

**STATE OF NEW MEXICO**

**Town of Red River**



**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2013**

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## **INTRODUCTORY SECTION**

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Town of Red River  
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For the Fiscal Year Ended June 30, 2013

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**STATE OF NEW MEXICO**

Town of Red River

**OFFICIAL ROSTER**

June 30, 2013

**Town Council**

<b>Name</b>	<b>Title</b>
Linda Calhoun	Mayor
Jeff Brown	Council Member
Cori Jenkins	Council Member
Ben Richey	Council Member
George Woerndle	Council Member

**Town Officials**

<b>Name</b>	<b>Title</b>
Jake Pierce	Town Administrator
Georgiana Rael	Town Clerk/Director of Finance
Jack Griffin	Municipal Judge

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' 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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary 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, 2013, and the related notes to the financial statements 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 all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Red River's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Red River's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Red River, as of June 30, 2013, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town of Red River as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for for the major capital projects funds, debt service funds, all nonmajor funds and enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the Town of Red River's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC is fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2013 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* in considering the Town of Red River's internal control over financial reporting and compliance.



*Precision Accounting, LLC*  
Albuquerque, New Mexico  
October 8, 2013

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Management's Discussion and Analysis  
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As management of the Town of Red River, we offer readers of the Town of Red River's financial statements this narrative overview and analysis of the financial activities of the Town of Red River for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements of the 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 \$9,354,733 (*net position*). Of this amount, \$736,707 (*unrestricted net position*) is obligated to citizens and creditors.
- The government's total net position decreased by \$153,678 during the fiscal year. The majority of this decrease is due to a decrease in grants for governmental activities.
- As of June 30, 2013, the Town's governmental funds reported combined ending fund balances of \$1,734,306. Of this total, \$458,311 is restricted for capital projects and \$122,223 is restricted for debt service.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the 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 the Town of Red River's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Red River's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 the 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 the 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-1 and A-2 of this report.

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. The 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 the 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

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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*.

The Town of Red River maintains twenty-three 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, Local Government Corrections Fund, Lodger's Tax Fund, Economic Development Fund, Fire/EMS Fund and Grants Capital Projects Fund, all of which are considered to be major funds. Data from the other seventeen 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.

The 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, Local Government Corrections Fund, Lodger's Tax Fund, Economic Development Fund, FIRE/EMS Fund and Grants Capital Projects 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 three 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 the Town of Red River's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 53-68 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 78-111 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town presents its financial statements under the 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 Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Red River, assets exceeded liabilities by \$9,354,733 at the close of the current fiscal year.

The largest portion of the Town of Red River's net position represents the Town's investment of \$7,480,359 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. The Town of Red River uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the 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.

**Statement of Net Position  
For the Year Ended June 30, 2013**

	June 30, 2013			June 30, 2012		
	Governmental	Business Type	Total	Governmental	Business Type	Total
<b>Assets</b>						
Current and other assets	\$ 1,984,430	\$ 322,855	\$ 2,307,285	\$ 1,638,008	\$ 363,952	\$ 2,001,960
Capital assets, net of accumulated depreciation	6,591,457	1,570,397	8,161,854	8,538,776	1,821,022	10,359,798
Total Assets	<u>8,575,887</u>	<u>1,893,252</u>	<u>10,469,139</u>	<u>10,176,784</u>	<u>2,184,974</u>	<u>12,361,758</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	327,830	79,212	407,042	801,963	78,886	880,849
Other Liabilities	670,399	36,965	707,364	289,374	28,250	317,624
Total Liabilities	<u>998,229</u>	<u>116,177</u>	<u>1,114,406</u>	<u>1,091,337</u>	<u>107,136</u>	<u>1,198,473</u>
<b>Net Position</b>						
Net Investment in capital assets	5,909,962	1,570,397	7,480,359	8,283,175	1,753,293	10,036,468
Restricted	987,667	-	987,667	1,085,579	-	1,085,579
Unrestricted	680,029	206,678	886,707	(283,307)	324,545	41,238
Total Net Position	<u>7,577,658</u>	<u>1,777,075</u>	<u>9,354,733</u>	<u>9,085,447</u>	<u>2,077,838</u>	<u>11,163,285</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 8,575,887</u>	<u>\$ 1,893,252</u>	<u>\$ 10,469,139</u>	<u>\$ 10,176,784</u>	<u>\$ 2,184,974</u>	<u>\$ 12,361,758</u>

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A portion of the Town of Red River's net position represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service.

At the end of the current fiscal year, the Town of Red River is able to report positive balances in all of the categories of net position, for the government as a whole as well as for the business-type activities.

The Town of Red River's net position decreased by \$153,678 during the current fiscal year. This decrease is explained in the government and business-type activities discussion below and is primarily a result of decreased expenditures during the fiscal year.

**Changes in Net Position  
For the Year Ended June 30, 2013**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b><u>Revenue</u></b>			
<b>Program revenue</b>			
Charges for Service	\$ 1,285,562	\$ 1,167,973	\$ 2,453,535
Operating grants and contributions	493,286	-	493,286
Capital Grants	102,834	-	102,834
<b>General Revenue</b>			
Property Tax	391,403	-	391,403
Franchise Tax	102,442	-	102,442
Gross Receipts Tax	1,321,816	-	1,321,816
Motor Vehicle and Fuel Tax	665,103	-	665,103
Misc revenues	18,163	1,401	19,564
Unrestricted Investments earnings	458	-	458
Total Revenue	\$ 4,381,067	\$ 1,169,374	\$ 5,550,441
<b><u>Expenses</u></b>			
General Government	681,419	-	681,419
Public Safety	1,212,822	-	1,212,822
Culture and Recreation	1,024,526	-	1,024,526
Health and Welfare	631,285	-	631,285
Public Works	455,680	-	455,680
Interest on Long-term debt	64,370	-	64,370
Business-type activities	-	1,489,910	1,489,910
Total Expenses	\$ 4,070,102	\$ 1,489,910	\$ 5,560,012
(Decrease) Increase in Assets before transfer	310,965	(320,536)	(9,571)
Transfers	(144,107)	-	(144,107)
(Decrease) Increase in Net Position	166,858	(320,536)	(153,678)
<b>Net Position, Beginning of Year</b>	<b>\$ 7,410,800</b>	<b>\$ 2,097,611</b>	<b>\$ 9,508,411</b>
<b>Ending Net Position</b>	<b>\$ 7,577,658</b>	<b>\$ 1,777,075</b>	<b>\$ 9,354,733</b>

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Governmental activities: Governmental activities increased the Town of Red River's net position by \$166,858. The key element of this decrease 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 position by \$320,536. The key element of this decrease was the increase of operating expenses.

**Changes in Net Position  
For the Year Ended June 30, 2012**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b><u>Revenue</u></b>			
<b>Program revenue</b>			
Charges for Service	\$ 1,316,778	\$ 1,128,127	\$ 2,444,905
Operating grants and contributions	455,883	-	455,883
Capital Grants	96,246	-	96,246
<b>General Revenue</b>			
Property Tax	339,276	-	339,276
Franchise Tax	87,452	-	87,452
Gross Receipts Tax	1,265,274	-	1,265,274
Motor Vehicle and Fuel Tax	664,515	-	664,515
Misc revenues	33,191	1,401	34,592
Unrestricted Investments earnings	458	-	458
Total Revenue	\$ 4,259,073	\$ 1,129,528	\$ 5,388,601
<b><u>Expenses</u></b>			
General Government	609,036	-	609,036
Public Safety	971,424	-	971,424
Culture and Recreation	969,761	-	969,761
Health and Welfare	744,451	-	744,451
Public Works	558,151	-	558,151
Interest on Long-term debt	64,790	-	64,790
Business-type activities	-	1,232,588	1,232,588
Total Expenses	\$ 3,917,613	\$ 1,232,588	\$ 5,150,201
(Decrease) Increase in Assets before transfer	341,460	(103,060)	238,400
Transfers	(146,573)	-	-
(Decrease) Increase in Net Position	194,887	(103,060)	238,400
<b>Net Position, Beginning of Year</b>	<b>\$ 1,261,549</b>	<b>\$ 305,936</b>	<b>\$ 1,567,485</b>
<b>Ending Net Position</b>	<b>\$ 1,456,436</b>	<b>\$ 202,876</b>	<b>\$ 1,659,312</b>

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## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

*Governmental funds.* The focus of the 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 the 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. The 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, the Town of Red River's governmental funds reported combined ending fund balances of \$1,734,306, an increase of \$256,830 in comparison with the prior year. \$584,087 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$4,329,584 in the fiscal year ended June 30, 2013, which represents an increase of \$307,081 from the fiscal year ended June 30, 2012. Expenditures for governmental activities, totaling \$4,062,549, increased by \$394,797 from the fiscal year ended June 30, 2012. In the fiscal year ended June 30, 2012, revenues exceeded expenditures by \$209,501.

The General Fund is the chief operating fund of the Town of Red River. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$584,087, while total fund balance was \$734,087.

The fund balance of the Town of Red River's general fund increased by \$180,050 during the current fiscal year due to revenues in excess of expenditures. Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2013 due to an increase in general revenue.

*Lodgers' Tax Fund.* The Lodgers' Tax Fund has a fund balance \$158,129. The net decrease in fund balance for the current year was \$72,457. The net decrease in fund balance is due primarily to an increase in expenditures.

*Economic Development Grant Fund.* The Transportation Fund has a fund balance of \$23,324. The net increase in fund balance for the year was \$273. The increase was primarily due grant reimbursements.

*Grants Fund.* The Grants Fund has a fund deficit of (\$52,535). This deficit is \$80,205 less than the fiscal year ended June 30, 2012.

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

At the end of the fiscal year, the unrestricted net position for Sewer, Solid Waste, and Water were \$1,409,591, \$178,038, and \$189,446, respectively. The total decrease in net position for the proprietary funds was \$320,536. Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

### General Fund Budgetary Highlights

The 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, the 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. The Town's priorities are well defined through this process.

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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
\$1,756,618	\$1,560,801	\$195,817

The Town's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year.

General Fund	\$ -
Other Funds	<u>87,305</u>
Total	<u>\$ 87,305</u>

The Capital Project Funds are 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 (BARs).

Capital Asset and Debt Administration

Capital assets. The Town of Red River's capital assets for its governmental and business-type activities as of June 30, 2013 amount to \$8,161,854 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. The total decrease in the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$267,757 for governmental activities due primarily to increases in infrastructure, equipment and vehicles. There was a decrease (excluding accumulated depreciation) in business-type capital assets in the amount of \$250,625 during the current fiscal year.

**Capital Assets, Net of Depreciation  
June 30, 2013**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Infrastructure	\$ 2,483,617	\$ -	\$ 2,483,617
Land	2,176,627	-	2,176,627
Buildings and improvements	4,256,553	7,883,425	12,139,978
Machinery and equipment	2,025,239	352,726	2,377,965
Vehicles	2,252,489	418,706	2,671,195
Total capital assets	<u>13,194,525</u>	<u>8,654,857</u>	<u>21,849,382</u>
Accumulated depreciation	<u>(6,603,068)</u>	<u>(7,084,460)</u>	<u>(13,687,528)</u>
Capital assets, net of accumulated depreciation	<u>\$ 6,591,457</u>	<u>\$ 1,570,397</u>	<u>\$ 8,161,854</u>

STATE OF NEW MEXICO  
Town of Red River  
Management's Discussion and Analysis  
for the Year Ended June 30, 2013  
Unaudited

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 7 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, the Town of Red River had total long-term obligations outstanding of \$844,924. Of this amount, \$230,000 is revenue bonds with the gross revenue from utility operations pledged to pay the payments.

**Outstanding Debt  
As of June 30, 2013**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Revenue Bonds	\$ 230,000	\$ -	\$ 230,000
NMFA notes	510,419	-	510,419
Accrued compensated absences	59,009	45,496	104,505
Total long-term liabilities	<u>\$ 799,428</u>	<u>\$ 45,496</u>	<u>\$ 844,924</u>

Long-term debt additions and retirements related to notes and capital leases for governmental activities for the current year were \$0 and \$143,182 respectively. Accrued compensated absences additions and retirements were \$41,756 and \$43,307, respectively, for governmental activities. Business type activities accrued compensated absences additions and retirements were \$41,590 and \$15,318, 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 the Town of Red River's budget for the 2013 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 the 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 POSITION**  
June 30, 2013

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 1,387,525	\$ 203,908	\$ 1,591,433
Investments	182,847	22,724	205,571
Taxes receivable	64,576	-	64,576
Internal balances	(52,534)	-	(52,534)
Accounts receivable	402,016	96,223	498,239
Inventory	-	-	-
	1,984,430	322,855	2,307,285
Total Current Assets			
Noncurrent Assets			
Capital assets	13,194,525	8,654,857	21,849,382
Less: accumulated depreciation	(6,603,068)	(7,084,460)	(13,687,528)
	6,591,457	1,570,397	8,161,854
Total Noncurrent Assets			
Total Assets	\$ 8,575,887	\$ 1,893,252	\$ 10,469,139

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**STATEMENT OF NET POSITION**  
June 30, 2013

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	\$ 104,749	\$ 42,045	\$ 146,794
Accrued salaries and wages	84,466	27,604	112,070
Accrued interest	9,586	-	9,586
Accrued compensated absences	7,986	8,531	16,517
Unearned Revenue	-	1,032	1,032
Current portion of bonds and loans payable	121,043	-	121,043
<b>Total Current Liabilities</b>	<b>327,830</b>	<b>79,212</b>	<b>407,042</b>
Noncurrent Liabilities			
Bonds payable	175,000	-	175,000
Accrued Compensated Absences	51,023	36,965	87,988
Loans and notes payable	444,376	-	444,376
<b>Total Noncurrent Liabilities</b>	<b>670,399</b>	<b>36,965</b>	<b>707,364</b>
<b>Total Liabilities</b>	<b>998,229</b>	<b>116,177</b>	<b>1,114,406</b>
<b>Net Position</b>			
Net Investment in Capital Assets	5,909,962	1,570,397	7,480,359
Restricted for:			
Debt Service	122,643	-	122,643
Capital Project Funds	462,658	-	462,658
Special Revenue Funds	402,366	-	402,366
Assigned for General Fund	150,000	-	150,000
Unrestricted	530,029	206,678	736,707
<b>Total Net Position</b>	<b>7,577,658</b>	<b>1,777,075</b>	<b>9,354,733</b>
<b>Total Net Position and Liabilities</b>	<b>\$ 8,575,887</b>	<b>\$ 1,893,252</b>	<b>\$ 10,469,139</b>

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**STATEMENT OF ACTIVITIES**  
For the Year Ending June 30, 2013

Exhibit A-2

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
General government	\$ 681,419	\$ 678,271	\$ 172,681
Public safety	1,299,395	419,395	65,766
Public works	455,680	117	200,227
Culture and recreation	1,024,526	760	4,441
Health and welfare	631,285	187,019	50,171
Interest on long-term debt	64,370	-	-
	4,156,675	1,285,562	493,286
<i>Total governmental activities</i>			
<b>Business-type Activities:</b>			
Sewer/AWWT	755,206	479,535	-
Solid Waste	302,566	318,352	-
Water	432,138	370,086	-
	1,489,910	1,167,973	-
<i>Total business type activities</i>			
	\$ 5,646,585	\$ 2,453,535	\$ 493,286
<b>General Revenues:</b>			
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			
Transfers			
Miscellaneous income			
Total General Revenues and Transfers			
Excess (deficiency) of revenues over expenses			
Change in net position			
Net position, beginning			
Restatement-Note 18			
Net position-beginning as restated			
Net position, ending			

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**STATEMENT OF ACTIVITIES**  
For the Year Ending June 30, 2013

Exhibit A-2

<b>Net (Expense) Revenue and Changes in Net Position</b>			
Primary Government			
Capital Grants and Contributions	Government Activities	Business Type Activities	Total
\$ 8,687	\$ 178,220	\$ -	\$ 178,220
-	(814,234)	-	(814,234)
-	(255,336)	-	(255,336)
94,147	(925,178)	-	(925,178)
-	(394,095)	-	(394,095)
-	(64,370)	-	(64,370)
<u>102,834</u>	<u>(2,274,993)</u>	<u>-</u>	<u>(2,274,993)</u>
-	-	(275,671)	(275,671)
-	-	15,786	15,786
-	-	(62,052)	(62,052)
<u>-</u>	<u>-</u>	<u>(321,937)</u>	<u>(321,937)</u>
<u>\$ 102,834</u>	<u>\$ (2,274,993)</u>	<u>\$ (321,937)</u>	<u>\$ (2,596,930)</u>
	391,403	-	391,403
	-	-	-
	-	-	-
	102,442	-	102,442
	1,321,816	-	1,321,816
	665,103	-	665,103
	458	-	458
	2,611	-	2,611
	18,163	1,401	19,564
	<u>2,441,851</u>	<u>1,401</u>	<u>2,443,252</u>
	166,858	(320,536)	(153,678)
	<u>166,858</u>	<u>(320,536)</u>	<u>(153,678)</u>
	9,085,447	2,077,838	11,163,285
	<u>(1,674,647)</u>	<u>19,773</u>	<u>(1,654,874)</u>
	7,410,800	2,097,611	9,508,411
	<u>\$ 7,577,658</u>	<u>\$ 1,777,075</u>	<u>\$ 9,354,733</u>

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

	<u>General Fund</u>	<u>Local Government Corrections Fund</u>	<u>Lodgers' Tax Fund</u>	<u>Economic Development Grant Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 551,550	\$ 9,136	\$ 120,340	\$ 33,282
Investments	-	-	-	-
Accounts and taxes receivable	247,493	-	-	1,500
Other receivables	-	-	47,180	-
Due from other funds	52,534	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 851,577</u>	<u>\$ 9,136</u>	<u>\$ 167,520</u>	<u>\$ 34,782</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 19,677	\$ -	\$ 9,391	\$ 7,674
Accrued salaries and benefits	38,561	-	-	3,669
Accrued compensated absences	6,329	-	-	115
Unearned revenue	52,923	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>117,490</u>	<u>-</u>	<u>9,391</u>	<u>11,458</u>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	9,136	158,129	23,324
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	150,000	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	584,087	-	-	-
<i>Total fund balances</i>	<u>734,087</u>	<u>9,136</u>	<u>158,129</u>	<u>23,324</u>
<i>Total liabilities and fund balances</i>	<u>\$ 851,577</u>	<u>\$ 9,136</u>	<u>\$ 167,520</u>	<u>\$ 34,782</u>

Fire/EMS Donations Fund	Grants Capital Projects Fund	Other Governmental Funds	Total
\$ 11,751	\$ -	\$ 661,466	\$ 1,387,525
-	-	130,313	130,313
79,998	50,589	27,893	407,473
-	-	11,939	59,119
-	-	-	52,534
-	-	-	-
<u>\$ 91,749</u>	<u>\$ 50,589</u>	<u>\$ 831,611</u>	<u>\$ 2,036,964</u>
\$ 4,133	\$ 50,590	\$ 13,284	\$ 104,749
33,514	-	9,103	84,847
-	-	1,161	7,605
-	-	-	52,923
-	52,534	-	52,534
<u>37,647</u>	<u>103,124</u>	<u>\$ 23,548</u>	<u>302,658</u>
-	-	-	-
54,102	(52,535)	227,529	419,685
-	-	458,311	458,311
-	-	122,223	122,223
-	-	-	-
-	-	-	-
-	-	-	150,000
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>584,087</u>
<u>54,102</u>	<u>(52,535)</u>	<u>808,063</u>	<u>1,734,306</u>
<u>\$ 91,749</u>	<u>\$ 50,589</u>	<u>\$ 831,611</u>	<u>\$ 2,036,964</u>

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF POSITION**  
June 30, 2013

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

Fund balances - total governmental funds	\$ 1,734,306
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	6,591,457
Other long-term assets are not available to pay for current period expenditures and therefore, are liabilities in the funds:	52,923
Accrued interest	(9,586)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(791,442)</u>
Net position of governmental activities	<u><u>\$ 7,577,658</u></u>

**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, 2013**

	<u>General Fund</u>	<u>Local Government Corrections Fund</u>	<u>Lodgers' Tax Fund</u>	<u>Economic Development Grant Fund</u>
<i>Revenues:</i>				
Taxes	\$ 1,269,467	\$ -	\$ 579,043	\$ -
State Grants	56,408	-	-	-
Federal Grants	-	-	-	-
Charges for Services	321,057	-	-	73,407
Licenses and Fees	174,760	1,248	-	-
Investment Income (Loss)	-	-	-	-
Miscellaneous	13,638	-	-	-
	<u>1,835,330</u>	<u>1,248</u>	<u>579,043</u>	<u>73,407</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	498,761	-	-	-
Public Safety	841,260	-	-	-
Public Works	-	-	-	-
Culture and Recreation	62,048	-	432,855	231,634
Health and Welfare	155,822	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>1,557,891</u>	<u>-</u>	<u>432,855</u>	<u>231,634</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>277,439</u>	<u>1,248</u>	<u>146,188</u>	<u>(158,227)</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers (Out)	(97,389)	-	(218,645)	158,500
<i>Total other financing sources (uses)</i>	<u>(97,389)</u>	<u>-</u>	<u>(218,645)</u>	<u>158,500</u>
<i>Net change in fund balance</i>	180,050	1,248	(72,457)	273
<i>Fund balance - beginning of year</i>	554,037	7,888	230,586	23,051
<i>Restatement</i>	-	-	-	-
<i>Fund balance-beginning of year, restated</i>	<u>554,037</u>	<u>7,888</u>	<u>230,586</u>	<u>23,051</u>
<i>Fund balance - end of year</i>	<u>\$ 734,087</u>	<u>\$ 9,136</u>	<u>\$ 158,129</u>	<u>\$ 23,324</u>

Fire/EMS Donations Fund	Grants Capital Projects Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ 579,331	\$ 2,427,841
-	120,181	83,366	259,955
-	124,260	88,475	212,735
-	-	247,259	641,723
-	95,332	760	272,100
3	-	455	458
408,147	-	92,987	514,772
<u>408,150</u>	<u>339,773</u>	<u>1,092,633</u>	<u>4,329,584</u>
-	-	-	498,761
540,237	-	91,073	1,472,570
-	259,568	354,235	613,803
-	-	269,711	996,248
-	-	208,555	364,377
-	-	-	-
-	-	52,000	52,000
-	-	64,790	64,790
<u>540,237</u>	<u>259,568</u>	<u>1,040,364</u>	<u>4,062,549</u>
<u>(132,087)</u>	<u>80,205</u>	<u>52,269</u>	<u>267,035</u>
100,000	-	-	100,000
-	-	-	(157,534)
<u>100,000</u>	<u>-</u>	<u>-</u>	<u>(57,534)</u>
(32,087)	80,205	52,269	209,501
86,189	(132,740)	708,465	1,477,476
-	-	47,329	47,329
86,189	(132,740)	755,794	1,524,805
<u>\$ 54,102</u>	<u>\$ (52,535)</u>	<u>\$ 808,063</u>	<u>\$ 1,734,306</u>

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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, 2013

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

Net change in fund balances - total governmental funds	\$	209,501
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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 adjustments and deletions		526,420
Capital expenditures		(267,310)
Depreciation expense		(499,829)

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenue in the governmental funds:

Property taxes		52,923
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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:

Decrease in accrued compensated absences		1,551
Decrease in accrued interest		420
Principal payments on notes payable		93,182
Principal payments on Bonds payable		50,000
		50,000

Change in net position of governmental activities	\$	166,858
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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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,098,000	\$ 1,098,000	\$ 1,216,488	\$ 118,488
State Grants	63,325	63,325	56,408	(6,917)
Charges For Services	241,211	241,211	227,307	(13,904)
Licenses and Fees	154,200	154,200	172,991	18,791
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	71,000	71,000	29,980	(41,020)
<i>Total revenues</i>	<u>1,627,736</u>	<u>1,627,736</u>	<u>1,703,174</u>	<u>75,438</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	599,403	599,403	522,699	76,704
Public Safety	897,737	897,737	829,963	67,774
Public Works	-	-	-	-
Culture and Recreation	64,067	64,067	60,581	3,486
Health and Welfare	195,411	195,411	147,558	47,853
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,756,618</u>	<u>1,756,618</u>	<u>1,560,801</u>	<u>195,817</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(128,882)</u>	<u>(128,882)</u>	<u>142,373</u>	<u>271,255</u>
<i>Other financing sources (uses)</i>				
Designated Cash	128,882	128,882	-	(128,882)
Transfers In	98,286	98,286	(97,389)	(195,675)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>227,168</u>	<u>227,168</u>	<u>(97,389)</u>	<u>(324,557)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>98,286</u>	<u>98,286</u>	<u>44,984</u>	<u>(53,302)</u>
<i>Cash Balance - Beginning of Year</i>	<u>183,207</u>	<u>183,207</u>	<u>559,100</u>	<u>375,893</u>
<i>Cash Balance - End of Year</i>	<u>\$ 281,493</u>	<u>\$ 281,493</u>	<u>\$ 604,084</u>	<u>\$ 322,591</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 142,373	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(16,946)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			152,012	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 277,439</u>	

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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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	2,900	2,900	1,248	(1,652)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	100	100	-	(100)
<i>Total revenues</i>	3,000	3,000	1,248	(1,752)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	3,000	3,000	-	3,000
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	3,000	3,000	-	3,000
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,248	1,248
<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>	-	-	1,248	1,248
<i>Cash Balance - Beginning of Year</i>	-	-	7,888	7,888
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 9,136	\$ 9,136
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 1,248	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ 1,248	

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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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 520,000	\$ 520,000	\$ 582,003	\$ 62,003
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	520,000	520,000	582,003	62,003
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	421,546	426,546	425,899	647
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	421,546	426,546	425,899	647
<i>Excess (deficiency) of revenues over expenditures</i>	98,454	93,454	156,104	62,650
<i>Other financing sources (uses)</i>				
Designated Cash	119,546	124,546	-	(124,546)
Transfers Out	(218,000)	(218,000)	(218,645)	(645)
Transfers In	-	-	-	-
<i>Total other financing sources (uses)</i>	(98,454)	(93,454)	(218,645)	(125,191)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(62,541)	(62,541)
<i>Cash Balance - Beginning of Year</i>	119,546	-	182,881	182,881
<i>Cash Balance - End of Year</i>	\$ 119,546	\$ -	\$ 120,340	\$ 120,340
<i>Excess (deficiency) of revenues over expenditures (Non-GAAP basis)</i>			\$ 156,104	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(2,960)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(6,956)	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			\$ 146,188	

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**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	68,650	68,650	74,406	5,756
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	68,650	68,650	74,406	5,756
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	239,151	239,151	228,915	10,236
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	239,151	239,151	228,915	10,236
<i>Excess (deficiency) of revenues over expenditures</i>	(170,501)	(170,501)	(154,509)	15,992
<i>Other financing sources (uses)</i>				
Designated Cash	329,001	329,001	-	(329,001)
Transfers In	158,500	158,500	158,500	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	487,501	487,501	158,500	(329,001)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	317,000	317,000	3,991	(313,009)
<i>Cash Balance - Beginning of Year</i>	12,001	12,001	29,291	17,290
<i>Cash Balance - End of Year</i>	\$ 329,001	\$ 329,001	\$ 33,282	\$ (295,719)
<i>Excess (deficiency) of revenues over expenditures (Non-GAAP basis)</i>			\$ (154,509)	
<i>Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals</i>			(1,919)	
<i>Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals</i>			(1,799)	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			\$ (158,227)	

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**FIRE/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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	300	300	3	(297)
Miscellaneous	350,600	350,600	492,109	141,509
<i>Total revenues</i>	<u>350,900</u>	<u>350,900</u>	<u>492,112</u>	<u>141,212</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	527,826	527,826	527,825	1
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>527,826</u>	<u>527,826</u>	<u>527,825</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(176,926)</u>	<u>(176,926)</u>	<u>(35,713)</u>	<u>141,213</u>
<i>Other financing sources (uses)</i>				
Designated Cash	176,926	176,926	-	(176,926)
Transfers In	-	-	100,000	100,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>176,926</u>	<u>176,926</u>	<u>100,000</u>	<u>(76,926)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	64,287	64,287
<i>Cash Balance - Beginning of Year</i>	<u>176,926</u>	<u>176,926</u>	<u>(52,536)</u>	<u>(229,462)</u>
<i>Cash Balance - End of Year</i>	<u>\$ 176,926</u>	<u>\$ 176,926</u>	<u>\$ 11,751</u>	<u>\$ (165,175)</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (35,713)	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(83,962)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(12,412)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (132,087)</u>	

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
June 30, 2013

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Total
<i>Assets</i>				
<i>Current assets</i>				
Cash	\$ 105,180	\$ 105,489	\$ 15,963	\$ 226,632
Investments	-	-	-	-
Accounts receivable (less allowance for doubtful accounts of \$6,381, \$4,665 and \$5,466)	40,610	24,333	31,280	96,223
Inventory	-	-	-	-
<i>Total current assets</i>	<u>145,790</u>	<u>129,822</u>	<u>47,243</u>	<u>322,855</u>
<i>Capital assets</i>				
Capital assets	6,743,556	568,863	1,342,438	8,654,857
Accumulated depreciation	(5,424,206)	(486,475)	(1,173,779)	(7,084,460)
<i>Total Capital assets</i>	<u>1,319,350</u>	<u>82,388</u>	<u>168,659</u>	<u>1,570,397</u>
<i>Total Assets</i>	<u>\$ 1,465,140</u>	<u>\$ 212,210</u>	<u>\$ 215,902</u>	<u>\$ 1,893,252</u>
<i>Liabilities and Net Position</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 24,284	\$ 9,984	\$ 8,054	\$ 42,322
Accrued salaries and benefits	12,246	5,729	10,384	28,359
Accrued compensated absences	6,974	1,251	306	8,531
Current maturity of note payable	-	-	-	-
<i>Total current liabilities</i>	<u>43,504</u>	<u>16,964</u>	<u>18,744</u>	<u>79,212</u>
<i>Noncurrent liabilities</i>				
Notes payable	-	-	-	-
Accrued compensated absences payable	12,045	17,208	7,712	36,965
<i>Total noncurrent liabilities</i>	<u>12,045</u>	<u>17,208</u>	<u>7,712</u>	<u>36,965</u>
<i>Total liabilities</i>	<u>55,549</u>	<u>34,172</u>	<u>26,456</u>	<u>116,177</u>
<i>Net Position:</i>				
Net Investment in Capital Assets	1,319,350	82,388	168,659	1,570,397
Unrestricted				
Unrestricted, undesignated	90,241	95,650	20,787	206,678
<i>Total net position</i>	<u>1,409,591</u>	<u>178,038</u>	<u>189,446</u>	<u>1,777,075</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 1,465,140</u>	<u>\$ 212,210</u>	<u>\$ 215,902</u>	<u>\$ 1,893,252</u>

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
 For the Year Ended June 30, 2013

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Total
<i>Operating revenues:</i>				
Charges for services	\$ 479,535	\$ 318,352	\$ 371,487	\$ 1,169,374
<i>Total operating revenues</i>	<u>479,535</u>	<u>318,352</u>	<u>371,487</u>	<u>1,169,374</u>
<i>Operating expenses:</i>				
Operating Expenses	163,407	101,847	130,505	395,759
Travel	4,062	26,014	7,123	37,199
Gross Receipts Tax	19,987	-	15,185	35,172
Depreciation	230,181	32,955	33,515	296,651
Purchases for Resale	-	7,221	-	7,221
Contract Services	56,996	-	11,878	68,874
Salaries	257,409	132,558	229,227	619,194
Supplies	23,164	1,971	4,705	29,840
<i>Total operating expenses</i>	<u>755,206</u>	<u>302,566</u>	<u>432,138</u>	<u>1,489,910</u>
<i>Operating income (loss)</i>	<u>(275,671)</u>	<u>15,786</u>	<u>(60,651)</u>	<u>(320,536)</u>
<i>Non-operating revenues (expenses):</i>				
Interest Income	-	-	-	-
Interest expense	-	-	-	-
Transfers	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net position</i>	(275,671)	15,786	(60,651)	(320,536)
<i>Total net position, beginning of year</i>	1,864,605	162,078	51,156	2,077,839
<i>Restatement</i>	(179,343)	174	198,941	19,772
<i>Total net position, beginning of year restated</i>	<u>1,685,262</u>	<u>162,252</u>	<u>250,097</u>	<u>2,097,611</u>
<i>Total net position, end of year</i>	<u>\$ 1,409,591</u>	<u>\$ 178,038</u>	<u>\$ 189,446</u>	<u>\$ 1,777,075</u>

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Total
<i>Cash flows from operating activities:</i>				
Cash received from user charges	\$ 461,231	\$ 310,300	\$ 358,829	\$ 1,130,360
Cash payments to employees for services	(249,522)	(129,763)	(223,097)	(602,382)
Cash payments to suppliers for goods and services	(249,246)	(129,244)	(161,889)	(540,379)
<i>Net cash provided for operating activities</i>	<u>(37,537)</u>	<u>51,293</u>	<u>(26,157)</u>	<u>(12,401)</u>
<i>Cash flows from noncapital financing activities:</i>				
Change in long tem accrued compensated absences	3,614	14,127	-	17,741
Principal payments on notes payable	-	67,729	-	67,729
Interest paid	-	-	-	-
Transfers to other funds	-	-	-	-
<i>Net cash provided (used) by noncapital financing activities:</i>	<u>3,614</u>	<u>81,856</u>	<u>-</u>	<u>85,470</u>
<i>Cash flows from investing activities:</i>				
Adjustment to Capital Assets	(19,281)	(143,245)	9,346	(153,180)
Interest on investments	-	-	-	-
<i>Net cash used by investing activities:</i>	<u>(19,281)</u>	<u>(143,245)</u>	<u>9,346</u>	<u>(153,180)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(53,204)	(10,096)	(16,811)	(80,111)
<i>Cash and cash equivalents - beginning of year</i>	<u>158,384</u>	<u>115,585</u>	<u>32,774</u>	<u>306,743</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 105,180</u>	<u>\$ 105,489</u>	<u>\$ 15,963</u>	<u>\$ 226,632</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>				
<i>by operating activities</i>				
Operating income (loss)	\$ (275,671)	\$ 15,786	\$ (60,651)	\$ (320,536)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities				
Depreciation	230,181	32,955	33,515	296,651
Changes in assets and liabilities				
Receivables	(18,304)	(8,052)	(12,658)	(39,014)
Accrued expenses	7,887	2,795	6,130	16,812
Accounts payable	18,370	7,809	7,507	33,686
<i>Net cash (used) by operating activities</i>	<u>\$ (37,537)</u>	<u>\$ 51,293</u>	<u>\$ (26,157)</u>	<u>\$ (12,401)</u>

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-AGENCY FUNDS**  
 June 30, 2013

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

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
Notes to the Financial Statements  
June 30, 2013

**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 statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. 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. 61. 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**  
Notes to the Financial Statements  
June 30, 2013

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) 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 Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The 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.

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:

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
Notes to the Financial Statements  
June 30, 2013

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

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, Streets Tax Fund and Grants fund. No other funds were required to be presented as major at the discretion of management.

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

**Major Special Revenue Funds:**

*Local Government Corrections Fund* – 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.

*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.

*Fire/EMS Donations Fund* – 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.

*Economic Development Grant Fund* – 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.

**Major Capital Project Funds:**

*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.

**Major Enterprise Funds:**

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

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

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

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**  
Notes to the Financial Statements  
June 30, 2013

**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 position 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 10<sup>th</sup> and April 10<sup>th</sup>. Property taxes uncollected after November 10<sup>th</sup> and April 10<sup>th</sup> are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Taos County bills, collects, and remits the Town of Red River's share of property taxes.

**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.

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

**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:

Assets	Years
Buildings	30
Building Improvements	30
Infrastructure	50
Vehicles	5
Office Equipment	5
Computer Equipment	5

**Inventory:** Inventory is reflected at historical cost.

**Unearned 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 Unearned Revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as Unearned 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 position. 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.

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

**Net Position or Fund Equity:**

Committed fund balance represents amounts that are useable only for specified purposes by formal action of the governments' highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated.

Restricted fund balance represents amounts 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.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

Invested in capital assets, net of related debt consists of net position 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.

**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 1<sup>st</sup> of each year and are payable in two equal installments, on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Town recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Town records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. 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.

**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. The legal level of budgetary control is at the fund level. 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.

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**NOTE 2. Stewardship, Compliance, and Accountability (continued)**

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, 2013 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 the Town's 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 are properly followed State investment requirements as of June 30, 2013.

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The Dodd Frank Act of 2010 required that all funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2012.

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.

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**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.

	Peoples Bank Checking
Operating, Interest Bearing	\$ 1,740,060
Certificate of Deposit, Interest Bearing	\$ 82,984
Total Deposits	1,823,044
Less: FDIC Coverage	(250,000)
Total uninsured public funds	1,573,044
50 % Collateral requirement	786,522
Pledged Securities	855,201
(Over)Under collateralized	\$ (68,679)
 <b>Custodial Credit Risk-Deposits</b>	
Account Balance	\$ 1,823,044
FDIC Insured	250,000
Uninsured and uncollateralized	1,573,044
Total Deposits	\$ 1,823,044

The collateral pledged is listed on Schedule I 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, 2013 is:

Governmental Funds- Balance Sheet

Cash and cash equivalents per Exhibit B-1	\$ 1,517,838
Cash and cash equivalents per Exhibit D-1	226,632
Add Reconciling items	148,633
Less amount of LGIP and NMFA Reserves	(70,059)
	\$ 1,823,044



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**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 (LGIP). The LGIP 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, 2013 include the following:

State Treasurer LGIP	AAAm	58-day WAM	<u>\$ 5</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, 2013.

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, 2013.

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, 2013, are as follows:

	General Fund	Fire/EMS Fund	Economic Development Fund	Grants Capital Projects Fund	Lodgers' Tax Fund	Other Governmental Funds
Property taxes	\$ 64,576	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for service	-	79,998	-	-	-	-
Due from other govt.:						
Other	182,917	-	1,500	50,589	-	39,832
Lodgers’ Taxes	-	-	-	-	47,180	-
	<u>\$247,493</u>	<u>\$ 79,998</u>	<u>\$ 1,500</u>	<u>\$ 50,589</u>	<u>\$47,180</u>	<u>\$ 39,832</u>

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**NOTE 4. Receivables (continued)**

	<u>Sewer/AWWT Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total</u>
Accounts Receivable	\$ 40,610	\$ 24,333	\$31,280	\$96,223

The above governmental receivables are deemed 100% collectible. The utility accounts receivable are net of an estimated allowance for uncollectible accounts of \$16,512.

**NOTE 5. Accounts Payables**

Accounts payable as of June 30, 2013, are as follows:

Payable to suppliers	\$ 104,749
Payables to employees	<u>92,452</u>
Total accounts payable and accrued expenses	<u>\$ 197,201</u>

**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 30, 2013 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 52,534	\$ -
Grants Capitals Project Fund	-	<u>52,534</u>
Total	<u>\$ 52,534</u>	<u>\$ 52,534</u>

	Transfers In	Transfers Out
General Fund	\$ 152,611	\$ 250,000
Lodgers' Tax Fund	-	218,645
Transportation Grant Fund	60,145	-
Economic Development Grant Fund	158,500	-
Fire/EMS Donations Fund	100,000	-
Motor Vehicle Department Fund	-	2,611
	<u>\$ 471,256</u>	<u>\$ 471,256</u>

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**NOTE 7. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows.

<b>Governmental Activities</b>	<b>June 30, 2012</b>	<b>Additions</b>	<b>Adjustments</b>	<b>Deletions</b>	<b>June 30, 2013</b>
Capital assets not depreciated					
Land	\$ 3,841,189	\$ 15,000	\$ (1,679,562)	\$ -	\$ 2,176,627
Capital assets being depreciated:					
Buildings & Improvements	4,253,553	-	3,000	-	4,256,553
Equipment	1,993,444	52,649	(19,483)	(1,371)	2,025,239
Vehicles	2,238,809	60,375	-	(46,695)	2,252,489
Infrastructure	2,344,331	139,286	-	-	2,483,617
Total capital assets being depreciated	<u>10,830,137</u>	<u>252,310</u>	<u>(16,483)</u>	<u>(48,066)</u>	<u>11,017,898</u>
<b>Total Capital Assets</b>	<u>\$ 14,671,326</u>	<u>\$ 267,310</u>	<u>\$ (1,696,045)</u>	<u>\$ (48,066)</u>	<u>\$ 13,194,525</u>
Less accumulated depreciation:					
Buildings & Improvements	1,864,159	104,430	2,971	-	1,971,560
Equipment	1,764,793	118,261	7,153	-	1,890,207
Vehicles	1,492,044	223,589	(41,045)	-	1,674,588
Infrastructure	1,011,554	53,549	1,610	-	1,066,713
Total Accumulated Depreciation	<u>\$ 6,132,550</u>	<u>\$ 499,829</u>	<u>\$ (29,311)</u>	<u>\$ -</u>	<u>\$ 6,603,068</u>
<b>Total capital assets net of depreciation</b>	<u>\$ 8,538,776</u>	<u>\$ (232,519)</u>	<u>\$ (1,666,734)</u>	<u>\$ (48,066)</u>	<u>\$ 6,591,457</u>

Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

General Government	\$ 96,768
Public Safety	288,540
Public Works	19,441
Culture and Recreation	65,141
Health and Welfare	29,939
Total depreciation expense governmental funds	<u>\$ 499,829</u>

<b>Business-Like Activities</b>	<b>June 30, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2013</b>
Land, Building & Improvements	7,883,425	-	-	7,883,425
Equipment	326,473	25,153	1,100	352,726
Vehicles	418,706	-	-	418,706
Total Capital Assets	<u>8,628,604</u>	<u>25,153</u>	<u>1,100</u>	<u>8,654,857</u>
Less accumulated depreciation:				
Land, Building & Improvements	6,180,806	252,152	(13,366)	6,419,592
Equipment	314,200	11,544	2,806	328,550
Vehicles	312,576	32,955	(9,213)	336,318
Total Accumulated Depreciation	<u>6,807,582</u>	<u>296,651</u>	<u>(19,773)</u>	<u>7,084,460</u>
Total capital assets net of depreciation	<u>1,821,022</u>	<u>(271,498)</u>	<u>20,873</u>	<u>1,570,397</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2013 totaled \$296,651.

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**NOTE 8. Long-term Debt**

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

<b>Governmental Activities</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>6/30/2012</b>	<b>Additions</b>	<b>Retirements</b>		
Economic Development Loan	\$ 27,451	\$ -	\$ 27,451	\$ -	\$ -
Sales Tax Revenue Bond	280,000	-	50,000	230,000	55,000
Dell Computers	8,350	-	4,061	4,289	4,289
Front End Loader	117,576	-	29,130	88,446	29,264
Osage Ambulance	47,299	-	12,385	34,914	12,037
Aerial Platform Truck	206,716	-	18,663	188,053	18,940
Fire Station Loan	196,209	-	1,492	194,717	1,513
Accrued Compensated Absences	60,560	41,756	43,307	59,009	7,986
<b>Total</b>	<b>\$ 944,161</b>	<b>\$ 41,756</b>	<b>\$ 186,489</b>	<b>\$ 799,428</b>	<b>\$ 129,029</b>

<b>Business-type Activities</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>June 30, 2012</b>	<b>Additions</b>	<b>Retirements</b>		
Freightliner Solid Waste Truck	67,729	-	67,729	-	-
Accrued Compensated Absences	19,224	41,590	15,318	45,496	8,531
<b>Total Long Term Debt</b>	<b>\$ 86,953</b>	<b>\$ 41,590</b>	<b>\$ 83,047</b>	<b>\$ 45,496</b>	<b>\$ 8,531</b>

The annual requirements to amortize the loan payable to NMFA as of June 30, 2013, including interest payments are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 121,043	\$ 27,199	\$ 148,242
2015	117,292	23,195	140,487
2016	116,820	20,680	137,500
2017	86,762	12,664	99,426
2018	22,332	12,093	34,425
2019-2023	113,252	135,316	248,568
2024-2028	94,976	29,175	124,151
Thereafter	67,942	6,548	74,490
<b>Total</b>	<b>\$ 740,419</b>	<b>\$ 266,870</b>	<b>\$ 1,007,289</b>

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

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**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, 2013, 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.

New Mexico Self-Insurers' Fund has not provided information or 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 Capital Projects Fund	\$	(52,535)
Emergency Medical Services	\$	(686)

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

B. No expenditures exceeded appropriations by fund.

**NOTE 11. PERA Pension Plans**

**Plan Description.** 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 Employees 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 benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy.** Plan members are required to contribute 7.0%-9.0% of their gross salary. The Town of Red River is required to contribute 9% to 11% of the gross covered salary. The contribution requirements of plan members and the Town of Red River are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Town of Red River's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2010 were \$132,266, \$100,412 and \$106,038, respectively, which equal the required contributions for each year.

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**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.

**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 operate the Taos Regional Landfill

*Participants:* Town of Taos, Questa, Eagle Nest, Taos Ski Valley, Taos County and the Town of Red River

*Responsible Party for Operation and Audit:* Town of Taos

*Beginning and Ending Date of Agreement:* Started July 22, 2008 for a period of 50 years

*Total Estimated Amount of Project and Actual Amount Contributed:* Undetermined

Wildland Suppression

*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:* Undetermined

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**TOWN OF RED RIVER**  
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**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

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 Taos County overall.

*Participants:* Town of Red River, Questa, Taos and Taos County

*Responsible Party for Operation and Audit:* Taos County

*Beginning and Ending Date of Agreement:* 5-25-2010 to 30 days upon written notification by either party

*Total Estimated Amount of Project and Actual Amount Contributed:* Undetermined

**NOTE 16. Subsequent Review**

The Town of Red River has evaluated subsequent events through October 8, 2013, which is the date the financial statements were dated.

**NOTE 17. Subsequent Accounting Standard Pronouncements**

The GASB issued Statement No. 64. Statement 64 is effective for financial statements for periods beginning after December 15, 2012, with early application encouraged. The objective of this statement is clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider is replaced.

The GASB issued Statement No. 65, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than Net Assets. The Town has reviewed and implemented the effects of this statement to their financial statements.

**STATE OF NEW MEXICO**  
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June 30, 2013

**NOTE 17. Subsequent Accounting Standard Pronouncements (continued)**

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement also amends Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, Accounting for Operating Leases with Schedule Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The Town has reviewed and implemented the effects of this pronouncement.

**NOTE 18. Restatement of Net position**

In the 2012 Statement of Net position, land of \$1,654,874 was included as land and also as land improvements on the capital asset schedule.

Beginning Net Position	\$ 11,163,285
Restatement	<u>(1,654,874)</u>
Net Position, restated	<u>\$ 9,508,411</u>



**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
June 30, 2013

**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:

**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.

**Fire Protection Fund (209)** – To account for the grant funds used for maintenance and development of the Town's fire department. 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 fire personnel and may be used only for these purposes. Funding authority is NMSA 29-13-1.

**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.

**State 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.

**Ambulance Transfer Fund (290)** – To account for Ambulance fees collected and transferred between the Town of Red River and Taos County.

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

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

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**STATE OF NEW MEXICO**  
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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.

**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.

**DEBT SERVICE FUNDS**

Debt Service Funds are used to account for financial resources to be used for the acquisition and payment of long term bonds and notes of the Town.

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**STATE OF NEW MEXICO**  
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June 30, 2013

**PROPRIETARY FUNDS**

**Sewer/AWWT 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 Utility 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.

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**TOWN OF RED RIVER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2013

Schedule A-1

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	911 Grant Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Assets</i>			
Cash and cash equivalents	\$ 35,969	\$ -	\$ 971
Investments	-	3,341	-
Accounts and taxes receivable	-	-	-
Other receivables	-	-	-
Due from other governments	1,238	-	-
Inventory	-	-	-
Due from other funds	-	-	-
<i>Total assets</i>	<u>\$ 37,207</u>	<u>\$ 3,341</u>	<u>\$ 971</u>
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 4,027	\$ -
Accrued salaries and benefits	317	-	-
Accrued compensated absences	225	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>542</u>	<u>4,027</u>	<u>-</u>
<i>Fund Balances</i>			
Fund Balance			
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	36,665	(686)	971
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
<i>Total fund balances</i>	<u>36,665</u>	<u>(686)</u>	<u>971</u>
<i>Total liabilities and fund balances</i>	<u>\$ 37,207</u>	<u>\$ 3,341</u>	<u>\$ 971</u>

**STATE OF NEW MEXICO**  
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**NONMAJOR GOVERNMENTAL FUNDS**  
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 June 30, 2013

Schedule A-1

Fire Protection Fund	Law Enforcement Protection Fund	State Library Grant Fund	State Gasoline Tax Fund
\$ 12,853	\$ -	\$ 191	\$ 8,657
43,988	-	-	-
-	-	-	-
-	-	-	2,532
-	-	-	-
-	-	-	-
<u>\$ 56,841</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 11,189</u>
\$ 445	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
56,396	-	191	11,189
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>56,396</u>	<u>-</u>	<u>191</u>	<u>11,189</u>
<u>\$ 56,841</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 11,189</u>

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2013

Schedule A-1

	<u>Recreation Fund</u>	<u>Ambulance Transfer Fund</u>	<u>Enchanted Circle- EMS Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ 77,818	\$ 13,427
Investments	-	-	-
Accounts and taxes receivable	-	-	-
Other receivables	-	11,939	-
Due from other governments	-	-	-
Inventory	-	-	-
Due from other funds	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 89,757</u>	<u>\$ 13,427</u>
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 366	\$ 241
Accrued salaries and benefits	-	3,807	-
Accrued compensated absences	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>4,173</u>	<u>241</u>
<i>Fund Balances</i>			
Fund Balance			
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	85,584	13,186
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>85,584</u>	<u>13,186</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ 89,757</u>	<u>\$ 13,427</u>

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
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**COMBINING BALANCE SHEET**  
June 30, 2013

Schedule A-1

Transportation Grant Fund	Sewer/AWWT Replacement Fund	Water Line Replacement Fund	Park Replacement fund
\$ 21,925	\$ 98,844	\$ 61,824	\$ 50,628
-	-	-	-
-	-	-	-
-	-	-	-
6,588	-	5,019	5,019
-	-	-	-
-	-	-	-
<u>\$ 28,513</u>	<u>\$ 98,844</u>	<u>\$ 66,843</u>	<u>\$ 55,647</u>
\$ 1,127	\$ -	\$ 672	\$ 2,326
2,712	-	306	1,522
641	-	84	-
-	-	-	-
-	-	-	-
<u>4,480</u>	<u>-</u>	<u>1,062</u>	<u>3,848</u>
-	-	-	-
24,033	-	-	-
-	98,844	65,781	51,799
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>24,033</u>	<u>98,844</u>	<u>65,781</u>	<u>51,799</u>
<u>\$ 28,513</u>	<u>\$ 98,844</u>	<u>\$ 66,843</u>	<u>\$ 55,647</u>

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2013

Schedule A-1

	Infrastructure Replacement Fund	Streets Tax Fund	Debt Service	Total Nonmajor Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 101,302	\$ 54,834	\$ 122,223	\$ 661,466
Investments	-	82,984	-	130,313
Accounts and taxes receivable	-	-	-	-
Other receivables	-	-	-	11,939
Due from other governments	2,478	5,019	-	27,893
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 103,780</u>	<u>\$ 142,837</u>	<u>\$ 122,223</u>	<u>\$ 831,611</u>
<i>Liabilities</i>				
Accounts payable	\$ 751	\$ 3,329	\$ -	\$ 13,284
Accrued salaries and benefits	439	-	-	9,103
Accrued compensated absences	211	-	-	1,161
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>1,401</u>	<u>3,329</u>	<u>-</u>	<u>23,548</u>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	227,529
Capital Projects Funds	102,379	139,508	-	458,311
Debt Service Funds	-	-	122,223	122,223
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
<i>Total fund balances</i>	<u>102,379</u>	<u>139,508</u>	<u>122,223</u>	<u>808,063</u>
<i>Total liabilities and fund balances</i>	<u>\$ 103,780</u>	<u>\$ 142,837</u>	<u>\$ 122,223</u>	<u>\$ 831,611</u>

**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, 2013**

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	911 Grant Fund
<i>Revenues:</i>			
Taxes	\$ 26,700	\$ -	\$ -
State Grants	-	8,687	1,248
Federal Grants	-	-	-
Charges for Services	-	-	-
Licenses and Fees	-	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>26,700</u>	<u>8,687</u>	<u>1,248</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	-	-	1,248
Public Works	16,797	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	12,714	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>16,797</u>	<u>12,714</u>	<u>1,248</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>9,903</u>	<u>(4,027)</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>	9,903	(4,027)	-
<i>Fund balances - beginning of year</i>	26,762	-	971
<i>Restatement</i>	-	3,341	-
<i>Fund balances-beginning of year, restated</i>	<u>26,762</u>	<u>3,341</u>	<u>971</u>
<i>Fund balances - end of year</i>	<u>\$ 36,665</u>	<u>\$ (686)</u>	<u>\$ 971</u>



Fire Protection Fund	Law Enforcement Protection Fund	State Library Grant Fund	State Gasoline Tax Fund
\$ -	\$ -	\$ -	\$ 12,685
42,118	22,400	8,913	-
-	-	-	-
-	-	-	-
-	-	-	-
-	5,800	-	-
<u>42,118</u>	<u>28,200</u>	<u>8,913</u>	<u>12,685</u>
-	-	-	-
34,451	46,200	-	-
-	-	-	12,209
-	-	9,020	-
-	-	-	-
-	-	-	-
<u>34,451</u>	<u>46,200</u>	<u>9,020</u>	<u>12,209</u>
<u>7,667</u>	<u>(18,000)</u>	<u>(107)</u>	<u>476</u>
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,667	(18,000)	(107)	476
4,741	18,000	298	10,713
43,988	-	-	-
<u>48,729</u>	<u>18,000</u>	<u>298</u>	<u>10,713</u>
<u>\$ 56,396</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 11,189</u>

**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, 2013**

	<u>Recreation Fund</u>	<u>Ambulance Transfer Fund</u>	<u>Enchanted Circle- EMS fund</u>
<i>Revenues:</i>			
Taxes	\$ -	\$ -	\$ -
State Grants	-	-	-
Federal Grants	-	-	-
Charges for Services	-	241,744	5,446
Licenses and Fees	-	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	13,870	1,200
<i>Total revenues</i>	<u>-</u>	<u>255,614</u>	<u>6,646</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	-	-	9,174
Public Works	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	195,841	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>195,841</u>	<u>9,174</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>59,773</u>	<u>(2,528)</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>	-	59,773	(2,528)
<i>Fund balances - beginning of year</i>	-	25,811	15,714
<i>Restatement</i>	-	-	-
<i>Fund balances-beginning of year, restated</i>	<u>-</u>	<u>25,811</u>	<u>15,714</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 85,584</u>	<u>\$ 13,186</u>

Transportation Grant Fund	Sewer/AWWT Replacement Fund	Water Line Replacement Fund	Park Replacement Fund
\$ 60,145	\$ -	\$ 108,179	\$ 108,180
-	-	-	-
88,475	-	-	-
-	-	-	-
760	-	-	-
-	-	-	-
-	-	-	-
<u>149,380</u>	<u>-</u>	<u>108,179</u>	<u>108,180</u>
-	-	-	-
-	-	-	-
-	-	128,957	-
143,853	-	-	116,838
-	-	-	-
-	-	-	-
-	-	-	-
<u>143,853</u>	<u>-</u>	<u>128,957</u>	<u>116,838</u>
5,527	-	(20,778)	(8,658)
-	-	-	-
-	-	-	-
-	-	-	-
5,527	-	(20,778)	(8,658)
18,506	98,844	86,559	60,457
-	-	-	-
<u>18,506</u>	<u>98,844</u>	<u>86,559</u>	<u>60,457</u>
<u>\$ 24,033</u>	<u>\$ 98,844</u>	<u>\$ 65,781</u>	<u>\$ 51,799</u>

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**TOWN OF RED RIVER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2013**

	Infrastructure Replacement Fund	Streets Tax Fund	Debt Service	Total Nonmajor Governmental Funds
<i>Revenues:</i>				
Taxes	\$ 155,262	\$ 108,180	\$ -	\$ 579,331
State Grants	-	-	-	83,366
Federal Grants	-	-	-	88,475
Charges for Services	69	-	-	247,259
Licenses and Fees	-	-	-	760
Investment Income (Loss)	-	455	-	455
Miscellaneous	117	-	72,000	92,987
<i>Total revenues</i>	<u>155,448</u>	<u>108,635</u>	<u>72,000</u>	<u>1,092,633</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	91,073
Public Works	101,152	95,120	-	354,235
Culture and Recreation	-	-	-	269,711
Health and Welfare	-	-	-	208,555
Capital Outlay	-	-	-	-
Debt Service:				
Principal	52,000	-	-	52,000
Interest	-	-	64,790	64,790
<i>Total expenditures</i>	<u>153,152</u>	<u>95,120</u>	<u>64,790</u>	<u>1,040,364</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,296</u>	<u>13,515</u>	<u>7,210</u>	<u>52,269</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>	<u>-</u>
<i>Net change in fund balances</i>	2,296	13,515	7,210	52,269
<i>Fund balances - beginning of year</i>	100,083	125,993	115,013	708,465
<i>Restatement</i>	-	-	-	47,329
<i>Fund balances-beginning of year, restated</i>	<u>100,083</u>	<u>125,993</u>	<u>115,013</u>	<u>755,794</u>
<i>Fund balances - end of year</i>	<u>\$ 102,379</u>	<u>\$ 139,508</u>	<u>\$ 122,223</u>	<u>\$ 808,063</u>

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**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 25,000	\$ 25,000	\$ 25,462	\$ 462
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>25,000</u>	<u>25,000</u>	<u>25,462</u>	<u>462</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	34,786	34,786	16,495	18,291
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>34,786</u>	<u>34,786</u>	<u>16,495</u>	<u>18,291</u>
<i>Excess (deficiency) of revenues over expenditures Non-GAAP basis)</i>	<u>(9,786)</u>	<u>(9,786)</u>	<u>8,967</u>	<u>18,753</u>
<i>Other financing sources (uses)</i>				
Designated Cash	9,786	9,786	-	(9,786)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,786</u>	<u>9,786</u>	<u>-</u>	<u>(9,786)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	8,967	8,967
<i>Cash Balance - Beginning of Year</i>	<u>9,786</u>	<u>9,786</u>	<u>27,002</u>	<u>17,216</u>
<i>Cash Balance - End of Year</i>	<u>\$ 9,786</u>	<u>\$ 9,786</u>	<u>\$ 35,969</u>	<u>\$ 26,183</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 8,967	
Adjustment to revenue for accruals and other deferrals			1,238	
Adjustment to expenditures for payables, prepaids and other accruals			(302)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 9,903</u>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	8,687	8,687	8,687	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	8,687	8,687	8,687	-
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	8,687	8,687	8,687	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	8,687	8,687	8,687	-
<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>	-	-	3,341	3,341
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 3,341	\$ 3,341
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(4,027)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ (4,027)	



**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	10,000	10,000	1,248	(8,752)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	10,000	10,000	1,248	(8,752)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	10,000	10,000	1,248	8,752
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	10,000	10,000	1,248	8,752
<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>	4,808	4,808	971	(3,837)
<i>Cash Balance - End of Year</i>	\$ 4,808	\$ 4,808	\$ 971	\$ (3,837)
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ -	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	42,117	42,117	42,118	1
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>42,117</u>	<u>42,117</u>	<u>42,118</u>	<u>1</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	46,925	46,925	34,073	12,852
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>46,925</u>	<u>46,925</u>	<u>34,073</u>	<u>12,852</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,808)</u>	<u>(4,808)</u>	<u>8,045</u>	<u>12,853</u>
<i>Other financing sources (uses)</i>				
Designated Cash	4,808	4,808	-	(4,808)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,808</u>	<u>4,808</u>	<u>-</u>	<u>(4,808)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	8,045	8,045
<i>Cash Balance - Beginning of Year</i>	-	-	48,796	48,796
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,841</u>	<u>\$ 56,841</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 8,045	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(378)</u>	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 7,667</u>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	22,400	22,400	22,400	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	5,800	5,800	5,800	-
<i>Total revenues</i>	<u>28,200</u>	<u>28,200</u>	<u>28,200</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	46,200	46,200	46,200	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>46,200</u>	<u>46,200</u>	<u>46,200</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	18,000	18,000	-	(18,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>(18,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(18,000)	(18,000)
<i>Cash Balance - Beginning of Year</i>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ -</u>	<u>\$ (18,000)</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (18,000)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (18,000)</u>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	10,419	10,419	8,913	(1,506)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	1,000	1,000	-	(1,000)
<i>Total revenues</i>	<u>11,419</u>	<u>11,419</u>	<u>8,913</u>	<u>(2,506)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	11,389	11,419	9,020	2,399
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,389</u>	<u>11,419</u>	<u>9,020</u>	<u>2,399</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>30</u>	<u>-</u>	<u>(107)</u>	<u>(107)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(30)	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(30)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(107)	(107)
<i>Cash Balance - Beginning of Year</i>	<u>(30)</u>	<u>-</u>	<u>298</u>	<u>298</u>
<i>Cash Balance - End of Year</i>	<u>\$ (30)</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 191</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (107)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (107)</u>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 12,000	\$ 12,000	\$ 10,153	\$ (1,847)
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	12,000	12,000	10,153	(1,847)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	19,603	19,603	12,209	7,394
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	19,603	19,603	12,209	7,394
<i>Excess (deficiency) of revenues over expenditures</i>	(7,603)	(7,603)	(2,056)	5,547
<i>Other financing sources (uses)</i>				
Designated Cash	7,603	7,603	-	(7,603)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	7,603	7,603	-	(7,603)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,056)	(2,056)
<i>Cash Balance - Beginning of Year</i>	7,603	7,603	10,713	3,110
<i>Cash Balance - End of Year</i>	\$ 7,603	\$ 7,603	\$ 8,657	\$ 1,054
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (2,056)	
Adjustment to revenue for accruals and other deferrals			2,532	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ 476	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
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>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ -	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	185,000	185,000	240,521	55,521
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	2,000	2,000	28,898	26,898
<i>Total revenues</i>	<u>187,000</u>	<u>187,000</u>	<u>269,419</u>	<u>82,419</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	199,005	199,005	199,005	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>199,005</u>	<u>199,005</u>	<u>199,005</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,005)</u>	<u>(12,005)</u>	<u>70,414</u>	<u>82,419</u>
<i>Other financing sources (uses)</i>				
Designated Cash	12,005	12,005	-	(12,005)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>12,005</u>	<u>12,005</u>	<u>-</u>	<u>(12,005)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	70,414	70,414
<i>Cash Balance - Beginning of Year</i>	<u>12,005</u>	<u>12,005</u>	<u>7,404</u>	<u>(4,601)</u>
<i>Cash Balance - End of Year</i>	<u>\$ 12,005</u>	<u>\$ 12,005</u>	<u>\$ 77,818</u>	<u>\$ 65,813</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 70,414	
Adjustment to revenue for accruals and other deferrals			(13,806)	
Adjustment to expenditures for payables, prepaids and other accruals			3,165	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 59,773</u>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	5,300	5,300	5,446	146
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	8,000	8,000	1,200	(6,800)
<i>Total revenues</i>	<u>13,300</u>	<u>13,300</u>	<u>6,646</u>	<u>(6,654)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	15,000	15,000	8,933	6,067
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>8,933</u>	<u>6,067</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,700)</u>	<u>(1,700)</u>	<u>(2,287)</u>	<u>(587)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	1,700	1,700	-	(1,700)
Transfers In	-	-	-	-
Transfers Out	(6,066)	6,066	-	(6,066)
<i>Total other financing sources (uses)</i>	<u>(4,366)</u>	<u>7,766</u>	<u>-</u>	<u>(7,766)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(6,066)</u>	<u>6,066</u>	<u>(2,287)</u>	<u>(8,353)</u>
<i>Cash Balance - Beginning of Year</i>	<u>9,061</u>	<u>9,061</u>	<u>15,714</u>	<u>6,653</u>
<i>Cash Balance - End of Year</i>	<u>\$ 2,995</u>	<u>\$ 15,127</u>	<u>\$ 13,427</u>	<u>\$ (1,700)</u>
<i>Excess (deficiency) of revenues over expenditures (Non-GAAP basis)</i>			\$ (2,287)	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(241)	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ (2,528)</u>	



**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 60,000	\$ 60,000	\$ 60,145	\$ 145
Federal Grants	96,225	96,225	81,887	(14,338)
Charges For Services	-	-	-	-
Licenses and Fees	5,500	5,500	760	(4,740)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	161,725	161,725	142,792	(18,933)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	172,010	172,010	142,558	29,452
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	172,010	172,010	142,558	29,452
<i>Excess (deficiency) of revenues over expenditures</i>	(10,285)	(10,285)	234	10,519
<i>Other financing sources (uses)</i>				
Designated Cash	10,285	10,285	-	(10,285)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	10,285	10,285	-	(10,285)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	234	234
<i>Cash Balance - Beginning of Year</i>	10,285	10,285	21,691	11,406
<i>Cash Balance - End of Year</i>	\$ 10,285	\$ 10,285	\$ 21,925	\$ 11,640
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 234	
Adjustment to revenue for accruals and other deferrals			6,588	
Adjustment to expenditures for payables, prepaids and other accruals			(1,295)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ 5,527	

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>-</u>	<u>-</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>98,844</u>	<u>98,844</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,844</u>	<u>\$ 98,844</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ -</u>	

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**WATER LINE 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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues:</i>				
Taxes	\$ 95,000	\$ 95,000	\$ 103,160	\$ 8,160
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>95,000</u>	<u>95,000</u>	<u>103,160</u>	<u>8,160</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	128,488	128,488	128,487	1
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>128,488</u>	<u>128,488</u>	<u>128,487</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(33,488)</u>	<u>(33,488)</u>	<u>(25,327)</u>	<u>8,161</u>
<i>Other financing sources (uses)</i>				
Designated Cash	33,488	33,488	-	(33,488)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>33,488</u>	<u>33,488</u>	<u>-</u>	<u>(33,488)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(25,327)	(25,327)
<i>Cash Balance - Beginning of Year</i>	<u>33,488</u>	<u>33,488</u>	<u>87,151</u>	<u>53,663</u>
<i>Cash Balance - End of Year</i>	<u>\$ 33,488</u>	<u>\$ 33,488</u>	<u>\$ 61,824</u>	<u>\$ 28,336</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (25,327)	
Adjustment to revenue for accruals and other deferrals			5,019	
Adjustment to expenditures for payables, prepaids and other accruals			(470)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (20,778)</u>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 95,000	\$ 95,000	\$ 103,161	\$ 8,161
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	1,000	1,000	-	(1,000)
<i>Total revenues</i>	<u>96,000</u>	<u>96,000</u>	<u>103,161</u>	<u>7,161</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	120,175	120,175	110,414	9,761
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>120,175</u>	<u>120,175</u>	<u>110,414</u>	<u>9,761</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(24,175)</u>	<u>(24,175)</u>	<u>(7,253)</u>	<u>16,922</u>
<i>Other financing sources (uses)</i>				
Designated Cash	24,175	24,175	-	(24,175)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>24,175</u>	<u>24,175</u>	<u>-</u>	<u>(24,175)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(7,253)	(7,253)
<i>Cash Balance - Beginning of Year</i>	<u>24,175</u>	<u>24,175</u>	<u>57,881</u>	<u>33,706</u>
<i>Cash Balance - End of Year</i>	<u>\$ 24,175</u>	<u>\$ 24,175</u>	<u>\$ 50,628</u>	<u>\$ 26,453</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (7,253)	
Adjustment to revenue for accruals and other deferrals			854	
Adjustment to expenditures for payables, prepaids and other accruals			(2,259)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (8,658)</u>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 140,000	\$ 140,000	153,414	\$ 13,414
State Grants	-	-	-	-
Charges For Services	-	-	69	69
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	1,050	1,050	117	(933)
<i>Total revenues</i>	<u>141,050</u>	<u>141,050</u>	<u>153,600</u>	<u>12,550</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	120,292	120,292	98,893	21,399
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	52,000	52,000	52,000	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>172,292</u>	<u>172,292</u>	<u>150,893</u>	<u>21,399</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(31,242)</u>	<u>(31,242)</u>	<u>2,707</u>	<u>33,949</u>
<i>Other financing sources (uses)</i>				
Designated Cash	31,242	31,242	-	(31,242)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>31,242</u>	<u>31,242</u>	<u>-</u>	<u>(31,242)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	2,707	2,707
<i>Cash Balance - Beginning of Year</i>	<u>31,242</u>	<u>31,242</u>	<u>98,595</u>	<u>67,353</u>
<i>Cash Balance - End of Year</i>	<u>\$ 31,242</u>	<u>\$ 31,242</u>	<u>\$ 101,302</u>	<u>\$ 70,060</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 2,707	
Adjustment to revenue for accruals and other deferrals			610	
Adjustment to expenditures for payables, prepaids and other accruals			(1,021)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 2,296</u>	

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**STREETS 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, 2013

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ 95,000	\$ 95,000	103,161	\$ 8,161
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	455	455
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>95,000</u>	<u>95,000</u>	<u>103,616</u>	<u>8,616</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	104,667	104,667	97,160	7,507
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>104,667</u>	<u>104,667</u>	<u>97,160</u>	<u>7,507</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,667)</u>	<u>(9,667)</u>	<u>6,456</u>	<u>(16,123)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	9,667	9,667	-	(9,667)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,667</u>	<u>9,667</u>	<u>-</u>	<u>(9,667)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	6,456	6,456
<i>Cash Balance - Beginning of Year</i>	-	-	131,362	131,362
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,818</u>	<u>\$ 137,818</u>
<i>Excess (deficiency) of revenues over expenditures (Non-GAAP basis)</i>			\$ 6,456	
<i>Adjustment to revenue for accruals and other deferrals</i>			5,019	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			2,040	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ 13,515</u>	

**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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	314,270	314,270	120,181	(194,089)
Federal Grants	438,000	438,000	87,273	(350,727)
Charges for Services	15,000	15,000	95,332	80,332
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>767,270</u>	<u>767,270</u>	<u>302,786</u>	<u>(464,484)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	716,068	716,068	212,876	503,192
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>716,068</u>	<u>716,068</u>	<u>212,876</u>	<u>503,192</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>51,202</u>	<u>51,202</u>	<u>89,910</u>	<u>(38,708)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(51,202)	(51,202)	-	51,202
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(51,202)</u>	<u>(51,202)</u>	<u>-</u>	<u>51,202</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	89,910	89,910
<i>Cash Balance - Beginning of Year</i>	-	-	(142,444)	(142,444)
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,534)</u>	<u>\$ (52,534)</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 89,910	
Adjustment to revenue for accruals and other deferrals			36,987	
Adjustment to expenditures for payables, prepaids and other accruals			(46,692)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 80,205</u>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	72,000	72,000	72,000	-
<i>Total revenues</i>	72,000	72,000	72,000	-
<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	-	-	-	-
Interest	72,000	72,000	64,790	7,210
<i>Total expenditures</i>	72,000	72,000	64,790	7,210
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	7,210	7,210
<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>	-	-	7,210	7,210
<i>Cash Balance - Beginning of Year</i>	-	-	115,013	115,013
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 122,223	\$ 122,223
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 7,210	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ 7,210	



**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	447,288	447,288	479,535	32,247
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>447,288</u>	<u>447,288</u>	<u>479,535</u>	<u>32,247</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	192,222	192,222	171,121	21,101
Travel	4,725	4,725	4,062	663
Gross Receipts Tax	16,000	16,000	19,987	(3,987)
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	45,000	45,000	56,996	(11,996)
Salaries	270,551	270,551	257,409	13,142
Supplies	39,500	39,500	23,164	16,336
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>567,998</u>	<u>567,998</u>	<u>532,739</u>	<u>35,259</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(120,710)</u>	<u>(120,710)</u>	<u>(53,204)</u>	<u>67,506</u>
<i>Other financing sources (uses)</i>				
Designated Cash	120,710	120,710	-	(120,710)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>120,710</u>	<u>120,710</u>	<u>-</u>	<u>(120,710)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(53,204)	(53,204)
<i>Cash Balance - Beginning of Year</i>	<u>120,710</u>	<u>120,710</u>	<u>158,384</u>	<u>37,674</u>
<i>Cash Balance - End of Year</i>	<u>\$ 120,710</u>	<u>\$ 120,710</u>	<u>\$ 105,180</u>	<u>\$ (15,530)</u>

**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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Favorable Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	332,700	332,700	318,352	(14,348)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>332,700</u>	<u>332,700</u>	<u>318,352</u>	<u>(14,348)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	198,161	198,161	157,976	40,185
Travel	25,700	25,700	26,014	(314)
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	32,955	(32,955)
Purchases for Resale	6,500	6,500	7,221	(721)
Contract Services	-	-	-	-
Salaries	131,240	131,240	132,558	(1,318)
Supplies	2,500	2,500	1,971	529
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	82,275	-	82,275
<i>Total expenditures</i>	<u>364,101</u>	<u>446,376</u>	<u>358,695</u>	<u>87,681</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(31,401)</u>	<u>(113,676)</u>	<u>(40,343)</u>	<u>73,333</u>
<i>Other financing sources (uses)</i>				
Designated Cash	31,401	113,676	-	(113,676)
Transfers In	-	-	30,247	30,247
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>31,401</u>	<u>113,676</u>	<u>30,247</u>	<u>(83,429)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(10,096)	(10,096)
<i>Cash Balance - Beginning of Year</i>	<u>31,401</u>	<u>31,401</u>	<u>115,585</u>	<u>84,184</u>
<i>Cash Balance - End of Year</i>	<u>\$ 31,401</u>	<u>\$ 31,401</u>	<u>\$ 105,489</u>	<u>\$ 74,088</u>

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	361,652	361,652	371,487	9,835
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	361,652	361,652	371,487	9,835
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	119,238	119,238	89,933	29,305
Travel	11,440	11,440	7,123	4,317
Gross Receipts Tax	13,000	13,000	15,185	(2,185)
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	6,250	6,250	11,878	(5,628)
Salaries	223,480	223,480	229,227	(5,747)
Supplies	7,500	7,500	4,705	2,795
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	380,908	380,908	358,051	22,857
<i>Excess (deficiency) of revenues over expenditures</i>	(19,256)	(19,256)	13,436	32,692
<i>Other financing sources (uses)</i>				
Designated Cash	19,256	19,256	-	(19,256)
Transfers In	-	-	-	-
Transfers Out	-	-	(30,247)	(30,247)
<i>Total other financing sources (uses)</i>	19,256	19,256	(30,247)	(49,503)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(16,811)	(16,811)
<i>Cash Balance - Beginning of Year</i>	19,450	19,450	32,774	13,324
<i>Cash Balance - End of Year</i>	\$ 19,450	\$ 19,450	\$ 15,963	\$ (3,487)

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**SUPPORTING SCHEDULES**

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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, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b><u>ASSETS</u></b>				
Cash-Motor Vehicle Department	<u>\$ -</u>	<u>21,601</u>	<u>21,601</u>	<u>\$ -</u>
<b><u>LIABILITIES</u></b>				
Deposits held in trust for others	<u>\$ -</u>	<u>21,601</u>	<u>21,601</u>	<u>\$ -</u>

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**FOR PUBLIC FUNDS**  
**JUNE 30, 2013**

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2013	Name and Location of Safekeeper
Peoples Bank	MBS FHLMC Gold Yr, 2.5% 3132G5AS8, 5/1/28	\$ 810,224	UMB: United Missouri Bank Overland, KS
Peoples Bank	MBS FNMA Conv, 3.5% 31418AGR3, 7/1/2032	44,977	UMB: United Missouri Bank Overland, KS
		<u>\$ 855,201</u>	

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2013**

Schedule III

Bank Account Type/Name	Peoples Bank	Total
Ambulance Replacement Money Market, Interest Bearing	\$ 78,462	\$ 78,462
Checking - Operational Account, Non-interest Bearing	1,466,921	1,466,921
Checking - Court Bond Account, Non-interest Bearing	2,698	2,698
Bond Revenue Account, Interest Bearing	122,223	122,223
Savings-Solid Waste Equipment Replacement Account, Interest Bearing	32,121	32,121
Checking-Claimjumper Account, Interest Bearing	30,316	30,316
Checking- Planning, Interest Bearing	7,319	7,319
Certificate of Deposit, Interest Bearing	82,984	82,984
 Total On Deposit	 1,823,044	 1,823,044
 Reconciling Items	 (148,633)	 (148,633)
 Reconciled Balance	 <u>\$ 1,674,411</u>	 \$ 1,674,411
 State Treasurer Investment Pool		5
NMFA Reserves		70,054
Total cash and investments at June 30, 2013		\$ 1,744,470

This amount is reflected in the financial statements as follows:

Cash and cash equivalents and Investments-Exhibit A-1	1,744,470
	\$ 1,744,470

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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***

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the Town of Red River as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Red River's basic financial statements, and the combining and individual and related budgetary comparisons of the Town of Red River, presented as supplemental information, and have issued our report thereon dated October 8, 2013.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. The material weakness is described as FS 10-02.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. The significant deficiency is described as FS 12-02.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items FS 10-02 and FS 12-02.

### **Town of Red River's Response to Findings**

The Town of Red River's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town of Red River's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



Precision Accounting, LLC  
Albuquerque, NM  
October 8, 2013

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**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
June 30, 2013

**A. FINANCIAL STATEMENT FINDINGS**

**FS 10-02 Travel and Per Diem (repeated and revised)-Material Weakness**

CONDITION: In the travel and per diem and credit card test work, we found that (1) seven transactions were inadequately supported by receipts and/or related documents to demonstrate the purpose of the business travel expenses, and (2) one instance where meal purchased was more than the allowable \$30 per day limit. Out of 622 samples tested, totaling \$86,164, 8 errors were found, totaling \$ 334 which resulted in a variance of 1%. This projected to the population is less than 0.05% (estimated).

CRITERIA: The Organization does not appear to be compliant with DFA 95-1, Section 7 regarding reimbursement of travel and per diem expenditures.

CAUSE: It appears the staff may not be submitting proper documentation on expenses for travel and per diem and therefore, do not follow state regulations.

EFFECT: Failure to provide adequate supporting documents for travel and per diem expenses would not demonstrate that whether expenses were reasonable or misuse of funds is carried, e.g. whether alcohol is purchased.

RECOMMENDATION: The Organization should review and implement procedures to ensure all receipts must be itemized and correctly monitored to ensure they are accurate and complete. Adding a supervisory oversight may assist with the issue.

CLIENT RESPONSE: The Town Management will revisit the procurement policy and travel & per diem policy with every Town employee and elected official. In addition, the Town will monitor travel expenditures to ensure accuracy and completeness.

**FS 12-02 Utility Billing (repeated and revised)-Significant Deficiency**

CONDITION: During our test work of controls over utility billing we found one instance where a customer was not billed in accordance with the utility billing ordinance rate for 5/8" residential sewer rates. The usage and rate were billed higher by \$25.66 per month and we were unable to substantiate the reason for the difference in the bill.

CRITERIA: The Town of Red River's utility billing ordinance minimum for 5/8" sewer is \$ 11.71 for the first 1,600 gallons plus usage.

CAUSE: The rate and/or usage were adjusted to be \$53.32 for each month of 2012-2013.

EFFECT: This results in an overpayment by the customer of approximately \$308 for the year.

RECOMMENDATION: The Town needs to implement a policy for adjusting bills and implement a monitoring of the monthly bills to identify any deviations from the ordinance and ensure that the council has approved the deviation.

CLIENT RESPONSE: The utility clerk will audit accounts monthly to ensure our system is billing our customers according to our ordinances.

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
June 30, 2013

**B. PRIOR YEAR AUDIT FINDINGS**

FS 10-02 Travel and Per Diem-Repeated and Revised

FS 12-01 Utility tap fees waived or adjusted without supporting documentation -Cleared

FS 12-02 Utility Billing –Repeated and Revised

**STATE OF NEW MEXICO**  
**TOWN OF RED RIVER**  
**OTHER DISCLOSURES**  
June 30, 2013

**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. Although the financial statements are the responsibility of the Town, the preparation of those statements 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 27, 2013. The following individuals were in attendance.

Town of Red River  
Linda Calhoun, Mayor  
Jake Pierce, Town Administrator  
Georgiana Rael, Town Clerk/Finance Officer  
George Woerndle, Council

Precision Accounting LLC  
Melissa R. Santistevan, CPA, CFE, CGMA