

STATE OF NEW MEXICO

Town of Red River



ANNUAL FINANCIAL REPORT

JUNE 30, 2008

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Town of Red River
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008

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OFFICIAL ROSTER
June 30, 2008

<u>Name</u>		<u>Title</u>
	<u>Town Council</u>	
Linda Calhoun		Mayor
Pat Lamb		Council Member
Paul Sanchez		Council Member
Peggy Wilson		Council Member
George Woerndle		Council Member
	<u>Town Officials</u>	
Russell Church		Town Administrator
		Town Clerk
Georgiana Rael		Finance Officer
Jack Griffin		Municipal Judge

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Town Council
Town of Red River
Red River, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Town of Red River (the "Town") as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements and budgetary comparison statements of each of the Town's non-major governmental funds and the budgetary comparisons for each major capital projects fund, and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of Town of Red River's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Town of Red River, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison statements for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Town of Red River as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison statements for each non-major governmental fund, major capital projects fund, and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2008 on our consideration of the Town of Red River's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 13-20 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Red River's basic financial statements, the combining and individual fund financial statements, and the budgetary comparison statements. The accompanying financial information listed as supporting Schedules I through III in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Town of Red River. Such information has been subjected to the auditing procedures applied in the audit of the basic and each of the non-major governmental fund financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Precision Accounting, LLC
Albuquerque, New Mexico
September 19, 2008

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STATE OF NEW MEXICO
Town of Red River
Management's Discussion and Analysis
for the Year Ended June 30, 2008
Unaudited

As management of Town of Red River, we offer readers of Town of Red River financial statements this narrative overview and analysis of the financial activities of Town of Red River for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements of Town of Red River and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of Town of Red River exceeded its liabilities at the close of the most recent fiscal year by \$7,971,797(*net assets*). Of this amount, \$502,974 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$284,236 during the fiscal year. The majority of this decrease is due a decrease in net assets for business-type activities.
- As of June 30, 2008, the Town's governmental funds reported combined ending fund balances of \$522,196. Of this total; \$173,764 is restricted for capital projects.

•Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Red River's basic financial statements. Town of Red River's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Town of Red River's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Town of Red River's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Town of Red River is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Town of Red River that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Town of Red River include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Town include Sewer.

The government-wide financial statements can be found at Exhibits A-I and A-2 of this report.

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Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Town of Red River, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Town of Red River can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Town of Red River maintains twenty-two individual governmental funds organized according to their type (special revenue, debt Service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Lodger's Tax Fund, Sewer/AWWT Replacement Fund, Streets Tax Fund and Grants Fund, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Town of Red River adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Lodger's Tax Fund and Sewer/AWWT Replacement Fund, Streets Tax Fund and Grant Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through D-3 of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the Town charges customers - either outside customers or internal units or departments of the Town. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains 3 types of proprietary funds:

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Town of Red River's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Town of Red River fiduciary funds account for the collection of motor vehicle fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit E-I of this report

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-36 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 39-46 of this report.

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Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the second year that the Town has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB #34), *Basic Financial Statements –and Management's Discussion and Analysis (MD&A) -for State and Local Governments*.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Town of Red River, assets exceeded liabilities by \$7,971,797 at the close of the current fiscal year.

The largest portion of Town of Red River's net assets represents the Town's investment of \$8,374,380 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. Town of Red River uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Town of Red River's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Red River's Net Assets						
	June 30, 2008			June 30, 2007		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
Assets						
Current and other assets	\$745,871	\$228,480	\$974,351	\$515,187	\$259,308	\$774,495
Capital assets, net of accumulated depreciation	5,510,259	2,864,121	8,374,380	5,573,942	3,194,170	8,768,112
Total Assets	\$6,256,130	\$3,092,601	\$9,348,731	\$6,089,129	\$3,453,478	\$9,542,607
Liabilities						
Long-term liabilities outstanding	\$935,131	\$41,310	\$976,441	\$981,380	\$31,223	\$1,012,603
Other Liabilities	363,132	37,361	400,493	216,393	57,578	273,971
Total Liabilities	\$935,131	\$78,671	\$1,376,934	\$1,197,773	\$88,801	\$1,286,574
Net Assets						
Invested in capital assets, net of related debt	\$4,490,766	\$ 2,827,866	\$7,318,632	\$4,527,238	\$3,149,980	\$7,677,218
Restricted	150,191	-	150,191	122,911	-	122,911
Unrestricted	316,910	186,064	502,974	241,207	214,697	455,904
Total Net Assets	4,957,867	3,013,601	7,971,797	4,891,356	3,364,677	8,256,033
Total Liabilities and Net Assets	\$6,256,130	\$3,092,601	\$9,348,731	\$6,089,129	\$3,453,478	\$9,542,607

A portion of Town of Red River's net assets represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service. At the end of the current fiscal year, Town of Red River is able to report positive balances in all of the categories of net assets, for the government as a whole as well as for the business-type activities.

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The Town of Red River's net assets decreased by \$(284,236) during the current fiscal year. This increase is explained in the government and business-type activities discussion below, and is primarily a result of decreased revenues during the fiscal year.

Changes in Net Assets
For the Year Ended June 30, 2008

Analysis of Changes in Net Assets	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue			
Charges for Service	\$1,094,825	\$ 1,035,726	\$2,130,551
Operating grants and contributions	182,566	-	182,566
Capital Grants	436,400	-	436,400
General Revenue			
Property Tax	225,312	-	225,312
Franchise Tax	66,786	-	66,786
Gross Receipts Tax	1,106,784	-	1,106,784
Motor Vehicle and Fuel Tax	543,607	-	543,607
Misc revenues	103,451	-	103,451
Unrestricted Investments earnings	1,034	-	1,034
Total Revenue	\$3,760,765	\$ 1,053,944	\$4,814,709
Expenses			
General Government	\$939,510	-	\$1,991,945
Public Safety	1,031,620	-	1,031,620
Culture and Recreation	906,410	-	906,410
Health and Welfare	354,046	-	354,046
Public Works	461,326	-	461,326
Interest on Long-term debt	30,304	-	30,304
Business-type activities		1,386,473	1,386,473
Total Expenses	\$ 3,723,216	\$ 1,386,473	\$4,775,651
(Decrease) Increase in Assets before transfer	\$ 37,549	\$ (350,747)	\$(284,236)
Transfers	-	-	-
(Decrease) Increase in Net Assets	37,549	(350,747)	(284,236)
Net Assets, Beginning of Year (restated)	4,891,356	3,364,677	8,256,033
Ending Net Assets	\$4,957,867	\$3,013,930	\$7,971,797

Governmental activities: Governmental activities increased Town of Red River's net assets by \$37,549. The key element of this increase was revenues, primarily charges for services and operating grants and contributions, increasing to a greater extent than expenditures.

Business-type activities: Business-type activities decreased the Town's net assets by \$(350,747). The key element of this increase was operating expenses higher than revenues, (charges for services), in the joint utility operations.

STATE OF NEW MEXICO
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Unaudited

Changes in Net Assets
For the Year Ended June 30, 2007

	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue			
Charges for Service	\$1,304,159	\$644,464	\$1,948,623
Operating grants and contributions	126,980	-	126,980
Capital Grants	819,115	-	819,115
General Revenue			
Property Tax	243,533	-	243,533
Franchise Tax	5,058	-	5,058
Gross Receipts Tax	1,176,653	-	1,176,653
Motor Vehicle and Fuel Tax	481,623	-	481,623
Misc revenues	72,000	-	72,000
Unrestricted Investments earnings	639	-	639
Total Revenue	\$4,229,760	\$644,464	\$4,874,224
Expenses			
General Government	\$1,541,209	\$673,765	\$1,794,880
Public Safety	430,212	-	773,037
Culture and Recreation	936,886	-	857,332
Health and Welfare	211,689	-	280,597
Public Works	404,264	-	208,316
Interest on Long-term debt	34,695	-	34,695
Total Expenses	\$3,558,955	\$1,052,435	\$4,327,527
(Decrease) Increase in Assets before transfer	\$670,805	\$35,971	\$706,776
Transfers	-	-	-
(Decrease) Increase in Net Assets	670,805	35,971	706,776
Net Assets, Beginning of Year (restated)	4,220,551	3,328,706	7,549,257
Ending Net Assets	\$4,891,356	\$3,364,677	\$8,256,033

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Town of Red River
Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, Town of Red River uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Town of Red River's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Town of Red River's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of the end of the current fiscal year, Town of Red River's governmental funds reported combined ending fund balances of \$521,261, an increase of \$98,019 in comparison with the prior year. This entire amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$3,517,673 in the fiscal year ended June 30, 2008, which represents an decrease of \$376,971 from the fiscal year ended June 30, 2007. Expenditures for governmental activities, totaling \$3,769,455, increased by \$346,801 from the fiscal year ended June 30, 2007. In the fiscal year ended June 30, 2008, revenues exceeded expenditures by \$95,019.

The General Fund is the chief operating fund of Town of Red River. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$168,540, while total fund balance was \$168,540.

The fund balance of Town of Red River's general fund decreased by \$(25,430) during the current fiscal year, due to expenditures in excess of revenues. Overall, the general fund's performance resulted in expenditures over revenues in the fiscal year ended June 30, 2008 due to an decrease in general revenue.

Lodgers' Tax Fund. The Lodgers' Tax Fund has a fund balance \$78,061. The net increase in fund balance for the current year was \$83,314. The net increase in fund balance is due primarily to an increase in revenues..

Streets Tax Fund. The Streets Tax Fund has a fund balance of \$86,888. The net increase in fund balance for the year was \$1,614. The increase was primarily due to expenditures related to public works.

Grants Fund. The Grants Fund has fund deficit of (\$239,427). The net decrease in fund balance of \$(21,502) is primarily due to decrease in revenues.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statement~, but in more detail.

At the end of the fiscal year, the unrestricted net assets for Sewer, Solid Waste, and Water were \$2,722,599, \$282,387, and \$8,944 respectively. The total decrease in net assets for the proprietary funds was \$(350,747). Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

Fiduciary Funds, The Town maintains fiduciary funds for the assets of the Motor Vehicle Department funds. Changes to the fiduciary funds were immaterial for the fiscal year.

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General Fund Budgetary Highlights

Town budgets reflect the same pattern as seen in the revenue and expenditures of the Town. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Town level, Town of Red River utilizes goals and objectives defined by the Town Councilors, community input meetings, long term plans and input from various staff groups to develop the Town budget. Town priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

General Fund Expenditure Budget Performance

Final Budget	Actual non-GAAP Cash Basis	Favorable (Unfavorable) Variance
\$1,478,543	\$1,518,365	\$ (39,822)

The Town's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year. Net budget increases in the departments totaled \$270,540 for expenditures and were as follows:

General Fund	\$ 133,576
Non-major Funds	107,654
Total	<u>\$ 270,540</u>

The Capital Project Funds (non-major) are not included in the original budget which is submitted to the Department of Finance and Administration (DFA). These funds are spent on a project-by-project basis so the budgets are constantly changing. Instead, the budgets for these funds are created during the year through budget adjustment requests (BAR's).

Capital Asset and Debt Administration

Capital assets. Town of Red River's capital assets for its governmental and business-type activities as of June 30, 2008 amount to \$8,374,380 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. The total increase in the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$298,439 for governmental activities due primarily to increases in infrastructure, equipment and vehicles. There was no change (excluding accumulated depreciation) in business-type capital assets during the current fiscal year.

Capital Assets, Net of Depreciation
June 30, 2008

	Governmental Activities	Business-like Activities	Total
Infrastructure	\$ 1,828,566	\$ ---	\$ 1,828,566
Land	1,962,499	---	1,962,499
Buildings and improvements	2,785,464	7,805,199	10,590,663
Machinery and equipment	1,793,699	242,558	2,036,257
Vehicles	1,876,623	340,704	2,217,327
Total capital assets	10,246,851	8,388,461	18,635,312
Accumulated depreciation	(4,736,021)	(5,524,340)	(10,260,361)
Capital assets, net of accumulated depreciation	\$ 5,510,830	\$ 2,864,121	\$ 8,374,951

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For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 5 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, Town of Red River had total long-term obligations outstanding of \$1,116,024. Of this amount, \$450,000 is revenue bonds with the gross revenue from utility operations pledged to pay the payments.

Town of Red River's Outstanding Debt
As of June 30, 2008

	Governmental Activities	Business-like Activities	Total
Revenue Bonds	\$450,000	\$ -	\$450,000
NMFA notes	158,011	-	158,011
Misc. Bonds	411,482	26,873	438,355
Accrued compensated absences	45,839	14,437	60,276
Total long-term liabilities	\$1,065,332	\$41,310	\$1,106,642

Long-term debt additions and retirements related to notes and capital leases for governmental activities for the current year were \$91,000 and \$118,212, respectively. For business type activities long-term debt additions and retirements related to notes and capital leases were \$0 and \$17,317, respectively. Accrued compensated absences additions and retirements were \$75,289 and \$86,800, respectively, for governmental activities. Business type activities accrued compensated absences additions and retirements were \$15,733 and \$22,788, respectively.

See Note 8 in the accompanying Notes to the Financial Statements for further information regarding Town of Red River's long-term debt.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.

The above factors were considered in preparing Town of Red River's budget for the 2008 fiscal year. There are no currently known facts, decisions, or conditions that are expected to have a significant effect or impact on the Town's financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Town of Red River's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Red River Administration, Town of Red River ,P.O. Box 1020, Red River, New Mexico, 87558.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF NET ASSETS
June 30, 2008

Exhibit A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	423,904	136,084	\$ 559,988
Investments	89,949	242	90,191
Taxes receivable	-	-	-
Accounts receivable	225,985	92,154	318,139
Inventory	6,033	-	6,033
	<u>745,871</u>	<u>228,480</u>	<u>974,351</u>
Total Current Assets			
Noncurrent Assets			
Capital assets	10,246,670	8,388,461	18,635,131
Less: accumulated depreciation	<u>(4,736,411)</u>	<u>(5,524,340)</u>	<u>(10,260,751)</u>
	<u>5,510,259</u>	<u>2,864,121</u>	<u>8,374,380</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 6,256,130</u>	<u>\$ 3,092,601</u>	<u>\$ 9,348,731</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF NET ASSETS
June 30, 2008

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 190,085	\$ 8,458	\$ 198,543
Accrued salaries and wages	21,605	5,941	27,546
Accrued interest	9,256	-	9,256
Accrued compensated absences	11,985	13,580	25,565
Deferred Revenue	-	-	-
Current portion of bonds payable	130,201	10,134	140,335
Total Current Liabilities	363,132	38,113	401,245
Noncurrent Liabilities			
Bonds payable	410,000	-	410,000
Accrued Compensated Absences	45,839	14,437	60,276
Loans and notes payable	479,292	16,739	496,031
Total Noncurrent Liabilities	935,131	31,176	966,307
Total Liabilities	1,298,263	69,289	1,367,552
Net Assets			
Invested in capital assets, net of related debt	4,490,766	2,837,248	7,328,014
Restricted for:			
Debt Service	115,954	-	115,954
Capital projects	34,237	-	34,237
Unrestricted	316,910	186,064	502,974
Total Net Assets	4,957,867	3,023,312	7,981,179
Total Net Assets and Liabilities	\$ 6,256,130	\$ 3,092,601	\$ 9,348,731

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2008

Exhibit A-2

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
General government	\$ 938,559	\$ 536,055	\$ 55,730
Public safety	1,031,620	273,283	62,255
Public works	461,326	57,190	48,810
Culture and recreation	744,998	94,897	5,567
Health and welfare	354,046	-	10,204
Interest on long-term debt	30,304	-	-
<i>Total governmental activities</i>	<u>3,560,853</u>	<u>961,425</u>	<u>182,566</u>
Business-type Activities:			
Sewer/AWWT	619,641	420,820	-
Solid Waste	338,622	315,959	-
Water	418,828	298,947	-
<i>Total business type activities</i>	<u>1,377,091</u>	<u>1,035,726</u>	<u>-</u>
<i>Total</i>	<u>\$ 4,937,944</u>	<u>\$ 1,997,151</u>	<u>\$ 182,566</u>
General Revenues:			
Taxes			
Property taxes, levied for general purposes			
Property taxes, levied for debt service			
Property taxes, levied for capital projects			
Franchise taxes			
Gross receipts taxes			
Public service taxes			
Interest income			
Miscellaneous income			
Total General Revenues and Transfers			
Excess (deficiency) of revenues over expenses			
Change in net assets			
Net assets, beginning			
Net assets, ending			

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2008

Exhibit A-2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Capital Grants and Contributions	Government Activities	Business Type Activities	Total
\$ -	\$ (346,774)	\$ -	\$ (346,774)
-	(696,082)	-	(696,082)
384,652	29,326	-	29,326
51,748	(592,786)	-	(592,786)
-	(343,842)	-	(343,842)
-	(30,304)	-	(30,304)
<u>436,400</u>	<u>(1,980,462)</u>	<u>-</u>	<u>(1,980,462)</u>
-	-	(198,821)	(198,821)
-	-	(22,663)	(22,663)
-	-	(119,881)	(119,881)
<u>-</u>	<u>-</u>	<u>(341,365)</u>	<u>(341,365)</u>
<u>\$ 436,400</u>	<u>\$ (1,980,462)</u>	<u>\$ (341,365)</u>	<u>\$ (2,321,827)</u>
	225,312	-	225,312
	-	-	-
	-	-	-
	66,786	-	66,786
	1,106,784	-	1,106,784
	543,607	-	543,607
	1,034	-	1,034
	103,450	-	103,450
	<u>2,046,973</u>	<u>-</u>	<u>2,046,973</u>
	66,511	(341,365)	(274,854)
	<u>66,511</u>	<u>(341,365)</u>	<u>(274,854)</u>
	<u>4,891,356</u>	<u>3,364,677</u>	<u>8,256,033</u>
	<u>\$ 4,957,867</u>	<u>\$ 3,023,312</u>	<u>\$ 7,981,179</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	<u>General Fund</u>	<u>Lodgers' Tax Fund</u>	<u>Streets Tax Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 20,676	\$ 49,238	\$ 10,000
Investments	226	-	78,522
Accounts and taxes receivable	8,613	-	-
Other receivables	-	42,603	-
Due from other funds	191,644	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total assets</i>	<u>\$ 221,159</u>	<u>\$ 91,841</u>	<u>\$ 88,522</u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 29,560	\$ 13,780	\$ 1,340
Accrued salaries and benefits	11,339	-	114
Accrued compensated absences	10,785	-	180
Deferred revenue	-	-	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total liabilities</i>	<u>51,684</u>	<u>13,780</u>	<u>1,634</u>
<i>Fund balances</i>			
Unreserved:			
Undesignated, reported in:			
General fund	169,475	-	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Special revenue funds	-	78,061	86,888
	<hr/>	<hr/>	<hr/>
<i>Total fund balances</i>	<u>169,475</u>	<u>78,061</u>	<u>86,888</u>
	<hr/>	<hr/>	<hr/>
<i>Total liabilities and fund balances</i>	<u>\$ 221,159</u>	<u>\$ 91,841</u>	<u>\$ 88,522</u>

The accompanying notes are an integral part of these financial statements

<u>Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ 343,990	\$ 423,904
-	11,201	89,949
162,126	536	171,275
-	12,107	54,710
-	112,130	303,774
-	6,033	6,033
<u>\$ 162,126</u>	<u>\$ 485,997</u>	<u>\$ 1,049,645</u>
\$ 138,026	\$ 7,379	\$ 190,085
1,397	8,755	21,605
-	1,020	11,985
-	-	-
<u>262,130</u>	<u>41,644</u>	<u>303,774</u>
<u>401,553</u>	<u>\$ 58,798</u>	<u>527,449</u>
-	-	169,475
-	173,764	173,764
-	81,663	81,663
<u>(239,427)</u>	<u>171,772</u>	<u>97,294</u>
<u>(239,427)</u>	<u>427,199</u>	<u>522,196</u>
<u>\$ 162,126</u>	<u>\$ 485,997</u>	<u>\$ 1,049,645</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

TOWN OF RED RIVER

GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2008

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	522,196
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		5,510,259
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Accrued interest		(9,256)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(1,065,332)</u>
Net assets of governmental activities	\$	<u><u>4,957,867</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ending June 30, 2008

	<u>General Fund</u>	<u>Lodgers' Tax Fund</u>	<u>Streets Tax Fund</u>
<i>Revenues:</i>			
Taxes	\$ 983,475	\$ 519,445	\$ 90,630
Intergovernmental Income	55,730	-	-
Charges for Services	220,713	-	-
Licenses and Fees	149,157	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	85,086	-	-
	<u>1,494,161</u>	<u>519,445</u>	<u>90,630</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General Government	492,976	-	-
Public Safety	827,849	-	-
Public Works	-	-	89,016
Culture and Recreation	56,012	263,682	-
Health and Welfare	142,754	-	-
Capital Outlay	-	-	-
<i>Debt Service:</i>			
Principal	-	-	-
Interest	-	-	-
	<u>1,519,591</u>	<u>263,682</u>	<u>89,016</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(25,430)</u>	<u>255,763</u>	<u>1,614</u>
<i>Other financing sources (uses)</i>			
Transfers In	-	-	-
Transfers (Out)	-	(172,449)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(172,449)</u>	<u>-</u>
<i>Net change in fund balance</i>	(25,430)	83,314	1,614
<i>Fund balance - beginning of year</i>	<u>194,905</u>	<u>(5,253)</u>	<u>85,274</u>
<i>Fund balance - end of year</i>	<u><u>\$ 169,475</u></u>	<u><u>\$ 78,061</u></u>	<u><u>\$ 86,888</u></u>

The accompanying notes are an integral part of these financial statements

<u>Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ 348,939	\$ 1,942,489
371,609	129,774	557,113
61,012	276,026	557,751
-	8,993	158,150
-	1,034	1,034
14,445	201,605	301,136
<u>447,066</u>	<u>966,371</u>	<u>3,517,673</u>
120,984	-	613,960
-	157,942	985,791
-	269,528	358,544
-	439,583	759,277
-	147,987	290,741
347,584	-	347,584
-	40,000	40,000
-	26,757	26,757
<u>468,568</u>	<u>1,081,797</u>	<u>3,422,654</u>
<u>(21,502)</u>	<u>(115,426)</u>	<u>95,019</u>
-	172,449	172,449
-	-	(172,449)
-	172,449	-
(21,502)	57,023	95,019
<u>(217,925)</u>	<u>370,176</u>	<u>427,177</u>
<u>\$ (239,427)</u>	<u>\$ 427,199</u>	<u>\$ 522,196</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
RECONCILIATION OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2008

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

Net change in fund balances - total governmental funds	\$	95,019
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Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures		347,584
Depreciation expense		(411,268)

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

Issuance of long-term debt for capital assets		(91,000)
Decrease in Accrued compensated absences		11,511
Difference in accrued interest		(3,547)
Principal payments on notes payable		78,212
Principal payments on Bonds payable		40,000
		40,000

Change in net assets of governmental activities	\$	66,511
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The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 1,044,304	\$ 1,044,304
Intergovernmental Income	-	-	55,730	55,730
Charges For Services	191,373	191,373	233,213	41,840
Licenses and Fees	(191,373)	(191,373)	144,278	335,651
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	87,268	87,268
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,564,793</u>	<u>1,564,793</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	475,604	517,617	511,842	5,775
Public Safety	718,016	718,016	824,935	(106,919)
Public Works	-	15,000	-	15,000
Culture and Recreation	59,292	66,714	56,360	10,354
Health and Welfare	92,055	161,196	125,228	35,968
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,344,967</u>	<u>1,478,543</u>	<u>1,518,365</u>	<u>(39,822)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,344,967)</u>	<u>(1,478,543)</u>	<u>46,428</u>	<u>1,524,971</u>
<i>Other financing sources (uses)</i>				
Designated Cash	1,344,967	1,478,543	-	(1,478,543)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,344,967</u>	<u>1,478,543</u>	<u>-</u>	<u>(1,478,543)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	46,428	46,428
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>158,022</u>	<u>158,022</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,450</u>	<u>\$ 204,450</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(1,226)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>(70,632)</u>	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ (25,430)</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
LODGERS TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 476,842	\$ 476,842
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>476,842</u>	<u>476,842</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	257,419	272,419	256,345	16,074
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>257,419</u>	<u>272,419</u>	<u>256,345</u>	<u>16,074</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(257,419)</u>	<u>(272,419)</u>	<u>220,497</u>	<u>492,916</u>
<i>Other financing sources (uses)</i>				
Designated Cash	257,419	272,419	-	(272,419)
Transfers In	(172,449)	(172,449)	(172,449)	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>84,970</u>	<u>99,970</u>	<u>(172,449)</u>	<u>(272,419)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(172,449)</u>	<u>(172,449)</u>	<u>48,048</u>	<u>220,497</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>1,190</u>	<u>1,190</u>
<i>Cash Balance - End of Year</i>	<u>\$ (172,449)</u>	<u>\$ (172,449)</u>	<u>\$ 49,238</u>	<u>\$ 221,687</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(7,337)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>42,603</u>	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ 83,314</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2008

	Sewer/ AWWT Fund	Solid Waste Fund	Water Fund	Total
<i>Assets</i>				
<i>Current assets</i>				
Cash	\$ 63,339	\$ 51,170	\$ 21,575	\$ 136,084
Investments	242	-	-	242
Accounts receivable (less allowance for doubtful accounts of \$5,573, \$2,935 and \$3,530)	41,828	22,850	27,476	92,154
Inventory	-	-	-	-
<i>Total current assets</i>	<u>105,409</u>	<u>74,020</u>	<u>49,051</u>	<u>228,480</u>
<i>Capital assets</i>				
Capital assets	7,805,199	340,704	242,558	8,388,461
Accumulated depreciation	(5,173,115)	(88,246)	(262,979)	(5,524,340)
<i>Total Capital assets</i>	<u>2,632,084</u>	<u>252,458</u>	<u>(20,421)</u>	<u>2,864,121</u>
<i>Total Assets</i>	<u>\$ 2,737,493</u>	<u>\$ 326,478</u>	<u>\$ 28,630</u>	<u>\$ 3,092,601</u>
<i>Liabilities and Net Assets</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 284	\$ 5,373	\$ 2,801	\$ 8,458
Accrued salaries and benefits	2,123	1,575	2,243	5,941
Accrued compensated absences	4,857	340	8,383	13,580
Current maturity of note payable	-	10,134	-	10,134
<i>Total current liabilities</i>	<u>7,264</u>	<u>17,422</u>	<u>13,427</u>	<u>38,113</u>
<i>Noncurrent liabilities</i>				
Notes payable	-	16,739	-	16,739
Accrued compensated absences payable	7,630	548	6,259	14,437
<i>Total noncurrent liabilities</i>	<u>7,630</u>	<u>17,287</u>	<u>6,259</u>	<u>31,176</u>
<i>Total liabilities</i>	<u>14,894</u>	<u>34,709</u>	<u>19,686</u>	<u>69,289</u>
<i>Net Assets:</i>				
Invested in capital assets, net of related debt	2,632,084	225,585	(20,421)	2,837,248
Unreserved				
Unreserved, undesignated	90,515	66,184	29,365	186,064
<i>Total net assets</i>	<u>2,722,599</u>	<u>291,769</u>	<u>8,944</u>	<u>3,023,312</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 2,737,493</u>	<u>\$ 326,478</u>	<u>\$ 28,630</u>	<u>\$ 3,092,601</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
 For the Year Ended June 30, 2008

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Total
<i>Operating revenues:</i>				
Charges for services	\$ 456,694	\$ 315,959	\$ 298,947	\$ 1,071,600
<i>Total operating revenues</i>	<u>456,694</u>	<u>315,959</u>	<u>298,947</u>	<u>1,071,600</u>
<i>Operating expenses:</i>				
Operating Expenses	153,957	150,725	180,194	484,876
Travel	6,888	21,520	7,826	36,234
Gross Receipts Tax	17,778	-	16,269	34,047
Depreciation	251,157	52,765	26,127	330,049
Purchases for Resale	-	7,181	-	7,181
Contract Services	4,758	-	6,265	11,023
Salaries	199,098	104,721	176,253	480,072
Supplies	21,879	1,710	5,894	29,483
<i>Total operating expenses</i>	<u>655,515</u>	<u>338,622</u>	<u>418,828</u>	<u>1,412,965</u>
<i>Operating income (loss)</i>	<u>(198,821)</u>	<u>(22,663)</u>	<u>(119,881)</u>	<u>(341,365)</u>
<i>Non-operating revenues (expenses):</i>				
Interest Income	-	-	-	-
Interest expense	-	-	-	-
Transfers	(39,919)	90	39,829	-
<i>Total non-operating revenues (expenses)</i>	<u>(39,919)</u>	<u>90</u>	<u>39,829</u>	<u>-</u>
<i>Change in net assets</i>	(238,740)	(22,573)	(80,052)	(341,365)
<i>Total net assets, beginning of year</i>	<u>2,961,339</u>	<u>314,342</u>	<u>88,996</u>	<u>3,364,677</u>
<i>Total net assets, end of year</i>	<u>\$ 2,722,599</u>	<u>\$ 291,769</u>	<u>\$ 8,944</u>	<u>\$ 3,023,312</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Sewer/AWWT Fund	Solid Waste Fund
<i>Cash flows from operating activities:</i>		
Cash received from user charges	\$ 478,917	\$ 323,170
Cash payments to employees for services	(198,973)	(106,542)
Cash payments to suppliers for goods and services	(179,622)	(191,955)
	<u>100,322</u>	<u>24,673</u>
<i>Net cash used for operating activities</i>		
<i>Cash flows from noncapital financing activities:</i>		
Change in long tem accrued compensated absences	871	17,317
Principal payments on notes payable	(7,935)	(17,317)
Interest paid	-	-
Transfers to other funds	(39,919)	90
	<u>(46,983)</u>	<u>90</u>
<i>Net cash provided from noncapital financing activities:</i>		
<i>Cash flows from investing activities:</i>		
Adjustment to Capital Assets	-	-
Interest on investments	-	-
	<u>-</u>	<u>-</u>
<i>Net cash provided from investing activities:</i>		
	<u>-</u>	<u>-</u>
<i>Net increase in cash and cash equivalents</i>		
	53,339	24,763
<i>Cash and cash equivalents - beginning of year</i>	<u>10,242</u>	<u>26,407</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 63,581</u>	<u>\$ 51,170</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>		
<i>by operating activities</i>		
Operating income (loss)	\$ (198,821)	\$ (32,045)
Adjustments to reconcile operating (loss) to net cash (used)		
by operating activities		
Depreciation	251,157	52,765
Changes in assets and liabilities		
Receivables	22,223	7,211
Inventory	26,107	-
Accrued expenses	125	(1,821)
Accounts payable	(469)	(1,437)
	<u>251,157</u>	<u>52,765</u>
<i>Net cash (used) by operating activities</i>	<u>\$ 100,322</u>	<u>\$ 24,673</u>

The accompanying notes are an integral part of these financial statements

Exhibit D-3

<u>Water Fund</u>	<u>Total</u>
\$ 311,390	\$ 1,113,477
(177,386)	(482,901)
<u>(196,655)</u>	<u>(568,232)</u>
<u>(62,651)</u>	<u>62,344</u>
1,490	19,678
-	(25,252)
-	-
39,829	-
<u>41,319</u>	<u>(5,574)</u>
-	-
<u>-</u>	<u>-</u>
-	-
<u>-</u>	<u>-</u>
(21,332)	56,770
<u>42,907</u>	<u>79,556</u>
<u>\$ 21,575</u>	<u>\$ 136,326</u>
\$ (119,881)	(350,747)
26,127	330,049
12,443	41,877
19,614	45,721
(1,133)	(2,829)
179	(1,727)
<u>179</u>	<u>(1,727)</u>
<u>\$ (62,651)</u>	<u>\$ 62,344</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-AGENCY FUNDS
 June 30, 2008

	Agency Funds
<i>Assets</i>	
Cash	\$ -
<i>Total assets</i>	-
<i>Liabilities</i>	
Deposits held in trust for others	\$ -
<i>Total liabilities</i>	\$ -

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

The Town of Red River (Town) was incorporated in 1971, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Town operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Town of Red River is a body politic and corporate under the name and form of government selected by its qualified electors. The Town may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Town is presented to assist in the understanding of the Town's financial statements. The financial statements and notes are the representation of the Town's management who is responsible for their integrity and objectivity. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government 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 pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Town has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

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

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the 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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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

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

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

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

Under the requirements of GASB No. 34, the Town is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund, Lodger's Tax Fund, Sewer/AWWT Replacement Fund, Streets Tax Fund and Grants fund. No other funds were required to be presented as major at the discretion of management.

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

Lodgers Tax Fund – to account for the operations of a special fund to promote tourist operations in the Town. Financing is provided by a special lodger's tax charged on all transient lodging in the Town. One half of the tax collected must be used to promote the Town. Funding authority is NMSA 1978 Section 3-38-15.

Streets Tax Fund – to account for the collection of a quarter cent sales tax imposed by the Town Council to fund the construction and maintenance of streets within the Town limits.

Grants Fund – to account for various grant collections and expenditures. Authorization varies with grant award.

The government reports its proprietary funds as a major business-type fund.

The *Sewer/AWWT Fund* – to account for the provision of sewer services to the residents of the Town.

The *Solid Waste Utility Fund* – to account for the provision of solid waste services to the residents of the Town.

The *Water Utility Fund* – to account for the provision of water services to the residents of the Town.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Town's fiduciary funds are used to account for the collection and payment of motor vehicle fees to other governmental agencies.

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

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Town's enterprise fund is charges for services for the Town's various 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.

D. Assets, Liabilities, and Net Assets or Equity

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

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

Investments for the Town are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Town may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Red River County bills, collects, and remits the Town of Red River's share of property taxes.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building Improvements	30
Infrastructure	50
Vehicles	5
Office Equipment	5
Computer Equipment	5

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

Compensated Absences: Qualified employees are entitled to accumulate compensated absences earned. Employees may not accumulate annual leave and lose any unused vacation pay from calendar year to calendar year. Upon termination, employees will be paid for all days of current year accrued annual leave not yet taken.

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees receive no pay for sick time accumulated.

The Town permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the Town. Accumulated sick leave benefits vest with each employee in accordance with the Town's policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the governmental-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of services by employees.

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

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

Net Asset or Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

Invested in capital assets, net of related debt:

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

Restricted:

Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted:

All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

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.

Tax Revenues: The Town receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Town recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Town records only the portion of the taxes considered 'measureable' and 'available' in the governmental fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

The Town is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The Town Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2008 is presented.

The reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund are shown on each budgetary statement.

Note 3. Deposits and Investments

State statutes authorize the investment of Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Town properly followed State investment requirements as of June 30, 2008.

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

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

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2008

Note 3. Deposits and Investments (continued)

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

Type	Peoples Bank <u>Checking</u>	Peoples Bank <u>CD</u>	Centinel Bank <u>Checking</u>
Operating	<u>751,728</u>	<u>78,522</u>	<u>4,408</u>
Total Deposits	751,728	78,522	4,408
Less: FDIC Coverage	<u>(100,000)</u>	<u>(78,522)</u>	<u>(4,408)</u>
Total uninsured public funds	<u>651,728</u>	<u>-</u>	<u>-</u>
50 % Collateral requirement	325,864	-	-
Pledged Securities	<u>392,771</u>	<u>-</u>	<u>-</u>
(Over)Under collateralized	<u>(66,907)</u>	<u>-</u>	<u>-</u>
Custodial Credit Risk-Deposits Account Balance	\$ 834,658		
FDIC Insured	182,930		
Collateral:			
Collateral held by the pledging bank, not in the Town's name	392,771		
Uninsured and uncollateralized	<u>258,957</u>		
Total Deposits	<u>\$ 834,658</u>		

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The governmental does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$651,728 of the Town's bank balance of \$834,658 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 258,957
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>392,771</u>
Total	<u>\$ 651,728</u>

The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

Reconciliation of Cash and Temporary Investments

Carrying amounts by fund per financial statement at June 30, 2008 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit B-1	\$ 513,853
Cash and cash equivalents per Exhibit D-1	136,326
Less amount on deposit with State Treasurer	(11,669)
Add outstanding checks and other reconciling items	<u>196,148</u>
	<u>\$ 834,658</u>

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

Note 3. Deposits and Investments (continued)

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that in the event of counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. The Town’s investments are in certificates of deposits and investment in the State Treasurer’s Local Government Investment Pool (LPIG). The LPIG is not subject to custodial credit risk and the custodial credit risk for the certificates of deposits is contemplated in *custodial risk – cash*.

Interest Rate Risk and Credit Rating- Investment in State Treasurer’s LGIP

The Town does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Town’s investments at June 30, 2008 include the following:

State Treasurer LGIP	AAAm	46-day WAM	<u>\$ 11,669</u>
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The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2008.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Town for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2008.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

The Town utilizes pooled accounts for their funds. The General, special Revenue, capital Projects, Proprietary, and agency Funds are all in multiple accounts.

NOTE 4. Receivables

Receivables as of June 30, 2008, are as follows:

	<u>General Fund</u>	<u>Lodgers’ Tax Fund</u>	<u>Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for service	7,192				7,192
Due from other governments:					
Environmental Gross Receipts	-	-	-	-	-
Grants fund	-	-	162,126	-	162,126
Advanced Life Support-donations	-	-	-	536	536
Ambulance charges	-	-	-	12,107	12,107
Lodgers’ Taxes	-	42,603	-	-	42,603
Miscellaneous other	1,421	-	-	-	1,421
	<u>\$ 8,613</u>	<u>\$ 42,603</u>	<u>\$ 162,126</u>	<u>\$ 12,643</u>	<u>\$ 225,985</u>
	<u>Sewer/AWWT Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total</u>	
Accounts Receivable	\$ 41,828	\$ 22,850	\$ 27,476	\$ 92,154	

The above governmental receivables are deemed 100% collectible. The utility accounts receivable are net of an estimated allowance for uncollectible accounts of \$11,838.

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2008

NOTE 5. Accounts Payables

Accounts payable as of June 30, 2008, are as follows:

Payable to suppliers	\$	190,085
Accrued interest		9,256
Total accounts payable and accrued expenses	\$	199,341

NOTE 6. Interfund Receivables, Payables, and Transfers

“Due to” and “Due from” balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 20, 2008 is as follows:

		Interfund Receivable		Interfund Payable
General Fund	\$	191,644	\$	-
Non-major Funds:				
Sewer Replacement Fund		90,000		-
Transportation Grant Fund		-		41,614
Park Replacement Fund		22,130		-
Grants Fund		-		262,130
	\$	303,774	\$	303,774

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2008 follows.

Governmental Activities	June 30, 2007	Additions	Deletions	June 30, 2008
Capital assets not being depreciated:				
Land	\$ 1,962,499	\$ -	\$ -	\$ 1,962,499
Capital assets being depreciated:				
Buildings & Improvements	\$ 2,656,177	129,106	-	2,785,283
Equipment	1,755,517	38,182	-	1,793,699
Vehicles	1,801,521	115,035	39,933	1,876,623
Infrastructure	1,763,304	65,262	-	1,828,566
Total capital assets being depreciated	7,976,519	347,585	39,933	8,284,171
Total Capital Assets	9,939,018	347,585	39,933	10,246,670
Less accumulated depreciation:				
Buildings & Improvements	1,471,715	56,914	-	1,528,629
Equipment	874,028	157,250	-	1,031,278
Vehicles	1,384,916	161,584	39,933	1,506,567
Infrastructure	634,417	35,520	-	669,937
Total Accumulated Depreciation	4,365,076	411,268	39,933	4,736,411
Total capital assets net of depreciation	\$ 5,573,942	\$ (63,683)	\$ --	\$ 5,510,259

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2008

NOTE 7. Capital Assets (continued)

Capital assets, net of accumulated depreciation, at June 30, 2008 appear in the Statement of Net Assets as follows:

Governmental activities \$ 5,510,259

Depreciation expense for the year ended June 30, 2008 was charged to the following functions and funds:

General Government	\$ 83,006
Public Safety	265,226
Public Works	41,897
Culture and Recreation	20,982
Health and Welfare	157
Total depreciation expense governmental funds	\$411,268

Business-Like Activities	June 30, 2007	Additions	Deletions	June 30, 2008
Land, Building & Improvements	\$ 7,805,199	\$ -	\$ -	\$ 7,805,199
Equipment	242,558	-	-	242,558
Vehicles	349,917	-	9,213	340,704
Infrastructure	-	-	-	-
Total Capital Assets	8,397,674	-	9,213	8,388,461
Land, Building & Improvements	4,921,958	251,157	-	5,173,115
Equipment	146,665	26,127	-	172,792
Vehicles	134,881	52,765	9,213	178,433
Total Accumulated Depreciation	5,203,504	330,049	9,213	5,524,340
Total capital assets net of depreciation	\$ 3,194,170	\$ (330,049)	\$ -	\$ 2,864,121

Depreciation expense relating to business-like activities for the year ended June 30, 2008 totaled \$330,049.

NOTE 8. Long-term Debt

During the year ended June 30, 2008, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Activities	Balance 6/30/2007	Additions	Retirements	Balance 6/30/2008	Due Within One Year
Economic Development Loan	\$ 156,307	\$ -	\$ 24,691	\$ 131,616	\$ 25,220
Sales Tax Revenue Bond	490,000	-	40,000	450,000	40,000
NMFA Loan Wastewater		71,000	-	71,000	-
Hewlett Packard	20,006	-	5,716	14,290	4,985
NMFA Refurbish Fire Truck	107,398	-	20,387	87,011	20,849
John Deere Front End Loader	125,489	-	8,617	116,872	9,080
Police Unit # 3	20,000	-	6,257	13,743	6,750
Police Unit #4		20,000	-	20,000	6,198
Ambulance	51,728	-	6,545	45,183	10,766
John Deere Wheel Loader Backhoe	75,777	-	5,999	69,778	6,353
Accrued Compensated Absences	57,350	75,289	86,800	45,839	-
Total	\$ 1,104,055	\$ 166,289	\$ 205,012	\$ 1,065,332	\$ 130,201

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2008

NOTE 8. Long-term Debt (continued)

The annual requirements to amortize the loan payable to NMFA as of June 30, 2008, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 145,791	\$ 47,719	\$ 193,510
2010	151,478	39,996	191,474
2011	151,570	35,975	187,545
2012	143,663	26,407	170,070
2013	96,600	16,382	112,982
2014-2018	330,391	28,816	359,207
2019-2023	-	-	-
Total	<u>\$ 1,019,493</u>	<u>\$ 195,295</u>	<u>\$ 1,214,788</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

Business-type Activities:

<u>Description</u>	<u>Balance</u> <u>6/30/2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2008</u>	<u>Current</u> <u>Maturities</u>
Sewer Revenue Bond	\$ 7,935	\$ -	\$ 7,935	\$ -	\$ -
1998 Mack Roll Off Truck	36,255	-	9,382	26,873	10,134
Accrued Compensated Absences	21,492	28,425	22,788	27,129	13,240
Total Long Term Debt	<u>\$ 65,682</u>	<u>\$ 28,425</u>	<u>\$ 40,105</u>	<u>\$ 54,002</u>	<u>\$ 23,374</u>

The annual requirements to amortize the above long-term debt as of June 30, 2008, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 10,134	\$ 1,917	\$ 12,051
2010	11,372	1,105	12,477
2011	<u>5,367</u>	<u>228</u>	<u>5,595</u>
Total	<u>\$ 26,873</u>	<u>\$ 3,250</u>	<u>\$ 30,123</u>

NOTE 9. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Town of Red River participates in the New Mexico Self-Insurer's Fund risk pool. The Town pays an annual premium to the pool based on claim experience and the status of the pool. The Town is not liable for more than the premium paid.

The Town has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Town which exceeds the insurance coverage, the Town would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2008, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Town of Red River.

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2008

NOTE 9. Risk Management (continued)

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 10. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. Deficit fund balance of individual funds.	
Grants Fund	\$ 239,427
Transportation Grant Fund	\$ 43,667

Fund deficits will be funded by general fund transfers or by grant revenues.

B. Excess of expenditures over appropriations by fund.

None

NOTE 11. PERA Pension Plans

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

Funding Policy. Plan members, who are covered under "Municipal general member coverage plan 1" (Chapter 10, Article 11.45 through 11.49 NMSA 1978) are required to contribute 7% of their defined gross salary to the plan. Under municipal general member coverage plan 1, the amount of pension is equal to two percent of the final average salary multiplied by credited service. The amount shall not exceed sixty percent of the final average salary. The requirements may be amended by acts of the legislature. The Town's contributions to PERA for the years ended June 30, 2008, 2007, and 2006 were \$85,286, \$74,784 and \$72,718, equal to the amount of the required contributions for the years, respectively.

NOTE 12. Post-Employment Benefits

The Town of Red River has elected not to obtain Retiree Health Care Act coverage.

NOTE 13. Contingent Liabilities

The Town is party to various claims and lawsuits arising in the normal course of business. Management and the Town's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Town which are not covered by the Town's insurance as described in Note 9.

NOTE 14. Federal and State Grants

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

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 15. Joint Powers Agreements

Creation of “The Enchanted Circle Regional Fire Protection Association”

Purpose

The agreement is for the sole purpose of establishing, implementing, and maintaining a regional fire protection association. This program will provide cooperative fire suppression, firefighter training programs, and cost efficient purchasing of firefighting equipment and supplies for all parties involved.

Participants

The Town of Red River, The Town of Red River, The Town of Angel Fire, The Town of Eagle Nest, The Town of Red River, The Town of Questa, The County of Red River, and The County of Colfax

Responsible Party for Operation and Audit

The Town of Red River

Beginning and Ending Date of Agreement

Started March 23, 2007 and is renewed annually with changes made no later than September 30

Total Estimated Amount of Project and Actual Amount Contributed

None

Operation of the Solid Waste Landfill

Purpose

To document EMNRD and the Town of Red River’s commitment to wildland fire suppression by using interagency cooperation, management assistance, and cooperation with the use of federal excess property.

Participants

EMNRD and the Town of Red River

Responsible Party for Operation and Audit

The Energy, Minerals and Natural Resources Department

Beginning and Ending Date of Agreement

Started September 22, 2006 and is continuous unless terminated by either party due to insufficient appropriation or suspended performance pending approval from the New Mexico State Legislature.

Total Estimated Amount of Project and Actual Amount Contributed

Rates run between 1%-5%

Cooperative Severance Tax

Purpose

The Town of Red River and Department of Transportation for road improvements in the Town of Red River.

Participants

Town of Red River and New Mexico Department of Transportation

Responsible Party for Operation and Audit

New Mexico Department of Transportation

Beginning and Ending Date of Agreement

6-10-2004 to 6-30-2009

Total Estimated Amount of Project and Actual Amount Contributed

\$75,000.00

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2008

NOTE 15. Joint Powers Agreements (continued)

E911 Land Line Services

Purpose

The Town of Red River and Town of Angel Fire to provide funding for enhanced 911 landline service and wireless Phase I and Phase II Services.

Participants

Town of Red River and Town of Angel Fire

Responsible Party for Operation and Audit

Town of Angel Fire

Beginning and Ending Date of Agreement

02-20-07 to 30 days upon written notification by either party

Total Estimated Amount of Project and Actual Amount Contributed

None

New Mexico Gang and Terrorism Task Force

Purpose

To ensure that Gang Net is operated in a manner that protects both the constitutional and privacy rights of an individual

Participants

Town of Red River and the NMGTF

Responsible Party for Operation and Audit

New Mexico Gang and Terrorism Task Force

Beginning and Ending Date of Agreement

4-12-2007 to 30 days upon written notification by either party

Total Estimated Amount of Project and Actual Amount Contributed

None

Traffic Safety Bureau Grant

Purpose

All are concerned with the safety, health, and welfare to the rest of our community and desire to reduce DWI in their communities and Red River County overall.

Participants

Town of Red River and Red River County

Responsible Party for Operation and Audit

Red River County

Beginning and Ending Date of Agreement

3-13-2007 to 30 days upon written notification by either party

Total Estimated Amount of Project and Actual Amount Contributed

\$7,564.00

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2008

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the Town with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Local Governments Correction Fund (201) - To account for the operation and maintenance of the Town's jail. Financing is provided by the assessment of correction fees which may be used only for prisoner care. Authorized by NMSA 1978 35-14-44.

Environmental Gross Receipts Tax Fund (202)- To account for the collection and expenditure of one-sixteenth of one percent gross receipts tax dedicated for the acquisition, construction, operation and maintenance of solid waste facilities, water facilities, waste water facilities or sewer systems. Authorized by NMSA Chapter 7, Article 20E.

Emergency Medical Services Fund (206) – To account for the acquisition of emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Authorized by NMSA 24-10A & NMS 6-11-6.

911 Grant fund (207) – To account for monies received from the State of New Mexico under Section 63-9D-1 NMSA 1978 as amended for the enhancement of the 911 Telephone Emergency System.

Law Enforcement Protection Fund (211) – To account for the grant funds used for maintenance and development of the Town's police force. Financing is provided by a grant from the State of New Mexico. Such revenue provided for purchase and repairs of equipment as well as classes to upgrade the training of police personnel and may be used only for these purposes. Funding authority is NMSA 29-13-1.

Library Grant Fund (213) – To account for the operations of a Library Grant from the New Mexico State Library for additions to the Town Library. Authorized by Section 18-2-4B NMSA 1978.

State Gasoline Tax Fund (216) – To account for special gasoline tax distribution to be used for maintenance and improvement of the streets and highways. Funding is from State gasoline tax. Authorized by NMSA 1978 7-1-6.9 to 7-13-18.

Recreation Fund (217) – To account for the operations and maintenance of the recreation facilities. Financing is provided by a portion of the Town's share of the State cigarette tax and the fees charged for admission to the swimming pool. The authority is Section 7-12-15, NMSA 1978.

Transportation Grant Fund (224) – To account for a grant to administer and operate a Federal Transportation Administration 5311 Program Rural Transportation System.

Enchanted Circle EMS (295) – To account for State grant funds and other revenue to be used to provided emergency medical services.

Economic Development Grant Fund (298) - To account for monies received from the State of New Mexico for the purpose of advertising and promoting the tourism industry of Red River and the enhancement of economic development.

Advanced Life Support System Fund (299) – To account for State grant funds to be used to provide an advanced life support system for the Town's Fire and EMS departments. Authorized by Emergency Medical Services Fund Section 24-10A-1, NMSA 1978.

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NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects.

The Town has four separate funds classified as non-major Capital Projects Funds as follows:

Sewer/AWWT Replacement Fund (304) – To account for funds collected in prior years to fund the replacement of part of the waste water treatment plant

Water Line Replacement Fund (306) – To account for financing, construction and maintenance of water lines within the Town limits. Funding is from a ¼ cent sales tax imposed by legislation for such projects.

Park Replacement Fund (310) – To account for the financing, construction and maintenance of land and parks within the Town limits. Funding is from a ¼ cent sales tax imposed by legislation for such projects.

Infrastructure Replacement Fund (311) – To account for the financing, construction and maintenance of streets within the Town limits. Funding is from a 1/8 cent sales tax imposed by legislation for such projects.

PROPRIETARY FUNDS

Sewer/AWWT Utility Fund (503) – To account for the provision of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, billing and maintenance.

Solid Waste Fund (504) – To account for the provision of solid waste services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and maintenance.

Water Utility Fund (505) – To account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and maintenance.

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008

Schedule A-1

	Special Revenue		
	Local Government Corrections Fund	Environmental Gross Receipts Tax Fund	Emergency Services Fund
<i>Assets</i>			
Cash and cash equivalents	\$ 2,741	\$ 17,135	\$ -
Investments	-	-	-
Accounts and taxes receivable	-	-	-
Other receivables	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
Due from other funds	-	-	-
<i>Total assets</i>	<u>\$ 2,741</u>	<u>\$ 17,135</u>	<u>\$ -</u>
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 933	\$ -
Accrued salaries and benefits	-	-	-
Accrued compensated absences	-	-	-
Deferred revenue	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>933</u>	<u>-</u>
<i>Fund balances</i>			
Unreserved			
Designated for Capital projects funds	-	-	-
Designated for Debt service funds	-	-	-
Designated for Special revenue funds	2,741	16,202	-
<i>Total fund balances</i>	<u>2,741</u>	<u>16,202</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,741</u>	<u>\$ 17,135</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2008

Schedule A-1

Special Revenue				
911 Grant Fund	Fire Protection Fund	Law Enforcement Protection Fund	State Library Grant Fund	State Gasoline Tax Fund
\$ 145	\$ 108,216	\$ -	\$ -	\$ 9,299
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 145	\$ 108,216	\$ -	\$ -	\$ 9,299
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
145	108,216	-	-	9,299
145	108,216	-	-	9,299
\$ 145	\$ 108,216	\$ -	\$ -	\$ 9,299

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008

Schedule A-1

Special Revenue

	<u>Recreation Fund</u>	<u>Transportation Grant Fund</u>	<u>Ambulance Transfer Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 1,882	\$ -	\$ 17,481
Investments	-	-	-
Accounts and taxes receivable	-	-	-
Other receivables	-	-	12,107
Due from other governments	-	-	-
Inventory	-	-	-
Due from other funds	-	-	-
<i>Total assets</i>	<u>\$ 1,882</u>	<u>\$ -</u>	<u>\$ 29,588</u>
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 1,132
Accrued salaries and benefits	-	1,363	1,953
Accrued compensated absences	-	660	-
Deferred revenue	-	-	-
Due to other funds	-	41,644	-
<i>Total liabilities</i>	<u>-</u>	<u>43,667</u>	<u>3,085</u>
<i>Fund balances</i>			
Unreserved			
Designated for Capital projects funds	-	-	-
Designated for Debt service funds	-	-	-
Designated for Special revenue funds	1,882	(43,667)	26,503
<i>Total fund balances</i>	<u>1,882</u>	<u>(43,667)</u>	<u>26,503</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,882</u>	<u>\$ -</u>	<u>\$ 29,588</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008

Schedule A-1

Enchanted Circle- EMS Fund	Economic Development Grant Fund	Advanced Life Support System Fund	Capital Projects	
			Sewer/AWWT Replacement Fund	Water Line Replacement Fund
\$ 12,710	\$ 5,780	\$ 30,054	\$ 8,541	\$ 13,743
-	-	10,647	303	155
-	-	-	-	-
-	-	-	-	-
-	-	536	-	-
-	-	-	-	-
-	-	-	90,000	-
<u>\$ 12,710</u>	<u>\$ 5,780</u>	<u>\$ 41,237</u>	<u>\$ 98,844</u>	<u>\$ 13,898</u>
\$ -	\$ 2,951	\$ 1,609	\$ -	\$ 256
-	2,582	2,134	-	114
-	-	-	-	180
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>5,533</u>	<u>3,743</u>	<u>-</u>	<u>550</u>
-	-	-	98,844	13,348
-	-	-	-	-
12,710	247	37,494	-	-
<u>12,710</u>	<u>247</u>	<u>37,494</u>	<u>98,844</u>	<u>13,348</u>
<u>\$ 12,710</u>	<u>\$ 5,780</u>	<u>\$ 41,237</u>	<u>\$ 98,844</u>	<u>\$ 13,898</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008

Schedule A-1

	Park Replacement fund	Infrastructure Replacement Fund	Debt Service	Total Nonmajor Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 5,985	\$ 28,615	\$ 81,663	\$ 343,990
Investments	-	96	-	11,201
Accounts and taxes receivable	-	-	-	-
Other receivables	-	-	-	12,107
Due from other governments	-	-	-	536
Inventory	4,165	1,868	-	6,033
Due from other funds	22,130	-	-	112,130
<i>Total assets</i>	<u>\$ 32,280</u>	<u>\$ 30,579</u>	<u>\$ 81,663</u>	<u>\$ 485,997</u>
<i>Liabilities</i>				
Accounts payable	\$ 498	\$ -	\$ -	\$ 7,379
Accrued salaries and benefits	495	114	-	8,755
Accrued compensated absences	-	180	-	1,020
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	41,644
<i>Total liabilities</i>	<u>993</u>	<u>294</u>	<u>-</u>	<u>58,798</u>
<i>Fund balances</i>				
Unreserved				
Designated for Capital projects funds	31,287	30,285	-	173,764
Designated for Debt service funds	-	-	81,663	81,663
Designated for Special revenue funds	-	-	-	171,772
<i>Total fund balances</i>	<u>31,287</u>	<u>30,285</u>	<u>81,663</u>	<u>427,199</u>
<i>Total liabilities and fund balances</i>	<u>\$ 32,280</u>	<u>\$ 30,579</u>	<u>\$ 81,663</u>	<u>\$ 485,997</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008

	Special Revenue		
	Local Government Corrections Fund	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund
<i>Revenues:</i>			
Taxes	\$ -	\$ 25,702	\$ -
Intergovernmental Income	-	-	10,204
Charges for Services	-	-	-
Licenses and Fees	2,282	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>2,282</u>	<u>25,702</u>	<u>10,204</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	(320)	-	-
Public Works	-	35,694	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	10,204
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>(320)</u>	<u>35,694</u>	<u>10,204</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,602</u>	<u>(9,992)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Bond Proceeds	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	2,602	(9,992)	-
<i>Fund balances - beginning of year</i>	<u>139</u>	<u>26,194</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 2,741</u>	<u>\$ 16,202</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				
911 Grant Fund	Fire Protection Fund	Law Enforcement Protection Fund	State Library Grant Fund	State Gasoline Tax Fund
\$ -	\$ -	\$ -	\$ -	\$ 10,647
1,898	45,750	14,607	5,567	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,898</u>	<u>45,750</u>	<u>14,607</u>	<u>5,567</u>	<u>10,647</u>
-	-	-	-	-
822	26,415	14,607	-	-
-	-	-	-	4,540
-	-	-	6,054	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>822</u>	<u>26,415</u>	<u>14,607</u>	<u>6,054</u>	<u>4,540</u>
1,076	19,335	-	(487)	6,107
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,076</u>	<u>19,335</u>	<u>-</u>	<u>(487)</u>	<u>6,107</u>
(931)	88,881	-	487	3,192
<u>\$ 145</u>	<u>\$ 108,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,299</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008

	Special Revenue		
	Recreation Fund	Transportation Grant Fund	Ambulance Transfer Fund
<i>Revenues:</i>			
Taxes	\$ 411	\$ -	\$ -
Intergovernmental Income	-	51,748	-
Charges for Services	-	-	165,201
Licenses and Fees	-	6,711	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>411</u>	<u>58,459</u>	<u>165,201</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	129,498	-
Health and Welfare	-	-	137,783
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>129,498</u>	<u>137,783</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>411</u>	<u>(71,039)</u>	<u>27,418</u>
<i>Other financing sources (uses)</i>			
Bond Proceeds	-	-	-
Transfers In	-	40,000	-
Transfers Out	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>40,000</u>	<u>-</u>
<i>Net change in fund balances</i>	411	(31,039)	27,418
<i>Fund balances - beginning of year</i>	<u>1,471</u>	<u>(12,628)</u>	<u>(915)</u>
<i>Fund balances - end of year</i>	<u>\$ 1,882</u>	<u>\$ (43,667)</u>	<u>\$ 26,503</u>

The accompanying notes are an integral part of these financial statements

Enchanted Circle- EMS fund	Special Revenue		Capital Projects	
	Economic Development Grant Fund	Advanced Life Support System Fund	Sewer/AWWT Replacement Fund	Water Line Replacement Fund
\$ -	\$ -	\$ -	\$ -	\$ 90,632
-	-	-	-	-
4,302	106,523	-	-	-
-	-	-	-	-
-	-	1,017	-	-
5,880	-	105,800	-	-
<u>10,182</u>	<u>106,523</u>	<u>106,817</u>	<u>-</u>	<u>90,632</u>
-	-	-	-	-
10,027	-	106,391	-	-
-	-	-	-	103,140
-	235,089	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,027</u>	<u>235,089</u>	<u>106,391</u>	<u>-</u>	<u>103,140</u>
155	(128,566)	426	-	(12,508)
-	-	-	-	-
-	132,449	-	-	-
-	-	-	-	-
<u>-</u>	<u>132,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
155	3,883	426	-	(12,508)
<u>12,555</u>	<u>(3,636)</u>	<u>37,068</u>	<u>98,844</u>	<u>25,856</u>
<u>\$ 12,710</u>	<u>\$ 247</u>	<u>\$ 37,494</u>	<u>\$ 98,844</u>	<u>\$ 13,348</u>

The accompanying notes are an integral part of these financial statements

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<u>Capital Projects</u>			
<u>Park Replacement Fund</u>	<u>Infrastructure Replacement Fund</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 90,632	\$ 130,915	\$ -	\$ 348,939
-	-	-	129,774
-	-	-	276,026
-	-	-	8,993
-	-	17	1,034
-	17,925	72,000	201,605
<u>90,632</u>	<u>148,840</u>	<u>72,017</u>	<u>966,371</u>
-	-	-	-
-	-	-	157,942
-	126,154	-	269,528
68,942	-	-	439,583
-	-	-	147,987
-	-	-	-
-	-	40,000	40,000
-	-	26,757	26,757
<u>68,942</u>	<u>126,154</u>	<u>66,757</u>	<u>1,081,797</u>
<u>21,690</u>	<u>22,686</u>	<u>5,260</u>	<u>(115,426)</u>
-	-	-	-
-	-	-	172,449
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>172,449</u>
21,690	22,686	5,260	57,023
<u>9,597</u>	<u>7,599</u>	<u>76,403</u>	<u>370,176</u>
<u>\$ 31,287</u>	<u>\$ 30,285</u>	<u>\$ 81,663</u>	<u>\$ 427,199</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
LOCAL GOVERNMENT CORRECTIONS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	100	100	2,282	2,182
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	100	100	2,282	2,182
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	3,000	3,000	(320)	3,320
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	3,000	3,000	(320)	3,320
<i>Excess (deficiency) of revenues over expenditures</i>	(2,900)	(2,900)	2,602	5,502
<i>Other financing sources (uses)</i>				
Designated Cash	2,900	2,900	-	(2,900)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	2,900	2,900	-	(2,900)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	2,602	2,602
<i>Cash Balance - Beginning of Year</i>	-	-	139	139
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 2,741	\$ 2,741
Net change in cash (Non-GAAP Budgetary basis)			\$ 2,602	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in cash (GAAP basis)			\$ 2,602	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
ENVIRONMENTAL GROSS RECEIPTS TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 22,248	\$ 22,248	\$ 30,695	\$ 8,447
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	22,248	22,248	30,695	8,447
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	29,861	57,309	34,835	22,474
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	29,861	57,309	34,835	22,474
<i>Excess (deficiency) of revenues over expenditures</i>	(7,613)	(35,061)	(4,140)	30,921
<i>Other financing sources (uses)</i>				
Designated Cash	7,613	35,061	-	(35,061)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	7,613	35,061	-	(35,061)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(4,140)	(4,140)
<i>Cash Balance - Beginning of Year</i>	-	-	21,273	21,273
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 17,133	\$ 17,133
Net change in cash (Non-GAAP Budgetary basis)			\$ (4,140)	
Adjustment to revenue for accruals and other deferrals			(4,995)	
Adjustment to expenditures for payables, prepaids and other accruals			(857)	
Net change in cash (GAAP basis)			\$ (9,992)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	12,000	12,000	10,201	(1,799)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	12,000	12,000	10,201	(1,799)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	12,000	12,000	10,201	1,799
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	12,000	12,000	10,201	1,799
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in cash (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
911 GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	5,000	5,000	1,898	(3,102)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	5,000	5,000	1,898	(3,102)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	5,000	5,000	822	4,178
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	5,000	5,000	822	4,178
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,076	1,076
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,076	1,076
<i>Cash Balance - Beginning of Year</i>	-	-	(931)	(931)
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 145	\$ 145
Net change in cash (Non-GAAP Budgetary basis)			\$ 1,076	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in cash (GAAP basis)			\$ 1,076	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	135,697	135,697	45,750	(89,947)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	135,697	135,697	45,750	(89,947)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	189,940	189,940	26,415	163,525
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	189,940	189,940	26,415	163,525
<i>Excess (deficiency) of revenues over expenditures</i>	(54,243)	(54,243)	19,335	73,578
<i>Other financing sources (uses)</i>				
Designated Cash	54,243	54,243	-	(54,243)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	54,243	54,243	-	(54,243)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	19,335	19,335
<i>Cash Balance - Beginning of Year</i>	-	-	88,881	88,881
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 108,216	\$ 108,216
Net change in cash (Non-GAAP Budgetary basis)			\$ 19,335	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in cash (GAAP basis)			\$ 19,335	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	14,607	14,607	14,607	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	14,607	14,607	14,607	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	14,607	14,607	14,607	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	14,607	14,607	14,607	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in cash (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATE LIBRARY GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	100	100	5,567	5,467
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	(100)	(100)	-	100
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>5,567</u>	<u>5,567</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	7,476	7,476	6,423	1,053
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,476</u>	<u>7,476</u>	<u>6,423</u>	<u>1,053</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,476)</u>	<u>(7,476)</u>	<u>(856)</u>	<u>6,620</u>
<i>Other financing sources (uses)</i>				
Designated Cash	7,476	7,476	-	(7,476)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,476</u>	<u>7,476</u>	<u>-</u>	<u>(7,476)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(856)	(856)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>856</u>	<u>856</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (856)	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals			369	
Net change in cash (GAAP basis)			<u>\$ (487)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATE GASOLINE TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 11,655	\$ 11,655
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	11,655	11,655
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	12,500	12,500	4,540	7,960
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	12,500	12,500	4,540	7,960
<i>Excess (deficiency) of revenues over expenditures</i>	(12,500)	(12,500)	7,115	19,615
<i>Other financing sources (uses)</i>				
Designated Cash	12,500	12,500	-	(12,500)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	12,500	12,500	-	(12,500)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	7,115	7,115
<i>Cash Balance - Beginning of Year</i>	-	-	2,184	2,184
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 9,299	\$ 9,299
Net change in cash (Non-GAAP Budgetary basis)			\$ 7,115	
Adjustment to revenue for accruals and other deferrals			(1,008)	
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in cash (GAAP basis)			\$ 6,107	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
RECREATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 492	\$ 492
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	492	492
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	500	500	-	500
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	500	500	-	500
<i>Excess (deficiency) of revenues over expenditures</i>	(500)	(500)	492	992
<i>Other financing sources (uses)</i>				
Designated Cash	500	500	-	(500)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	500	500	-	(500)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	492	492
<i>Cash Balance - Beginning of Year</i>	-	-	1,390	1,390
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 1,882	\$ 1,882
Net change in cash (Non-GAAP Budgetary basis)			\$ 492	
Adjustment to revenue for accruals and other deferrals			(81)	
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in cash (GAAP basis)			\$ 411	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
TRANSPORTATION GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	3,738	3,738	64,764	61,026
Charges For Services	(12,500)	(12,500)	-	12,500
Licenses and Fees	12,500	12,500	6,711	(5,789)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,738</u>	<u>3,738</u>	<u>71,475</u>	<u>67,737</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	143,176	143,176	128,958	14,218
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>143,176</u>	<u>143,176</u>	<u>128,958</u>	<u>14,218</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(139,438)</u>	<u>(139,438)</u>	<u>(57,483)</u>	<u>81,955</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	(110)	-	110
Transfers In	-	-	-	-
Transfers Out	-	-	40,000	40,000
<i>Total other financing sources (uses)</i>	<u>(3)</u>	<u>(110)</u>	<u>40,000</u>	<u>40,110</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(139,441)</u>	<u>(139,548)</u>	<u>(17,483)</u>	<u>122,065</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>(24,161)</u>	<u>(24,161)</u>
<i>Cash Balance - End of Year</i>	<u>\$ (139,441)</u>	<u>\$ (139,548)</u>	<u>\$ (41,644)</u>	<u>\$ 97,904</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (17,483)	
Adjustment to revenue for accruals and other deferrals			(13,017)	
Adjustment to expenditures for payables, prepaids and other accruals			(539)	
Net change in cash (GAAP basis)			<u>\$ (31,039)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
AMBULANCE TRANSFER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	160,020	160,020
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>160,020</u>	<u>160,020</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	201,500	201,500	135,678	65,822
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>201,500</u>	<u>201,500</u>	<u>135,678</u>	<u>65,822</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(201,500)</u>	<u>(201,500)</u>	<u>24,342</u>	<u>225,842</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	(110)	-	110
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3)</u>	<u>(110)</u>	<u>-</u>	<u>110</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(201,503)</u>	<u>(201,610)</u>	<u>24,342</u>	<u>225,952</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>(6,861)</u>	<u>(6,861)</u>
<i>Cash Balance - End of Year</i>	<u>\$ (201,503)</u>	<u>\$ (201,610)</u>	<u>\$ 17,481</u>	<u>\$ 219,091</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 24,342	
Adjustment to revenue for accruals and other deferrals			5,181	
Adjustment to expenditures for payables, prepaids and other accruals			(2,105)	
Net change in cash (GAAP basis)			<u>\$ 27,418</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
ENCHANTED CIRCLE-EMS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	4,302	4,302
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	5,880	5,880
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>10,182</u>	<u>10,182</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	20,700	20,700	10,027	10,673
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,700</u>	<u>20,700</u>	<u>10,027</u>	<u>10,673</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(20,700)</u>	<u>(20,700)</u>	<u>155</u>	<u>20,855</u>
<i>Other financing sources (uses)</i>				
Designated Cash	20,700	20,700	-	(20,700)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>20,700</u>	<u>20,700</u>	<u>-</u>	<u>(20,700)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	155	155
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>12,555</u>	<u>12,555</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,710</u>	<u>\$ 12,710</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 155	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in cash (GAAP basis)			<u>\$ 155</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
ECONOMIC DEVELOPMENT GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	106,519	106,519
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	106,519	106,519
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	233,749	233,749	233,186	563
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	233,749	233,749	233,186	563
<i>Excess (deficiency) of revenues over expenditures</i>	(233,749)	(233,749)	(126,667)	107,082
<i>Other financing sources (uses)</i>				
Designated Cash	233,749	233,749	-	(233,749)
Transfers In	-	-	132,449	132,449
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	233,749	233,749	132,449	(101,300)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	5,782	5,782
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 5,782	\$ 5,782
Net change in cash (Non-GAAP Budgetary basis)			\$ 5,782	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals			(1,899)	
Net change in cash (GAAP basis)			\$ 3,883	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
ADVANCED LIFE SUPPORT SYSTEM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	1,017	1,017
Miscellaneous	-	-	114,109	114,109
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>115,126</u>	<u>115,126</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	147,106	147,106	108,652	38,454
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>147,106</u>	<u>147,106</u>	<u>108,652</u>	<u>38,454</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(147,106)</u>	<u>(147,106)</u>	<u>6,474</u>	<u>153,580</u>
<i>Other financing sources (uses)</i>				
Designated Cash	147,106	147,106	-	(147,106)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>147,106</u>	<u>147,106</u>	<u>-</u>	<u>(147,106)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	6,474	6,474
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>34,227</u>	<u>34,227</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,701</u>	<u>\$ 40,701</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 6,474	
Adjustment to revenue for accruals and other deferrals			(8,309)	
Adjustment to expenditures for payables, prepaids and other accruals			2,261	
Net change in cash (GAAP basis)			<u>\$ 426</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
SEWER/AWWT REPLACEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	98,844	98,844
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 98,844	\$ 98,844
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in cash (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
WATER LINE REPLACEMENT CAPTIAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 85,834	\$ 85,834
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	85,834	85,834
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	89,365	89,365	103,140	(13,775)
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	89,365	89,365	103,140	(13,775)
<i>Excess (deficiency) of revenues over expenditures</i>	(89,365)	(89,365)	(17,306)	72,059
<i>Other financing sources (uses)</i>				
Designated Cash	89,365	89,365	-	(89,365)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	89,365	89,365	-	(89,365)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(17,306)	(17,306)
<i>Cash Balance - Beginning of Year</i>	-	-	21,058	21,058
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 3,752	\$ 3,752
Net change in cash balance (Non-GAAP Budgetary basis)			\$ (17,306)	
Adjustment to revenue for accruals and other deferrals			5,057	
Adjustment to expenditures for payables, prepaids and other accruals			(259)	
Net change in fund balance (GAAP Basis)			\$ (12,508)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
PARKS REPLACEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 95,688	\$ 95,688
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	95,688	95,688
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	86,630	86,630	87,425	(795)
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	86,630	86,630	87,425	(795)
<i>Excess (deficiency) of revenues over expenditures</i>	(86,630)	(86,630)	8,263	94,893
<i>Other financing sources (uses)</i>				
Designated Cash	86,630	86,630	-	(86,630)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	86,630	86,630	-	(86,630)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	8,263	8,263
<i>Cash Balance - Beginning of Year</i>	-	-	19,851	19,851
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 28,114	\$ 28,114
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 8,263	
Adjustment to revenue for accruals and other deferrals			(5,056)	
Adjustment to expenditures for payables, prepaids and other accruals			18,483	
Net change in fund balance (GAAP Basis)			\$ 21,690	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
INFRASTRUCTURE REPLACEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 89,000	\$ 89,000	134,662	\$ 45,662
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	17,925	17,925
<i>Total revenues</i>	89,000	89,000	152,587	63,587
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	136,369	136,369	125,971	10,398
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	136,369	136,369	125,971	10,398
<i>Excess (deficiency) of revenues over expenditures</i>	(47,369)	(47,369)	26,616	73,985
<i>Other financing sources (uses)</i>				
Designated Cash	47,369	47,369	-	(47,369)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	47,369	47,369	-	(47,369)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	26,616	26,616
<i>Cash Balance - Beginning of Year</i>	-	-	2,095	2,095
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 28,711	\$ 28,711
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 26,616	
Adjustment to revenue for accruals and other deferrals			(3,747)	
Adjustment to expenditures for payables, prepaids and other accruals			(183)	
Net change in fund balance (GAAP Basis)			\$ 22,686	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STREETS TAX CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	95,687	\$ 95,687
Intergovernmental Income	101,700	48,700	-	(48,700)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>101,700</u>	<u>48,700</u>	<u>95,687</u>	<u>46,987</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	89,987	89,987	87,687	2,300
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>89,987</u>	<u>89,987</u>	<u>87,687</u>	<u>2,300</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>11,713</u>	<u>(41,287)</u>	<u>8,000</u>	<u>49,287</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(11,713)	41,287	-	(41,287)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(11,713)</u>	<u>41,287</u>	<u>-</u>	<u>(41,287)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	8,000	8,000
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>80,522</u>	<u>80,522</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,522</u>	<u>\$ 88,522</u>
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 8,000	
Adjustment to revenue for accruals and other deferrals			(5,057)	
Adjustment to expenditures for payables, prepaids and other accruals			(1,329)	
Net change in fund balance (GAAP Basis)			<u>\$ 1,614</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
GRANTS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	(48,700)	(48,700)	217,224	265,924
Charges For Services	-	-	61,612	61,612
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	14,385	14,385
<i>Total revenues</i>	<u>(48,700)</u>	<u>(48,700)</u>	<u>293,221</u>	<u>341,921</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	2,373,797	2,373,797	330,308	2,043,489
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,373,797</u>	<u>2,373,797</u>	<u>330,308</u>	<u>2,043,489</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,422,497)</u>	<u>(2,422,497)</u>	<u>(37,087)</u>	<u>2,385,410</u>
<i>Other financing sources (uses)</i>				
Designated Cash	2,422,497	2,422,497	-	(2,422,497)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,422,497</u>	<u>2,422,497</u>	<u>-</u>	<u>(2,422,497)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(37,087)	(37,087)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>(225,043)</u>	<u>(225,043)</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (262,130)</u>	<u>\$ (262,130)</u>
Net change in cash balance (Non-GAAP Budgetary basis)			\$ (37,087)	
Adjustment to revenue for accruals and other deferrals			153,845	
Adjustment to expenditures for payables, prepaids and other accruals			(138,260)	
Net change in fund balance (GAAP Basis)			<u>\$ (21,502)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	17	17
Miscellaneous	72,000	72,000	72,000	-
<i>Total revenues</i>	<u>72,000</u>	<u>72,000</u>	<u>72,017</u>	<u>17</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	40,000	(40,000)
Interest	72,000	72,000	26,757	45,243
<i>Total expenditures</i>	<u>72,000</u>	<u>72,000</u>	<u>66,757</u>	<u>5,243</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>5,260</u>	<u>5,260</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>5,260</u>	<u>5,260</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>76,403</u>	<u>76,403</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,663</u>	<u>\$ 81,663</u>
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 5,260	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balance (GAAP Basis)			<u>\$ 5,260</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
SEWER (AWWT) PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	396,801	477,512	80,711
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>396,801</u>	<u>477,512</u>	<u>80,711</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	163,263	163,263	153,021	10,242
Travel	3,750	3,750	6,888	(3,138)
Gross Receipts Tax	16,000	16,000	17,778	(1,778)
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	5,000	5,000	4,758	242
Salaries	185,788	185,788	179,930	5,858
Supplies	23,000	23,000	21,879	1,121
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>396,801</u>	<u>396,801</u>	<u>384,254</u>	<u>12,547</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(396,801)</u>	<u>-</u>	<u>93,258</u>	<u>93,258</u>
<i>Other financing sources (uses)</i>				
Designated Cash	396,801	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	(39,919)	(39,919)
<i>Total other financing sources (uses)</i>	<u>396,801</u>	<u>-</u>	<u>(39,919)</u>	<u>(39,919)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>53,339</u>	<u>53,339</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>10,242</u>	<u>10,242</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,581</u>	<u>\$ 63,581</u>
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 53,339	
Adjustment to revenue for accruals and other deferrals			22,223	
Adjustment to expenditures for payables, prepaids and other accruals			(314,302)	
Net change in fund balance (GAAP Basis)			<u>\$ (238,740)</u>	

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

STATE OF NEW MEXICO
TOWN OF RED RIVER
SOLID WASTE PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	327,332	327,332
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>327,332</u>	<u>327,332</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	164,536	164,536	159,505	5,031
Travel	12,000	12,000	21,520	(9,520)
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	4,500	4,500	7,181	(2,681)
Contract Services	-	-	-	-
Salaries	105,742	105,742	103,361	2,381
Supplies	3,000	3,000	1,710	1,290
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>289,778</u>	<u>289,778</u>	<u>293,277</u>	<u>(3,499)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(289,778)</u>	<u>(289,778)</u>	<u>34,055</u>	<u>323,833</u>
<i>Other financing sources (uses)</i>				
Designated Cash	289,778	289,778	-	(289,778)
Transfers In	-	-	90	90
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>289,778</u>	<u>289,778</u>	<u>90</u>	<u>(289,688)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	34,145	34,145
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>26,407</u>	<u>26,407</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,552</u>	<u>\$ 60,552</u>
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 34,145	
Adjustment to revenue for accruals and other deferrals			(7,211)	
Adjustment to expenditures for payables, prepaids and other accruals			(49,507)	
Net change in fund balance (GAAP Basis)			<u>\$ (22,573)</u>	

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

STATE OF NEW MEXICO
TOWN OF RED RIVER
WATER PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	361,652	361,652	312,622	(49,030)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>361,652</u>	<u>361,652</u>	<u>312,622</u>	<u>(49,030)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	158,335	158,335	177,587	(19,252)
Travel	5,050	5,050	7,826	(2,776)
Gross Receipts Tax	13,000	13,000	13,468	(468)
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	6,500	6,500	6,265	235
Salaries	171,767	171,767	162,744	9,023
Supplies	7,000	7,000	5,894	1,106
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>361,652</u>	<u>361,652</u>	<u>373,784</u>	<u>(12,132)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(61,162)</u>	<u>(61,162)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	39,829	39,829
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>39,829</u>	<u>39,829</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>(21,333)</u>	<u>(21,333)</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>42,907</u>	<u>42,907</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,574</u>	<u>\$ 21,574</u>
Net change in cash balance (Non-GAAP Budgetary basis)			\$ (21,333)	
Adjustment to revenue for accruals and other deferrals			(12,443)	
Adjustment to expenditures for payables, prepaids and other accruals			(46,276)	
Net change in fund balance (GAAP Basis)			<u>\$ (80,052)</u>	

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

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SUPPORTING SCHEDULES

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FIDUCIARY FUNDS

STATE OF NEW MEXICO
Town of Red River
FIDUCIARY FUNDS

Agency Funds

Agency Funds – To account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Town of Red River has the following funds classified as Agency Funds:

Motor Vehicle Department Fund (703) –To account for the collection and disbursement of Motor Vehicle Department Fees to the State Motor Vehicle Department

STATE OF NEW MEXICO

Schedule I

TOWN OF RED RIVER

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES- AGENCY FUNDS

For The Year Ended June 30, 2008

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
<u>ASSETS</u>				
Cash	\$ 4,908	17,559	22,467	\$ -
<u>LIABILITIES</u>				
Deposits held in trust for others	\$ 4,908	17,559	22,467	\$ -

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2008

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2008	Name and Location of Safekeeper
Peoples Bank	FNMA 2004 37-AK Cusip 31393YN27 4.5% Due 1/25/2022	\$ 104,158	Texas Independent Bank Dallas, Texas
Peoples Bank	FNMA POOL 190635 Cusip 31368HV42 3.5% Due 02/1/2009	8,407	Texas Independent Bank Dallas, Texas
Peoples Bank	FNMA 2004-37-AK Cusip 31393YN27 4.5% Due 1/25/2022	36,455	Texas Independent Bank Dallas, Texas
Peoples Bank	FHLMC 2786-PB Cusip 31394WAY4 Due 5/15/2014	10,474	Texas Independent Bank Dallas, Texas
Peoples Bank	CWALT 2007 Cusip 02152AAP4 6.75% Due 8/25/2037	16,553	Texas Independent Bank Dallas, Texas
Peoples Bank	MWALT 20063-4CB Cusip 93934FNT5 6.5% Due 3/25/2036	22,248	Texas Independent Bank Dallas, Texas
Peoples Bank	PHHAM 2007 2-2A2 Cusip 69337HBA8 6.0% Due 5/25/2037	92,507	Texas Independent Bank Dallas, Texas
Peoples Bank	MWALT 2006-3-4 CB Cusip 93934FNT5 6.5% Due 3/25/2036	101,969	Texas Independent Bank Dallas, Texas
		<u>\$ 392,771</u>	

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

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STATE OF NEW MEXICO

Schedule III

TOWN OF RED RIVER

SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS

JUNE 30, 2008

<u>Bank Account Type/Name</u>	<u>Peoples Bank</u>	<u>Centinel Bank</u>	<u>Total</u>
Tiered money market account	\$ 25,045		\$ 25,045
Checking - Operational Fund	639,345	-	639,345
Checking-Court Fund	2,721	-	2,721
Checking - MVD Fund	2,971	-	2,971
Bond Revenue Account	81,646	-	81,646
Checking- Marshall's Fund	-	4,440	4,440
Certificate of Deposit	78,522	-	78,522
Total On Deposit	830,250	4,440	834,690
Reconciling Items	196,180	-	196,180
Reconciled Balance	<u>\$ 634,070</u>	<u>\$ 4,440</u>	638,510
Investments in NM State Treasurer			<u>11,669</u>
Total June 30, 2008			<u>\$ 650,179</u>

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Exhibit A-1	\$ 559,988
Investments-Exhibit A-1	90,191
Cash-Fiduciary Funds-Exhibit E-1	-
	<u>\$ 650,179</u>

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

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COMPLIANCE SECTION

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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Town Council
Town of Red River
Red River, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and special revenue fund of the Town of Red River (the Town), as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents and have issued our report thereon dated September 19, 2008. We also have audited the financial statements and budgetary comparison schedules of each of the Town's non-major governmental funds and the budgetary comparisons for the major capital project funds and the enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Red River's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Red River's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Precision Accounting LLC
Albuquerque, New Mexico
September 19, 2008

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STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2008

A. FINDINGS-FINANCIAL STATEMENT AUDIT

There were no findings in the current year.

B. PRIOR YEAR AUDIT FINDINGS

FS 07-01: Payroll and supporting documentation
Resolved and not repeated in the current year.

STATE OF NEW MEXICO
TOWN OF RED RIVER
OTHER DISCLOSURES
June 30, 2008

A. AUDITOR PREPARED FINANCIAL STATEMENTS

It would be preferred and desirable for the Town to prepare its own GAAP-basis financial statements; however, it was determined that the Town's personnel, who is qualified to perform this task, does not have the time to prepare them. In addition, this was included in the contract as services to be provided by the auditor. As such the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on September 19, 2008. The following individuals were in attendance.

Town of Red River
George Woerndle, Councilor
Russell Church, Town Administrator
Georgiana Rael, Finance Officer

Precision Accounting LLC
Melissa R. Santistevan, CPA
C. Jack Emmons, CPA, CFE