

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON THE APPLICATION OF TIER 6  
AGREED-UPON PROCEDURES  
AND COMPILED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
TABLE OF CONTENTS  
JUNE 30, 2017**

	<b>Page Number</b>
<b>INTRODUCTORY SECTION</b>	
Table of Contents .....	i
Official Roster .....	iii
 <b>FINANCIAL SECTION</b>	
Independent Accountant’s Report on the Application of Tier 6 Agreed-Upon Procedures .....	1
Scope of Procedures and Results .....	2
Independent Accountant’s Compilation Report .....	7
 <b><u>Basic Compiled Financial Statements:</u></b>	
<b>Governmental Funds</b>	
Balance Sheet – Modified Accrual Basis - Governmental Funds .....	8
Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Accrual Basis - Governmental Funds .....	9
Statement Revenues, Expenditures and Changes in Fund Balance – Budget to Actual - General Fund (Non-GAAP Basis) .....	10
 <b>Proprietary Fund</b>	
Statement of Net Position .....	11
Statement of Revenues, Expenses and Changes in Net Position .....	12
 <b>Notes to the Financial Statements</b> .....	 13
 <b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Modified Accrual Basis – Non-major Special Revenue Funds .....	25
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Modified Accrual Basis - Non-major Special Revenue Funds .....	26

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
TABLE OF CONTENTS  
JUNE 30, 2017**

**Page  
Number**

Statement Revenues, Expenditures and Changes in Fund Balance – Budget to Actual (Non-GAAP Basis) –	
Correction Fund .....	27
Fire Protection Fund .....	28
Law Enforcement Protection Fund .....	29
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Enterprise Fund (Non-GAAP Basis) .....	 30
 Year-end Financial Report Submitted to Department of Finance and Administration .....	 31

**INTERNAL CONTROL AND COMPLIANCE SECTION**

Schedule of Findings and Responses .....	40
Status of Prior Year Findings .....	42
Exit Conference .....	43

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
OFFICIAL ROSTER  
JUNE 30, 2017**

**TOWN COUNCIL**

<b>Name</b>	<b>Title</b>
Ysidro Salazar	Mayor
Edward Rubio	Mayor Pro-Tem
Johnny Teel	Councilor
Abraham Gonzalez	Councilor
Scott Martin	Councilor

**TOWN PERSONNEL**

Debra Sallee	Clerk
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## **FINANCIAL SECTION**



**SCOTT NORTHAM, CPA, PC**  
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT ON THE  
APPLICATION OF TIER 6 AGREED-UPON PROCEDURES**

Timothy Keller, New Mexico State Auditor, and  
Honorable Mayor and Trustees of  
Town of Lake Arthur  
Lake Arthur, New Mexico

We have performed the procedures enumerated below for the Town of Lake Arthur (Town), for the year ended June 30, 2017. The Town was determined to be a Tier 6 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Town through the Office of the New Mexico State Auditor. The Town's management is responsible for the organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are detailed under Scope of Procedures and Results as noted in the table of contents.

Our findings related to the procedures in the Scope of Procedures and Results are presented in the accompanying schedule of findings and responses as listed in the table of contents.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Town's financial position and operations as of and for the year ended June 30, 2017. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to those parties specified in the report.

This report is intended solely for the information and use of the Town of Lake Arthur, the New Mexico Office of the State Auditor, the New Mexico Legislature, and the DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.

Scott Northam, CPA, PC  
Ruidoso, New Mexico  
October 11, 2017

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2017**

<b>1. Verify the local public body's revenue calculation and tier determination documented on the form provided at <a href="http://www.osanm.org">www.osanm.org</a> under "Tiered System Reporting Main Page."</b>	
Tier 6 Requirements – Cash basis revenues of \$250,000 or more but less than \$500,000.	The Town's cash basis revenues totaled \$465,167. The Town is correctly categorized as a Tier 6 agency.
<b>2. Cash Procedures</b>	
a. Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements are complete and on-hand.	All fiscal year bank statements were on-hand and available for compliance examination. Reconciliations were done timely performed within a reasonable time after the end of the month.
b. Test at least 30% of the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division.	A review of all bank reconciliations noted the reconciliations were accurate and agreed with the general ledger and DFA reports.
c. Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.	The Town's funds on deposit with the financial institution exceeded the \$250,000 FDIC maximum insured coverage during the year. The financial institution provided sufficient additional pledged collateralization to be compliant with state statutes.
<b>3. Capital Assets</b>	
Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.	The Town did not provide a capital asset inventory listing approved by the Town Council as required under Section 12-6-10 NMSA 1978. <b>See Repeated Finding 2010-003.</b>
<b>4. Debt</b>	
If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements.	The Town made all the required debt payments to NMFA during the fiscal year. The NMFA debt does not require the Town to hold reserves.



**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2017**

<b>5. Revenue</b> <b>Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.</b>	
a. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.	Analytical review and tests of actual revenue compared to budgeted revenue for the fiscal year noted no unusual items or exceptions.
b. Select a sample equal to at least 30% of the total dollar amount and test following attributes: Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.	Amounts recorded in the general ledger agreed with deposit slips, utility reports and other supporting documentation provided and the bank statements with no exceptions.
c. Proper recording of classification, amount and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting record on: cash basis, modified accrual basis, or accrual basis	Amounts were properly recorded on cash basis as to classification, amount and period per review of supporting documentation.

<b>6. Expenditures</b> <b>Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following:</b>	
a. Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.	A representative sample of 25 disbursement transactions totaling 50.15% of total disbursements noted no exceptions with respect to amount, payee, date and description.
b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.	A representative sample of 25 disbursements noted no exceptions as to authorization and approval for payment, budget compliance and compliance with policies and procedures.
c. Determine that the bid process (or request for proposal process, if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).	Disbursement testwork revealed no exceptions to the process (or request for proposal process, if applicable), purchase orders, contracts and agreements being processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2017**

<b>7. Journal Entries</b> <b>Test all non-routine journal entries, adjustments, and reclassifications posted to the general ledger for the following attributes:</b>	
a. Journal entries appear reasonable and have supporting documentation.	There were no non-routine journal entries posted to the general ledger.
b. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.	There were no non-routine journal entries posted to the general ledger. The Town has policies in place that require any journal entries made by the Town clerk to be reviewed and approved by the Mayor and Town Council.

<b>8. Budget</b> <b>Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:</b>	
a. Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local body's governing body and DFA-LGD.	The original budget was approved by the Board of Directors and DFA-LGD. There were no subsequent budget adjustments for the fiscal year.
b. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.	Total actual expenditures exceed the final budget in the General Fund by \$27,557 and the Law Enforcement Protection Fund by \$9,676. <b>See Finding 2016-001.</b>
c. From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each fund.	The Schedules of Revenue and Expenditures – Budget and Actual accompanying these procedures are prepared on the cash basis used by the Town and prepared from the original and final approved budgets and general ledger.

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2017**

<p><b>9. Capital Outlay Appropriations</b>  <b>The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital appropriations of the New Mexico Legislature that meet TIER 6 criteria. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay funds expended by the recipient during the fiscal year that meet TIER 6 criteria. Perform the following tests on all state-funded capital outlay expenditures:</b></p>	
<p>a. Determine that the amount recorded as disbursed agrees to the adequate supporting documentation. Verify that amount, payee, date and description to agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.</p>	<p>The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.</p>
<p>b. Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.</p>	<p>The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.</p>
<p>c. Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 131-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC.</p>	<p>The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.</p>
<p>d. Determine the physical existence (by observation) of the capital asset based on expenditures to date.</p>	<p>The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.</p>
<p>e. Verify that status reports were submitted to the state agency per terms of the agreement and amounts in the status report agree with the general ledger and supporting documentation.</p>	<p>The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.</p>
<p>f. If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date</p>	<p>The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.</p>
<p>g. If the project is complete, determine if there is an unexpected balance and whether it was reverted per statute and agreement with the grantor.</p>	<p>The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.</p>
<p>h. Determine whether cash received for the award was accounted for in a separate fund or a separate bank account that is non-interest bearing if so required by the capital outlay award agreement.</p>	<p>The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.</p>

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2017**

**9. Capital Outlay Appropriations (Cont.)**

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital appropriations of the New Mexico Legislature that meet TIER 6 criteria. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay funds expended by the recipient during the fiscal year that meet TIER 6 criteria. Perform the following tests on all state-funded capital outlay expenditures:

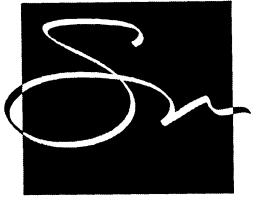
- i. Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request of the reimbursement.

The Town did not receive or spend any state-funded capital appropriations from the New Mexico Legislature during the fiscal year.

**10. Other**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(I)(3)(C) NMAC.

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts or internal control deficiencies.



**SCOTT NORTHAM, CPA, PC**  
Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Timothy Keller, New Mexico State Auditor, and  
Honorable Mayor and Councilors of  
Town of Lake Arthur  
Lake Arthur, New Mexico

Management is responsible for the accompanying financial statements of Town of Lake Arthur, New Mexico, which comprise the balance sheets - governmental funds, and the statements of net position- proprietary funds, for each individual fund, as of June 30, 2017 and the related statements of revenues, expenditures and changes in fund balances - governmental funds, statements of revenues, expenses and changes in net position - proprietary funds for each individual fund for the year then ended, and the related notes to the financial statements in accordance with the requirements of Section 2.2.2.16 New Mexico Administrative Code (NMAC).

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

In order to comply with the requirements of Section 12-6-3(B) NMSA 1978 and 2.2.2.16 NMAC, management has presented: (1) the governmental fund financial statements prepared using the modified accrual basis of accounting; (2) the proprietary fund financial statements and the fiduciary fund financial statements prepared using the accrual basis of accounting; and (3) only the notes related to those financial statements. However, in complying with these requirements, management has omitted the following financial statements and notes required by accounting principles generally accepted in the United States of America (GAAP): (a) the accompanying governmentwide financial statements; (b) the statement of cash flows - proprietary funds; and (3) note disclosures related to items (a) and (b). These omissions result in the financial statements being presented on a basis of accounting other than GAAP.

Management has also omitted the Management Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such omitted 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Scott Northam, CPA, PC  
Ruidoso, New Mexico  
October 11, 2017

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
BALANCE SHEET - MODIFIED ACCRUAL BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<b>General Fund</b>	<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 89,004	\$ 188,322	\$ 277,326
Taxes Receivable			
Gross Receipts Tax	6,104	-	6,104
Gasoline Tax	1,062	-	1,062
<b>Total Assets</b>	<u>\$ 96,170</u>	<u>\$ 188,322</u>	<u>\$ 284,492</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	<u>\$ 2,152</u>	<u>\$ -</u>	<u>\$ 2,152</u>
<b>Total Liabilities</b>	<u>2,152</u>	<u>-</u>	<u>2,152</u>
<b>FUND BALANCES</b>			
Assigned	-	188,322	188,322
Unassigned	94,018	-	94,018
<b>Total Fund Balances</b>	<u>94,018</u>	<u>188,322</u>	<u>282,340</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 96,170</u>	<u>\$ 188,322</u>	<u>\$ 284,492</u>

**STATE OF NEW MEXICO**  
**TOWN OF LAKE ARTHUR**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	General Fund	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes			
Gross Receipts	\$ 33,437	\$ -	\$ 33,437
Franchise	4,630	-	4,630
Property	4,027	-	4,027
Gas	5,915	-	5,915
Motor Vehicle	421	-	421
Intergovernmental			
State and Local	147,238	91,571	238,809
Miscellaneous	2,909	-	2,909
Licenses, Fees and Permits	10	-	10
Fines	5,071	2,409	7,480
Interest	119	-	119
	<u>203,777</u>	<u>93,980</u>	<u>297,757</u>
<b>Total Revenues</b>			
<b>EXPENDITURES</b>			
<b>Current</b>			
General Administration	145,461	-	145,461
Streets	11,227	-	11,227
Public Safety	17,034	70,972	88,006
Public Works	41,449	-	41,449
Judicial	9,310	-	9,310
	<u>224,481</u>	<u>70,972</u>	<u>295,453</u>
<b>Total Expenditures</b>			
<b>Excess (Deficit) of Revenues over Expenditures</b>	(20,704)	23,008	2,304
<b>Beginning Fund Balance</b>	<u>114,722</u>	<u>165,314</u>	<u>280,036</u>
<b>Ending Fund Balance</b>	<u>\$ 94,018</u>	<u>\$ 188,322</u>	<u>\$ 282,340</u>

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND  
YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes				
Gross Receipts	\$ 34,000	\$ 34,000	\$ 31,137	\$ (2,863)
Franchise	5,300	5,300	4,630	(670)
Property	3,959	3,959	4,027	68
Gas	6,000	6,000	5,915	(85)
Motor Vehicle	400	400	421	21
Intergovernmental	120,000	129,668	147,238	17,570
Miscellaneous	24,000	24,000	2,909	(21,091)
Licenses, Fees and Permits	-	-	10	10
Fines	3,900	3,900	5,071	1,171
Interest	-	-	119	119
<b>Total Revenues</b>	<u>197,559</u>	<u>207,227</u>	<u>201,477</u>	<u>(5,750)</u>
<b>EXPENSES</b>				
<b>Current</b>				
General Administration	103,000	103,000	145,037	(42,037)
Streets	17,000	17,000	11,227	5,773
Public Safety	18,500	18,500	17,034	1,466
Public Works	48,000	48,000	41,449	6,551
Judicial	10,000	10,000	9,310	690
<b>Total Expenditures</b>	<u>196,500</u>	<u>196,500</u>	<u>224,057</u>	<u>(27,557)</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<u>1,059</u>	<u>10,727</u>	<u>(22,580)</u>	<u>(33,307)</u>
<b>Cash Balance, Beginning of Year</b>	<u>111,584</u>	<u>111,584</u>	<u>111,584</u>	<u>-</u>
<b>Cash Balance, End of Year</b>	<u>\$ 112,643</u>	<u>\$ 122,311</u>	<u>\$ 89,004</u>	<u>\$ (33,307)</u>
<b>Reconciliation to GAAP Basis</b>				
<b>Excess of Revenues over Expenditures - Budget Basis</b>			\$ (22,580)	
Change in:				
Gross Receipts			2,300	
Accounts Payable			(424)	
<b>Excess of Revenues over Expenditures - GAAP Basis</b>			<u>\$ (20,704)</u>	



**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
STATEMENT OF NET POSITION  
ENTERPRISE FUND  
JUNE 30, 2017**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
<b>ASSETS</b>	
Cash and Cash Equivalents	
Unrestricted	\$ 229,375
Restricted	13,322
Capital Assets, Net	<u>1,045,458</u>
<b>Total Assets</b>	<u><u>\$ 1,288,155</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
NMFA Loans Payable	\$ 81,673
Customer Deposits	<u>13,181</u>
<b>Total Liabilities</b>	<u>94,854</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,045,458
Unrestricted	<u>147,843</u>
<b>Total Fund Net Position</b>	<u>1,193,301</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 1,288,155</u></u>

**STATE OF NEW MEXICO**  
**TOWN OF LAKE ARTHUR**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**ENTERPRISE FUND**  
**YEAR ENDED JUNE 30, 2017**

	<b>Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Water	\$ 107,398
Sewer	14,373
Solid Waste	43,313
Miscellaneous	<u>1,025</u>
<b>Total Operating Revenues</b>	<b>166,109</b>
<b>OPERATING EXPENSES</b>	
Water	80,532
Sewer	13,970
Solid Waste	<u>38,193</u>
<b>Total Operating Expenses</b>	<b><u>132,695</u></b>
<b>Operating Income</b>	<b>33,414</b>
<b>NON-OPERATING REVENUES</b>	
Capital Grants	<u>434,904</u>
<b>Total Non-Operating Revenues</b>	<b><u>434,904</u></b>
<b>Net Change in Net Position</b>	<b>468,318</b>
<b>Net Position, Beginning of Year</b>	<u>724,983</u>
<b>Net Position, End of Year</b>	<b><u><u>\$ 1,193,301</u></u></b>

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This following summary presentation of significant accounting policies of the Town of Lake Arthur (the Town) is to assist in the understanding of the Town's financial statements. The financial statements and notes are the representation of the Town's management who is responsible for their integrity and objectivity.

Except for the departure described below, the financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units and the Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures, and Financial Accounting Standards Board (FASB) pronouncements applicable to governmental agencies.

**Departure from Generally Accepted Accounting Principles** - In order to comply with the requirements of Section 12-6-3(B) NMSA 1978 and 2.2.2.16 NMAC, management has presented: (1) the governmental fund financial statements prepared using the modified accrual basis of accounting; (2) the proprietary fund financial statements and the fiduciary fund financial statements prepared using the accrual basis of accounting; and (3) only the notes related to those financial statements. However, in complying with these requirements, management has omitted the following financial statements and notes required by accounting principles generally accepted in the United States of America (GAAP): (a) the accompanying governmentwide financial statements; (b) the statement of cash flows - proprietary funds; and (3) note disclosures related to items (a) and (b). These omissions result in the financial statements being presented on a basis of accounting other than GAAP.

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

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

The GASB 14 definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

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

Based upon the GASB 14 criteria above, there are no component units of the Town, nor is the Town considered a component unit of another governmental agency during the fiscal year ended June 30, 2017.

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Measurement Focus, Basis of Accounting, Financial Statement Presentation**

**Governmental Fund Financial Statements** - Governmental fund level financial statements report activity using the current financial resources measurement focus and the modified accrual basis of accounting. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. Revenue recognition is as soon as they are both measurable and available.

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. Management also has the option to report a fund as major even though it does not fit the criteria. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the supplementary information section of the report.

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

The Town reports the following major governmental fund:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Town except for items included in other funds.

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

The Town maintains four other governmental funds that are considered non-major funds, and are classified as **special revenue** funds. A description of each non-major governmental fund is as follows:

- The **Correction Fund** accounts for fees collected by the municipal judge, which are legally restricted to expenditure for jail related costs. The fund is established by local ordinance in order to comply with Section 35-14-11 NMSA 1978.
- The **Fire Protection Fund** accounts for the proceeds of the state fire allotment, and the expenditures for public safety there from. New Mexico state law requires that these funds be used to help maintain the fire department. The fund was established by local ordinance and in accordance with Section 59A-53-1, of the New Mexico State Insurance Code. Section 59A-53-8 of the code restricts the use of the funds for only the maintenance of the Town's fire department.
- The **Law Enforcement Protection Fund** accounts for the state grant to be used for the repair and/or replacement of law enforcement equipment, according to state law, section 29-13.1 through 29-13.9 NMSA 1978. The fund was established by local ordinance to comply with state statutes. Section 29-13-17 A NMSA 1978 limits distributions from the fund for law enforcement related expenditures, including, but not limited to, the purchase of equipment, expenses associated with advanced law enforcement planning and training.

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

- The *Community Development Block Grant Fund* was established by local ordinance and by federal requirement. This fund accounts for federal, state and local sources, revenues and expenditures for capital projects throughout the Town.

The Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In accordance with GASB Statement No. 33, the Town follows the following revenue recognition principles applied to non-exchange transactions:

- Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts, gasoline, and cigarette taxes.
- Imposed non-exchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.
- Property tax revenue is recorded on a cash basis and the revenue is recognized in the fiscal year for which the taxes are levied.
- Government-mandated non-exchange transactions and voluntary non-exchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Chaves County Treasurer levies and collects property taxes on behalf of the Town. Property taxes are levied in November and are payable in two installments, half on November 10, which becomes delinquent on December 10, and half on April 10, which becomes delinquent on May 10, which is also the lien date.

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

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

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

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

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

**Business-Type Activities** – Business-Type Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and on an accrual basis. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total position.

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

The Town reports the following major business-type fund:

- The ***enterprise fund*** is used to account for the provision of water, sewer, and solid waste services to the residents of the Town, and is considered an enterprise fund. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

**Budgetary Information** - Budgets for all funds are prepared by management and is approved by the Town Council and the New Mexico Department of Finance and Administration.

The town clerk/treasurer is responsible for preparing the budget from requests submitted by department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide an approved budget. The comprehensive budget package is brought before the Town Council for approval by resolution. The proposed budget is then submitted by June 1st to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1st with final certification of the original budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Exceeding the budgeted expenditures may result in an audit finding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September.

These budgets are prepared on the non-GAAP cash basis, and secure appropriation of funds for only one year. Carryover funds from the previous fiscal year are re-appropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is presented as a committed portion of fund balance.

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only Town Council approval. If a transfer between “funds” or a budget increase is required, approval must be obtained from the Department of Finance and Administration. The budgetary information presented in these financial statements has been prepared in accordance with the above procedures.

**Budget Violation** – The Town exceeded the authorized budget in the General Fund by 57,557 and the Law Enforcement Protection Fund by \$9,676.

**Assets, Liabilities, Net Position or Fund Equity, Other Matters**

**Cash and Investments** - Cash includes amounts in demand deposits and short-term investments. Cash deposits are reported at carrying amount, which reasonably estimates fair value. All investments are stated at fair value, which is determined by using selected bases. Interest income and realized gains and losses on investment transactions are included for financial statement purposes as investment income.

**Cash Flow Liquidity** - For purposes of the statement of cash flows, the Town’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Restricted Cash** - The Town restricts a compensating amount of cash equal to the amount of the customer deposits held on hand. These reserves are not required but are separated by management.

**Use of Restricted Cash** - When the Town incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

**Grants and Contributions** - The Town receives grants as well as contributions in the course of operations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

**Utility Receivables** - Substantially all of the Town’s outstanding utility receivables are due from its customers for water and sewer service and solid waste collection. Collateral is generally not required on receivables, but a deposit is required to activate new service.

**Allowance for Doubtful Accounts** - It is the opinion of management that no allowance for doubtful accounts was necessary as of June 30, 2017 because services will be disconnected should an account become delinquent.

**Concentration of Credit Risk** - The Town grants credit without collateral to its customers for its services, but the customers are subject to service termination if the receivables are not settled within a specified time frame. The customer deposits held by the Town helps mitigate the credit risk.

**Property and Equipment** - Capital assets which may include software, property, plant, equipment, vehicles, and infrastructure assets (e.g., building, roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Land owned by the Town is always capitalized.

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* allows Phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The Town has elected not to retroactively record infrastructure assets since being considered a Phase III municipality.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings, Structures and Improvements	10-40
Water and Wastewater Systems	25
Infrastructure	25
Office and Maintenance Equipment	7
Vehicles	5

**Analysis of Impairments** - Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based on comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based on the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2017.

**Customer Deposits** - The Town requires a deposit to establish service for the customer. Deposits are not considered revenue for the Town unless or until the customer closes their account, at which time any remaining balance due on the account is deducted from the deposit and the customer is refunded the excess.

**Long-Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities within the statement of net position. Issuance costs associated with notes entered into are expensed in the year of issuance.

Long-term obligations are reported as debt in the proprietary fund. In the governmental funds the long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows of Resources** - In addition to assets, the Statement of Net Position 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 and will not be recognized as an outflow of resources (expense) until that time.

The Town does not report any items that qualifies as deferred outflows of resources for the 2017 fiscal year.



**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Deferred Inflows of Resources** - Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period.

- ***Government-Wide Statements*** - Unearned revenues represent the prepaid revenues advanced to the Town. Such advances are reported as unearned revenue until the earnings process is complete.
- ***Fund Financial Statements*** - Within the governmental funds, revenues must be available in order to be recognized. Revenues, such as property taxes that have been assessed and remain uncollected, are reflected as unearned revenues if they are not available in the current period, which the Town has established as sixty days after year end.

The Town does not report any unearned revenues as deferred inflows of resources for the 2017 fiscal year.

**Fund Balance** - Governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of resources: Non-spendable, Restricted, Committed, Assigned and Unassigned. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, e.g., prepaid items or inventories; or (b) legally or contractually required to be maintained intact. Restricted fund balances have limitations placed on the funds by external means or legislation. Committed fund balances have self-imposed limitations. Assigned fund balances have an intended use factor for a specific fund, and unassigned fund balances are excess funds not categorized in the other classifications.

**Net Position** - The government-wide financial statements and proprietary funds utilize a net position presentation. Net position is reported represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position is reported in three categories:

- ***Net investment in capital assets*** – This category reflects the portion of net position that is associated with capital assets, net of accumulated depreciation reduced by the outstanding capital asset-related debt and adding back unspent proceeds.
- ***Restricted net position*** – This category reflects the portion of net position that has third party limitations on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Unrestricted net position*** – This category reflects net position of the Town, not restricted for any project or other purpose.

**Operating and Non-operating Revenues** - Revenues are classified as operating or non-operating according to the following criteria:

*Operating revenue* - include activities which have the characteristic of exchange transactions, such as charges for services and fees, net of any allowance for uncollectible amounts.

*Non-operating revenues* - include activities which have the characteristics of non-exchange transactions, such as capital grants and investment income.

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Interfund Activity** - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund balances as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**Operating and Non-operating Expenditures** - Expenses are classified as operating or non-operating according to the following criteria:

*Operating expenses* - include activities that have the characteristics of an exchange transaction such as employee salaries, benefits, and related expenses; maintenance, operations and contractual services; materials and supplies; office expenses; and depreciation expenses related to Town capital assets.

*Non-operating expenses* - include activities that have the characteristics of non-exchange transactions such as interest on capital asset-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No. 9 - *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34.

**Compensated Absences** - The Town permits employees to accumulate vacation leave during the year but the hours must be used before the end of the fiscal year. No vacation hours are carried over to the next fiscal year.

**Pensions and OPEB** - The Town has elected not to participate in either the New Mexico Public Employees Retirement Association (PERA) or the New Mexico Retiree Health Care Act. Therefore, the Town has elected not to implement the following GASB statements:

- GASB Statement No. 68 - *Financial Reporting for Pension Plans – An Amendment to GASB Statement 27*,
- GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*,
- GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

**Use of 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.

**Risk Management** - The Town is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any preceding years. A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule covers the officials and certain employees of the Town.

**Subsequent Events** - GASB 56 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or available to be issued. Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE B - CASH AND CASH EQUIVALENTS**

At June 30, 2017, the Town had cash and cash equivalents on deposit with local financial institutions, consisting of checking and money market accounts. Checking accounts required for debt service or for grant purposes are prohibited from accruing interest. Following is a schedule as of June 30, 2017, of the cash and cash equivalents.

	<b>Bank Balance June 30, 2017</b>	<b>Net Items Outstanding</b>	<b>Book Balance June 30, 2017</b>
<b>James Polk Stone Community Bank</b>			
<b>General Checking:</b>			
General Operating Account	\$ 499,621	\$ (3,129)	\$ 496,492
Municipal Court Bond Account	52	-	52
CDBG Account	74	-	74
Water Meter Deposits	<u>13,129</u>	<u>193</u>	<u>13,322</u>
Total - JP Stone Community Bank	<u>\$ 512,876</u>	<u>\$ (2,936)</u>	<u>\$ 509,940</u>
	<b>Bank Balance June 30, 2017</b>	<b>Net Items Outstanding</b>	<b>Book Balance June 30, 2017</b>
<b>Western Bank</b>			
Certificate of Deposit	<u>\$ 10,083</u>	<u>\$ -</u>	<u>\$ 10,083</u>

The Town uses a pooled cash system for its funds. Below details the distribution of the cash accounts to the Town's types of funds:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>James Polk Stone Community Bank</b>			
General Operating Account	\$ 267,117	\$ 229,375	\$ 496,492
Municipal Court Bond Account	52	-	52
CDBG Account	74	-	74
Water Meter Deposits	<u>-</u>	<u>13,322</u>	<u>13,322</u>
Total - JP Stone Community Bank	<u>\$ 267,243</u>	<u>\$ 242,697</u>	<u>\$ 509,940</u>
<b>Western Bank</b>			
Certificate of Deposit	<u>10,083</u>	<u>-</u>	<u>10,083</u>
Total Cash and Equivalents	<u>\$ 277,326</u>	<u>\$ 242,697</u>	<u>\$ 520,023</u>

**Custodial Credit Risk - Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to them. The Town does not have a deposit policy for custodial credit risk other than state statutes. As of June 30, 2017, \$262,876 of the Town's bank balance of \$522,959 was exposed to custodial credit risk before applying the pledged collateral. The Independent Bankers Bank, Dallas, Texas, holds the securities pledged toward the Town.

<b>James Polk Stone Pledged Collateral:</b>	<b>CUSIP</b>	<b>Maturity</b>	<b>Market Value</b>	<b>Par Value</b>
FHLB Qtrly Call Step	3130A8F65	6/30/2031	<u>\$ 196,445</u>	<u>\$ 200,000</u>

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE B - CASH AND CASH EQUIVALENTS (Cont.)**

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money being insured by the Federal Deposit Insurance Corporation.

	<b>Bank of the Southwest</b>	<b>Western Bank</b>	<b>Total</b>
Deposits	\$ 512,876	\$ 10,083	\$ 522,959
Less FDIC Coverage	<u>(250,000)</u>	<u>(10,083)</u>	<u>(260,083)</u>
Uninsured Funds	262,876	<u>\$ -</u>	262,876
 Pledged Collateral Securities	 <u>(196,445)</u>		 <u>(196,445)</u>
Uninsured and Uncollateralized	<u>\$ 66,431</u>		<u>\$ 66,431</u>
 50% Pledged Collateral Requirement per Statute	 \$ 131,438		 \$ 131,438
Pledged Collateral	<u>(196,445)</u>		<u>(196,445)</u>
(Over) Under Collateralized	<u>\$ (65,007)</u>		<u>\$ (65,007)</u>

**NOTE C - CAPITAL ASSETS**

The Town presents the Governmental Funds on a modified accrual basis which does report capital asset basis, accumulated depreciation or annual depreciation in the accompanying basic fund financial statements. Any capital purchases are reported as capital outlay expenditures in the governmental funds. The following Governmental Funds capital asset activity for the year ended June 30, 2017 is for additional disclosure and was as follows:

	<b>Balance June 30, 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2017</b>
<b>Governmental Activities:</b>				
<b>Non-depreciable Capital Assets</b>				
Land	\$ 4,197	\$ -	\$ -	\$ 4,197
Total Non-depreciable Capital Assets	4,197	-	-	4,197
<b>Depreciable Capital Assets</b>				
Buildings	649,711	-	-	649,711
Improvements	228,066	-	-	228,066
Machinery and Equipment	617,625	-	-	617,625
Vehicles	<u>300,359</u>	<u>-</u>	<u>-</u>	<u>300,359</u>
Total Depreciable Capital Assets	<u>1,795,761</u>	<u>-</u>	<u>-</u>	<u>1,795,761</u>
Accumulated Depreciation	<u>(1,695,053)</u>	<u>(15,018)</u>	<u>-</u>	<u>(1,710,071)</u>
Total Depreciable Capital Assets, Net	<u>100,708</u>	<u>(15,018)</u>	<u>-</u>	<u>85,690</u>
Capital Assets, Net	<u>\$ 104,905</u>	<u>\$ (15,018)</u>	<u>\$ -</u>	<u>\$ 89,887</u>

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE C - CAPITAL ASSETS (Cont.)**

Management has elected to present the depreciation expense of \$15,018 as a separate line-item expense on the Statement of Activities rather than allocating the expense to each function within the primary government.

The Town presents the Business-type Funds on an accrual basis. Below is the activity of the capital assets for the year ended June 30, 2017:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Business-Type Activities</b>				
<b>Non-depreciable Capital Assets</b>				
Construction in Progress	\$ 610,554	\$ 434,904	\$ -	\$ 1,045,458
Total Non-Depreciable Capital Assets	<u>610,554</u>	<u>434,904</u>	<u>-</u>	<u>1,045,458</u>
Capital Assets, Net	<u>\$ 610,554</u>	<u>\$ 434,904</u>	<u>\$ -</u>	<u>\$ 1,045,458</u>

**NOTE D - LONG-TERM DEBT**

The Town had the following long-term debt obligations as of June 30, 2017:

**Business-type Activities:**

**2788-CIF - Colonias Infrastructure Project Grant** - The Town entered into an agreement with NMFA in July 2012 to administer a Grant/Loan project to improve the water and wastewater infrastructure of the Town to remain in compliance with NMED and the EPA. The Town has committed to approximately \$481,878 of system improvements, of which \$433,691 is grant funds and the remaining \$48,187 is a loan financed through NMFA. Terms of the loan are 20 annual, non-interest-bearing payments of approximately \$2,410 and maturing in June 2033.

**2976-CIF - Colonias Infrastructure Project Grant** - The Town entered into an agreement with NMFA in June, 2014 to administer a Grant/Loan project to improve the water and wastewater infrastructure of the Town to remain in compliance with NMED and the EPA. The Town has committed to approximately \$499,967 of system improvements, of which \$449,970 is grant funds and the remaining \$49,997 is a loan financed through NMFA. Terms of the loan are 20 annual, non-interest-bearing payments of approximately \$2,392, and maturing in June 2034 with a balloon payment of \$4,802.

No interest was paid from the proprietary funds. Long-term debt activity for the year ended June 30, 2017 was as follows:

Proprietary	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
NMFA – 2788-CIF	\$ 43,367	\$ -	\$ (4,820)	\$ 38,547	\$ 2,410
NMFA – 2976-CIF	<u>45,466</u>	<u>-</u>	<u>(2,392)</u>	<u>43,074</u>	<u>2,392</u>
Total Long-term Debt	<u>\$ 88,833</u>	<u>\$ -</u>	<u>\$ (7,210)</u>	<u>\$ 81,621</u>	<u>\$ 4,802</u>

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE D - LONG-TERM DEBT (Cont.)**

Long-term debt service requirements to maturity for the Town are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 4,802	\$ -	\$ 4,802
2019	4,802	-	4,802
2020	4,802	-	4,802
2021	4,802	-	4,802
2022	4,802	-	4,802
2023-2027	24,010	-	24,010
2028-2032	24,010	-	24,010
2033-2034	<u>9,591</u>	<u>-</u>	<u>9,591</u>
	<u>\$ 81,621</u>	<u>\$ -</u>	<u>\$ 81,621</u>

## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**TOWN OF LAKE ARTHUR**  
**COMBINING BALANCE SHEET - MODIFIED ACCRUAL BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	<b>Correction Fund</b>	<b>Fire Protection Fund</b>	<b>Law Enforcement Protection Fund</b>	<b>CDBG Grant Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	<u>\$ 21,573</u>	<u>\$ 162,778</u>	<u>\$ 3,897</u>	<u>\$ 74</u>	<u>\$ 188,322</u>
<b>Total Assets</b>	<u><u>\$ 21,573</u></u>	<u><u>\$ 162,778</u></u>	<u><u>\$ 3,897</u></u>	<u><u>\$ 74</u></u>	<u><u>\$ 188,322</u></u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>FUND BALANCES</b>					
Assigned	<u>\$ 21,573</u>	<u>\$ 162,778</u>	<u>\$ 3,897</u>	<u>\$ 74</u>	<u>\$ 188,322</u>
<b>Total Fund Balances</b>	<u>21,573</u>	<u>162,778</u>	<u>3,897</u>	<u>74</u>	<u>188,322</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 21,573</u></u>	<u><u>\$ 162,778</u></u>	<u><u>\$ 3,897</u></u>	<u><u>\$ 74</u></u>	<u><u>\$ 188,322</u></u>



**STATE OF NEW MEXICO**  
**TOWN OF LAKE ARTHUR**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Correction Fund	Fire Protection Fund	Law Enforcement Protection Fund	CDBG Grant Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Intergovernmental					
State	\$ -	\$ 70,371	\$ 21,200	\$ -	\$ 91,571
Fines and Fees	<u>2,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,409</u>
<b>Total Revenues</b>	2,409	70,371	21,200	-	93,980
<b>EXPENDITURES</b>					
<b>Current</b>					
Public Safety	<u>-</u>	<u>41,186</u>	<u>29,786</u>	<u>-</u>	<u>70,972</u>
<b>Total Expenditures</b>	<u>-</u>	<u>41,186</u>	<u>29,786</u>	<u>-</u>	<u>70,972</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	2,409	29,185	(8,586)	-	23,008
<b>Fund Balance, Beginning of Year</b>	<u>19,164</u>	<u>133,593</u>	<u>12,483</u>	<u>74</u>	<u>165,314</u>
<b>Fund Balance, End of Year</b>	<u>\$ 21,573</u>	<u>\$ 162,778</u>	<u>\$ 3,897</u>	<u>\$ 74</u>	<u>\$ 188,322</u>

**STATE OF NEW MEXICO**  
**TOWN OF LAKE ARTHUR**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**CORRECTION FUND**  
**YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Fines and Fees	\$ 1,625	\$ 1,625	\$ 2,409	\$ 784
<b>Total Revenues</b>	1,625	1,625	2,409	784
<b>EXPENSES</b>				
<b>Current</b>				
Public Safety	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>Excess of Revenues over Expenditures</b>	1,625	1,625	2,409	784
<b>Cash Balance, Beginning of Year</b>	19,164	19,164	19,164	-
<b>Cash Balance, End of Year</b>	\$ 20,789	\$ 20,789	\$ 21,573	\$ 784
<b>Reconciliation to GAAP Basis</b>				
Excess of Revenues over Expenditures - Budget Basis			\$ 2,409	
<b>Excess of Revenues over Expenditures - GAAP Basis</b>			\$ 2,409	

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FIRE PROTECTION FUND  
YEAR ENDED JUNE 30, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Intergovernmental				
State	\$ 70,371	\$ 70,371	\$ 70,371	\$ -
<b>Total Revenues</b>	70,371	70,371	70,371	-
<b>EXPENSES</b>				
<b>Current</b>				
Public Safety	137,718	137,718	41,186	96,532
<b>Total Expenditures</b>	137,718	137,718	41,186	96,532
<b>Excess (Deficit) of Revenues over Expenditures</b>	(67,347)	(67,347)	29,185	96,532
<b>Cash Balance, Beginning of Year</b>	133,593	133,593	133,593	-
<b>Cash Balance, End of Year</b>	\$ 66,246	\$ 66,246	\$ 162,778	\$ 96,532
<b>Reconciliation to GAAP Basis</b>				
Excess of Revenues over Expenditures - Budget Basis			\$ 29,185	
Excess of Revenues over Expenditures - GAAP Basis			\$ 29,185	

**STATE OF NEW MEXICO**  
**TOWN OF LAKE ARTHUR**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**LAW ENFORCEMENT PROTECTION FUND**  
**YEAR ENDED JUNE 30, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 20,110	\$ 20,110	\$ 21,200	\$ 1,090
<b>Total Revenues</b>	20,110	20,110	21,200	1,090
<b>EXPENSES</b>				
<b>Current</b>				
Public Safety	20,110	20,110	29,786	(9,676)
<b>Total Expenditures</b>	20,110	20,110	29,786	(9,676)
<b>Excess (Deficit) of Revenues over Expenditures</b>	-	-	(8,586)	(8,586)
<b>Cash Balance, Beginning of Year</b>	12,483	12,483	12,483	-
<b>Cash Balance, End of Year</b>	\$ 12,483	\$ 12,483	\$ 3,897	\$ (8,586)
<b>Reconciliation to GAAP Basis</b>				
Deficit of Revenues over Expenditures - Budget Basis			\$ (8,586)	
Deficit of Revenues over Expenditures - GAAP Basis			\$ (8,586)	

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ENTERPRISE FUND  
YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services				
Water	\$ 95,000	\$ 95,000	\$ 104,730	\$ 9,730
Sewer	13,000	13,000	14,373	1,373
Solid Waste	45,000	45,000	43,313	(1,687)
Cemetery	1,000	1,000	1,025	25
<b>Total Operating Revenues</b>	<u>154,000</u>	<u>154,000</u>	<u>163,441</u>	<u>9,441</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Water	90,000	90,000	80,532	9,468
Sewer	17,000	17,000	13,970	3,030
Solid Waste	36,000	36,000	38,193	(2,193)
Cemetery	1,000	1,000	-	1,000
<b>Debt Service</b>	4,802	4,802	7,210	(2,408)
<b>Capital Outlay</b>	498,000	498,000	434,904	63,096
<b>Total Operating Expenses</b>	<u>646,802</u>	<u>646,802</u>	<u>574,809</u>	<u>71,993</u>
<b>Operating Income</b>	(492,802)	(492,802)	(411,368)	81,434
<b>NON-OPERATING REVENUES</b>				
Grant Proceeds	498,000	498,000	434,904	(63,096)
<b>Total Non-Operating Revenues</b>	<u>498,000</u>	<u>498,000</u>	<u>434,904</u>	<u>(63,096)</u>
<b>Net Change in Net Position After Transfers</b>	5,198	5,198	23,536	18,338
<b>Cash - Beginning of Year</b>	<u>206,038</u>	<u>206,038</u>	<u>206,038</u>	<u>-</u>
<b>Cash - End of Year</b>	<u>\$ 211,236</u>	<u>\$ 211,236</u>	<u>\$ 229,574</u>	<u>\$ (26,420)</u>
<b>Reconciliation to GAAP Basis</b>				
<b>Change in Net Position - Budget Basis</b>			\$ 23,536	
Adjustments from Budget to GAAP Basis:				
Capital Outlay			434,904	
Debt Service			7,210	
Change in:				
Customer Deposits			<u>2,668</u>	
<b>Change in Net Position - GAAP Basis</b>			<u>\$ 468,318</u>	

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
YEAR-END FINANCIAL REPORT TO DFA  
YEAR ENDED JUNE 30, 2017**

**MUNICIPALITY:** Lake Arthur

**DEPARTMENT OF FINANCE AND ADMINISTRATION  
LOCAL GOVERNMENT DIVISION**

**Period Ending:** 06/30/2017

*SUBMIT TO LOCAL GOVERNMENT DIVISION NO LATER THAN 30 DAYS  
AFTER THE CLOSE OF EACH QUARTER.*

**Prepared By:** Debra Sallee

Fund #	FUND NAME	BEGINNING CASH BALANCE CURRENT FY (1)	YEAR-TO-DATE TRANSACTIONS			ADJUSTMENTS (5)
			REVENUES TO DATE (2)	TRANSFERS TO DATE (3)	EXPENDITURES TO DATE (4)	
101	GENERAL FUND (GF)	\$212,664	201,478	0	188,216	(11,432)
201	CORRECTION	\$18,966	2,409	0	0	198
202	ENVIRONMENTAL GRT	\$0	0	0	0	
206	EMS	\$0	0	0	0	0
207	ENHANCED 911	\$0	0	0	0	0
209	FIRE PROTECTION FUND	\$137,718	70,371	0	41,186	(4,125)
211	LEPF	\$0	21,200	0	29,786	8,586
214	LODGERS' TAX	\$0	0	0	0	
216	MUNICIPAL STREET	\$0	0	0	0	0
217	RECREATION	\$0	0	0	0	0
218	INTERGOVERNMENTAL GRANTS	\$0	0	0	0	0
219	SENIOR CITIZEN	\$0	0	0	0	0
223	DWI PROGRAM	\$0	0	0	0	0
299	OTHER	\$0	0	0	0	0
300	CAPITAL PROJECT FUNDS	\$0	0	0	0	0
401	G. O. BONDS	\$0	0	0	0	0
402	REVENUE BONDS	\$0	0	0	0	0
403	DEBT SERVICE OTHER	\$0	0	0	4,802	4,802
500	ENTERPRISE FUNDS					
	Water Fund	\$46,369	107,398	0	92,443	0
	Solid Waste	\$22,212	43,313	0	38,193	0
	Waste Water	\$11,365	14,373	0	13,969	(4,802)
	Airport	\$0	0	0	0	0
	Ambulance	\$0	0	0	0	0
	Cemetery	\$1,000	1,025	0	0	0
	Housing	\$0	0	0	0	0
	Parking	\$0	0	0	0	0
	Other Enterprise (enter fund na	\$0	0	0	0	0
	Other Enterprise (enter fund na	\$0	0	0	0	0
	Other Enterprise (enter fund na	\$0	0	0	0	0
	Other Enterprise (enter fund na	\$0	0	0	0	0
600	INTERNAL SERVICE FUNDS	\$0	0	0	0	0
700	TRUST AND AGENCY FUNDS	\$10,727	3,600	0	932	0
<b>GRAND TOTAL</b>		<b>\$461,021</b>	<b>\$465,167</b>	<b>\$0</b>	<b>\$409,528</b>	<b>(\$6,773)</b>

I HEREBY CERTIFY THAT THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS:

Signature

Date

QTR ENDING CASH BALANCE (1)+(2)-(3)+(4)+(5) (6)	INVESTMENTS (7)	CASH + INVESTMENTS (8)	REQUIRED RESERVES (9)	AVAILABLE CASH (8) - (9)
\$214,493	10,083	\$224,576	15,685	\$208,892
\$21,573	0	\$21,573		\$21,573
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$162,778	0	\$162,778		\$162,778
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	52	\$52		\$52
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$61,324	0	\$61,324		\$61,324
\$27,332	0	\$27,332		\$27,332
\$6,967	0	\$6,967		\$6,967
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$2,025	0	\$2,025		\$2,025
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$0	0	\$0		\$0
\$13,395	0	\$13,395		\$13,395
\$509,887	\$10,135	\$520,022	\$15,685	\$504,337

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
YEAR-END FINANCIAL REPORT TO DFA  
YEAR ENDED JUNE 30, 2017**

MUNICIPALITY: Lake Arthur  
Period Ending: 06/30/2017

**GENERAL FUND - MUNICIPALITY**

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
<b>REVENUES</b>							
<b>Taxes:</b>							
Property Tax - Current Year	\$3,959	\$0	\$3,959	\$4,027		\$68	101.71%
Property Tax - Delinquent	\$0	\$0	\$0	\$0		\$0	n/a
Property Tax - Penalty & Interest	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Equipment	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Production	\$0	\$0	\$0	\$0		\$0	n/a
Franchise Fees	\$5,300	\$0	\$5,300	\$4,630		(\$670)	87.35%
Gross receipts - Local Option	\$17,000	\$0	\$17,000	\$11,678		(\$5,322)	68.69%
Gross Receipts - Infrastructure	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Environment	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Other Dedication	\$0	\$0	\$0	\$174		\$174	n/a
<b>Intergovernmental -State Shared:</b>							
Gross receipts	\$17,000	\$0	\$17,000	\$19,285		\$2,285	113.44%
Cigarette Tax	\$0	\$0	\$0	\$0		\$0	n/a
Gas Tax [1 cent]	\$6,000	\$0	\$6,000	\$5,915		(\$85)	98.59%
Gas Tax [2 cent]	\$0	\$0	\$0	\$0		\$0	n/a
Motor Vehicle	\$400	\$0	\$400	\$421		\$21	105.35%
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Local	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriations	\$0	\$0	\$0	\$0		\$0	n/a
Small Cities Assistance	\$120,000	\$9,668	\$129,668	\$129,738		\$70	100.05%
<b>Licenses and Permits</b>	\$0	\$0	\$0	\$10		\$10	n/a
<b>Charges for Services</b>	\$0	\$0	\$0	\$0		\$0	n/a
<b>Fines and Forfeits</b>	\$3,900	\$0	\$3,900	\$5,071		\$1,171	130.03%
<b>Interest on Investments</b>	\$0	\$0	\$0	\$119		\$119	n/a
<b>Miscellaneous</b>	\$24,000	\$0	\$24,000	\$20,409		(\$3,591)	85.04%
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$197,559</b>	<b>\$9,668</b>	<b>\$207,227</b>	<b>\$201,478</b>		<b>(\$5,749)</b>	<b>97.23%</b>
<b>EXPENDITURES</b>							
Executive-Legislative	\$3,000	\$0	\$3,000	\$11,476	\$0	(\$8,476)	382.54%
Judicial	\$10,000	\$0	\$10,000	\$9,778	\$0	\$222	97.78%
Elections	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Finance & Administration	\$100,000	\$0	\$100,000	\$92,284	\$0	\$7,716	92.28%
Public Safety	\$18,500	\$0	\$18,500	\$17,034	\$0	\$1,466	92.07%
Highways & Streets	\$17,000	\$0	\$17,000	\$11,227	\$0	\$5,773	66.04%
Senior Citizens	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Sanitation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Health and Welfare	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Culture and Recreation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Economic Development & Housing	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Airport	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other - Miscellaneous	\$48,000	\$0	\$48,000	\$46,417	\$0	\$1,583	96.70%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$196,500</b>	<b>\$0</b>	<b>\$196,500</b>	<b>\$188,216</b>	<b>\$0</b>	<b>\$8,284</b>	<b>95.78%</b>
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
<b>Excess (deficiency) of revenues over expenditures</b>				<b>\$13,261</b>			



**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
YEAR-END FINANCIAL REPORT TO DFA  
YEAR ENDED JUNE 30, 2017**

MUNICIPALITY: Lake Arthur  
Period Ending: 06/30/2017

**SPECIAL REVENUES - MUNICIPALITY - QUARTERLY REPORT**

SPECIAL REVENUES - RESOURCES	Fund	BUDGET			ACTUALS		Encumbrances (expend line only)	Budget Balance	Budget Variance %
		Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total				
<b>CORRECTIONS</b>	<b>201</b>								
REVENUES									
Correction Fees	201	1,625	0	1,625	2,409		784	148.25%	
Miscellaneous	201	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>1,625</b>	<b>0</b>	<b>1,625</b>	<b>2,409</b>		<b>784</b>	<b>148.25%</b>	
<b>EXPENDITURES</b>	201	0	0	0	0	0	0	n/a	
OTHER FINANCING SOURCES									
Transfers In	201	0	0	0	0		0	n/a	
Transfers (Out)	201	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expen	201				2,409				
<b>ENVIRONMENTAL</b>	<b>202</b>								
REVENUES									
GRT - Environmental	202	0	0	0	0		0	n/a	
Miscellaneous	202	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
<b>EXPENDITURES</b>	202	0	0	0	0	0	0	n/a	
OTHER FINANCING SOURCES									
Transfers In	202	0	0	0	0		0	n/a	
Transfers (Out)	202	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expen	202				0				
<b>EMS</b>	<b>206</b>								
REVENUES									
State EMS Grant	206	0	0	0	0		0	n/a	
Miscellaneous	206	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
<b>EXPENDITURES</b>	206	0	0	0	0	0	0	n/a	
OTHER FINANCING SOURCES									
Transfers In	206	0	0	0	0		0	n/a	
Transfers (Out)	206	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expen	206				0				
<b>E911</b>	<b>207</b>								
REVENUES									
State-E-911 Enhancement	207	0	0	0	0		0	n/a	
Network & Data Base Grant	207	0	0	0	0		0	n/a	
Miscellaneous	207	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
<b>EXPENDITURES</b>	207	0	0	0	0		0	n/a	
OTHER FINANCING SOURCES									
Transfers In	207	0	0	0	0		0	n/a	
Transfers (Out)	207	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expen	207				0				

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
YEAR-END FINANCIAL REPORT TO DFA  
YEAR ENDED JUNE 30, 2017**

MUNICIPALITY: Lake Arthur  
Period Ending: 06/30/2017

**SPECIAL REVENUES - MUNICIPALITY - QUARTERLY REPORT**

SPECIAL REVENUES - RESOURCES	Fund	BUDGET			ACTUALS		Encumbrances (expend line only)	Budget Balance	Budget Variance %
		Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total				
<b>FIRE PROTECTION REVENUES</b>	<b>209</b>								
State - Fire Marshall Allotment	209	70,371	0	70,371	70,371		0	100.00%	
Miscellaneous	209	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>70,371</b>	<b>0</b>	<b>70,371</b>	<b>70,371</b>		<b>0</b>	<b>100.00%</b>	
<b>EXPENDITURES</b>	<b>209</b>	<b>137,718</b>	<b>0</b>	<b>137,718</b>	<b>41,186</b>	<b>0</b>	<b>96,532</b>	<b>29.91%</b>	
<b>OTHER FINANCING SOURCES</b>									
Transfers In	209		0	0	0		0	n/a	
Transfers (Out)	209	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expen	209				29,185				
<b>LAW ENFORCEMENT PROTECTION REVENUES</b>	<b>211</b>								
State-Law Enforcement Protection	211	20,110		20,110	21,200		1,090	105.42%	
Miscellaneous	211	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>20,110</b>	<b>0</b>	<b>20,110</b>	<b>21,200</b>		<b>1,090</b>	<b>105.42%</b>	
<b>EXPENDITURES</b>	<b>211</b>	<b>20,110</b>		<b>0</b>	<b>29,786</b>	<b>0</b>	<b>(29,786)</b>	<b>n/a</b>	
<b>OTHER FINANCING SOURCES</b>									
Transfers In	211	0	0	0	0		0	n/a	
Transfers (Out)	211	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expen	211				(8,586)				

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
YEAR-END FINANCIAL REPORT TO DFA  
YEAR ENDED JUNE 30, 2017**

MUNICIPALITY: Lake Arthur  
Period Ending: 06/30/2017

**CAPITAL PROJECTS**

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
<b>REVENUES</b>							
GRT- Dedication	\$0	\$0	\$0	\$0		\$0	n/a
GRT- Infrastructure	\$0	\$0	\$0	\$0		\$0	n/a
Bond Proceeds	\$0	\$0	\$0	\$0		\$0	n/a
State Grants	\$0	\$0	\$0	\$0		\$0	n/a
CDBG funding	\$0	\$0	\$0	\$0		\$0	n/a
State Grants	\$498,000	\$0	\$498,000	\$0		(\$498,000)	0.00%
Federal Grants (other)	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriations	\$0	\$0	\$0	\$0		\$0	n/a
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Miscellaneous	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL CAPITAL PROJECTS REVENUES</b>	<b>\$498,000</b>	<b>\$0</b>	<b>\$498,000</b>	<b>\$0</b>		<b>(\$498,000)</b>	<b>0.00%</b>
<b>EXPENDITURES</b>							
Parks/Recreation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Housing	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Equipment & Buildings	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Facilities	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Transit	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Utilities	\$498,000	\$0	\$498,000	\$0	\$0	\$498,000	0.00%
Airports	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Debt Service Payments (P&I)-GO Bonds	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Debt Service Payments (P&I)-Rev. Bonds	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other	\$0	\$0	\$0	\$0	\$0	\$0	n/a
<b>TOTAL CAPITAL PROJECTS EXPENDITURE</b>	<b>\$498,000</b>	<b>\$0</b>	<b>\$498,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$498,000</b>	<b>0.00%</b>
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
<b>Excess (deficiency) of revenues over expenditures</b>				<b>\$0</b>			

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
YEAR-END FINANCIAL REPORT TO DFA  
YEAR ENDED JUNE 30, 2017**

MUNICIPALITY: Lake Arthur  
Period Ending: 06/30/2017

**DEBT SERVICE**

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
<b>GENERAL OBLIGATION BONDS [FUND 401]</b>							
REVENUES:							
General Obligation - (Property tax)	\$0	\$0	\$0	\$0		\$0	n/a
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Other - Misc	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
EXPENDITURES							
General Obligation - Principal	\$0	\$0	\$0	\$0	\$0	\$0	n/a
General Obligation - Interest	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other Costs (Fiscal Agent Fees/Other Fees/Misc)	\$0	\$0	\$0	\$0	\$0	\$0	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>n/a</b>
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures [401]				\$0			
<b>REVENUE BONDS [FUND 402]</b>							
REVENUES:							
Bond Proceeds	\$0	\$0	\$0	\$0		\$0	n/a
Revenue Bonds - GRT	\$0	\$0	\$0	\$0		\$0	n/a
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Revenue Bonds - Other	\$0	\$0	\$0	\$0		\$0	n/a
<b>REVENUE BOND REVENUE - TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
EXPENDITURES							
Revenue Bonds - Principal	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Revenue Bonds - Interest	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other Revenue Bond Payments	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other Costs (Fiscal Agent Fees/Other Fees/Misc)	\$0	\$0	\$0	\$0	\$0	\$0	n/a
<b>TOTAL DEBT SERVICE FUND EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>n/a</b>
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures [402]				\$0			
<b>OTHER DEBT SERVICE [FUND 403]</b>							
REVENUES:							
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Loan Revenue	\$0	\$0	\$0	\$0		\$0	n/a
<b>OTHER DEBT SERVICE REVENUE - TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
EXPENDITURES							
NMFA Loan Payments	\$0	\$0	\$0	\$4,802	\$0	\$4,802	n/a
Board of Finance Loan Payments	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other Debt Service - Misc	\$0	\$0	\$0	\$0	\$0	\$0	n/a
<b>TOTAL DEBT SERVICE FUND EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,802</b>	<b>\$0</b>	<b>\$4,802</b>	<b>n/a</b>
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures [403]				(\$4,802)			

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
YEAR-END FINANCIAL REPORT TO DFA  
YEAR ENDED JUNE 30, 2017**

MUNICIPALITY: Lake Arthur  
Period Ending: 06/30/2017

**ENTERPRISE FUNDS**

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget	
	Approved Budget	Budget Adjustments	Adjusted Budget			Positive	(Negative)
<b>REVENUES</b>							
<b>Water Fund</b>							
Charges for Services	\$87,000	\$0	\$87,000	\$94,651		\$7,651	108.79%
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$8,000	\$0	\$8,000	\$12,747		\$4,747	159.34%
<b>TOTAL REVENUES - Water Fund</b>	<b>\$95,000</b>	<b>\$0</b>	<b>\$95,000</b>	<b>\$107,398</b>		<b>\$12,398</b>	<b>113.05%</b>
<b>EXPENDITURES</b>							
<b>Water Fund</b>	\$90,000	\$0	\$90,000	\$92,443	\$0	(\$2,443)	102.71%
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL-OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures				\$14,955			
<b>REVENUES</b>							
<b>Solid Waste</b>							
Charges for Services	\$45,000	\$0	\$45,000	\$43,313		(\$1,687)	96.25%
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL REVENUES - Solid Waste Fund</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$45,000</b>	<b>\$43,313</b>		<b>(\$1,687)</b>	<b>96.25%</b>
<b>EXPENDITURES</b>							
<b>Solid Waste</b>	\$36,000	\$0	\$36,000	\$38,193	\$0	(\$2,193)	106.09%
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL-OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures				\$5,120			
<b>REVENUES</b>							
<b>Waste Water</b>							
Charges for Services	\$13,000	\$0	\$13,000	\$14,373		\$1,373	110.56%
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL REVENUES - Waste Water Fund</b>	<b>\$13,000</b>	<b>\$0</b>	<b>\$13,000</b>	<b>\$14,373</b>		<b>\$1,373</b>	<b>110.56%</b>
<b>EXPENDITURES</b>							
<b>Waste Water</b>	\$17,000	\$0	\$17,000	\$13,969	\$0	\$3,031	82.17%
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL-OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures				\$404			

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
YEAR-END FINANCIAL REPORT TO DFA  
YEAR ENDED JUNE 30, 2017**

MUNICIPALITY: Lake Arthur  
Period Ending: 06/30/2017

**ENTERPRISE FUNDS**

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
<b>REVENUES</b>							
<b>Airport</b>							
Charges for Services	\$0	\$0	\$0	\$0		\$0	n/a
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL REVENUES - Airport Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
<b>EXPENDITURES</b>							
<b>Airport</b>	\$0	\$0	\$0	\$0	\$0	\$0	n/a
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL-OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures				\$0			
<b>REVENUES</b>							
<b>Ambulance</b>							
Charges for Services	\$0	\$0	\$0	\$0		\$0	n/a
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL REVENUES - Ambulance Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
<b>EXPENDITURES</b>							
<b>Ambulance</b>	\$0	\$0	\$0	\$0	\$0	\$0	n/a
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL-OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures				\$0			
<b>REVENUES</b>							
<b>Cemetery</b>							
Charges for Services	\$1,000	\$0	\$1,000	\$1,025		\$25	102.50%
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL REVENUES - Cemetery Fund</b>	<b>\$1,000</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$1,025</b>		<b>\$25</b>	<b>102.50%</b>
<b>EXPENDITURES</b>							
<b>Cemetery</b>	\$1,000	\$0	\$1,000	\$0	\$0	\$1,000	0.00%
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
<b>TOTAL-OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>n/a</b>
Excess (deficiency) of revenues over expenditures				\$1,025			

## **INTERNAL CONTROL AND COMPLIANCE**

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2017**

**2010-003 - The Town Does Not Conduct an Annual Physical Inventory of Capital Assets - Material Weakness (repeated)**

**CONDITION** - The Town does not conduct an inventory of capital assets and does not maintain a historical list of capital assets and depreciation.

**PROGRESS OF RESOLVING PRIOR YEAR FINDING** – The Town has made some progress on this finding by having the departments provide an asset inventory, but several assets lack significant details such as to brand of item, date of acquisition, historical cost, serial number or VIN.

**CRITERIA** - Section 12-6-10, NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year.

**EFFECT** - The amount of capital assets and deprecation reported may not be accurate.

**CAUSE** - This condition results from a combination of understaffing and lack of expertise on the part of the management at the time.

**RECOMMENDATION** - The Town council should conduct an annual physical inventory of capital assets and maintain an accurate detail list of capital assets and depreciation.

**MANAGEMENT RESPONSE AND PLANNED CORRECTIVE ACTION** - The Mayor and Town Clerk will continue to fine-tune the asset inventory to provide a more accurate inventory catalog. The finding is expected to be resolved before June 2018.

**2013-001 - Segregation of Duties - Material Weakness (Repeated)**

**CONDITION** - The Town has a limited segregation of duties due to personnel constraints due to having one full-time employee in administration.

**PROGRESS OF RESOLVING PRIOR YEAR FINDING** - No significant progress can be made on this finding until financial position of the Town improves so additional personnel can be hired to mitigate the segregation.

**CRITERIA** - Segregation of certain specific accounting and administrative functions is needed to minimize concentration of internal controls and reduce the possibility of overriding of controls or misappropriation of funds.

**CAUSE** - Personnel and funding limitations have relegated the Town to consolidate some incompatible accounting and administrative functions.

**EFFECT** - The lack of proper segregation of duties is common in smaller governments that are forced to control personnel costs at the expense of improved internal control.

**RECOMMENDATION** - Although the Town has some compensating controls in place to reduce the effect of the lack of segregation of duties, we recommend the Council periodically evaluate whether its level of control is appropriate for the current situation. The Council should increase their visibility and involvement in the daily operations of the Town so that the council members are more aware of the complexities of the municipality operations.



**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2017**

**2013-001 - Segregation of Duties - Material Weakness (Repeated)(Cont.)**

**MANAGEMENT RESPONSE AND PLANNED CORRECTIVE ACTION** - The Mayor and Council will continually monitor the internal control environment and adjust policies and procedures when conflicts in internal control arise.

The Mayor and Town Council members have committed to increasing their individual and collective involvement in the daily operations of the Town which will ensure internal controls will be maintained as best as possible given the budget constraints. There is no timeframe to resolve this inherent finding due to the financial condition of the Town.

**2016-001 - Legal Compliance with Budget - Compliance (Repeated)**

**CONDITION** - The Town actual expenditures exceeded the authorized amount in the following funds:

- General Fund exceeded budgeted expenditures by \$27,557.
- Law Enforcement Protection Fund exceeded budgeted expenditures by \$8,536.

**PROGRESS OF RESOLVING PRIOR YEAR FINDING** – The Town did not make any progress in resolving this finding for the fiscal year. Multiple personnel turnover in the town clerk position did not provide the continuity or experience necessary to complete the final budget without DFA analyst assistance.

**CRITERIA** - Section 6-6-6 of the New Mexico State Statutes prohibits any payments in excess of the approved budget.

**CAUSE** - The Town prepared its budget on the cash basis and did not adjust for additional expenditures during the year for the governmental funds, and did not take into consideration NMFA direct payments to contractors for the construction of the improvements to the wastewater system for the Utility Fund.

**EFFECT** – Not all transactions affecting the fund were not recorded which consequently could not provide adequate reporting for budgetary purposes.

**RECOMMENDATION** – The Town should review externally-generated transactions that affect the accounting records and include those transactions to properly report the activity and to identify any potential budget issues. In addition, review transfers in which one fund subsidizing another and properly record the subsidy to ensure they are balanced and all related budgets are appropriate.

**MANAGEMENT RESPONSE AND PLANNED CORRECTIVE ACTION** – The new town clerk will be attending training to get familiarized with the budget preparation and DFA budget reporting process. This finding should be resolved by July 2018.

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2017**

<b>Finding</b>	<b>Status</b>
2010-003 No Annual Inventory of Capital Assets	Repeated
2013-001 Segregation of Duties	Repeated
2013-005 Internal Control Deficiencies	Resolved
2016-001 Legal Compliance with Budget	Repeated

**STATE OF NEW MEXICO  
TOWN OF LAKE ARTHUR  
EXIT CONFERENCE  
JUNE 30, 2017**

The contents of this report were discussed with the Town of Lake Arthur representatives on October 11, 2017. The following individuals were present for the conference:

**Town of Lake Arthur**

Ysidro Salazar, Mayor  
Debra Sallee, Clerk

**Scott Northam, CPA, PC**

Scott Northam, CPA

The financial statements of the Town of Lake Arthur were prepared by Scott Northam, CPA, PC from original books and records provided by and with assistance from the management of the Town.

Although standards strongly emphasize the Town prepare its own financial statements, the consensus between Town management and the auditor was that it would be more time and cost efficient for the auditor to prepare the financial statements and the related notes. Accordingly, the Town designated a competent management-level individual to oversee the auditor's services, make all management decisions and perform all management functions. The Town reviewed, approved, and accepted responsibility for the accompanying financial statements and related notes and supplementary schedules, and for ensuring that the underlying accounting records adequately support the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance.