cost of purchasing a fire truck. The yearly payments are to be redirected from the Village's Fire Protection Funds allotted each year. The interest rate is 0.580% to 2.930%. The maturity date is May 1, 2021.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 22,866	\$ 1,300	\$ 24,166
2021	<u>23,690</u>	<u>694</u>	<u>24,384</u>
	<b><u>\$ 46,556</u></b>	<b><u>\$ 1,994</u></b>	<b><u>\$ 48,550</u></b>

B. Operating Lease

The Village did not have any capital or operating leases during the fiscal year.

C. Short-Term Liabilities

The Village did not have any short-term liabilities during the fiscal year.

7. CAPITAL ASSETS

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

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance July 1, 2019</u>
Land	\$ 11,200	\$ -	\$ -	\$ 11,200
Total not being depreciated	<u>11,200</u>	<u>-</u>	<u>-</u>	<u>11,200</u>
Land improvements	23,232	-	-	23,232
Buildings and improvements	1,017,760	-	-	1,017,760
Infrastructure	445,713	-	-	445,713
Vehicles	83,413	-	-	83,413
Equipment	4,159	-	-	4,159
Heavy equipment	<u>1,143,978</u>	<u>52,725</u>	<u>(28,438)</u>	<u>1,168,265</u>
Total capital assets being depreciated	<u>2,718,255</u>	<u>52,725</u>	<u>(28,438)</u>	<u>2,742,542</u>
Less: accumulated depreciation	<u>(1,411,655)</u>	<u>(128,348)</u>	<u>28,438</u>	<u>(1,511,565)</u>
Total capital assets being depreciated	<u>1,306,600</u>	<u>(75,623)</u>	<u>-</u>	<u>1,230,977</u>
Net capital assets	<b><u>\$ 1,317,800</u></b>	<b><u>\$ (75,623)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,242,177</u></b>

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

	Balance July 1, 2018	Additions	Deletions	Balance July 1, 2019
Land	\$ 10,488	\$ -	\$ -	\$ 10,488
Total not being depreciated	<u>10,488</u>	<u>-</u>	<u>-</u>	<u>10,488</u>
Heavy equipment	37,982	-	(1,982)	36,000
Plant/infrastructure	331,501	-	-	331,501
Equipment	<u>7,438</u>	<u>11,971</u>	<u>(4,949)</u>	<u>14,460</u>
Total capital assets being depreciated	<u>376,921</u>	<u>11,971</u>	<u>(6,931)</u>	<u>381,961</u>
Less: accumulated depreciation	<u>(237,540)</u>	<u>(13,444)</u>	<u>6,931</u>	<u>(244,053)</u>
Total capital assets being depreciated	<u>139,381</u>	<u>(1,473)</u>	<u>-</u>	<u>137,908</u>
Net capital assets	<u>\$ 149,869</u>	<u>\$ (1,473)</u>	<u>\$ -</u>	<u>\$ 148,396</u>

## 8. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	General Fund	Gas Tax Fund	Fire Protection Fund	Seniors Fund	IRB Park Fund
<u>Revenues</u>					
Accrual basis	\$ 441,294	\$ 5,134	\$ 82,012	\$ 79,800	\$ -
Budget basis	<u>685,316</u>	<u>5,148</u>	<u>82,012</u>	<u>122,183</u>	<u>-</u>
Increase (decrease) in receivables/allowance for doubtful accounts	<u>\$ (244,022)</u>	<u>\$ (14)</u>	<u>\$ -</u>	<u>\$ (42,383)</u>	<u>\$ -</u>
<u>Expenditures</u>					
Accrual basis	\$ 328,316	\$ -	\$ 94,920	\$ 79,411	\$ 2,833
Budget basis	<u>450,414</u>	<u>-</u>	<u>94,998</u>	<u>78,967</u>	<u>2,833</u>
Increase (decrease) in compensated absences/payables	<u>\$ (122,098)</u>	<u>\$ -</u>	<u>\$ (78)</u>	<u>\$ 444</u>	<u>\$ -</u>

## 9. RETIREMENT PLAN

### Summary of Significant Accounting Policies

*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. 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.

## General Information about the Pension Plan

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

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

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



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

PERA Contribution Rates and Pension Factors in effect during FY18						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		Tier 1	Tier 2	
<b>STATE PLAN</b>						
State Plan 3	7.42%	8.5%	7.4%	2.0%	2.0%	90%
<b>MUNICIPAL PLANS 1 - 4</b>						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
<b>MUNICIPAL POLICE PLANS 1 - 5</b>						
Municipal Police Plan 1	7.0%	8.5%	10.4%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.4%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.9%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.9%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.9%	3.5%	3.0%	90%
<b>MUNICIPAL FIRE PLANS 1 - 5</b>						
Municipal Fire Plan 1	8.0%	9.5%	11.4%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
<b>MUNICIPAL DETENTION OFFICER PLAN 1</b>						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
<b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b>						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** Municipal General Division at June 30, 2019, the Village of Grady reported a liability of \$71,746 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Village of Grady's proportion of the net pension liability was based on a projection of the Village of Grady's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Village of Grady's proportion was 0.0045%, which was increased 0.0002% from its proportion measured as of June 30, 2017.

Notes to Financial Statements (continued)

For the year ended June 30, 2019, the Village of Grady recognized pension expense of \$7,107. At June 30, 2019 the Village of Grady reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 6,505	\$ 413
Experience versus actual	2,074	1,883
Difference between projected and actual earnings on pension plan investments	5,321	-
Change in proportion	2,079	4,441
Village of Grady's contributions subsequent to the measurement date	<u>3,531</u>	<u>-</u>
Total	<u>\$ 19,510</u>	<u>\$ 6,737</u>

\$3,531 reported as deferred outflows of resources related to pensions resulting from Village of Grady's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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:

2020	\$ 5,457
2021	2,200
2022	1,313
2023	272
2024	-

**Actuarial assumptions.** The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

**PERA**

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
- Investment rate of return	7.25% annual rate, net of investment expense
- Projected benefit payment	100 years
- Payroll growth	3%
- Projected salary increases	3.25% to 13.50% annual rate
- Includes inflation at	2.50% - 2.75% all other years

- Mortality assumption The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
- Experience Study Dates July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include		
Real Estate Equity	<u>20.00%</u>	6.48%
Total	<u>100.00%</u>	

**Discount rate:** A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

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

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Village of Grady's proportionate share of the net pension liability	<b>\$ 110,556</b>	<b>\$ 71,746</b>	<b>\$ 39,663</b>

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

10. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Village has elected not to participate in the Retiree Health Care Act of New Mexico's retiree health care program.

11. LEGISLATIVE APPROPRIATIONS

<u>Appropriation</u>	<u>Term</u>	<u>Amount</u>	<u>Remaining Balance</u>
Laws of 2016, Chapter 82 Section 10, Subsection A Paragraph 16	October 17, 2017 to June 30, 2021	\$ 40,000	\$ -

12. SUBSEQUENT EVENTS

A review of subsequent events through September 5, 2019, the date the financial statements were available to be issued, indicated nothing of audit significance.

13. RESTATEMENT OF FUND BALANCE

The Village had a prior period adjustment of \$11,631 in the Fire Fund for amounts that belonged to an Agency Fund – Fire Discretionary. The Seniors Fund had a prior period adjustment of \$8,198 for amounts that belonged to an Agency Fund – Seniors Discretionary. The Seniors also had a prior period adjustment for \$(9,208) shown previously as a payable that actually belonged in the Agency Fund – Due to Other Agencies. (\$11,631 + \$8,198 - \$9,208 = \$10,621)

14. RELATED PARTY TRANSACTIONS

The Deputy Clerks are related to each other. The Deputy Clerks are part-time and do not work on the same day nor do they report to each other. The Village Clerk is their immediate supervisor.

The maintenance employee is related to the Village Clerk. The Village Clerk is not the Supervisor of this employee. This employee is supervised by the Mayor.

The Mayor was paid \$501 to help take water samples to the vendor for testing.

The Board Member Kathy Edwards is related to both Deputy Village Clerks. When raises or other items are up for vote this Board Member abstains.

15. JOINT POWERS AGREEMENT

Law Enforcement Services

*Purpose:* The Village entered into an agreement with the Curry County for law enforcement services provided by the Curry County Sheriff. Using grant funds, the Village will purchase qualified law enforcement property and equipment and dedicate and maintain them for the exclusive use of members of the Curry County Sheriff's Office.

*Participants:* Curry County and Village of Grady

*Responsible Party for Operation and Audit:* Village of Grady

*Beginning and Ending Date of Agreement:* Effective March 20, 2016 and is subject to the obtainment and receipt by the Village of LEP funds.

*Total Estimated Amount of Project and Actual Amount Contributed:* Up to \$20,000 in Law Enforcement Protection Funds.

16. FUND BALANCE CLASSIFIED

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

<u>Fund Balances</u>	General Fund	Gas Tax Fund	Fire Fund	Seniors Fund	IRB Park Fund	Non-Major Governmental Fund	Totals
<u>Nonspendable:</u>							
Interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	2,452	-	-	2,452
Total nonspendable	-	-	-	2,452	-	-	2,452
<u>Restricted for:</u>							
Fire Protection	-	-	32,492	-	-	-	32,492
Public Safety	-	-	-	-	-	-	-
Emergency Services	-	-	-	-	-	428	428
Recreation Services	-	-	-	-	126,864	-	126,864
Debt service payments	-	-	399	-	-	-	399
Road Improvements	-	58,153	-	-	-	-	58,153
Senior Services	-	-	-	50,537	-	-	50,537
State mandated cash reserve	35,275	-	-	-	-	-	35,275
Total restricted	35,275	58,153	32,891	50,537	126,864	428	304,148
<u>Committed to:</u>							
Other purposes	-	-	-	-	-	-	-
Total committed	-	-	-	-	-	-	-
<u>Unassigned:</u>							
	560,044	-	-	-	-	-	560,044
Total Fund Balances	\$ 595,319	\$ 58,153	\$ 32,891	\$ 52,989	\$ 126,864	\$ 428	\$ 866,644

Notes to Financial Statements (continued)

17. GASB 77 DISCLOSURES

The Village entered in to certain agreements during the year that involve tax abatements; the following tables outline the key information regarding the entities involved and the type and amounts of taxes abated during the year ending June 30, 2019.

<b>Agency Number</b>	6078	6078
<b>Agency Name</b>	Village of Grady	Village of Grady
<b>Agency Type</b>	Governmental Municipality	Governmental Municipality
<b>Tax Abatement Agreement Name</b>	Broadview Energy Prime LLC Project Series 2013 A	Broadview Energy Prime II LLC Project Series 2013 B
<b>Recipient(s) of tax abatement</b>	Broadview Energy Prime, LLC	Broadview Energy Prime II, LLC
<b>Parent company(ies) of recipient(s) of tax abatement</b>	Broadview Energy Prime, LLC	Broadview Energy Prime II, LLC
<b>Tax abatement program (name and brief description)</b>	Village of Grady, New Mexico Taxable Industrial Revenue Bonds	Village of Grady, New Mexico Taxable Industrial Revenue Bonds
<b>Specific Tax(es) Being Abated</b>	100% Gross Receipts tax on tangible personal property used in construction and Curry County Property taxes	100% Gross Receipts tax on tangible personal property used in construction and Curry County Property taxes
<b>Legal authority under which tax abatement agreement was entered into</b>	NMSA 3-32-1 through 3-32-16 Industrial Revenue Bond Act	NMSA 3-32-1 through 3-32-16 Industrial Revenue Bond Act
<b>Criteria that make recipient eligible to receive a tax abatement</b>	Property Site Leases for Wind Turbines	Property Site Leases for Wind Turbines
<b>How are the tax abatement recipient's tax reduced? (For example: through a reduction of assessed value)</b>	Through a reduction of assessed value and through a deduction of gross receipts for tangible personal property used for the property.	Through a reduction of assessed value and through a deduction of gross receipts for tangible personal property used for the property.
<b>How is the amount of tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.</b>	The tax abatement is determined by 100% of the property tax liability.	The tax abatement is determined by 100% of the property tax liability.
<b>Are there provisions for recapturing abated taxes? (Yes or No)</b>	Yes	Yes
<b>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</b>	Any default of the Company under this Agreement cannot be cured without obtaining possession of all or part of the Project Property.	Any default of the Company under this Agreement cannot be cured without obtaining possession of all or part of the Project Property.
<b>List each specific commitment made by the recipient of the abatement.</b>	To make payments in lieu of property taxes to the Village of Grady and to Grady Municipal Schools in reducing amounts for a period of 20 years.	To make payments in lieu of property taxes to the Village of Grady and to Grady Municipal Schools in reducing amounts for a period of 20 years.
<b>Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.</b>	No effect on tax revenue received by the Village of Grady.	No effect on tax revenue received by the Village of Grady.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the forgone tax revenue, list the amount of payments received in the current fiscal year.</b>	Pursuant to Section 7-36--3 NMSA 1978, the Village of Grady received \$9,375 as payment in lieu of property taxes.	Pursuant to Section 7-36--3 NMSA 1978, the Village of Grady received \$9,375 as payment in lieu of property taxes.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amounts of payments received in the current fiscal year.</b>	Broadview Prime, LLC pays the property taxes during the fiscal year, thus there is no reported receivable	Broadview Prime, LLC pays the property taxes during the fiscal year, thus there is no reported receivable
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year.</b>	Grady Municipal Schools should have received \$9,375 as payment in lieu of property taxes.	Grady Municipal Schools should have received \$9,375 as payment in lieu of property taxes.
<b>List each specific commitment made by your agency or any other government, other than the tax abatement.</b>	None	None
<b>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</b>	Yes, Grady Municipal Schools	Yes, Grady Municipal Schools
<b>If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</b>	N/A	N/A

Notes to Financial Statements (continued)

17. GASB 77 DISCLOSURES (CONTINUED)

<b>Agency Number</b>	6078	6078
<b>Agency Name</b>	Village of Grady	Village of Grady
<b>Agency Type</b>	Governmental Municipality	Governmental Municipality
<b>Tax Abatement Agreement Name</b>	Broadview Energy KW LLC Project Series 2013 A	Broadview Energy JN LLC Project Series 2013 A
<b>Recipient(s) of tax abatement</b>	Broadview Energy KW, LLC	Broadview Energy JN, LLC
<b>Parent company(ies) of recipient(s) of tax abatement</b>	Broadview Energy Prime, LLC	Broadview Energy Prime, LLC
<b>Tax abatement program (name and brief description)</b>	Village of Grady, New Mexico Taxable Industrial Revenue Bonds	Village of Grady, New Mexico Taxable Industrial Revenue Bonds
<b>Specific Tax(es) Being Abated</b>	100% Gross Receipts tax on tangible personal property used in construction and Curry County Property taxes	100% Gross Receipts tax on tangible personal property used in construction and Curry County Property taxes
<b>Legal authority under which tax abatement agreement was entered into</b>	NMSA 3-32-1 through 3-32-16 Industrial Revenue Bond Act	NMSA 3-32-1 through 3-32-16 Industrial Revenue Bond Act
<b>Criteria that make recipient eligible to receive a tax abatement</b>	Property Site Leases for Wind Turbines	Property Site Leases for Wind Turbines
<b>How are the tax abatement recipient's tax reduced? (For example: through a reduction of assessed value)</b>	Through a reduction of assessed value and through a deduction of gross receipts for tangible personal property used for the property.	Through a reduction of assessed value and through a deduction of gross receipts for tangible personal property used for the property.
<b>How is the amount of tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.</b>	The tax abatement is determined by 100% of the property tax liability.	The tax abatement is determined by 100% of the property tax liability.
<b>Are there provisions for recapturing abated taxes? (Yes or No)</b>	Yes	Yes
<b>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</b>	Any default of the Company under this Agreement cannot be cured without obtaining possession of all or part of the Project Property.	Any default of the Company under this Agreement cannot be cured without obtaining possession of all or part of the Project Property.
<b>List each specific commitment made by the recipient of the abatement.</b>	To make payments in lieu of property taxes to the Village of Grady and to Grady Municipal Schools in reducing amounts for a period of 20 years.	To make payments in lieu of property taxes to the Village of Grady and to Grady Municipal Schools in reducing amounts for a period of 20 years.
<b>Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.</b>	No effect on tax revenue received by the Village of Grady.	No effect on tax revenue received by the Village of Grady.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the forgone tax revenue, list the amount of payments received in the current fiscal year.</b>	Pursuant to Section 7-36--3 NMSA 1978, the Village of Grady is to receive a PILOT payment due each year until 2045.	Pursuant to Section 7-36--3 NMSA 1978, the Village of Grady is to receive a PILOT payment due each year until 2045.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amounts of payments received in the current fiscal year.</b>	In 2019, the Village of Grady received \$78,600, the amount due in FY 19, early. Unearned revenue was established for this amount in FY 18. Also, \$78,600 that was received in FY 2018 will be recognized in FY 2019.	In 2019, the Village of Grady received \$78,600, the amount due in FY 19, early. Unearned revenue was established for this amount in FY 18. Also, \$78,600 that was received in FY 2018 will be recognized in FY 2019.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year.</b>	Grady Municipal Schools and Texico Municipal Schools should have received the amounts due for Fiscal Year 18 in the amounts of \$35,431 and \$45,413, respectively. Payments are due each November 1.	Grady Municipal Schools and Texico Municipal Schools should have received the amounts due for Fiscal Year 18 in the amounts of \$35,431 and \$45,413, respectively. Payments are due each November 1.
<b>List each specific commitment made by your agency or any other government, other than the tax abatement.</b>	The Village of Grady has committed half of what they receive to Curry County through Resolution 2016-005, committed through 2045 or when Tres Amigas Project is completed.	The Village of Grady has committed half of what they receive to Curry County through Resolution 2016-005, committed through 2045 or when Tres Amigas Project is completed.
<b>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</b>	Yes, Grady Municipal Schools and Texico Municipal Schools	Yes, Grady Municipal Schools and Texico Municipal Schools
<b>If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</b>	N/A	N/A



Notes to Financial Statements (continued)

17. GASB 77 DISCLOSURES (CONTINUED)

<b>Agency Number</b>	6078
<b>Agency Name</b>	Village of Grady
<b>Agency Type</b>	Governmental Municipality
<b>Tax Abatement Agreement Name</b>	Grady Wind Energy Center LLC Project Series 2018
<b>Recipient(s) of tax abatement</b>	Grady Wind Energy Center, LLC
<b>Parent company(ies) of recipient(s) of tax abatement</b>	N/A
<b>Tax abatement program (name and brief description)</b>	Village of Grady, New Mexico Taxable Industrial Revenue Bonds
<b>Specific Tax(es) Being Abated</b>	100% Gross Receipts tax on tangible personal property used in construction and Curry County Property taxes
<b>Legal authority under which tax abatement agreement was entered into</b>	NMSA 3-32-1 through 3-32-16 Industrial Revenue Bond Act
<b>Criteria that make recipient eligible to receive a tax abatement</b>	Property Site Leases for Wind Turbines
<b>How are the tax abatement recipient's tax reduced? (For example: through a reduction of assessed value)</b>	Through a reduction of assessed value and through a deduction of gross receipts for tangible personal property used for the property.
<b>How is the amount of tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.</b>	The tax abatement is determined by 100% of the property tax liability.
<b>Are there provisions for recapturing abated taxes? (Yes or No)</b>	Yes
<b>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</b>	Any default of the Company under this Agreement cannot be cured without obtaining possession of all or part of the Project Property.
<b>List each specific commitment made by the recipient of the abatement.</b>	To make payments in lieu of property taxes to the Village of Grady and to Grady Municipal Schools in reducing amounts for a period of 20 years.
<b>Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.</b>	No effect on tax revenue received by the Village of Grady.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the forgone tax revenue, list the amount of payments received in the current fiscal year.</b>	Pursuant to Section 7-36--3 NMSA 1978, the Village of Grady is to receive a PILOT payment due each year of \$121,500 from 2016 to 2045.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amounts of payments received in the current fiscal year.</b>	Village received amounts for calendar years 2019 in July 2018, annual payments of \$121,500 are due each November 1.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year.</b>	Grady Municipal Schools and Texico Municipal Schools received amounts for calendar years 2016 and 2017 in July 2018, annual payments fo \$54,769 and \$81,000, respectively. Payments are due each November 1.
<b>List each specific commitment made by your agency or any other government, other than the tax abatement.</b>	The Village of Grady has committed half of what they receive to Curry County through Resolution 2016-005, committed through 2015, or when Tres Amigas station is completed (City of Clovis IRB).
<b>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</b>	Yes, Grady Municipal Schools and Texico Municipal Schools
<b>If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</b>	N/A

**OTHER SUPPLEMENTARY INFORMATION  
NON-MAJOR FUNDS**

## **NON-MAJOR SPECIAL REVENUE FUNDS**

**ALL FUNDS** - All funds were created by management directive.

**EMS (EMERGENCY MEDICAL SERVICES) FUND** - To account for grant funds received for development of an EMS System within Village limits. (Authority DOH 7 NMAC 27.4).

**LAW ENFORCEMENT PROTECTION FUND** - To account for grants received from state sources for the purpose of buying equipment for the Village Police department. (Authority is NMSA 29-13-3)

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Non-Major Special Revenue Funds  
Combining Balance Sheet  
June 30, 2019

Statement A-1

	EMS Fund	Law Enforcement Protection Fund	Total
<b>ASSETS</b>			
Cash on deposit	\$ 428	\$ -	\$ 428
Accounts receivable	-	-	-
Total assets	<b>\$ 428</b>	<b>\$ -</b>	<b>\$ 428</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenue	-	-	-
Total Liabilities	-	-	-
<b>FUND BALANCE</b>			
Restricted	428	-	428
Total fund balance	428	-	428
Total fund balance and liabilities	<b>\$ 428</b>	<b>\$ -</b>	<b>\$ 428</b>

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

STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Non-Major Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2019

Statement A-2

	EMS Fund	Law Enforcement Protection Fund	Totals
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Gas taxes	-	-	-
Charges for services	-	-	-
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Local sources	1,000	-	1,000
State sources	7,001	20,000	27,001
Federal sources	-	-	-
Earnings from investments	-	-	-
	<b>8,001</b>	<b>20,000</b>	<b>28,001</b>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Highways and streets	-	-	-
Public safety	7,574	20,000	27,574
Culture and recreation	-	-	-
Capital outlay	-	-	-
	<b>7,574</b>	<b>20,000</b>	<b>27,574</b>
Excess (deficiency) of revenues over expenditures	<b>427</b>	<b>-</b>	<b>427</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Loan proceeds	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	<b>427</b>	<b>-</b>	<b>427</b>
Fund balance, beginning of year	<b>1</b>	<b>-</b>	<b>1</b>
Fund balance, end of year	<b>\$ 428</b>	<b>\$ -</b>	<b>\$ 428</b>

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

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
 VILLAGE OF GRADY  
 Schedule of Proportionate Share of the Net Pension Liability  
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
 Last 10 Fiscal Years\*

Fiscal Year Measurement Date	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Village's proportion of net pension liability (asset)	0.0045%	0.0043%	0.0048%	0.0054%	0.0050%
Village's proportionate share of the net pension liability (asset)	\$ 71,746	\$ 59,086	\$ 76,688	\$ 55,058	\$ 39,005
Village's covered-employee payroll	\$ 47,711	\$ 50,933	\$ 48,907	\$ 53,002	\$ 58,145
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	150.38%	116.01%	156.80%	103.88%	67.08%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

\*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 Village of Grady is not available prior to fiscal year 2015, the year the statement's requirement became effective.

See notes to required supplementary information

STATE OF NEW MEXICO  
 VILLAGE OF GRADY  
 Schedule of Contributions  
 PERA FUND DIVISION - General  
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
 Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contributions	\$ 3,531	\$ 3,769	\$ 3,619	\$ 3,922	\$ 4,303
Contributions in relation to the statutorily required contribution	<u>3,531</u>	<u>3,769</u>	<u>3,619</u>	<u>3,922</u>	<u>4,303</u>
Annual Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*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 statements only requires presentation of information for those years that information is available. Complete information for the Village of Grady is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See notes to required supplementary information



STATE OF NEW MEXICO  
VILLAGE OF GRADY  
Notes to Required Supplementary Information  
Year Ended June 30, 2019

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

*Assumptions.* The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org/>.

## **SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
 VILLAGE OF MELROSE  
 Schedule of Changes in Assets  
 and Liabilities - All Agency Funds  
 Year Ended June 30, 2019

	Balances June 30, 2018	Additions	Deletions	Balances June 30, 2019
<b>ASSETS</b>				
Cash	\$ 19,829	\$ 50,598	\$ 50,442	\$ 19,985
Total assets	<b><u>\$ 19,829</u></b>	<b><u>\$ 50,598</u></b>	<b><u>\$ 50,442</u></b>	<b><u>\$ 19,985</u></b>
<b>LIABILITIES</b>				
Due to other agencies	\$ -	\$ 45,937	\$ 45,937	\$ -
Fire discretionary	11,631	4,524	4,206	11,949
Seniors discretionary	<u>8,198</u>	<u>137</u>	<u>299</u>	<u>8,036</u>
Total liabilities	<b><u>\$ 19,829</u></b>	<b><u>\$ 50,598</u></b>	<b><u>\$ 50,442</u></b>	<b><u>\$ 19,985</u></b>

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

*Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

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

**INDEPENDENT AUDITOR'S REPORT**

Mr. Brian Colon  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Grady  
Grady, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Gas Tax, Fire Protection, Senior and IRB Park Funds of the Village of Grady, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Village of Grady's basic financial statements, presented as supplemental information, and have issued our report thereon dated September 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Grady's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Grady's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Grady's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Purpose of this Report

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



Albuquerque, New Mexico  
September 5, 2019

## **STATUS OF FINDINGS AND RESPONSES**

### **Prior Year Audit Findings:**

1. Budgets and Reporting (2018-001) – Resolved.
2. Leave Policy (2018-002) – Resolved.

### **Current Year Audit Findings:**

NONE

## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2019 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

## EXIT CONFERENCE

An exit conference was held on September 5, 2019. In attendance were Ms. Leona Powell, Clerk/Treasurer, Mr. Wesley Shafer, Mayor, Mr. Antonio Lucero and Ms. Pamela A. Rice, CPA, Contract Auditors.