

STATE OF NEW MEXICO
TOWN OF RED RIVER

**ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2016



**STATE OF NEW MEXICO
TOWN OF RED RIVER
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

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STATE OF NEW MEXICO
TOWN OF RED RIVER
OFFICIAL ROSTER
AS OF JUNE 30, 2016

ELECTED OFFICIALS

Linda Calhoun..... Mayor
George Woerndle..... Councilor
Ben Richey..... Councilor
Steve Cherry..... Councilor
Dan Foley..... Councilor
Jack Griffin..... Municipal Judge

ADMINISTRATION

Georgiana Rael..... Municipal Clerk & Town Administrator
Kelley Cherry..... Finance Director
Kim Leach..... Finance/Deputy Clerk



Independent Auditors' Report

Honorable Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
To the Honorable Mayor 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 comparisons for the general fund and major special revenue funds of the Town of Red River (Town), New Mexico, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise a portion of the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental and budgetary comparisons for the major capital project funds, debt service funds and 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, 2016, 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and major governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and enterprise funds of the Town, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 4 through 12, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Accounting principles generally accepted in the United States of America require that the *Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA Fund Divisions* on pages 60-62, the *Schedule of Town's Contributions* on pages 63-65, and the notes to required supplementary information on page 66 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

We were engaged to conduct an audit for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements and the budgetary comparisons. The other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

These other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying financial and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, these other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Vendor Schedule required by 2.2.2.10(A)(2)(g) NMAC has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provision 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's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
November 11, 2016

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016. 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 the Town of Red River exceeded its liabilities at the close of the most recent fiscal year by \$8,086,743 (*net position*). Of this amount, \$(725,493) (*unrestricted*) is impacted by the net pension liability and the net investment in capital assets.
- The government's total net position increased by \$567,538 during the fiscal year. The majority of this increase is due to an increase in grants for governmental activities.
- As of June 30, 2016, the Town's governmental funds reported combined ending fund balances of \$2,574,703. Of this total, \$794,131 is restricted for capital projects, \$730,248 is restricted for special revenue funds and \$73,191 is restricted for debt service funds.

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. The 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 the 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/AWWT, Solid Waste, and Water.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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 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-two individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, 911 Grant Fund, Fire Protection Fund, Lodgers' Tax 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, 911 Grant Fund, Fire Protection Fund, Lodgers' Tax 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 on pages 15 to 20 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.

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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 32-59 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Analysis of Net 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 \$8,086,743 at the close of the current fiscal year.

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The largest portion of the Town of Red River's net position represents the Town's investment of \$7,214,666 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.

	June 30, 2016			June 30, 2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS						
Current and Other Assets	\$ 2,618,460	\$ 436,072	\$ 3,054,532	\$ 2,121,384	\$ 410,268	\$ 2,531,652
Capital Assets, Net	6,201,547	1,333,383	7,534,930	6,340,794	1,510,644	7,851,438
Total Assets	<u>8,977,605</u>	<u>1,813,647</u>	<u>10,791,252</u>	<u>8,621,700</u>	<u>1,920,912</u>	<u>10,542,612</u>
Deferred Outflows of Resources	186,637	52,870	239,507	159,522	-	159,522
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 9,006,644</u>	<u>\$ 1,822,325</u>	<u>\$ 10,828,969</u>	<u>\$ 8,621,700</u>	<u>\$ 1,920,912</u>	<u>\$ 10,542,612</u>
LIABILITIES						
Long-Term Liabilities Outstanding	\$ 298,502	\$ -	\$ 298,502	\$ 2,054,550	\$ 17,062	\$ 2,071,612
Other Liabilities	1,873,468	517,067	2,390,535	261,285	27,449	288,734
Total Liabilities	<u>2,171,970</u>	<u>517,067</u>	<u>2,689,037</u>	<u>2,315,835</u>	<u>44,511</u>	<u>2,360,346</u>
Deferred Inflows of Resources	42,120	11,880	54,000	663,061	-	663,061
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>2,214,090</u>	<u>528,947</u>	<u>2,743,037</u>	<u>2,978,896</u>	<u>44,511</u>	<u>3,023,407</u>
NET POSITION						
Net Investment in Capital Assets	5,881,283	1,333,383	7,214,666	5,917,952	1,510,644	7,428,596
Restricted	1,597,570	-	1,597,570	886,590	-	886,590
Unrestricted	(686,299)	(40,005)	(726,304)	(1,161,738)	365,757	(795,981)
Total Net Position	<u>6,792,554</u>	<u>1,293,378</u>	<u>8,085,932</u>	<u>5,642,804</u>	<u>1,876,401</u>	<u>7,519,205</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 9,006,644</u>	<u>\$ 1,822,325</u>	<u>\$ 10,828,969</u>	<u>\$ 8,621,700</u>	<u>\$ 1,920,912</u>	<u>\$ 10,542,612</u>

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.

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The increase (decrease) in net position during the current fiscal year is explained by in the government and business-type activities discussion below for the year ended June 30, 2016.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
REVENUE			
Program Revenue:			
Charges for Services	\$ 119,225	\$ 1,292,230	\$ 1,411,455
Operating Grants and Contributions	1,088,822	-	1,088,822
Capital Grants	-	-	-
General Revenue:	-	-	-
Property Tax	376,871	-	376,871
Franchise Tax	54,788	-	54,788
Gross Receipts Tax	4,024,893	-	4,024,893
Motor Vehicle and Fuel Tax	-	-	-
Miscellaneous	19,362	27,803	47,165
TOTAL REVENUE	<u>5,683,961</u>	<u>1,320,033</u>	<u>7,003,994</u>
EXPENSES			
General Government	788,914	-	788,914
Public Safety	1,976,257	-	1,976,257
Culture and Recreation	942,233	-	942,233
Health and Welfare	325,929	-	325,929
Public Works	940,075	-	940,075
Debt Service Interest	13,177	-	13,177
Business-Type Activities	-	1,450,682	1,450,682
TOTAL EXPENSES	<u>4,986,585</u>	<u>1,450,682</u>	<u>6,437,267</u>
Increase (Decrease) in Net Position			
Before Transfers	697,376	(130,649)	566,727
Transfers			
Transfers in	272,827	-	272,827
Transfers out	(272,827)	-	(272,827)
TOTAL	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Net Position	697,376	(130,649)	566,727
Beginning Net Position	<u>5,642,804</u>	<u>1,876,401</u>	<u>7,519,205</u>
Restatement	452,374	(452,374)	-
Net Position, As Restated	<u>6,095,178</u>	<u>1,424,027</u>	<u>7,519,205</u>
Ending Net Position	<u>\$ 6,792,554</u>	<u>\$ 1,293,378</u>	<u>\$ 8,085,932</u>

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The increase in net position during the current fiscal year is explained by in the government and business-type activities discussion below for the year ended June 30, 2015.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
REVENUE			
Program Revenue:			
Charges for Services	\$ 1,212,084	\$ 1,334,117	\$ 2,546,201
Operating Grants and Contributions	549,001	-	549,001
Capital Grants	122,762	-	122,762
General Revenue:			
Property Tax	334,987	-	334,987
Franchise Tax	49,953	-	49,953
Gross Receipts Tax	1,426,795		1,426,795
Motor Vehicle and Fuel Tax	704,156		704,156
Miscellaneous	(49)	1,038	989
TOTAL REVENUE	<u>4,399,689</u>	<u>1,335,155</u>	<u>5,734,844</u>
EXPENSES			
General Government	745,581	-	745,581
Public Safety	1,465,692	-	1,465,692
Culture and Recreation	350,945	-	350,945
Health and Welfare	980,937	-	980,937
Public Works	448,030	-	448,030
Debt Service Interest	170,457	-	170,457
Business-Type Activities	-	1,326,549	1,326,549
TOTAL EXPENSES	<u>4,161,642</u>	<u>1,326,549</u>	<u>5,488,191</u>
Increase (Decrease) in Net Position			
Before Transfers	238,047	8,606	246,653
Transfers			
Transfers in	(14,540)	14,540	-
Transfers out	-	-	-
TOTAL	<u>(14,540)</u>	<u>14,540</u>	<u>-</u>
Net Change in Net Position	223,507	23,146	246,653
Beginning Net Position	7,498,787	1,785,292	9,284,079
Restatements	(2,079,490)	67,963	(2,011,527)
Ending Net Position	<u>\$ 5,642,804</u>	<u>\$ 1,876,401</u>	<u>\$ 7,519,205</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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 \$2,574,703. \$977,133 constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$5,730,788 in the fiscal year ended June 30, 2016. Expenditures for governmental activities, totaled \$5,007,411. Revenues exceeded expenditures by \$723,377.

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 \$977,133.

The fund balance of the Town of Red River's general fund increased during the current fiscal year due to revenues in excess of expenditures. Overall, the general fund's performance in the fiscal year ended June 30, 2016 is due to the increase in state grants and tax revenue.

911 Grant Fund. The 911 Grant Fund has a fund balance of \$971. No change in fund balance for the year since revenue was expensed once received.

Fire Protection Fund. The Fire Protection Fund has a fund balance of \$77,386. Revenues exceeded expenditures by \$4,218 for the year. The increase was due to an increase in state grants.

Lodgers' Tax Fund. The Lodgers' Tax Fund has a fund balance of \$160,575.

Grants Fund. The Grants Fund has a fund balance of 16,834.

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 net position for Sewer, Solid Waste, and Water funds were \$936,066, \$147,085, and \$212,261, respectively. The change in net position for the proprietary funds was \$(128,615). 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 priorities are well defined through this process.

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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
\$ 2,155,393	\$ 2,053,616	\$ 101,777

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

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, 2016 amount to \$7,534,930 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment. Total accumulated depreciation was \$15,222,612 for a net of \$7,534,930 in capital assets for the year ended June 30, 2016.

	Governmental Activities	Business-Type Activities	Total
Land	\$ 2,176,627	\$ -	\$ 2,176,627
Buildings and Improvements	4,236,080	8,083,014	12,319,094
Equipment	2,213,892	368,476	2,582,368
Vehicles	2,296,343	415,328	2,711,671
Infrastructure	<u>2,967,782</u>	<u>-</u>	<u>2,967,782</u>
Total Capital Assets	13,890,724	8,866,818	22,757,542
Accumulated Depreciation:			
Buildings and Improvements	2,255,514	6,765,970	9,021,484
Equipment	2,096,667	355,045	2,451,712
Vehicles	2,074,491	412,420	2,486,911
Infrastructure	<u>1,262,505</u>	<u>-</u>	<u>1,262,505</u>
Total Accumulated Depreciation	<u>7,689,177</u>	<u>7,533,435</u>	<u>15,222,612</u>
Capital Assets, Net	<u>\$ 6,201,547</u>	<u>\$ 1,333,383</u>	<u>\$ 7,534,930</u>

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 the note disclosure 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 debt obligations outstanding of \$320,264, of this \$21,762 is current portion of debt.

**STATE OF NEW MEXICO
TOWN OF RED RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Outstanding Debt As of June 30, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NMFA Notes	\$ 320,264	\$ -	\$ 320,264
Total Long-Term Liabilities	<u>\$ 320,264</u>	<u>\$ -</u>	<u>\$ 320,264</u>
Accrued Compensated Absences, Current	<u>\$ 76,267</u>	<u>\$ 27,175</u>	<u>\$ 103,442</u>

Long-term debt additions and retirements related to revenue bonds and loans for governmental activities for the current year were \$102,578 and \$0, respectively. Accrued compensated absences additions and retirements were \$78,207 and \$60,373, respectively, for governmental activities. Business type activities accrued compensated absences additions and retirements were \$22,571 and \$16,408, respectively.

See the notes in the accompanying Notes to the Financial Statements for further information regarding the 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 2016 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.

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,930,883	\$ 334,065	\$ 2,264,948
Restricted Cash	44,041	-	44,041
Investments	83,775	-	83,775
Accounts and Taxes Receivable	520,290	102,007	622,297
Due from Other Governments	39,471	-	39,471
Total Current Assets	<u>2,618,460</u>	<u>436,072</u>	<u>3,054,532</u>
Noncurrent Assets:			
Capital Assets			
Capital Assets Not Being Depreciated	2,176,627	-	2,176,627
Capital Assets Being Depreciated	11,714,097	8,866,818	20,580,915
Less: Accumulated Depreciation	<u>(7,689,177)</u>	<u>(7,533,435)</u>	<u>(15,222,612)</u>
Total Noncurrent Assets	<u>6,201,547</u>	<u>1,333,383</u>	<u>7,534,930</u>
Deferred Outflows:			
Deferred Outflows, Pension Related	<u>186,637</u>	<u>52,870</u>	<u>239,507</u>
Total Deferred Outflows	<u>186,637</u>	<u>52,870</u>	<u>239,507</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 9,006,644</u>	<u>\$ 1,822,325</u>	<u>\$ 10,828,969</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 37,300	\$ 1,469	\$ 38,769
Accrued Salaries and Benefits	6,457	-	6,457
Compensated Absences Payable	76,267	27,175	103,442
Current Portion of Loans and Bonds Payable	21,762	-	21,762
Net Pension Liability	<u>1,731,682</u>	<u>488,423</u>	<u>2,220,105</u>
Total Current Liabilities	<u>1,873,468</u>	<u>517,067</u>	<u>2,390,535</u>
Noncurrent Liabilities:			
Loans and Bonds Payable, Long-term	<u>298,502</u>	<u>-</u>	<u>298,502</u>
Total Noncurrent Liabilities	<u>298,502</u>	<u>-</u>	<u>298,502</u>
TOTAL LIABILITIES	<u>2,171,970</u>	<u>517,067</u>	<u>2,689,037</u>
Deferred Inflows:			
Deferred Inflows, Pension Related	<u>42,120</u>	<u>11,880</u>	<u>54,000</u>
Total Deferred Inflows	<u>42,120</u>	<u>11,880</u>	<u>54,000</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>2,214,090</u>	<u>528,947</u>	<u>2,743,037</u>
NET POSITION			
Net Investment in Capital Assets	5,881,283	1,333,383	7,214,666
Restricted for Special Revenue	730,248	-	730,248
Restricted for Capital Projects	794,131	-	794,131
Restricted for Debt Service	73,191	-	73,191
Unrestricted	<u>(686,299)</u>	<u>(40,005)</u>	<u>(726,304)</u>
Total Net Position	<u>6,792,554</u>	<u>1,293,378</u>	<u>8,085,932</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 9,006,644</u>	<u>\$ 1,822,325</u>	<u>\$ 10,828,969</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contrib.	Governmental Activities	Business- Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 795,110	\$ 119,225	\$ -	\$ -	\$ (675,885)	\$ -	\$ (675,885)
Public Safety	1,976,257	-	1,088,822	-	(887,435)	-	(887,435)
Public Works	940,075	-	-	-	(940,075)	-	(940,075)
Culture and Recreation	942,233	-	-	-	(942,233)	-	(942,233)
Health and Welfare	325,929	-	-	-	(325,929)	-	(325,929)
Interest on Long-Term Debt	13,177	-	-	-	(13,177)	-	(13,177)
Net Pension Expense	(24,030)	-	-	-	24,030	-	24,030
Compensated Absences Expense	17,834	-	-	-	(17,834)	-	(17,834)
Total Governmental Activities	4,986,585	119,225	1,088,822	-	(3,778,538)	-	(3,778,538)
Business-Type Activities							
Sewer	635,547	469,052	-	-	-	(166,495)	(166,495)
Solid Waste	391,920	377,529	-	-	-	(14,391)	(14,391)
Water	430,221	445,649	-	-	-	15,428	15,428
Pension Expense	(7,006)	-	-	-	-	7,006	7,006
Total Business-Type Activities	1,450,682	1,292,230	-	-	-	(158,452)	(158,452)
General Revenues:							
Taxes:							
Property Taxes levied for general purposes					376,871	-	376,871
Franchise Taxes					54,788	-	54,788
Gross Receipts Taxes					4,024,893	-	4,024,893
Interest Income					11,768	27,803	39,571
Net Transfers					-	-	-
Miscellaneous Income					7,594	-	7,594
Subtotal, General Revenues					4,475,914	27,803	4,503,717
Change in Net Position					697,376	(130,649)	566,727
Net Position, Beginning					5,642,804	1,876,401	7,519,205
Restatement					452,374	(452,374)	-
Net Position, As Restated					6,095,178	1,424,027	7,519,205
Net Position, Ending					\$ 6,792,554	\$ 1,293,378	\$ 8,085,932

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General Fund</u>	<u>911 Grant Fund</u>	<u>Fire Protection Fund</u>	<u>Lodgers' Tax Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 826,126	\$ 971	\$ 33,345	\$ 88,100
Restricted Cash	-	-	44,041	-
Investments	-	-	-	-
Accounts and Taxes Receivable	156,396	-	-	72,475
Due From Other Governments	22,637	-	-	-
Due From Other Funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 1,005,159</u>	<u>\$ 971</u>	<u>\$ 77,386</u>	<u>\$ 160,575</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 21,569	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	6,457	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	<u>28,026</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	971	77,386	160,575
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Unassigned for:				
General Fund	977,133	-	-	-
TOTAL FUND BALANCES	<u>977,133</u>	<u>971</u>	<u>77,386</u>	<u>160,575</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,005,159</u>	<u>\$ 971</u>	<u>\$ 77,386</u>	<u>\$ 160,575</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016**

	Grants Capital Project Fund	Other Governmental Funds	Total
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 982,341	\$ 1,930,883
Restricted Cash	-	-	44,041
Investments	-	83,775	83,775
Accounts and Taxes Receivable	-	291,419	520,290
Due From Other Governments	16,834	-	39,471
Due From Other Funds	-	-	-
Inventory	-	-	-
TOTAL ASSETS	<u>\$ 16,834</u>	<u>\$ 1,357,535</u>	<u>\$ 2,618,460</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ 15,731	\$ 37,300
Accrued Salaries and Benefits	-	-	6,457
Due to Other Funds	-	-	-
TOTAL LIABILITIES	-	15,731	43,757
FUND BALANCES			
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	491,316	730,248
Capital Projects Funds	16,834	777,297	794,131
Debt Service Funds	-	73,191	73,191
Unassigned for:			
General Fund	-	-	977,133
TOTAL FUND BALANCES	<u>16,834</u>	<u>1,341,804</u>	<u>2,574,703</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,834</u>	<u>\$ 1,357,535</u>	<u>\$ 2,618,460</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Fund Balance - Governmental Funds \$ 2,574,703

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Total cost of Capital Assets are:	13,890,724	
Less: Accumulated Depreciation	<u>(7,689,177)</u>	
Capital Assets, Net		6,201,547

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:

Deferred Outflows Related to GASB 68	186,637
Deferred Inflows Related to GASB 68	(42,120)

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Debt: Long-Term and Current Portion	(320,264)	
Net Pension Liability	(1,731,682)	
Accrued Compensated Absences	(76,267)	
Total		<u>(2,128,213)</u>

Net Position of Governmental Activities \$ 6,792,554

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>911 Grant Fund</u>	<u>Fire Protection Fund</u>	<u>Lodgers' Tax Fund</u>
REVENUES				
Taxes	\$ 1,614,450	\$ -	\$ -	\$ 762,168
State Grants	90,000	1,032	81,735	-
Federal Grants	-	-	-	-
Charges for Services	75,049	-	-	-
Licenses and Fees	381,123	-	-	-
Investment Income	-	-	-	-
Miscellaneous	(32,485)	-	-	-
TOTAL REVENUES	<u>2,128,137</u>	<u>1,032</u>	<u>81,735</u>	<u>762,168</u>
EXPENDITURES				
Current				
General Government	808,985	-	-	-
Public Safety	1,191,755	1,032	43,091	-
Public Works	-	-	-	-
Culture and Recreation	71,747	-	-	513,168
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	21,249	-
Debt Service Interest	-	-	13,177	-
TOTAL EXPENDITURES	<u>2,072,487</u>	<u>1,032</u>	<u>77,517</u>	<u>513,168</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	55,650	-	4,218	249,000
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(4,827)	-	-	(268,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,827)</u>	<u>-</u>	<u>-</u>	<u>(268,000)</u>
NET CHANGE IN FUND BALANCES	50,823	-	4,218	(19,000)
FUND BALANCE, BEGINNING OF YEAR	<u>926,310</u>	<u>971</u>	<u>73,168</u>	<u>179,575</u>
FUND BALANCE, END OF YEAR	<u>\$ 977,133</u>	<u>\$ 971</u>	<u>\$ 77,386</u>	<u>\$ 160,575</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

	Grants Capital Project Fund	Other Governmental Funds	Total
REVENUES			
Taxes	\$ -	\$ 730,725	\$ 3,107,343
State Grants	548,077	271,434	992,278
Federal Grants	-	96,544	96,544
Charges for Services	52	44,124	119,225
Licenses and Fees	-	968,086	1,349,209
Investment Income	-	11,768	11,768
Miscellaneous	9,163	30,916	7,594
TOTAL REVENUES	557,292	2,153,597	5,683,961
EXPENDITURES			
Current			
General Government	-	(46,827)	762,158
Public Safety	-	511,616	1,747,494
Public Works	160,156	657,261	817,417
Culture and Recreation	-	272,973	857,888
Health and Welfare	-	272,236	272,236
Capital Outlay	330,651	96,772	427,423
Debt Service Principal	-	41,542	62,791
Debt Service Interest	-	-	13,177
TOTAL EXPENDITURES	490,807	1,805,573	4,960,584
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	66,485	348,024	723,377
OTHER FINANCING SOURCES (USES):			
Transfers in	-	272,827	272,827
Transfers out	-	-	(272,827)
TOTAL OTHER FINANCING SOURCES (USES)	-	272,827	-
NET CHANGE IN FUND BALANCES	66,485	620,851	723,377
FUND BALANCE, BEGINNING OF YEAR	(49,651)	720,953	1,851,326
FUND BALANCE, END OF YEAR	\$ 16,834	\$ 1,341,804	\$ 2,574,703

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net Changes in Fund Balance - Governmental Funds **\$ 723,377**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period:

Capital Outlay	427,423
Depreciation Expense	(566,670)

The statement of activities reflects accruals related to GASB 68 implementation:

Change in Net Pension Expense	24,030
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In the Statement of Activities, operating expenses such as compensated absences and long-term debt are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid):

(Increase) Decrease in Long-Term Debt	107,050
(Increase) Decrease in Compensated Absences	<u>(17,834)</u>

Change in Net Position of Governmental Activities **\$ 697,376**

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENSES – BUDGET (NON-GAAP BUDGETARY
BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 1,248,000	\$ 1,248,000	\$ 1,440,417	\$ 192,417
State Grants	90,000	90,000	90,000	-
Federal Grants	-	-	-	-
Charges for Services	-	-	75,049	75,049
Licenses and Fees	396,274	396,274	376,123	(20,151)
Investment Income	-	-	-	-
Miscellaneous	231,814	231,814	59,021	(172,793)
TOTAL REVENUES	1,966,088	1,966,088	2,040,610	74,522
EXPENDITURES				
Current				
General Government	878,791	878,791	808,395	70,396
Public Safety	1,198,602	1,204,602	1,173,474	31,128
Public Works	-	-	-	-
Culture and Recreation	72,000	72,000	71,747	253
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	2,149,393	2,155,393	2,053,616	101,777
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(183,305)	(189,305)	(13,006)	176,299
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(4,827)	4,827
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(4,827)	4,827
NET INCREASE (DECREASE)	(183,305)	(189,305)	\$ (17,833)	\$ 181,126
 PRIOR YEAR CASH BALANCE BUDGETED	 \$ 183,305	 \$ 189,305		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENSES – BUDGET (NON-GAAP BUDGETARY
BASIS) AND ACTUAL – 911 GRANT
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	10,000	10,000	1,032	(8,968)
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
	10,000	10,000	1,032	(8,968)
TOTAL REVENUES	10,000	10,000	1,032	(8,968)
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	10,000	10,000	1,032	8,968
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
	10,000	10,000	1,032	8,968
TOTAL EXPENDITURES	10,000	10,000	1,032	8,968
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET INCREASE (DECREASE)	-	-	\$ -	\$ -
 PRIOR YEAR CASH BALANCE BUDGETED	 \$ -	 \$ -		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENSES – BUDGET (NON-GAAP BUDGETARY
BASIS) AND ACTUAL – FIRE PROTECTION FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	47,321	47,321	47,320	(1)
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
	47,321	47,321	47,320	(1)
TOTAL REVENUES	47,321	47,321	47,320	(1)
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	76,435	76,435	43,091	33,344
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
	76,435	76,435	43,091	33,344
TOTAL EXPENDITURES	76,435	76,435	43,091	33,344
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,114)	(29,114)	4,229	33,343
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET INCREASE (DECREASE)	(29,114)	(29,114)	\$ 4,229	\$ 33,343
 PRIOR YEAR CASH BALANCE BUDGETED	 \$ 29,114	 \$ 29,114		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENSES – BUDGET (NON-GAAP BUDGETARY
BASIS) AND ACTUAL – LODGERS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 682,500	\$ 682,500	\$ 715,679	\$ 33,179
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
	682,500	682,500	715,679	33,179
TOTAL REVENUES	682,500	682,500	715,679	33,179
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	792,000	792,000	510,939	281,061
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
	792,000	792,000	510,939	281,061
TOTAL EXPENDITURES	792,000	792,000	510,939	281,061
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(109,500)	(109,500)	204,740	314,240
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(270,229)	270,229
	-	-	(270,229)	270,229
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(270,229)	270,229
NET INCREASE (DECREASE)	(109,500)	(109,500)	\$ (65,489)	\$ 584,469
 PRIOR YEAR CASH BALANCE BUDGETED	 \$ 109,500	 \$ 109,500		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 44,266	\$ 223,107	\$ 66,692	\$ 334,065
Accounts Receivable, Net	<u>43,903</u>	<u>27,429</u>	<u>30,675</u>	<u>102,007</u>
TOTAL CURRENT ASSETS	88,169	250,536	97,367	436,072
NONCURRENT ASSETS				
Capital Assets:				
Capital Assets Being Depreciated	6,740,178	568,863	1,557,777	8,866,818
Less: Accumulated Depreciation	<u>(5,675,977)</u>	<u>(568,863)</u>	<u>(1,288,595)</u>	<u>(7,533,435)</u>
Total Noncurrent Assets	<u>1,064,201</u>	<u>-</u>	<u>269,182</u>	<u>1,333,383</u>
Deferred Outflows:				
Deferred Outflows, Pension Related	<u>24,032</u>	<u>12,015</u>	<u>16,823</u>	<u>52,870</u>
Total Deferred Outflows	<u>24,032</u>	<u>12,015</u>	<u>16,823</u>	<u>52,870</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,176,402</u>	<u>\$ 262,551</u>	<u>\$ 383,372</u>	<u>\$ 1,822,325</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	\$ 392	\$ 563	\$ 514	\$ 1,469
Accrued Salaries and Benefits	-	-	-	-
Compensated Absences Payable	13,145	7,096	6,934	27,175
Current Portion of Loans and Bonds Payable	-	-	-	-
Net Pension Liability	<u>222,011</u>	<u>111,005</u>	<u>155,407</u>	<u>488,423</u>
TOTAL CURRENT LIABILITIES	235,548	118,664	162,855	517,067
TOTAL LIABILITIES	235,548	118,664	162,855	517,067
Deferred Inflows:				
Deferred Inflows, Pension Related	<u>5,400</u>	<u>2,700</u>	<u>3,780</u>	<u>11,880</u>
Total Deferred Inflows	<u>5,400</u>	<u>2,700</u>	<u>3,780</u>	<u>11,880</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>240,948</u>	<u>121,364</u>	<u>166,635</u>	<u>528,947</u>
NET POSITION				
Net Investment in Capital Assets	1,064,201	-	269,182	1,333,383
Unrestricted	<u>(128,747)</u>	<u>141,187</u>	<u>(52,445)</u>	<u>(40,005)</u>
TOTAL NET POSITION	<u>935,454</u>	<u>141,187</u>	<u>216,737</u>	<u>1,293,378</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,176,402</u>	<u>\$ 262,551</u>	<u>\$ 383,372</u>	<u>\$ 1,822,325</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES				
Charges for Services	\$ 469,052	\$ 377,529	\$ 445,649	\$ 1,292,230
TOTAL OPERATING REVENUES	469,052	377,529	445,649	1,292,230
OPERATING EXPENSES				
Operating Expenses	177,476	182,281	120,802	480,559
Travel	3,205	-	1,759	4,964
Gross Receipts Tax	-	-	15,415	15,415
Depreciation	122,843	16,478	37,940	177,261
Purchases for Resale	-	-	-	-
Contract Services	11,947	9,651	9,176	30,774
Salaries	289,087	182,328	239,226	710,641
Supplies	30,989	1,182	5,903	38,074
Pension Expense	(3,185)	(1,592)	(2,229)	(7,006)
TOTAL OPERATING EXPENSES	<u>632,362</u>	<u>390,328</u>	<u>427,992</u>	<u>1,450,682</u>
OPERATING INCOME (LOSS)	<u>(163,310)</u>	<u>(12,799)</u>	<u>17,657</u>	<u>(158,452)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	-	32,541	-	32,541
Interest Expense	(2,369)	(2,369)	-	(4,738)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,369)</u>	<u>30,172</u>	<u>-</u>	<u>27,803</u>
EXCESS OF REVENUES OVER EXPENSES	(165,679)	17,373	17,657	(130,649)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(165,679)	17,373	17,657	(130,649)
NET POSITION, BEGINNING	<u>1,307,076</u>	<u>221,106</u>	<u>348,219</u>	<u>1,876,401</u>
RESTATEMENT	(205,943)	(97,292)	(149,139)	(452,374)
NET POSITION, AS RESTATED	<u>1,101,133</u>	<u>123,814</u>	<u>199,080</u>	<u>1,424,027</u>
NET POSITION, END OF YEAR	<u>\$ 935,454</u>	<u>\$ 141,187</u>	<u>\$ 216,737</u>	<u>\$ 1,293,378</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from user charges	\$ 469,052	\$ 377,529	\$ 445,649	\$ 1,292,230
Cash payments to employees for services	(289,087)	(182,328)	(239,226)	(710,641)
Cash payments to suppliers for goods and services	<u>(223,617)</u>	<u>(193,114)</u>	<u>(153,055)</u>	<u>(569,786)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES:	(43,652)	2,087	53,368	11,803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Change in Accrued Compensated Absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Adjustments to Capital Assets	<u>(12,425)</u>	<u>35,642</u>	<u>(12,151)</u>	<u>11,066</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES:	<u>(12,425)</u>	<u>35,642</u>	<u>(12,151)</u>	<u>11,066</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(56,077)	37,729	41,217	22,869
CASH EQUIVALENTS, BEGINNING OF YEAR	<u>100,343</u>	<u>185,378</u>	<u>25,475</u>	<u>311,196</u>
CASH EQUIVALENTS, END OF YEAR	<u>\$ 44,266</u>	<u>\$ 223,107</u>	<u>\$ 66,692</u>	<u>\$ 334,065</u>
<u>Reconciliation of Operating Incomes to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	\$ (163,310)	\$ (12,799)	\$ 17,657	\$ (158,452)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation Expense	122,843	16,478	37,940	177,261
Changes In:				-
Receivables	(4,800)	3,717	(1,852)	(2,935)
Accrued Expenses	(5,304)	(3,454)	(5,362)	(14,120)
Accounts Payable	<u>6,919</u>	<u>(1,855)</u>	<u>4,985</u>	<u>10,049</u>
Net Cash Provided by Operating Activities	<u>\$ (43,652)</u>	<u>\$ 2,087</u>	<u>\$ 53,368</u>	<u>\$ 11,803</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SEWER PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
OPERATING REVENUES				
Charges for Services	\$ 484,380	\$ 484,380	\$ 425,149	\$ 1,393,909
TOTAL OPERATING REVENUES	<u>484,380</u>	<u>484,380</u>	<u>425,149</u>	<u>1,393,909</u>
OPERATING EXPENSES				
Operating Expenses	-	-	177,476	177,476
Travel	-	-	3,205	3,205
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	11,947	11,947
Salaries	537,383	537,383	232,412	1,307,178
Supplies	-	-	30,989	30,989
TOTAL OPERATING EXPENSES	<u>537,383</u>	<u>537,383</u>	<u>456,029</u>	<u>1,530,795</u>
OPERATING INCOME (LOSS)	<u>(53,003)</u>	<u>(53,003)</u>	<u>(30,880)</u>	<u>(136,886)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	-	-	-	-
Interest Expense	-	-	(2,369)	(2,369)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>	<u>(2,369)</u>	<u>(2,369)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>(53,003)</u>	<u>(53,003)</u>	<u>(33,249)</u>	<u>(139,255)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>(53,003)</u>	<u>(53,003)</u>	<u>\$ (33,249)</u>	<u>\$ (139,255)</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 53,003</u>	<u>\$ 53,003</u>		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SOLID WASTE PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
OPERATING REVENUES				
Charges for Services	\$ 353,245	\$ 353,245	\$ 350,100	\$ 1,056,590
TOTAL OPERATING REVENUES	<u>353,245</u>	<u>353,245</u>	<u>350,100</u>	<u>1,056,590</u>
OPERATING EXPENSES				
Operating Expenses	-	-	182,281	182,281
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	9,651	9,651
Salaries	430,513	430,513	149,583	1,010,609
Supplies	-	-	1,182	1,182
TOTAL OPERATING EXPENSES	<u>430,513</u>	<u>430,513</u>	<u>342,697</u>	<u>1,203,723</u>
OPERATING INCOME (LOSS)	<u>(77,268)</u>	<u>(77,268)</u>	<u>7,403</u>	<u>(147,133)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	-	-	32,541	32,541
Interest Expense	-	-	(2,369)	(2,369)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>	<u>30,172</u>	<u>30,172</u>
EXCESS OF REVENUES OVER EXPENSES	<u>(77,268)</u>	<u>(77,268)</u>	<u>37,575</u>	<u>(116,961)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>(77,268)</u>	<u>(77,268)</u>	<u>\$ 37,575</u>	<u>\$ (116,961)</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 77,268</u>	<u>\$ 77,268</u>		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
WATER PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
OPERATING REVENUES				
Charges for Services	\$ 380,340	\$ 380,340	\$ 414,974	\$ 1,175,654
TOTAL OPERATING REVENUES	<u>380,340</u>	<u>380,340</u>	<u>414,974</u>	<u>1,175,654</u>
OPERATING EXPENSES				
Operating Expenses	-	-	120,802	120,802
Travel	-	-	1,759	1,759
Gross Receipts Tax	-	-	15,415	15,415
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	9,176	9,176
Salaries	370,767	374,267	220,776	965,810
Supplies	-	-	5,903	5,903
TOTAL OPERATING EXPENSES	<u>370,767</u>	<u>374,267</u>	<u>373,831</u>	<u>1,118,865</u>
OPERATING INCOME (LOSS)	<u>9,573</u>	<u>6,073</u>	<u>41,143</u>	<u>56,789</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	-	-	-	-
Interest Expense	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u>9,573</u>	<u>6,073</u>	<u>41,143</u>	<u>56,789</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>9,573</u>	<u>6,073</u>	<u>\$ 41,143</u>	<u>\$ 56,789</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
JUNE 30, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>22,522</u>
TOTAL ASSETS	<u>\$ 22,522</u>
LIABILITIES	
Deposits Held in Trust for Others	\$ <u>22,522</u>
TOTAL LIABILITIES	<u>\$ 22,522</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
TOWN OF RED RIVER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

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.

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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:

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. 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.

The *Fiduciary Funds* account for assets held by the Town in a trustee capacity for the Town or as an agent for individuals, private organizations, other governments and/or other funds. These are custodial in nature (assets equal liabilities) and do not present results of operations or have measurement focus. Agency funds are accounted for using the modified accrual basis of accounting.

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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, 911 Grant Fund, Fire Protection Fund, Lodgers' Tax Fund, and the Capital Projects 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:

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 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.

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.

Major Capital Project Funds:

Grants Capital Projects Fund – To account for various grant collections and expenditures. Authorization varies with each grant award.

The Town reports its proprietary funds as a major business-type funds:

Major Enterprise Funds:

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

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

Water 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.

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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. 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.

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.

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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 and the amount is available and provided. Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the 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.

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

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

Deferred Inflow/Outflows of Resources: GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

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Compensated Absences: Eligible employees are entitled to accumulate compensated absences earned. Vacation leave can carry over year to year for unused hours with a maximum of 240 hours. After one year of service, an employee can earn vacation leave as follows: 1-5 service years, earn 3.85 hours per pay period; 6-10 service years, 5.39 hours; 11-15 service years, 6.93 hours; service years > 15 years, 8.47 hours. Upon termination, eligible employees will be paid for all days of current year accrued annual leave not yet taken.

Eligible 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 with a maximum 720 hours. Upon termination, employees receive no pay for sick time accumulated. Accumulated sick leave benefits vest with each employee in accordance with the Town's policy. Vacation 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.

Fund Balance:

Fund Balance Classification: The Town has implemented the provisions of GASB 54. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town. These amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be

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expressed by the Town or through the Town delegating this responsibility to the Town through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund, or, in other words, all amounts not included in other spendable classifications.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Net Position

For the government-wide statement of net position, the net position is reported in three categories: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Net position is reported as restricted when constraints placed on net position use either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Net position which does not meet the definition of “restricted” and “net investment in capital assets”.

The Town’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Revenues: The Town receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Town recognizes tax revenues in the period for which

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they are levied in the government-wide financial statements. The Town records only the portion of the taxes considered 'measureable' and 'available' in the governmental fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. Property taxes classified as deferred inflows of resources are recorded only when the information is available and provided.

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

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.

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, where applicable.

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

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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, 2016 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 funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Town properly followed State investment requirements as of June 30, 2016.

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.

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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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.

	<u>Peoples Bank</u>	<u>NMFA Reserves</u>
Operating, interest-bearing	\$ 2,500,871	\$ 44,041
Certificates of Deposit, interest-bearing	<u>83,775</u>	<u>-</u>
Total Deposits	2,584,646	44,041
Less: FDIC Coverage	<u>(250,000)</u>	<u>(44,041)</u>
Total Uninsured Pubic Funds	2,334,646	-
50% Collateral Requirement	1,292,323	-
Pledged Securities	<u>1,363,291</u>	<u>-</u>
(Over) Under collateralized	<u>\$ (70,968)</u>	<u>\$ -</u>

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

Reconciliation of Cash and Temporary Investments:

Carrying amounts by fund per financial statement at June 30, 2016 is:

Governmental Funds - Balance Sheet	\$ 1,974,924
Cash and Cash Equivalents per Statement of Fiduciary Assets and Liabilities	22,522
Cash and Cash Equivalents per Proprietary Statement of Net Position	334,065
Investments	83,775
Reconciling Items	<u>213,401</u>
Total	<u>\$ 2,628,687</u>

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. New Mexico State Statutes require collateral pledged for bank accounts in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Town for at least 50% of the amount on deposit with the institution.

The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance. In accordance with Sections 6-10-10 I through 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as 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 fund amounts were invested. Participation in the LGIP is voluntary.

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As of June 30, 2016, the Town's investment balances were exposed to custodial credit risk as follows:

NMFA reserves \$ 44,041

Interest Rate Risk and Credit Rating

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, 2016 include the following:

NMFA reserves \$ 44,041

NOTE 4. Receivables

Receivables as of June 30, 2016, are as follows:

Governmental Activities:

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Lodgers' Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables					
Taxes	\$ 156,396	\$ -	\$ 72,475	\$ 291,419	\$ 520,290
Accounts Receivable	-	-	-	-	-
Due From Other Governments	22,637	\$ 16,834	-	-	39,471
Other Accounts Receivable	-	-	-	-	-
Total Receivables	<u>\$ 179,033</u>	<u>\$ 16,834</u>	<u>\$ 72,475</u>	<u>\$ 291,419</u>	<u>\$ 559,761</u>

The above governmental receivables are deemed 100% collectible.

Business-type Activities:

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total</u>
Accounts Receivable	\$ 49,709	\$ 31,377	\$ 37,832	\$ 118,918
Less: Allowance for Uncollectable Accounts	(5,806)	(3,948)	(7,157)	(16,911)
Accounts Receivables, Net	<u>\$ 43,903</u>	<u>\$ 27,429</u>	<u>\$ 30,675</u>	<u>\$ 102,007</u>

The business-type activities accounts receivable are net of an estimated allowance for uncollectible accounts as state above.

NOTE 5. Interfund Receivables, Payables, and Transfers

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There were no "Due to" and "Due from" balances as of June 30, 2016.

Transfers - this schedule is reported on the government-wide basis of accounting due to the transfers of capital assets between governmental funds and business-type funds.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 4,827
Lodger's Tax Fund	-	268,000
Infrastructure Replacement Fund	-	-
Water Fund	-	-
Environmental Gross Receipts Tax fund	-	-
Transportation Fund	60,000	-
Economic Development Fund	208,000	-
Sewer Fund	-	-
Motor Vehicles Dept.	4,827	-
Total	<u>\$ 272,827</u>	<u>\$ 272,827</u>

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows:

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Governmental Activities:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital Assets Not Being Depreciated:				
Land	\$ 2,176,627	\$ -	\$ -	\$ 2,176,627
Total Capital Assets Not Being Depreciated	2,176,627	-	-	2,176,627
Capital Assets Being Depreciated:				
Buildings and Improvements	4,236,080	-	-	4,236,080
Equipment	2,213,892	-	-	2,213,892
Vehicles	2,289,122	40,772	33,551	2,296,343
Infrastructure	2,581,131	386,651	-	2,967,782
Total Capital Assets Being Depreciated	11,320,225	427,423	33,551	11,714,097
Total Capital Assets	13,496,852	427,423	33,551	13,890,724
Accumulated Depreciation:				
Buildings and Improvements	2,151,173	104,341	-	2,255,514
Equipment	1,997,475	99,192	-	2,096,667
Vehicles	1,828,053	279,989	33,551	2,074,491
Infrastructure	1,179,357	83,148	-	1,262,505
Total Accumulated Depreciation	7,156,058	566,670	33,551	7,689,177
Capital Assets, Net	\$ 6,340,794	\$ (139,247)	\$ -	\$ 6,201,547

Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

General Government	\$ 32,952
Public Safety	270,616
Public Works	122,658
Culture and Recreation	84,345
Health and Welfare	56,099
	<u>\$ 566,670</u>

Depreciation expense relating to governmental activities for the year ended June 30, 2016 totaled \$566,670.

Business-type Activities:

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	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital Assets Being Depreciated:				
Land, Buildings and Improvements	\$ 8,083,014	\$ -	\$ -	\$ 8,083,014
Equipment	368,476			368,476
Vehicles	<u>433,246</u>	<u>-</u>	<u>17,918</u>	<u>415,328</u>
Total Capital Assets Being Depreciated	8,884,736	-	17,918	8,866,818
Accumulated Depreciation:				
Land, Buildings and Improvements	6,623,097	142,873	-	6,765,970
Equipment	343,920	11,125	-	355,045
Vehicles	<u>407,075</u>	<u>23,263</u>	<u>17,918</u>	<u>412,420</u>
Total Accumulated Depreciation	<u>7,374,092</u>	<u>177,261</u>	<u>17,918</u>	<u>7,533,435</u>
Capital Assets, Net	<u>\$ 1,510,644</u>	<u>\$ (177,261)</u>	<u>\$ -</u>	<u>\$ 1,333,383</u>

Depreciation expense relating to business-type activities for the year ended June 30, 2016 totaled \$177,261.

NOTE 7. Long-term Debt

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
NMFA Front-End Loader	\$ 29,731	\$ -	\$ 29,731	\$ -	\$ -
NMFA Osage Ambulance	11,811		11,811	-	-
NMFA Aerial Platform Truck	149,848	-	19,678	130,170	20,152
NMFA Fire Station Loan	191,665		1,571	190,094	1,610
NMFA Wastewater Grant	39,787		39,787	-	-
	-			-	-
Compensated Absences Payable	<u>58,433</u>	<u>78,207</u>	<u>60,373</u>	<u>76,267</u>	<u>76,267</u>
Total Long-Term Debt	<u>\$ 481,275</u>	<u>\$ 78,207</u>	<u>\$ 162,951</u>	<u>\$ 396,531</u>	<u>\$ 98,029</u>

The annual requirements to amortize the long term debt of NMFA as of June 30, 2016, including interest payments are as follows:

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 21,762	\$ 10,542	\$ 32,304
2018	22,332	12,092	34,424
2019	22,974	11,449	34,423
2020	23,684	10,741	34,425
2021	24,473	9,953	34,426
2022-2026	96,651	37,095	133,746
2027-2031	108,388	15,763	124,151
Total	<u>\$ 320,264</u>	<u>\$ 107,635</u>	<u>\$ 427,899</u>

Business-type Activities

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>	<u>Within</u>
					<u>One Year</u>
Compensated Absences Payable	21,012	22,571	16,408	27,175	27,175
Total Long-Term Debt	<u>\$ 21,012</u>	<u>\$ 22,571</u>	<u>\$ 16,408</u>	<u>\$ 27,175</u>	<u>\$ 27,175</u>

NOTE 8. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries 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, 2016, 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 9. Other Required Individual Fund Disclosures

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

- There were no deficit fund balance of individual funds for the year ended June 30, 2016.
- There were no overexpenditures of appropriations by individual funds for the year ended June 30, 2016

NOTE 10. Operating Leases

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The Town has several operating leases as of June 30, 2016. Lease payments for the year ending June 30, 2016 were paid \$7,521. Future minimum payment under these leases are as follows:

Year	
<u>Ending</u>	<u>Amount</u>
2017	\$ 8,069
2018	7,754
2019	5,538
2020	787
2021	787
Total	<u>\$ 22,935</u>

NOTE 11. 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 8.

NOTE 12. 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 13. Construction Commitments

As of June 30, 2016, there were no contract in project or construction commitments.

NOTE 14. PERA Pension Plans

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

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Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

Benefits provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financialreports/CAFR-2015.pdf>

Contributions

The contribution requirements of defined benefit plan members and the Town are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at:

http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf

The PERA coverage options that apply to Town are: General Division, Police Division and Fire Division. Statutorily required contributions to the pension plan from the Town were \$159,815 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer

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contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division – General Division, at June 30, 2016, the Town reported a liability of \$1,462,087 for its proportionate share of the net pension liability. At June 30, 2016, the Town’s proportion was 0.1434 percent, which was unchanged from its proportion measured as of June 30, 2015, due to the insignificance of the difference.

For the year ended June 30, 2016, the Town recognized PERA Fund Division – General Division pension expense of \$60,377. At June 30, 2016, the Town reported PERA Fund Division – General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 32,386
Changes of assumptions	-	570
Net difference between projected and actual earnings on pension plan investments	-	4,625
Changes in proportion and differences between Town of Red River's contributions and proportionate share of contributions	14,297	-
Town of Red River's contributions subsequent to the measurement date	112,567	-
Total	<u>\$ 126,864</u>	<u>\$ 37,581</u>

\$126,864 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows

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of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	\$ (38,725)
2018	(38,725)
2019	(38,725)
2020	78,594
2021	-
Thereafter	-
Total	<u>\$ (37,581)</u>

For PERA Fund Division – Police Division, at June 30, 2016, the Town reported a liability of \$361,123 for its proportionate share of the net pension liability. At June 30, 2016, the Town’s proportion was 0.0751 percent, which was an increase of zero from its proportion measured as of June 30, 2015, due to the insignificance of the difference.

For the year ended June 30, 2016, the Town recognized PERA Fund Division – Police Division pension expense of \$25,995. At June 30, 2016, the Town reported PERA Fund Division – Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 25,234	\$ -
Changes of assumptions	-	14,940
Net difference between projected and actual earnings on pension plan investments	-	1,002
Changes in proportion and differences between Town of Red River's contributions and proportionate share of contributions	6,721	-
Town of Red River's contributions subsequent to the measurement date	<u>28,182</u>	<u>-</u>
Total	<u>\$ 60,137</u>	<u>\$ 15,942</u>

\$28,182 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year Ended</u>	<u>Amount</u>
2017	\$ (3,075)
2018	(3,075)
2019	(3,075)
2020	18,517
2021	-
Thereafter	-
Total	<u>\$ 9,292</u>

For PERA Fund Division – Fire Division, at June 30, 2016, the Town reported a liability of \$396,895 for its proportionate share of the net pension liability. At June 30, 2016, the Town’s proportion was 0.0769 percent, which was an increase of zero from its proportion measured as of June 30, 2015, due to the insignificance of the difference.

For the year ended June 30, 2016, the Town recognized PERA Fund Division – Fire Division pension expense of \$41,001. At June 30, 2016, the Town reported PERA Fund Division – Fire Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,631	\$ -
Changes of assumptions	8,371	-
Net difference between projected and actual earnings on pension plan investments	-	477
Changes in proportion and differences between Town of Red River's contributions and proportionate share of contributions	9,562	-
Town of Red River's contributions subsequent to the measurement date	<u>18,942</u>	<u>-</u>
Total	<u>\$ 52,506</u>	<u>\$ 477</u>

\$18,942 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year Ended</u>	<u>Amount</u>
2017	\$ 4,713
2018	4,713
2019	4,713
2020	9,386
2021	-
Thereafter	-
Total	<u>\$ 23,525</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Asset valuation period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumption	RP-200 Mortality tables (combined table for healthy post-retirements, employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scall AA.
Experience study dates	July 1, 2008 to June 30, 2013

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

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

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<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.4%	5.70%
Absolute Return	<u>4.0%</u>	4.15%
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Town's net pension liability in each PERA Fund Division that Town participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

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<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town of Red River's proportionate share of the net pension liability	\$ 2,489,354	\$ 1,462,087	\$ 607,984
<u>PERA Fund Division Municipal Police</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town's of Red River's proportionate share of the net pension liability	\$ 596,373	\$ 361,123	\$ 168,138
<u>PERA Fund Division Municipal Fire</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town's of Red River's proportionate share of the net pension liability	\$ 538,288	\$ 396,895	\$ 280,368

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY2015 PERA financial report. The report is available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financialreports/CAFR-2015.pdf>

Payables to the pension plan. At June 30, 2016, the Town had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2016.

NOTE 15. Post-Employment Benefits

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

NOTE 16. Memorandum of Understanding/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.

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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

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

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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 17. Related Party Transactions

The Town has entered into various related party transactions in the normal course of business. We are required to review those transactions to ensure that they are considered “arm’s length” and are required to disclose those related party transactions that might have a material effect on the financial statements as a whole. The following related parties had transactions with the Town during fiscal 2016 that are deemed to have a material effect on the financial statements (these transactions appear to be at “arm’s length”):

- Universal Professional Services: \$85,889. Nature of transactions were for lobbying services.

NOTE 18. Restatement

For the year ending June 30, 2015, The Town of Red River did not present any GASB 68 items on the proprietary statements. In the process of allocating GASB 68 items between governmental activities and business-type activities for the year ended June 30, 2016, Net Position was restated for both activities in the amount of \$452,374.

NOTE 19. Subsequent Events

The Town of Red River has evaluated subsequent events through November 11, 2016, which is the date the financial statements were dated. No significant subsequent event to report.

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NOTE 20. Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

	101 General	207 911 Grant	209 Fire Prot.	214 Lodgers Tax
Revenues per Modified Accrual Basis	\$ 2,128,137	\$ 1,032	\$ 81,735	\$ 762,168
Prior Year Receivables	91,506	-	-	25,986
Current Year Receivables	<u>(179,033)</u>	<u>-</u>	<u>(34,415)</u>	<u>(72,475)</u>
Revenues per Budgetary Basis	<u>\$ 2,040,610</u>	<u>\$ 1,032</u>	<u>\$ 47,320</u>	<u>\$ 715,679</u>
Expenditures per Modified Accrual Basis	\$ 2,072,487	\$ 1,032	\$ 77,517	\$ 513,168
Prior Year Payables	(46,897)	-	(34,426)	(2,229)
Current Year Payables	<u>28,026</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per Budgetary Basis	<u>\$ 2,053,616</u>	<u>\$ 1,032</u>	<u>\$ 43,091</u>	<u>\$ 510,939</u>
	399 Grants Proj.	503 Sewer	504 Solid Waste	505 Water
Revenues per Modified Accrual Basis	\$ 557,292	\$ 469,052	\$ 377,529	\$ 445,649
Prior Year Receivables	-	-	-	-
Current Year Receivables	<u>(16,834)</u>	<u>(43,903)</u>	<u>(27,429)</u>	<u>(30,675)</u>
Revenues per Budgetary Basis	<u>\$ 540,458</u>	<u>\$ 425,149</u>	<u>\$ 350,100</u>	<u>\$ 414,974</u>
Expenditures per Modified Accrual Basis	\$ 490,807	\$ 632,362	\$ 390,328	\$ 427,992
Prior Year Payables	-	(176,725)	(48,194)	(54,675)
Current Year Payables	<u>1,500</u>	<u>392</u>	<u>563</u>	<u>514</u>
Expenditures per Budgetary Basis	<u>\$ 492,307</u>	<u>\$ 456,029</u>	<u>\$ 342,697</u>	<u>\$ 373,831</u>
	201 Corrections	202 Env.	206 EMS	211 LEPF
Revenues per Modified Accrual Basis	\$ 1,291	\$ 37,589	\$ 8,823	\$ 32,400
Prior Year Receivables	100	-	-	-
Current Year Receivables	<u>-</u>	<u>(4,969)</u>	<u>-</u>	<u>-</u>
Revenues per Budgetary Basis	<u>\$ 1,391</u>	<u>\$ 32,620</u>	<u>\$ 8,823</u>	<u>\$ 32,400</u>
Expenditures per Modified Accrual Basis	\$ 1,432	\$ 34,041	\$ 12,165	\$ 8,880
Prior Year Payables	(677)	323	(3,342)	-
Current Year Payables	<u>579</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per Budgetary Basis	<u>\$ 1,334</u>	<u>\$ 34,364</u>	<u>\$ 8,823</u>	<u>\$ 8,880</u>

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	213 Library	216 Gas Tax	224 Fed. Trans.	290 Ambul.
Revenues per Modified Accrual Basis	\$ 10,090	\$ 10,696	\$ 100,800	\$ 342,359
Prior Year Receivables	-	-	55	-
Current Year Receivables	-	-	<u>(21,519)</u>	<u>18,382</u>
Revenues per Budgetary Basis	<u>\$ 10,090</u>	<u>\$ 10,696</u>	<u>\$ 79,336</u>	<u>\$ 360,741</u>
Expenditures per Modified Accrual Basis	\$ 7,525	\$ 14,000	\$ 160,562	\$ 513,168
Prior Year Payables	-	-	3,268	(246,634)
Current Year Payables	<u>2,565</u>	<u>-</u>	<u>149</u>	<u>-</u>
Expenditures per Budgetary Basis	<u>\$ 10,090</u>	<u>\$ 14,000</u>	<u>\$ 163,979</u>	<u>\$ 266,534</u>
	296 MVD	298 Economic	299 Fire EMS	606 Debt Svc.
Revenues per Modified Accrual Basis	\$ 15,664	\$ 59,078	\$ 653,711	\$ 11,601
Prior Year Receivables	-	-	(174,714)	-
Current Year Receivables	-	-	-	-
Revenues per Budgetary Basis	<u>\$ 15,664</u>	<u>\$ 59,078</u>	<u>\$ 478,997</u>	<u>\$ 11,601</u>
Expenditures per Modified Accrual Basis	\$ 14,674	\$ 265,448	\$ 427,992	\$ 427,992
Prior Year Payables	-	(3,635)	(86,344)	(373,253)
Current Year Payables	<u>470</u>	<u>10,393</u>	<u>1,049</u>	<u>-</u>
Expenditures per Budgetary Basis	<u>\$ 15,144</u>	<u>\$ 272,206</u>	<u>\$ 342,697</u>	<u>\$ 54,739</u>
	306 Water Line	310 Park Repl.	311 Infra. Repl.	398 Streets Tax
Revenues per Modified Accrual Basis	\$ 152,296	\$ 157,237	\$ 404,498	\$ 155,464
Prior Year Receivables	-	-	-	-
Current Year Receivables	<u>(20,133)</u>	<u>(20,133)</u>	<u>(29,818)</u>	<u>(20,133)</u>
Revenues per Budgetary Basis	<u>\$ 132,163</u>	<u>\$ 137,104</u>	<u>\$ 374,680</u>	<u>\$ 135,331</u>
Expenditures per Modified Accrual Basis	\$ 108,976	\$ 94,593	\$ 206,156	\$ 155,464
Prior Year Payables	3,020	3,328	10,399	-
Current Year Payables	<u>-</u>	<u>-</u>	<u>3,561</u>	<u>(9,016)</u>
Expenditures per Budgetary Basis	<u>\$ 111,996</u>	<u>\$ 97,921</u>	<u>\$ 220,116</u>	<u>\$ 146,448</u>

See Independent Auditors' Report

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Required Supplementary Information
SCHEDULE OF TOWN OF RED RIVER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL GENERAL FUND</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.1434%	0.1410%
Town's proportionate share of the net pension liability (asset)	\$ 1,462,087	\$ 1,099,951
Town's covered-employee payroll	\$ 1,180,013	\$ 1,145,615
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	123.90%	96.01%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

See Independent Auditors' Report

Schedules of Required Supplementary Information
SCHEDULE OF TOWN OF RED RIVER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL POLICE FUND</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.0751%	0.0724%
Town's proportionate share of the net pension liability (asset)	\$ 361,123	\$ 236,016
Town's covered-employee payroll	\$ 183,002	\$ 174,041
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.33%	135.61%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

See Independent Auditors' Report

Schedules of Required Supplementary Information
SCHEDULE OF TOWN OF RED RIVER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL FIRE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL FIRE FUND</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.0769%	0.0739%
Town's proportionate share of the net pension liability (asset)	\$ 396,895	\$ 308,458
Town's covered-employee payroll	\$ 105,820	\$ 102,192
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	375.07%	301.84%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

See Independent Auditors' Report

Schedules of Required Supplementary Information
SCHEDULE OF TOWN OF RED RIVER'S TOWN'S CONTRIBUTIONS PERA FUND
DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL GENERAL FUND</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 112,691	\$ 104,824
Contributions in relation to the contractually required contribution	<u>112,567</u>	<u>104,824</u>
Contribution deficiency (excess)	<u>\$ 124</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,180,013	\$ 1,145,615
Contributions as a percentage of covered-employee payroll	9.54%	9.15%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

See Independent Auditors' Report

Schedules of Required Supplementary Information
SCHEDULE OF TOWN OF RED RIVER'S TOWN'S CONTRIBUTIONS PERA FUND
DIVISION MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL POLICE FUND</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 28,182	\$ 26,106
Contributions in relation to the contractually required contribution	<u>28,182</u>	<u>26,106</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 183,002	\$ 174,041
Contributions as a percentage of covered-employee payroll	15.40%	15.00%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

See Independent Auditors' Report

Schedules of Required Supplementary Information
SCHEDULE OF TOWN OF RED RIVER'S TOWN'S CONTRIBUTIONS PERA FUND
DIVISION MUNICIPAL FIRE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL FIRE FUND</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,942	\$ 17,884
Contributions in relation to the contractually required contribution	<u>18,942</u>	<u>17,884</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 105,820	\$ 102,192
Contributions as a percentage of covered-employee payroll	17.90%	17.50%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

Changes of benefit terms.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at:

<http://www.nmpera.org/assets/uploads/downloads/gasb-67-supplemental-reports/NM-PERAEmployer-Allocation-Report-FINAL-2015.pdf>

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The summary of Key Findings for the PERA Fund (on page 2 of the report) states:

- The total PERA Fund experienced an investment return of approximately \$251.5 million on the market value of assets. The actuarial value of assets smooth the unexpected portion of the market return over a four year period. The return on the actuarial value of assets was 7.64% compared to an expected return of 7.75%. As of June 30, 2015, the actuarial value of assets is 99% of market value. Table III-4 provides the development of the actuarial value of assets.
- The total actuarial loss due to the investment experience of the total PERA Fund is \$14.9 million. The loss on non-investment related items totaled \$286.5 million. The net loss due to the plan's experience was \$301.4 million.
- The total increase to the UAAL of PERA is \$410.0 million and results in a decrease to the funded ratio from 75.8% to 74.9%.
- Based on the current statutory rates and actuarial assumptions, the UAAL is projected to be fully amortized in 41 years.

For details about changes in the actuarial assumptions, see Appendix B on page 53 of the report.

NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
TOWN OF RED RIVER
FUND DESCRIPTIONS
JUNE 30, 2016**

SPECIAL REVENUE FUNDS

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

Local Government Corrections Fund (201) – To account for the operation and maintenance of the Town’s jail. Financing is provided by the assessment of correction fees which may be used only for prisoner care. Authorized by NMSA 1978 35-14-44. No minimum balance required according to legislation.

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. No minimum balance required according to legislation.

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. No minimum balance required according to legislation.

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. No minimum balance required according to legislation.

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. No minimum balance required according to legislation.

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. No minimum balance required according to legislation.

Transportation Grant Fund (224) - To account for a grant to administer and operate a Federal Transportation Administration 5311 Program- Rural Transportation System. Funds are restricted to the transportation system. No minimum balance required according to legislation.

Ambulance Transfer Fund (290) – To account for Ambulance fees collected and transferred between the Town of Red River and Taos County. Funds are restricted to the ambulance related services. No minimum balance required according to legislation.

Motor Vehicle Department Fund (296) – To account for a portion of the fees and taxes collected through the Motor Vehicle Department for payroll purposes within the MVD. Funds are restricted to motor vehicle department for payroll. No minimum balance required according to legislation.

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

See Independent Auditors’ Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
FUND DESCRIPTIONS
JUNE 30, 2016**

economic development. Funds are restricted to the economic development of the Town. No minimum balance required according to legislation.

Fire/EMS Donations Fund (299) - To account for State grant funds to be used to provide an advanced life support system for the Town's Fire and EMS departments. Authorized by Emergency Medical Services Fund Section 24-10A-1, NMSA 1978. No minimum balance required according to legislation.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources that are to be used for the acquisition or construction of major capital projects. The Town has five separate funds classified as Capital Projects Funds, as follows:

Sewer AWTT 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 through ¼ cent sales tax imposed by legislation for such projects.

Parks Replacement Fund (310) – To account for the financing, construction and maintenance of land and parks within the Town limits. Funding is through 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 through 1/8 cent sales tax imposed by legislation for such projects.

Streets Tax Fund (398) – 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 Fund is used to account for financial resources to be used for the acquisition and payment of long-term bonds and notes of the Town.

Debt Service Fund (606) – To account for transactions related to the acquisition and payment of long-term debt.

All funds are on a reimbursement basis, therefore there are no reverting fund requirements.

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
BY FUND TYPE
JUNE 30, 2016**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total
ASSETS				
Cash and Cash Equivalents	\$ 323,654	\$ 585,496	\$ 73,191	\$ 982,341
Restricted Cash	-	-	-	-
Investments	-	83,775	-	83,775
Accounts and Taxes Receivable	201,202	90,217	-	291,419
Other Receivables	-	-	-	-
Due From Other Funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 524,856</u>	<u>\$ 759,488</u>	<u>\$ 73,191</u>	<u>\$ 1,357,535</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	12,170	3,561	-	15,731
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	<u>12,170</u>	<u>3,561</u>	<u>-</u>	<u>15,731</u>
FUND BALANCES				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	491,316	-	-	491,316
Capital Projects Funds	21,370	755,927	-	777,297
Debt Service Funds	-	-	73,191	73,191
Unassigned for:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	<u>512,686</u>	<u>755,927</u>	<u>73,191</u>	<u>1,341,804</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 524,856</u>	<u>\$ 759,488</u>	<u>\$ 73,191</u>	<u>\$ 1,357,535</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Debt Service</u>	<u>Total</u>
REVENUES				
Taxes	\$ 48,285	\$ 682,440	\$ -	\$ 730,725
State Grants	92,958	178,476	-	271,434
Federal Grants	96,544	-	-	96,544
Charges for Services	44,124	-	-	44,124
Licenses and Fees	967,614	472	-	968,086
Investment Income	-	167	11,601	11,768
Miscellaneous	22,976	7,940	-	30,916
TOTAL REVENUES	1,272,501	869,495	11,601	2,153,597
EXPENDITURES				
Current				
General Government	-	-	(46,827)	(46,827)
Public Safety	511,616	-	-	511,616
Public Works	208,603	448,658	-	657,261
Culture and Recreation	272,973	-	-	272,973
Health and Welfare	272,236	-	-	272,236
Capital Outlay	40,772	56,000	-	96,772
Debt Service Principal	-	41,542	-	41,542
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	1,306,200	546,200	(46,827)	1,805,573
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,699)	323,295	58,428	348,024
OTHER FINANCING SOURCES (USES):				
Transfers in	272,827	-	-	272,827
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	272,827	-	-	272,827
NET CHANGE IN FUND BALANCES	239,128	323,295	58,428	620,851
FUND BALANCE, BEGINNING OF YEAR	273,558	432,632	14,763	720,953
FUND BALANCE, END OF YEAR	<u>\$ 512,686</u>	<u>\$ 755,927</u>	<u>\$ 73,191</u>	<u>\$ 1,341,804</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

	<u>Local Gov't Corrections Fund</u>	<u>Environmental GRT Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Law Enforcement Protection Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 8,945	\$ 46,830	\$ -	\$ 23,520
Restricted Cash	-	-	-	-
Investments	-	-	-	-
Accounts and Taxes Receivable	-	4,969	-	-
Other Receivables	-	-	-	-
Due From Other Funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 8,945</u>	<u>\$ 51,799</u>	<u>\$ -</u>	<u>\$ 23,520</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 579	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	<u>579</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	8,366	51,799	-	23,520
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	<u>8,366</u>	<u>51,799</u>	<u>-</u>	<u>23,520</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,945</u>	<u>\$ 51,799</u>	<u>\$ -</u>	<u>\$ 23,520</u>

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS -
CONTINUED
JUNE 30, 2016**

	<u>State Library Grant Fund</u>	<u>State Gasoline Tax Fund</u>	<u>Federal Transportation Grant Fund</u>	<u>Ambulance Transfer Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 298	\$ 17,927	\$ -	\$ 181,855
Restricted Cash	-	-	-	-
Investments	-	-	-	-
Accounts and Taxes Receivable	-	-	21,519	-
Other Receivables	-	-	-	-
Due From Other Funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 298</u>	<u>\$ 17,927</u>	<u>\$ 21,519</u>	<u>\$ 181,855</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 149	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>149</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	298	17,927	-	181,855
Capital Projects Funds	-	-	21,370	-
Debt Service Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	<u>298</u>	<u>17,927</u>	<u>21,370</u>	<u>181,855</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 298</u>	<u>\$ 17,927</u>	<u>\$ 21,519</u>	<u>\$ 181,855</u>

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS -
CONTINUED
JUNE 30, 2016**

	Motor Vehicle Dept Fund	Economic Development Fund	Fire/EMS Donations Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 2,967	\$ 41,312	\$ -	\$ 323,654
Restricted Cash	-	-	-	-
Investments	-	-	-	-
Accounts and Taxes Receivable	-	-	174,714	201,202
Other Receivables	-	-	-	-
Due From Other Funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 2,967</u>	<u>\$ 41,312</u>	<u>\$ 174,714</u>	<u>\$ 524,856</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ 10,393	\$ 1,049	12,170
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	-	10,393	1,049	12,170
FUND BALANCES				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	2,967	30,919	173,665	491,316
Capital Projects Funds	-	-	-	21,370
Debt Service Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	<u>2,967</u>	<u>30,919</u>	<u>173,665</u>	<u>512,686</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,967</u>	<u>\$ 41,312</u>	<u>\$ 174,714</u>	<u>\$ 524,856</u>

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Local Gov't Corrections Fund</u>	<u>Environmental GRT Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Law Enforcement Protect. Fund</u>
REVENUES				
Taxes	\$ -	\$ 37,589	\$ -	\$ -
State Grants	-	-	8,823	22,400
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	1,291	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	10,000
TOTAL REVENUES	<u>1,291</u>	<u>37,589</u>	<u>8,823</u>	<u>32,400</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	1,432	-	-	8,880
Public Works	-	34,041	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	12,165	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>1,432</u>	<u>34,041</u>	<u>12,165</u>	<u>8,880</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(141)	3,548	(3,342)	23,520
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(141)	3,548	(3,342)	23,520
FUND BALANCE, BEGINNING OF YEAR	<u>8,507</u>	<u>48,251</u>	<u>3,342</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,366</u>	<u>\$ 51,799</u>	<u>\$ -</u>	<u>\$ 23,520</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>State Library Grant Fund</u>	<u>State Gasoline Tax Fund</u>	<u>Federal Trans. Grant Fund</u>	<u>Ambulance Transfer Fund</u>
REVENUES				
Taxes	\$ -	\$ 10,696	\$ -	\$ -
State Grants	10,090	-	-	51,645
Federal Grants	-	-	96,544	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	756	290,654
Investment Income	-	-	-	-
Miscellaneous	-	-	3,500	60
TOTAL REVENUES	<u>10,090</u>	<u>10,696</u>	<u>100,800</u>	<u>342,359</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	14,000	160,562	-
Culture and Recreation	7,525	-	-	-
Health and Welfare	-	-	-	260,071
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>7,525</u>	<u>14,000</u>	<u>160,562</u>	<u>260,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,565	(3,304)	(59,762)	82,288
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	60,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,565	(3,304)	238	82,288
FUND BALANCE, BEGINNING OF YEAR	<u>(2,267)</u>	<u>21,231</u>	<u>21,132</u>	<u>99,567</u>
FUND BALANCE, END OF YEAR	<u>\$ 298</u>	<u>\$ 17,927</u>	<u>\$ 21,370</u>	<u>\$ 181,855</u>

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016**

	Motor Vehicle Dept Fund	Economic Development Fund	Fire/EMS Donations Fund	Total
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 48,285
State Grants	-	-	-	92,958
Federal Grants	-	-	-	96,544
Charges for Services	15,664	28,460	-	44,124
Licenses and Fees	-	30,618	644,295	967,614
Investment Income	-	-	-	-
Miscellaneous	-	-	9,416	22,976
TOTAL REVENUES	15,664	59,078	653,711	1,272,501
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	14,674	-	486,630	511,616
Public Works	-	-	-	208,603
Culture and Recreation	-	265,448	-	272,973
Health and Welfare	-	-	-	272,236
Capital Outlay	-	-	40,772	40,772
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	14,674	265,448	527,402	1,306,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	990	(206,370)	126,309	(33,699)
OTHER FINANCING SOURCES (USES):				
Transfers in	4,827	208,000	-	272,827
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	4,827	208,000	-	272,827
NET CHANGE IN FUND BALANCES	5,817	1,630	126,309	239,128
FUND BALANCE, BEGINNING OF YEAR	(2,850)	29,289	47,356	273,558
FUND BALANCE, END OF YEAR	\$ 2,967	\$ 30,919	\$ 173,665	\$ 512,686

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – LOCAL CORRECTIONS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	1,800	1,800	1,391	(409)
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>1,800</u>	<u>1,800</u>	<u>1,391</u>	<u>(409)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	5,000	5,000	1,334	3,666
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>1,334</u>	<u>3,666</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,200)</u>	<u>(3,200)</u>	<u>57</u>	<u>3,257</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>(3,200)</u>	<u>(3,200)</u>	<u>\$ 57</u>	<u>\$ 3,257</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 3,200</u>	<u>\$ 3,200</u>		

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – ENVIRONMENTAL GROSS RECEIPTS TAX
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 29,000	\$ 29,000	\$ 32,620	\$ 3,620
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>29,000</u>	<u>29,000</u>	<u>32,620</u>	<u>3,620</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	59,299	59,299	34,364	24,935
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>59,299</u>	<u>59,299</u>	<u>34,364</u>	<u>24,935</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(30,299)</u>	<u>(30,299)</u>	<u>(1,744)</u>	<u>28,555</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>(30,299)</u>	<u>(30,299)</u>	<u>\$ (1,744)</u>	<u>\$ 28,555</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 30,299</u>	<u>\$ 30,299</u>		

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – EMS FIRE
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	8,984	8,823	8,823	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>8,984</u>	<u>8,823</u>	<u>8,823</u>	-
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	8,984	8,823	8,823	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>8,984</u>	<u>8,823</u>	<u>8,823</u>	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – LAW ENFORCEMENT PROTECTION FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	22,400	22,400	22,400	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	10,000	10,000
TOTAL REVENUES	<u>22,400</u>	<u>22,400</u>	<u>32,400</u>	<u>10,000</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	22,400	22,400	8,880	13,520
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>22,400</u>	<u>22,400</u>	<u>8,880</u>	<u>13,520</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	23,520	23,520
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>-</u>	<u>-</u>	<u>\$ 23,520</u>	<u>\$ 23,520</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – STATE LIBRARY GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	13,502	15,054	10,090	(4,964)
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>13,502</u>	<u>15,054</u>	<u>10,090</u>	<u>(4,964)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	11,652	14,754	10,090	4,664
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>11,652</u>	<u>14,754</u>	<u>10,090</u>	<u>4,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,850	300	-	(300)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>1,850</u>	<u>300</u>	<u>\$ -</u>	<u>\$ (300)</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – STATE GASOLINE TAX FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 11,000	\$ 11,000	\$ 10,696	\$ (304)
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>11,000</u>	<u>11,000</u>	<u>10,696</u>	<u>(304)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	14,000	14,000	14,000	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,304)</u>	<u>(304)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>(3,000)</u>	<u>(3,000)</u>	<u>\$ (3,304)</u>	<u>\$ (304)</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 3,000</u>	<u>\$ 3,000</u>		

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – FEDERAL TRANSPORTATION GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Federal Grants	-	-	75,080	75,080
Charges for Services	-	-	-	-
Licenses and Fees	-	-	756	756
Investment Income	-	-	-	-
Miscellaneous	-	-	3,500	3,500
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>79,336</u>	<u>79,336</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	172,674	172,674	163,979	8,695
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>172,674</u>	<u>172,674</u>	<u>163,979</u>	<u>8,695</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(172,674)</u>	<u>(172,674)</u>	<u>(84,643)</u>	<u>88,031</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	170,230	170,230	60,000	(110,230)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>170,230</u>	<u>170,230</u>	<u>60,000</u>	<u>(110,230)</u>
NET INCREASE (DECREASE)	<u>(2,444)</u>	<u>(2,444)</u>	<u>\$ (24,643)</u>	<u>\$ (22,199)</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 172,674</u>	<u>\$ 172,674</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – AMBULANCE TRANSFER FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	51,645	51,645
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	236,656	236,656	309,036	72,380
Investment Income	-	-	-	-
Miscellaneous	-	-	60	60
TOTAL REVENUES	236,656	236,656	360,741	124,085
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	301,656	301,656	266,534	35,122
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	301,656	301,656	266,534	35,122
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(65,000)	(65,000)	94,207	159,207
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET INCREASE (DECREASE)	(65,000)	(65,000)	\$ 94,207	\$ 159,207
PRIOR YEAR CASH BALANCE BUDGETED	\$ 65,000	\$ 65,000		

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – MOTOR VEHICLE DEPT. FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	23,000	23,000	15,664	(7,336)
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>23,000</u>	<u>23,000</u>	<u>15,664</u>	<u>(7,336)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	21,550	21,550	15,144	6,406
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>21,550</u>	<u>21,550</u>	<u>15,144</u>	<u>6,406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,450</u>	<u>1,450</u>	<u>520</u>	<u>(930)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,827	4,827
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>4,827</u>	<u>4,827</u>
NET INCREASE (DECREASE)	<u>1,450</u>	<u>1,450</u>	<u>\$ 5,347</u>	<u>\$ 3,897</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	283,450	283,450	28,460	(254,990)
Licenses and Fees	-	-	30,618	30,618
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	283,450	283,450	59,078	(224,372)
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	293,999	294,999	272,206	22,793
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	293,999	294,999	272,206	22,793
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,549)	(11,549)	(213,128)	(201,579)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	208,000	208,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	208,000	208,000
NET INCREASE (DECREASE)	(10,549)	(11,549)	\$ (5,128)	\$ 6,421
PRIOR YEAR CASH BALANCE BUDGETED	\$ 10,549	\$ 11,549		

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – FIRE EMS DONATIONS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	503,100	503,100	469,581	(33,519)
Investment Income	-	-	-	-
Miscellaneous	-	-	9,416	9,416
TOTAL REVENUES	503,100	503,100	478,997	(24,103)
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	463,755	531,808	531,759	49
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	40,772	40,772	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	463,755	572,580	572,531	49
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	39,345	(69,480)	(93,534)	(24,054)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET INCREASE (DECREASE)	39,345	(69,480)	\$ (93,534)	\$ (24,054)
PRIOR YEAR CASH BALANCE BUDGETED	\$ -	\$ 69,480		

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**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING BALANCE SHEET – NONMAJOR SPECIAL CAPITAL PROJECTS
FUNDS -
JUNE 30, 2016**

	Water Line Replacement Fund	Park Replacement Fund	Infrastructure Replacement Fund	Streets Tax Fund	Sewer AWTT Fund	Total
ASSETS						
Cash and Cash Equivalents	\$ 75,811	\$ 113,554	\$ 238,636	\$ 58,651	\$ 98,844	\$ 585,496
Restricted Cash	-	-	-	-	-	-
Investments	-	-	-	83,775	-	83,775
Receivables	20,133	20,133	29,818	20,133	-	90,217
Other Receivables	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 95,944</u>	<u>\$ 133,687</u>	<u>\$ 268,454</u>	<u>\$ 162,559</u>	<u>\$ 98,844</u>	<u>759,488</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 3,561	\$ -	\$ -	\$ 3,561
Accrued Salaries	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	3,561	-	-	3,561
FUND BALANCES						
Restricted for:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital Projects Funds	95,944	133,687	264,893	162,559	98,844	755,927
Debt Service Funds	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>95,944</u>	<u>133,687</u>	<u>264,893</u>	<u>162,559</u>	<u>98,844</u>	<u>755,927</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 95,944</u>	<u>\$ 133,687</u>	<u>\$ 268,454</u>	<u>\$ 162,559</u>	<u>\$ 98,844</u>	<u>\$ 759,488</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR SPECIAL CAPITAL PROJECTS
FUNDS -
JUNE 30, 2016**

	<u>Water Line Replacement Fund</u>	<u>Park Replacement Fund</u>	<u>Infrastructure Replacement Fund</u>	<u>Streets Tax Fund</u>	<u>SEWER AWTT Fund</u>	<u>Total</u>
REVENUES						
Taxes	\$ 152,296	\$ 152,297	\$ 225,550	\$ 152,297	\$ -	\$ 682,440
State Grants	-	-	178,476	-	-	178,476
Federal Grants	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Licenses and Fees	-	-	472	-	-	472
Investment Income	-	-	-	167	-	167
Miscellaneous	-	4,940	-	3,000	-	7,940
TOTAL REVENUES	<u>152,296</u>	<u>157,237</u>	<u>404,498</u>	<u>155,464</u>	<u>-</u>	<u>869,495</u>
EXPENDITURES						
Current						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	108,976	94,593	108,614	136,475	-	448,658
Culture and Recreation	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Capital Outlay	-	-	56,000	-	-	56,000
Debt Service Principal	-	-	41,542	-	-	41,542
Debt Service Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>108,976</u>	<u>94,593</u>	<u>206,156</u>	<u>136,475</u>	<u>-</u>	<u>546,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	43,320	62,644	198,342	18,989	-	323,295
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	43,320	62,644	198,342	18,989	-	323,295
FUND BALANCE, BEGINNING OF YE	<u>52,624</u>	<u>71,043</u>	<u>66,551</u>	<u>143,570</u>	<u>98,844</u>	<u>432,632</u>
FUND BALANCE, END OF YEAR	<u>\$ 95,944</u>	<u>\$ 133,687</u>	<u>\$ 264,893</u>	<u>\$ 162,559</u>	<u>\$ 98,844</u>	<u>\$ 755,927</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
CAPITAL PROJECTS FUND – WATER LINE REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 115,000	\$ 115,000	\$ 132,163	\$ 17,163
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>115,000</u>	<u>115,000</u>	<u>132,163</u>	<u>17,163</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	115,000	115,000	111,996	3,004
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>115,000</u>	<u>115,000</u>	<u>111,996</u>	<u>3,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	20,167	20,167
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>-</u>	<u>-</u>	<u>\$ 20,167</u>	<u>\$ 20,167</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
CAPITAL PROJECTS FUND – PARK REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 100,000	\$ 100,000	\$ 132,164	\$ 32,164
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	4,940	4,940
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>137,104</u>	<u>37,104</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	100,000	100,000	97,921	2,079
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>100,000</u>	<u>100,000</u>	<u>97,921</u>	<u>2,079</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	39,183	39,183
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>-</u>	<u>-</u>	<u>\$ 39,183</u>	<u>\$ 39,183</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
CAPITAL PROJECTS FUND – INFRASTRUCTURE REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 225,000	\$ 225,000	\$ 195,732	\$ (29,268)
State Grants	-	-	178,476	178,476
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	472	472
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>225,000</u>	<u>225,000</u>	<u>374,680</u>	<u>149,680</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	121,000	121,000	117,894	3,106
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	57,000	57,000	56,000	1,000
Debt Service Principal	47,000	47,000	46,222	778
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>225,000</u>	<u>225,000</u>	<u>220,116</u>	<u>4,884</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	154,564	154,564
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>-</u>	<u>-</u>	<u>\$ 154,564</u>	<u>\$ 154,564</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
CAPITAL PROJECTS FUND – STREETS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 2,247,676	\$ 2,247,676	\$ 132,164	\$ (2,115,512)
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	167	167
Miscellaneous	<u>1,040,000</u>	<u>1,040,000</u>	<u>3,000</u>	<u>(1,037,000)</u>
TOTAL REVENUES	3,287,676	3,287,676	135,331	(3,152,345)
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	150,000	146,448	3,552
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	3,610,285	3,614,320	-	3,614,320
Debt Service Principal	-	-	-	-
Debt Service Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,610,285</u>	<u>3,764,320</u>	<u>146,448</u>	<u>3,617,872</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(322,609)	(476,644)	(11,117)	465,527
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET INCREASE (DECREASE)	<u>(322,609)</u>	<u>(476,644)</u>	<u>\$ (11,117)</u>	<u>\$ 465,527</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 322,609</u>	<u>\$ 476,644</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
GRANTS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	500,000	500,000	531,243	31,243
Federal Grants	-	-	-	-
Charges for Services	-	-	52	52
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	9,163	9,163
TOTAL REVENUES	<u>500,000</u>	<u>500,000</u>	<u>540,458</u>	<u>40,458</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	160,000	160,000	152,557	7,443
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	340,000	340,000	339,750	250
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>500,000</u>	<u>500,000</u>	<u>492,307</u>	<u>7,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	48,151	48,151
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>-</u>	<u>-</u>	<u>\$ 48,151</u>	<u>\$ 48,151</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUND
JUNE 30, 2016**

	<u>Debt Service Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 73,191
Restricted Cash	-
Investments	-
Accounts and Taxes Receivable	-
Other Receivables	-
Due From Other Funds	-
Inventory	-
TOTAL ASSETS	<u>\$ 73,191</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ -
Accrued Salaries and Benefits	-
Due to Other Funds	-
TOTAL LIABILITIES	<u>-</u>
 FUND BALANCES	
Restricted for:	
General Fund	-
Special Revenue Funds	-
Capital Projects Funds	-
Debt Service Funds	73,191
Unassigned for:	
General Fund	-
TOTAL FUND BALANCES	<u>73,191</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 73,191</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
COMBINING STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Debt Service Fund
REVENUES	
Taxes	\$ -
State Grants	-
Federal Grants	-
Charges for Services	-
Licenses and Fees	-
Investment Income	11,601
Miscellaneous	-
TOTAL REVENUES	11,601
EXPENDITURES	
Current	
General Government	(46,827)
Public Safety	-
Public Works	-
Culture and Recreation	-
Health and Welfare	-
Capital Outlay	-
Debt Service Principal	-
Debt Service Interest	-
TOTAL EXPENDITURES	(46,827)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	58,428
OTHER FINANCING SOURCES (USES):	
Transfers in	-
Transfers out	-
TOTAL OTHER FINANCING SOURCES (USES)	-
NET CHANGE IN FUND BALANCES	58,428
FUND BALANCE, BEGINNING OF YEAR	14,763
FUND BALANCE, END OF YEAR	\$ 73,191

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	61,000	61,000	11,601	(49,399)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>61,000</u>	<u>61,000</u>	<u>11,601</u>	<u>(49,399)</u>
EXPENDITURES				
Current				
General Government	155,000	155,000	54,739	100,261
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>155,000</u>	<u>155,000</u>	<u>54,739</u>	<u>100,261</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(94,000)</u>	<u>(94,000)</u>	<u>(43,138)</u>	<u>50,862</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>(94,000)</u>	<u>(94,000)</u>	<u>\$ (43,138)</u>	<u>\$ 50,862</u>
PRIOR YEAR CASH BALANCE BUDGETED	<u>\$ 94,000</u>	<u>\$ 94,000</u>		

See Independent Auditors' Report

SUPPORTING SCHEDULES

**STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY
FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS				
Cash - Enchanted Circle EMS	\$ 18,710	\$ 13,431	\$ 9,619	\$ 22,522
LIABILITIES				
Deposits Held in Trust for Others	\$ 18,710	\$ 9,619	\$ 13,431	\$ 22,522

**STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2016**

Name of Depository	Type of Security	Rate	CUSIP #	Fair Market Value, June 30, 2016	Par Value, June 30, 2016	Maturity Date
Peoples Bank	FHLMC OTHER	2.50%	3132G5AS8	625,417	609,977	5/1/2028
Peoples Bank	FHR 3871 LV	5.50%	3137ACA85	1,597	1,595	1/15/2024
Peoples Bank	FHLMC 20YR	5.00%	31335HVEO	85,230	77,323	1/1/2023
Peoples Bank	FHR 4077 MA	2.00%	3137ASBZ6	93,139	92,171	8/15/1940
Peoples Bank	FHR 4077 MA	2.00%	3137ASBZ6	31,046	30,724	8/15/1940
Peoples Bank	FHR 3822 VE	4.00%	3137A8KD9	94,143	87,656	5/15/2022
Peoples Bank	FNR 2010-135 A	4.00%	31398SJ20	14,383	13,850	12/25/1938
Peoples Bank	FNR 2010-135 A	4.00%	31398SJ20	71,914	69,250	12/25/1938
Peoples Bank	FNR 2010-135 A	4.00%	31398SJ20	172,593	166,200	12/25/1938
Peoples Bank	FHR2673 PE	5.50%	31394JKA4	57,943	51,481	9/15/1933
Peoples Bank	FHR 2673 PE	5.50%	31394JKA4	115,886	102,961	9/15/1933
Total				<u>\$ 1,363,291</u>		
Collateralization Amount Required					<u>1,292,323</u>	
Amount Overcollateralized					<u>70,968</u>	

See Independent Auditors' Report

**STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2016**

<u>Bank Account Type / Name</u>	<u>People's Bank of Red River</u>
General Fund	\$ 2,059,724
Municipal Court	-
Planning - Money Market	82,242
Ambulance - Money Market	62,014
Claim Jumper Project - Money Market	30,442
Bond Revenue Debt Service - Checking	161,033
Solid Waste Equipment Replacement - Money Market	105,417
Certificate of Deposit - Interest-Bearing	<u>83,775</u>
Total on Deposit	2,584,646
Reconciling Items	<u>(213,401)</u>
Reconciled Balance, June 30, 2016	2,371,245
Statement of Fiduciary Assets and Liabilities	<u>(22,522)</u>
Total Cash and Investments at June 30, 2016	<u><u>2,348,723</u></u>

This amount is reflected in the financial statements as follows:

Cash and Cash Equivalents, Governmental Balance Sheet	1,930,883
Investments - Governmental Balance Sheet	83,775
Cash and Cash Equivalents, Proprietary Statement of Net Position	<u>334,065</u>
	<u><u>\$ 2,348,723</u></u>

**STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (excluding GRT)
FOR THE YEAR ENDED JUNE 30, 2016**

Prepared by: Kelley Cherry Title: Finance Director Date: November 10, 2016

<i>RFB#/ RFP# (If applic able)</i>	<i>Type of Procure ment</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract ?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documen tation of eligibility for in- state preferenc e?</i>	<i>Did the Vendor provide documen tation of eligibility for veterans' preferenc e?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurem ent is attributab le to a Compone nt Unit, Name of Compone nt Unit</i>
ITB - #1	Competitive (RFP or RFB)	Martin Builders, Inc.	Winner	\$74,441.00	\$77,021.18	Arroyo Hondo, NM	No	No	Ambulance Bay Doors	N/A
ITB - #2	Competitive (RFP or RFB)	RL Leeder Company	Winner	\$367,195.20	\$374,364.27	Santa Fe, NM	No	No	Pioneer Road Re-Paving	N/A

COMPLIANCE SECTION



**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 Auditors' Report

Honorable Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico

and

To the Honorable Mayor and the Town Council
Town of Red River
Red River, New Mexico

We have been engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and special revenue funds of the State of New Mexico, Town of Red River (Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town, presented as supplemental information and have issued our report dated November 11, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free 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.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
November 11, 2016

**STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016**

SECTION I. FINANCIAL STATEMENT AUDIT FINDINGS

There were no findings for the year ended June 30, 2016.

SECTION II. STATUS OF PRIOR YEAR AUDIT FINDINGS

- FS 2012-002 – Utility Billing – Material Weakness - Resolved
- FS 2015-001 – Revenue Understatement due to Late Posting of Credit Card Payment – Material Weakness - Resolved
- FS 2015-002 – Supporting Documentation – Other - Resolved
- FS 2015-003 – Revenue Misstatement – Material Weakness - Resolved

**STATE OF NEW MEXICO
TOWN OF RED RIVER
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2016**

An exit conference was held on November 11, 2016 to discuss the results of the audit. Notice of this meeting was disclosed pursuant to the Open Meeting Act (10-15-1, NMSA 1978). Because the audit report was not yet released by the Office of the State Auditor, the meeting was a closed session. Attending were the following:

Representing the Town:

Linda Calhoun, Mayor
Georgiana Rael, Municipal Clerk & Town Administrator
Kelley Cherry, Finance Director
Kim Leach, Finance/Deputy Clerk

Representing the Independent Auditors:

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA
Andrew Quintana, CPA

Note: The financial statements were prepared by the independent certified public accounting firm performing the audit with the assistance of the Town's Administrator. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles. Management has reviewed and approved the financial statements.