

STATE OF NEW MEXICO
TOWN OF TATUM

FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2017
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL
SOLUTIONS
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
TOWN OF TATUM

OFFICIAL ROSTER
June 30, 2017

ELECTED OFFICIALS

Marilyn Burns	Mayor
Leisha Joiner	Councilor
Lori Peppin	Councilor
Guy Payne	Councilor
Curt Stephens	Councilor
John Burns	Muni-Judge

ADMINISTRATIVE OFFICIALS

Lynn Stevens	Clerk-Treasurer
Mandy Day	Deputy Clerk

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FINANCIAL SECTION

FISCAL YEAR 2017

JULY 1, 2016 THROUGH JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor
Members of the Town of Tatum Councilors

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Town of Tatum, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise Town of Tatum's basic financial statements 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Town of Tatum's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Tatum, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor
Members of the Town of Tatum Councilors

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on Town of Tatum's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and 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 accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2017 on our consideration of Town of Tatum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town of Tatum's internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 20, 2017

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TOWN OF TATUM

STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 174,035	\$ 42,724	\$ 216,759
Receivables:			
Delinquent property taxes receivable	4,005	-	4,005
Grant	38,963	-	38,963
Other receivables	-	36,479	36,479
Intergovernmental	-	607	607
Due from other governments	421	-	421
Non-current:			
Non-depreciable assets	60,368	8,320	68,688
Depreciable capital assets, net	2,869,646	1,462,452	4,332,098
Total Assets	3,147,438	1,550,582	4,698,020
Liabilities			
Accounts payable	15,684	17,520	33,204
Accrued salaries	12,576	2,491	15,067
Accrued interest	107	-	107
Compensated absences	12,266	3,518	15,784
Customer deposits	-	25,186	25,186
Long-term liabilities other than pensions:			
Due within one year	14,189	-	14,189
Due in more than one year	28,948	-	28,948
Total Liabilities	83,770	48,715	132,485
Net Position			
Net investment in capital assets	2,886,770	1,470,772	4,357,542
Restricted for:			
Special revenue funds	54,692	-	54,692
Capital projects	11	-	11
Unrestricted	122,195	31,095	153,290
Total Net Position	\$ 3,063,668	\$ 1,501,867	\$ 4,565,535

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
TOWN OF TATUM

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 301,037	\$ 91,593	\$ 93,788	\$ -	\$ (115,656)		\$ (115,656)
Public safety	574,176	9,849	178,884	-	(385,443)		(385,443)
Culture and recreation	118,115	2,109	36,799	-	(79,207)		(79,207)
Health	130,585	-	40,684	-	(89,901)		(89,901)
Bond interest paid	<u>763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(763)</u>		<u>(763)</u>
Total governmental activities	<u>\$ 1,124,676</u>	<u>\$ 103,551</u>	<u>\$ 350,155</u>	<u>\$ -</u>	<u>(670,970)</u>		<u>(670,970)</u>
Business-type activities:							
Joint Utility Enterprise	<u>\$ 514,079</u>	<u>\$ 469,608</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(44,471)</u>	<u>(44,471)</u>
General revenues:							
Taxes:							
Property Taxes:							
General purposes					30,487	-	30,487
Gross receipts					317,943	-	317,943
Gasoline					46,304	-	46,304
Grants and contributions not restricted					104,713	-	104,713
Transfers					(16,000)	16,000	-
Miscellaneous income					<u>25,169</u>	<u>-</u>	<u>25,169</u>
Total general revenues					<u>508,616</u>	<u>16,000</u>	<u>524,616</u>
<i>Change in net position</i>					(162,354)	(28,471)	(190,825)
Net position - beginning					<u>3,226,022</u>	<u>1,530,338</u>	<u>4,756,360</u>
Net position - ending					<u>\$ 3,063,668</u>	<u>\$ 1,501,867</u>	<u>\$ 4,565,535</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
TOWN OF TATUM

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2017

	General Fund	Fire Fund #209	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 116,355	\$ 29,099	\$ 28,581	\$ 174,035
Receivables:				
Property taxes	4,005	-	-	4,005
Grant	36,937	2,026	-	38,963
Due from other governments	421	-	-	421
Total assets	<u>\$ 157,718</u>	<u>\$ 31,125</u>	<u>\$ 28,581</u>	<u>\$ 217,424</u>
Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 10,871	\$ 2,223	\$ 2,590	\$ 15,684
Accrued salaries	12,386	95	95	12,576
Total liabilities	<u>23,257</u>	<u>2,318</u>	<u>2,685</u>	<u>28,260</u>
Deferred inflows of resources:				
Delinquent property taxes	1,435	-	-	1,435
Fund balance:				
Restricted for:				
Special revenue funds	-	28,807	25,885	54,692
Capital projects funds	-	-	11	11
Unassigned	133,026	-	-	133,026
Total fund balance	<u>133,026</u>	<u>28,807</u>	<u>25,896</u>	<u>187,729</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 157,718</u>	<u>\$ 31,125</u>	<u>\$ 28,581</u>	<u>\$ 217,424</u>

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STATE OF NEW MEXICO
TOWN OF TATUM

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2017

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

Fund balances - total governmental funds	\$	187,729
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		6,777,724
Accumulated depreciation		(3,847,710)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		1,435
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(43,137)
Accrued interest payable		(107)
Accrued vacation payable		<u>(12,266)</u>
Net position of governmental activities	\$	<u>3,063,668</u>

STATE OF NEW MEXICO
TOWN OF TATUM

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2017

	General <u>Fund</u>	Fire <u>Fund #209</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes:				
Property	\$ 31,181	\$ -	\$ -	\$ 31,181
Gross receipts	317,943	-	-	317,943
Gasoline	46,304	-	-	46,304
Intergovernmental - federal grants	5,960	-	-	5,960
Intergovernmental - state grants	147,993	167,958	28,200	344,151
Contributions - private grants	45,385	14,375	44,953	104,713
Licenses and permits	21,355	-	544	21,899
Fines and forfeitures	13,182	-	11,714	24,896
Charges for services	18,083	16,565	22,108	56,756
Investment and interest income	-	-	44	44
Miscellaneous	<u>22,453</u>	<u>706</u>	<u>2,010</u>	<u>25,169</u>
Total revenues	<u>669,839</u>	<u>199,604</u>	<u>109,573</u>	<u>979,016</u>
Expenditures:				
Current:				
General government	172,034	-	11,843	183,877
Public safety	238,260	96,990	63,575	398,825
Culture and recreation	68,787	-	19,816	88,603
Health	88,961	-	1,744	90,705
Capital outlay	58,032	259,459	19,453	336,944
Debt service:				
Principal retirement	-	-	14,059	14,059
Bond interest paid	<u>-</u>	<u>-</u>	<u>785</u>	<u>785</u>
Total expenditures	<u>626,074</u>	<u>356,449</u>	<u>131,275</u>	<u>1,113,798</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>43,765</u>	<u>(156,845)</u>	<u>(21,702)</u>	<u>(134,782)</u>
Other financing sources and financing uses:				
Transfers in	20,916	-	9,745	30,661
Other in	-	-	-	-
Transfers out	<u>(28,242)</u>	<u>-</u>	<u>(18,419)</u>	<u>(46,661)</u>
Total other financing sources and financing uses	<u>(7,326)</u>	<u>-</u>	<u>(8,674)</u>	<u>(16,000)</u>
<i>Net change in fund balance</i>	36,439	(156,845)	(30,376)	(150,782)
Fund balance at beginning of the year	<u>96,587</u>	<u>185,652</u>	<u>56,272</u>	<u>338,511</u>
Fund balance at end of the year	<u>\$ 133,026</u>	<u>\$ 28,807</u>	<u>\$ 25,896</u>	<u>\$ 187,729</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

TOWN OF TATUM

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

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

Net change in fund balance - total governmental funds	\$	(150,782)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>		
Capital outlay		336,944
Depreciation		(343,238)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
<p>Deferred property taxes at:</p>		
June 30, 2016		(2,129)
June 30, 2017		1,435
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>		
Current year principal payments		14,059
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
<p>Compensated absences at:</p>		
June 30, 2016		18,826
June 30, 2017		(12,266)
<p>Accrued interest at:</p>		
June 30, 2016		129
June 30, 2017		(107)
Loss on asset disposal		<u>(25,225)</u>
Change in net position of governmental activities	\$	<u><u>(162,354)</u></u>

STATE OF NEW MEXICO

TOWN OF TATUM

GENERAL FUND

Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 25,746	\$ 25,746	\$ 33,596	\$ 7,850
Gross receipts	378,983	378,983	314,467	(64,516)
Gasoline	48,740	48,740	41,498	(7,242)
Intergovernmental - federal grants	-	-	5,960	5,960
Intergovernmental - state grants	160,983	160,983	145,201	(15,782)
Contributions - private grants	68,546	68,546	45,385	(23,161)
Licenses and permits	30,019	30,019	26,064	(3,955)
Fines and forfeitures	83,692	83,692	13,182	(70,510)
Charges for services	15,908	15,908	18,083	2,175
Miscellaneous	<u>3,601</u>	<u>3,601</u>	<u>20,337</u>	<u>16,736</u>
Total revenues	<u>816,218</u>	<u>816,218</u>	<u>663,773</u>	<u>(152,445)</u>
Expenditures:				
Current:				
General government	334,817	334,817	170,999	163,818
Public safety	355,183	297,151	239,974	57,177
Culture and recreation	88,189	88,189	67,788	20,401
Health	-	-	86,561	(86,561)
Capital outlay:				
Equipment	<u>-</u>	<u>58,032</u>	<u>58,032</u>	<u>-</u>
Total expenditures	<u>778,189</u>	<u>778,189</u>	<u>623,354</u>	<u>154,835</u>
<i>Excess of revenues over expenditures</i>	<u>38,029</u>	<u>38,029</u>	<u>40,419</u>	<u>2,390</u>
Other financing sources and financing uses:				
Transfers in	13,409	13,409	20,916	7,507
Transfers out	<u>-</u>	<u>-</u>	<u>(26,126)</u>	<u>(26,126)</u>
Total other financing sources and financing uses	<u>13,409</u>	<u>13,409</u>	<u>(5,210)</u>	<u>(18,619)</u>
<i>Net change in fund balance</i>	51,438	51,438	35,209	(16,229)
Fund balance (deficit) at beginning of the year	<u>(51,438)</u>	<u>(51,438)</u>	<u>96,587</u>	<u>148,025</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>131,796</u>	<u>\$ 131,796</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			6,365	
Change in due from other governments			870	
Change in payables			(3,978)	
Change in accrued liabilities			(7,022)	
Change in due to other funds			4,301	
Change in deferred property taxes			<u>694</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 133,026</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
TOWN OF TATUM

FIRE FUND - NO. 209
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - state grants	\$ 139,368	\$ 139,368	\$ 165,932	\$ 26,564
Contributions - private grants	-	-	14,375	14,375
Charges for services	-	-	16,565	16,565
Investment and interest income	-	-	19	19
Miscellaneous	-	-	686	686
Total revenues	139,368	139,368	197,577	58,209
Expenditures:				
Current:				
Public safety	11,792	11,792	96,491	(84,699)
Capital outlay:				
Equipment	259,459	259,459	259,459	-
Total expenditures	271,251	271,251	355,950	(84,699)
<i>Excess (deficiency) of revenues over expenditures</i>	(131,883)	(131,883)	(158,373)	(26,490)
Fund balance at beginning of the year	-	-	185,652	185,652
Fund balance at end of the year	\$ -	\$ -	27,279	\$ 27,279
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			2,027	
Change in payables			(404)	
Change in accrued liabilities			(95)	
Fund balance at end of the year (GAAP basis)			\$ 28,807	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
TOWN OF TATUM

PROPRIETARY FUNDS
Statement of Net Position
June 30, 2017

	Joint Utility Enterprise Fund #501
Assets	
Current assets:	
Cash and cash equivalents	\$ 42,724
Receivables:	
Accounts (net of allowance for uncollectible)	36,479
Intergovernmental	<u>607</u>
Total current assets	<u>79,810</u>
Noncurrent assets:	
Land	8,320
Improvements other than buildings	2,079,796
Machinery and equipment	826,879
Less: accumulated depreciation	<u>(1,444,223)</u>
Total noncurrent assets	<u>1,470,772</u>
Total assets	<u>1,550,582</u>
Liabilities	
Current liabilities:	
Accounts payable	17,520
Accrued salaries	2,491
Customer deposits	<u>25,186</u>
Total liabilities	48,715
Net position:	
Net investment in capital assets	1,470,772
Unrestricted	<u>31,095</u>
Total net position	<u>\$ 1,501,867</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

TOWN OF TATUM

PROPRIETARY FUNDS

Statement of Revenues, Expenditures, and Changes in Net Position

Year Ended June 30, 2017

	Joint Utility Enterprise Fund #501
Operating revenues:	
Charges for sales and services:	
Gross receipts tax	\$ 7,402
Intergovernmental funds	31,542
Utilities	<u>430,664</u>
Total operating revenues	<u>469,608</u>
Operating expenses:	
Personal services	100,367
Utilities	22,149
Contractual services	14,585
Repairs and maintenance	2,639
Insurance claims and expenses	64,660
Other operating expenses	216,228
Depreciation	<u>93,451</u>
Total operating expenses	<u>514,079</u>
<i>Income (loss) before contributions and transfers</i>	(44,471)
Transfers in	<u>16,000</u>
<i>Change in net position</i>	(28,471)
Net position at beginning of the year	<u>1,530,338</u>
Net position at end of the year	<u>\$ 1,501,867</u>

STATE OF NEW MEXICO
TOWN OF TATUM
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2017

Joint Utility
 Enterprise
Fund #501

CASH FLOWS FROM OPERATING
 ACTIVITIES

Receipts from customers and users	\$ 469,728
Payments to supplies and maintenance	(320,121)
Payments to employees	<u>(106,388)</u>
Net cash used in operating activities	<u>43,219</u>

CASH FLOWS FROM NONCAPITAL
 FINANCING ACTIVITIES

Transfer from other funds	16,000
Payments of taxes	<u>(81)</u>
Net cash provided (used) by capital and related financing activities	<u>15,919</u>

CASH FLOWS FROM CAPITAL AND RELATED
 FINANCING ACTIVITIES

Purchases of capital assets	<u>(45,805)</u>
Net increase (decrease) in cash and cash equivalents	13,333
Cash and cash equivalents, beginning of year	<u>29,391</u>
Cash and cash equivalents, end of year	<u><u>\$ 42,724</u></u>

RECONCILIATION OF OPERATING INCOME
 TO NET CASH PROVIDED (USED) BY
 OPERATING ACTIVITIES

Operating income (loss)	\$ (44,471)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	93,451
(Increase) decrease in assets:	
Accounts receivable	(872)
Increase (decrease) in liabilities:	
Accounts payable	140
Accrued liabilities	(473)
Customer deposits	992
Compensated absences payable	<u>(5,548)</u>
Total adjustments	<u>87,690</u>
Net cash used in operating activities	<u><u>\$ 43,219</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. A summary of the Town of Tatum, New Mexico's significant accounting policies applied in the preparation of these financial statements follows.

A. Reporting Entity

Town of Tatum, New Mexico (Town) was incorporated under provisions of Chapter 3, Article 2, NMSA 1978, and it is administered by a Mayor-Council form of government. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary governments is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Town's financial statements to be misleading or incomplete. The Town provides the usual municipal services with the exception of education, which is administered by other governmental agencies.

The Town's financial statements include all entities over which the Board of Councilors exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the Town (primary government) and its component units. The Town has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

Blended Component Units

Legally separate component units for which the Town is financially accountable are blended with the primary government because they are, in substance, part of the government's operations. Blended means the data from these units are combined with data of the primary government. The Town had no blended component units during the fiscal year ended June 30, 2016.

Discretely Presented Component Units

The financial data of component units are reported in separate columns to emphasize that they are legally separate from the Town. The Town had no discrete component units during the fiscal year ended June 30, 2016.

Related Organizations

The Town appoints members to the boards, but the Town's accountability for the organizations does not extend beyond making these appointments and there is no fiscal dependency of these organizations on the Town.

B. Implementation of New Accounting Principle

During fiscal year 2017, Town of Tatum adopted the following GASB Statements:

- **GASB Statement No. 74**, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement will be effective for the year ended June 30, 2017.
- **GASB Statement No. 77**, Tax Abatement Disclosures, financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principle (cont'd)

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

- **GASB Statement No. 78**, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, the objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

- **GASB Statement No. 80**, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, the objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principle (cont'd)

Other accounting standards that Town of Tatum is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB Statement No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.
- **GASB Statement No. 81**, *Irrevocable Split-Interest Agreements*, the objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 (FYE June 30, 2018), and should be applied retroactively. Earlier application is encouraged.

- **GASB Statement No. 82**, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principle (cont'd)

- **GASB Statement No. 83, *Certain Asset Retirement Obligations*** - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principle (cont'd)

- **GASB Statement No. 84, Fiduciary Activities** – This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

- **GASB Statement No. 85, Omnibus 2017** – The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Specifically, this Statement addresses the following topics:

Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation

Reporting amounts previously reported as goodwill and “negative” goodwill • Classifying real estate held by insurance entities

Measuring certain money market investments and participating interest earning investment contracts at amortized cost

Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus

Recognizing on-behalf payments for pensions or OPEB in employer financial statements

Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB

Classifying employer-paid member contributions for OPEB

Simplifying certain aspects of the alternative measurement method for OPEB

Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principle (cont'd)

- **GASB Statement No. 86, Certain Debt Extinguishment Issues** – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In-Substance Defeasance of Debt Using Only Existing Resources Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

Prepaid Insurance Related to Extinguished Debt – For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

Additional Disclosure for All In-Substance Defeasance Transactions – One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

- **GASB Statement No. 87, Leases** - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. Exceptions to this practice include payments and other charges between the Town's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions affected.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the 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 fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, and enterprise funds, each reported as a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as non-major funds.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. Available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. The Town considers all revenue as available, if collected within 60 days after year-end. Property taxes, sales and use taxes, franchise taxes, occupational privilege taxes, interest revenue, grant revenue, and charges for services are susceptible to accrual. Other receipts, fines, licenses, and permits revenues become measurable and available when cash is received by the Town and are recognized as revenue at that time. Grant revenue is considered available if expected to be collected within one year and all eligibility requirements are met. Expenditures are recorded when the related liability is incurred, except for debt service expenditures, and certain compensated absences and claims and judgments which are recognized when the payment is due.

The government reports the following major governmental funds:

➤ GENERAL FUND

Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

➤ FIRE SPECIAL REVENUE FUND

To account for the revenues and expenditures of fire protection. Funding is provided by allotments from the New Mexico State Fire Marshall's Office. The funds were created under the authority of state statute (section 59A-93-5-8 and 59A-53-5, NMSA 1978 compilation).

The Town reports the following major proprietary funds:

➤ JOINT UTILITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources – which are legally restricted to expenditures for specified purposes.

Capital Projects Funds –used to account for financial resources to be used for the acquisition or construction of major capital facilities

Agency Funds – Agency funds account for miscellaneous assets held by the Town for other funds, governmental units, and individuals. Agency funds are custodial in nature and do not involve measurement of results of operations. The municipal court fund is an agency fund used to account for receipts and disbursements collected by the municipal court.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the administrative expenses cost of sales and services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The effect of inter-fund activity generally has been eliminated from the government-wide financial statements. Exceptions to this practice include payments and other charges between the Town's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions affected.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

E. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

The government'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 investment of the Town's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The Town is also allowed to invest in United States Government obligations. All funds for the Town must follow the above investment policies.

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 present 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

2. *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 from/to other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due from/to other funds.”

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the Town has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the Town has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. Receivable and deferred inflows revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the Town has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

Due from other governments includes amounts due from grantors for grants for specific programs and capital projects. Program and capital grants for capital assets are recorded as receivables and revenues when all eligibility requirements are met. Revenues received in advance of project costs being incurred or for which eligibility requirements have not been met are deferred inflows. In the governmental funds, revenue recognition depends on the timing of cash collections (availability).

The joint utility enterprise fund is responsible for billing and collecting water, sewer, and solid waste fees using a cycle billing system monthly. Revenues relating to future years are classified as deferred inflows. All trade receivables are shown net of an allowance for uncollectible. The Town reviews accounts receivable on a regular basis and all receivable are reported net of uncollectible accounts.

The Town has reviewed its customer base for concentrations of credit risk and has determined that no individual customer or group of customers engaged in similar activities represent a material concentration of credit risk to the Town.

3. *Prepaid Items*

Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

4. Capital assets

Capital assets, which include land, collections, construction in progress, buildings, equipment (software), and infrastructure assets are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The Town does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

Such assets are recorded at cost or estimated cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold of the Town is \$5,000.

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>
Improvements other than buildings	10 to 50
Buildings and improvements	10 to 45
Motor vehicles and motorized equipment	5 to 30
Furniture, machinery, equipment, and software	5 to 30
Infrastructure	10 to 50

No depreciation is recorded for assets held for disposition. Library books and software are depreciated if the single individual cost is \$5,000 or more.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

5. Compensated absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrued to employees. The Town does not pay for unused sick leave upon termination; therefore, amounts are not accrued for sick leave liability.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, 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 discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

7. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The Town has elected to not participate in PERA.

8. *Deferred Outflows of Resources and Deferred Inflows of Resources*

A deferred inflow of resources is an acquisition of net position by the Town that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the Town that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources.

For governmental funds, deferred inflows of resources are comprised of various taxes receivable amounts and special assessments. For proprietary funds, deferred inflows of resources are comprised of unavailable fuel hedge revenues. All revenues related to these deferred inflows of resources have been recognized as revenue in the government-wide statements. Deferred outflows of resources consist of deferred gains or losses on refunded debt. These costs are amortized over the remaining maturity period of the related bond issues under a method that approximates the level interest rate method.

9. *Fund balance*

a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the Town's Council should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the Town's Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Town did not have committed fund balances for the year ended June 30, 2017.

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, (b) that are not classified as non-spendable and are neither restricted nor committed and (c) amounts in the general fund that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Council. The Town did not have assigned fund balances for the year ended June 30, 2017.

e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the Town's policy to use committed first followed by assigned and unassigned resources as they are needed.

10. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. That portion of the debt is included in restricted for capital projects.

b. Restricted Net Position

Net Position are reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted."

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.

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

11. 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted for all funds except agency funds. All budgets are prepared on the Non-GAAP cash basis. All annual appropriations lapse at fiscal yearend. Carry over funds must be appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a reserve portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended by Town Council resolution with approval by the State Department of Finance and Administration. Town department heads may make transfers of appropriations within a fund. The legal level of budgetary control is the fund level. Increases or decreases of appropriations between funds require the approval of the governing Council.

The Town follows the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayers comments. Prior to September 1, the budget is legally enacted through passage of a resolution.

The Town Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council. Expenditures of the Town may not legally exceed appropriations at the level at which the budget is adopted, that is, expenditures in each fund may not exceed the budgeted appropriation for that fund.

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

	<u>Original Budget</u>	<u>Final Budget</u>
General Funds	\$ 778,189	\$ 778,189
Special Revenue Funds	560,996	560,996
Capital Projects Funds	-	-
Proprietary Fund	<u>477,354</u>	<u>477,354</u>
	<u>\$ 1,816,539</u>	<u>\$ 1,816,539</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

B. Budgetary Violations

The Town exceeded its legal budget in the General Fund, Fire Fund, Emergency Medical and Recreation Fund during the year ended June 30, 2017.

	<u>Final Approved Budget</u>	<u>Actual Expenditures</u>	<u>Excess of Approved Budget</u>
Governmental Funds:			
Corrections	\$ 20,795	\$ 23,831	\$ (3,036)
Emergency Medical Services	30,719	31,303	(584)
Fire Fund	271,251	355,950	(84,699)
Recreation	21,756	40,205	(18,449)
Cemetery	205	11,843	(11,638)
Enterprise Fund:			
Joint Utility Enterprise	477,354	514,079	(36,725)

C. Deficit Fund Equity

There was not a deficit fund balance as of June 30, 2017.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

Cash and equivalents are comprised of the following balances:

	<u>Balance</u>
Financial institution:	
Western Commerce Bank	\$ 268,875
Lea County State Bank	15,262
Less unreconciled error	(1,342)
Less net reconciling items	(66,157)
State agencies:	
New Mexico Finance Authority	<u>121</u>
Total cash and equivalents	<u>\$ 216,759</u>

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the direct obligations of the United States government or are agencies sponsored by the United States government. The pool does not have unit shares. Per Section 6-10-10.1(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary.

At June 30, 2017, the carrying amount of the Town's deposits was \$216,759 and the bank balance was \$284,258 with the difference consisting of outstanding checks. Of this balance \$265,262 was covered by federal depository insurance.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. New Mexico 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 of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2017, none of the Town's bank balance of \$284,258 was exposed to custodial risk as follows:

	Western Commerce Bank	Lea County State Bank	New Mexico Finance Authority	Total
Uninsured and Uncollateralized	\$ -	\$ -	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the Organization's name	<u>260,421</u>	<u>-</u>	<u>121</u>	<u>260,542</u>
Total uninsured	18,875	-	121	18,996
Total (FDIC)	<u>250,000</u>	<u>15,262</u>	<u>-</u>	<u>265,262</u>
Total deposits	<u>268,875</u>	<u>15,262</u>	<u>121</u>	<u>284,258</u>
State of New Mexico collateral requirement:				
50% of uninsured public fund bank deposits	\$ 9,438	\$ -	\$ 61	\$ 9,499
Pledged Security	<u>260,421</u>	<u>-</u>	<u>121</u>	<u>260,542</u>
Over collateralization	<u>\$ 250,983</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 251,043</u>

The collateral pledged is listed on Page 65 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, Town or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Town. 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS (cont'd)

B. Receivables

Receivables as of June 30, 2017 are as follows:

	<u>Receivables</u>				<u>Due from Other</u>	
	<u>Delinquent Property Taxes</u>	<u>Grant</u>	<u>Accounts Receivable</u>	<u>Uncollectable</u>	<u>Government</u>	<u>Funds</u>
Governmental funds:						
Major Funds:						
General Fund	\$ 4,005	\$ 36,937	\$ -	\$ -	\$ 421	\$ -
Fire	-	2,026	-	-	-	-
Other Governmental Fund	-	-	31,115	(31,115)	-	-
Business type activities:						
Joint Utilities	-	-	37,650	(1,171)	607	-
Total	<u>\$ 4,005</u>	<u>\$ 38,963</u>	<u>\$ 68,765</u>	<u>\$ (32,286)</u>	<u>\$ 1,028</u>	<u>\$ -</u>

Revenues of the Enterprise Funds are reported net of uncollectible amounts. Total uncollectible amounts related to the revenue are as follows:

<u>Uncollectibles:</u>	
Emergency Medical Services	\$ 31,115
Joint Utility Fund	<u>1,171</u>
Total	<u>\$ 32,286</u>

C. Inter-Fund Receivables and Payables

There were not any inter-fund receivables and payables at June 30, 2017.

D. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2017 were.

	<u>Transfer out</u>	<u>Transfer in</u>
Governmental funds:		
General Fund	\$ 18,800	\$ 26,126
Fire Fund	-	-
Other governmental	9,745	18,419
Business type activities:		
Joint Utility	<u>16,000</u>	<u>-</u>
Total transfers	<u>\$ 44,545</u>	<u>\$ 44,545</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS (cont'd)

B. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 60,368	\$ -	\$ -	\$ 60,368
<u>Capital assets being depreciated:</u>				
Buildings and improvements	3,068,068	-	-	3,068,068
Infrastructure	1,164,608	-	-	1,164,608
Furniture, fixtures, and equipment	<u>2,211,095</u>	<u>336,945</u>	<u>(63,360)</u>	<u>2,484,680</u>
<i>Total capital assets being depreciated</i>	<u>6,443,771</u>	<u>336,945</u>	<u>(63,360)</u>	<u>6,717,356</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,089,814)	(78,325)	-	(2,168,139)
Infrastructure	(463,881)	(53,157)	-	(517,038)
Furniture, fixtures, and equipment	<u>(988,912)</u>	<u>(208,052)</u>	<u>34,431</u>	<u>(1,162,533)</u>
<i>Total accumulated depreciation</i>	<u>(3,542,607)</u>	<u>(339,534)</u>	<u>34,431</u>	<u>(3,847,710)</u>
Total capital assets being depreciated, net	<u>2,901,164</u>	<u>(2,589)</u>	<u>(28,929)</u>	<u>2,869,646</u>
Total capital assets, net	<u>\$2,961,532</u>	<u>\$ (2,589)</u>	<u>\$ (28,929)</u>	<u>\$ 2,930,014</u>

Depreciation has been allocated to the functions by the following amounts:

Depreciation by fund:	
General	\$ 91,935
Public safety	175,354
Culture and recreation	32,365
Public works	-
Health	<u>39,880</u>
Total	<u>\$ 339,534</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Capital Assets (cont'd)

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Business-type activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 8,320	\$ -	\$ -	\$ 8,320
Capital assets being depreciated:				
Utility system	2,079,796	-	-	2,079,796
Furniture, fixtures, and equipment	893,074	45,805	(112,000)	826,879
<i>Total capital assets being depreciated</i>	<u>2,972,870</u>	<u>45,805</u>	<u>(112,000)</u>	<u>2,906,675</u>
Less accumulated depreciation for:				
Utility system	(692,270)	(39,770)	-	(732,040)
Furniture, fixtures, and equipment	(770,502)	(53,681)	112,000	(712,183)
<i>Total accumulated depreciation</i>	<u>(1,462,772)</u>	<u>(93,451)</u>	<u>112,000</u>	<u>(1,444,223)</u>
Total capital assets being depreciated, net	<u>1,510,098</u>	<u>(47,646)</u>	<u>-</u>	<u>1,462,452</u>
Total capital assets, net	<u>\$ 1,518,418</u>	<u>\$ (47,646)</u>	<u>\$ -</u>	<u>\$ 1,470,772</u>

The Schedule of Capital Assets Used by Source and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

C. Long-Term Debt

Revenue Bonds

The Town has issued a note where the Town pledges state law enforcement protection revenues, state gasoline tax revenue, and state law enforcement protection revenue.

<u>Revenue Note</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance</u>	<u>Due Within One Year</u>
Police Vehicles and Equipment	5/1/2020	<u>\$ 98,166</u>	1.237%	<u>\$ 43,137</u>	<u>\$ 14,189</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Revenue Bonds			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2018	\$ 14,189	\$ 654	\$ 14,843
2019	14,364	479	14,843
2020	<u>14,584</u>	<u>260</u>	<u>14,844</u>
Total	<u>\$ 43,137</u>	<u>\$ 1,393</u>	<u>\$ 44,530</u>

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

Changes in long term debt – During the year ended June 30, 2016 the long-term liability activity is as follows:

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-term debt (cont'd)

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>	Amount Due <u>Within One Year</u>
Compensated absences:					
Governmental activities	\$ 18,826	\$ 20,074	\$ 26,634	\$ 12,266	\$ 12,266
Business type activities	<u>9,066</u>	<u>8,115</u>	<u>13,663</u>	<u>3,518</u>	<u>3,518</u>
Total Compensated absences	27,892	28,189	40,297	15,784	15,784
Revenue notes payable	<u>57,196</u>	<u>-</u>	<u>14,059</u>	<u>43,137</u>	<u>14,189</u>
	<u>\$ 85,088</u>	<u>\$ 28,189</u>	<u>\$ 54,356</u>	<u>\$ 58,921</u>	<u>\$ 29,973</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The Bonds and Loans are paid from the general fund, debt service fund and the fire districts.

D. Reserved Fund Balances

The New Mexico Department of Finance and Administration (DFA) requires that 1/12th of the general fund budgeted expenditures be reserved as subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection.

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

Town of Tatum is a member and is insured through the New Mexico Town Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The Town pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The Town is not liable for more than the premiums paid.

B. Simple IRA Retirement Plan

The Town offers its employees the opportunity to participate in a individual retirement plan referred to as a SIMPLE IRA authorized by the Internal Revenue Code section 401(K). The Town has elected to match contributions on employee contributions of up to three percent of compensation. The Town's contribution for the year ended June 30, 2017 was \$3,978.

C. Post-Retirement Health Care Benefits

Plan Description

Town of Tatum contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Eligible retirees are:

- 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement;
- 2) retirees defined by the Act who retired prior to July 1, 1990;
- 3) former legislators who served at least two years; and
- 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Town's contributions to the RHCA for the years ended June 30, 2017, was \$6,889, which equal the required contribution

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

D. Contingent Liabilities

Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial

E. Subsequent Events

Subsequent events were evaluated through October 20, 2017, which is the date the financial statements were available to be issued.

MAJOR PROPRIETARY FUND

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STATE OF NEW MEXICO
TOWN OF TATUM

JOINT UTILITY ENTERPRISE FUND - NO. 501
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Operating revenues:				
Charges for sales and services:				
Gross receipts tax	\$ 8,898	\$ 8,898	\$ 7,402	\$ (1,496)
Charges for sales and services:	428,495	428,495	430,664	2,169
Intergovernmental funds	11,000	11,000	31,542	20,542
Total operating revenues	448,393	448,393	469,608	21,215
Operating expenses:				
Personal services	477,354	100,368	100,367	1
Utilities	-	22,150	22,149	1
Contractual services	-	14,586	14,585	1
Repairs and maintenance	-	2,639	2,639	-
Insurance claims and expenses	-	64,660	64,660	-
Other operating expenses	-	179,500	216,228	(36,728)
Depreciation	-	93,451	93,451	-
Total operating expenses	477,354	477,354	514,079	(36,725)
<i>Income (loss) before contributions and transfers</i>	(28,961)	(28,961)	(44,471)	57,940
Transfers in	6,570	6,570	16,000	-
Transfers out	-	-	-	-
<i>Change in net position</i>	(22,391)	(22,391)	(28,471)	57,940
<i>Beginning cash balance budgeted</i>	22,391	22,391	-	22,391
Net position at beginning of the year	-	-	1,530,338	1,530,338
Net position at end of the year	\$ -	\$ -	1,501,867	\$ 3,118,616
RECONCILIATION TO GAAP BASIS:				
Change in accrued liabilities			-	
Net position at end of the year (GAAP basis)			\$ 1,501,867	

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NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

LOCAL GOVERNMENT CORRECTION FUND Minimum Balance: None

To account for the fees assessed by the municipal judge and collected by the municipality. Those revenues are legally restricted to expenditures for jail related costs. The fund was established by local ordinance in order to comply with Section 35-14-11, NMSA 1978.

EMERGENCY MEDICAL SERVICES (EMS) Minimum Balance: None

To accounts for the state emergency medical services grant, to be used for specific medical services provided through fire department activities. The municipality also accounts for all ambulance revenues for services provided. This state grant comes through the New Mexico Department of Health per EMS regulation DOH 94-11. The fund was created by local ordinance. Section 24-10A-1 to 24-10A-10, NMSA 1978 provides funds to municipalities for use in the establishment and enhancement of local emergency medical services. Section 24-10A-7, NMSA 1978 restricts expenditures from the fund from only emergency medical services.

LAW ENFORCEMENT PROTECTION FUND Minimum Balance: None

To account for the state grant to be used for the repair and/or replacement of law enforcement equipment, according to state law, section 29-13.1 through 29-13.9, NMSA 1978. The fund was established by local ordinance to comply with state statutes. Section 29-13-17A, NMSA 1978 limits distributions from the fund for law enforcement related expenditures, including, but not limited to, the purchase of equipment, expenses associated with advanced law enforcement planning and training.

RECREATION SPECIAL REVENUE FUND Minimum Balance: None

To account for receipts which are restricted for use in recreational areas only. The fund was established by local ordinance.

SENIOR CITIZENS FUND Minimum Balance: None

To account for the operation and maintenance of the senior citizens transportation and health awareness program. The municipality provides out-of-town transportation for senior citizens seeking medical services. Funding is provided by federal, state, and local sources. The federal funding source is: Title III-B funded by the United States Department of Health and Human Services and passed through the state of New Mexico. The state funds are authorized by the New Mexico General Appropriations Act (Chapter 3, 1999 Laws of New Mexico). The fund was established by local ordinance.

CEMETERY FUND Minimum Balance: None

To account for funds received from sale of lots and donations for the purpose of maintaining a community cemetery. The fund was established by local ordinance authorized by Section 3-40-1, NMSA 1978.

SPECIAL BUILDING FUND Minimum Balance: None

To account for revenues and expenditures associated with the rental and maintenance of a municipal building used as a grocery store for the residents of the Town. The fund was established by local ordinance.

Capital Project Funds

CDBG FUND Minimum Balance: None

To account for funds used to purchase and construct capital improvements.

STATE OF NEW MEXICO
TOWN OF TATUM

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Corrections Fund #201	Emergency Medical Services Fund #206	Law Protection Fund #211	Recreation Fund #217
Assets				
Cash and cash equivalents	\$ 2	\$ 8,173	\$ 122	\$ 2,588
 Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ 2,223	\$ -	\$ -
Accrued salaries	-	95	-	-
Total liabilities	-	2,318	-	-
Fund balance:				
Restricted for:				
Special revenue funds	2	5,855	122	2,588
Capital projects funds	-	-	-	-
Total fund balance	2	5,855	122	2,588
 Total liabilities and fund balance	\$ 2	\$ 8,173	\$ 122	\$ 2,588

(cont'd; 1 of 3)

STATE OF NEW MEXICO
TOWN OF TATUM

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			Total Non-Major Special Revenue Funds
	Senior Center Fund #219	Cemetery Fund #221	Special Building Fund #299	Funds
Assets				
Cash and cash equivalents	\$ -	\$ 16,882	\$ 803	\$ 28,570
 Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ 367	\$ -	\$ 2,590
Accrued salaries	-	-	-	95
Total liabilities	-	367	-	2,685
Fund balance:				
Restricted for:				
Special revenue funds	-	16,515	803	25,885
Capital projects funds	-	-	-	-
Total fund balance	-	16,515	803	25,885
 Total liabilities and fund balance	\$ -	\$ 16,882	\$ 803	\$ 28,570

(cont'd; 2 of 3)

STATE OF NEW MEXICO
TOWN OF TATUM

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	<u>CDBG</u> <u>Fund #300</u>	<u>Total Nonmajor</u> <u>Governmental</u> <u>Funds</u>
Assets		
Cash and cash equivalents	\$ 11	\$ 28,581
Liabilities and fund balance		
Liabilities:		
Accounts payable	\$ -	\$ 2,590
Accrued salaries	<u>-</u>	<u>95</u>
Total liabilities	<u>-</u>	<u>2,685</u>
Fund balance:		
Restricted for:		
Special revenue funds	-	25,885
Capital projects funds	<u>11</u>	<u>11</u>
Total fund balance	<u>11</u>	<u>25,896</u>
Total liabilities and fund balance	<u>\$ 11</u>	<u>\$ 28,581</u>

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STATE OF NEW MEXICO
TOWN OF TATUM

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2017

Special Revenue Funds

	<u>Corrections</u> <u>Fund #201</u>	Emergency <u>Medical Services</u> <u>Fund #206</u>	<u>Law Protection</u> <u>Fund #211</u>	<u>Recreation</u> <u>Fund #217</u>
Revenues:				
Intergovernmental - state grants	-	7,000	21,200	-
Contributions - private grants	-	14,375	-	30,578
Licenses and permits	544	-	-	-
Fines and forfeitures	11,714	-	-	-
Charges for services	2,109	9,849	-	-
Investment and interest income	-	-	44	-
Miscellaneous	-	79	-	1,930
Total revenues	<u>14,367</u>	<u>31,303</u>	<u>21,244</u>	<u>32,508</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	23,831	33,042	6,702	-
Culture and recreation	-	-	-	19,816
Health	-	-	-	-
Capital outlay	-	-	-	19,453
Debt service:				
Principal retirement	-	-	14,059	-
Bond interest paid	-	-	785	-
Total expenditures	<u>23,831</u>	<u>33,042</u>	<u>21,546</u>	<u>39,269</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,464)</u>	<u>(1,739)</u>	<u>(302)</u>	<u>(6,761)</u>
Other financing sources and financing uses:				
Transfers in	-	-	-	8,745
Transfers out	<u>(4,815)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and financing uses	<u>(4,815)</u>	<u>-</u>	<u>-</u>	<u>8,745</u>
<i>Net change in fund balance</i>	(14,279)	(1,739)	(302)	1,984
Fund balance (deficit) at beginning of the year	<u>14,281</u>	<u>7,594</u>	<u>424</u>	<u>604</u>
Fund balance at end of the year	<u>\$ 2</u>	<u>\$ 5,855</u>	<u>\$ 122</u>	<u>\$ 2,588</u>

(cont'd; 1 of 3)

STATE OF NEW MEXICO
TOWN OF TATUM

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2017

	Special Revenue Funds			
	Senior Center Fund #219	Cemetery Fund #221	Special Building Fund #299	Total Nonmajor Special Revenue Funds
Revenues:				
Intergovernmental - state grants	-	-	-	28,200
Contributions - private grants	-	-	-	44,953
Licenses and permits	-	-	-	544
Fines and forfeitures	-	-	-	11,714
Charges for services	-	7,650	2,500	22,108
Investment and interest income	-	-	-	44
Miscellaneous	-	-	-	2,009
Total revenues	-	7,650	2,500	109,572
Expenditures:				
Current:				
General government	-	-	11,843	11,843
Public safety	-	-	-	63,575
Culture and recreation	-	-	-	19,816
Health	-	1,744	-	1,744
Capital outlay	-	-	-	19,453
Debt service:				
Principal retirement	-	-	-	14,059
Bond interest paid	-	-	-	785
Total expenditures	-	1,744	11,843	131,275
<i>Excess (deficiency) of revenues over expenditures</i>	-	5,906	(9,343)	(21,703)
Other financing sources and financing uses:				
Transfers in	-	-	-	8,745
Transfers out	(13,604)	-	-	(18,419)
Total other financing sources and financing uses	(13,604)	-	-	(9,674)
<i>Net change in fund balance</i>	(13,604)	5,906	(9,343)	(31,377)
Fund balance (deficit) at beginning of the year	13,604	10,609	10,146	57,262
Fund balance at end of the year	\$ -	\$ 16,515	\$ 803	\$ 25,885

(cont'd; 2 of 3)

STATE OF NEW MEXICO
TOWN OF TATUM

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2017

	CDBG <u>Fund #300</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:		
Intergovernmental - state grants	-	28,200
Contributions - private grants	-	44,953
Licenses and permits	-	544
Fines and forfeitures	-	11,714
Charges for services	-	22,108
Investment and interest income	-	44
Miscellaneous	<u>1</u>	<u>2,010</u>
Total revenues	<u>1</u>	<u>109,573</u>
Expenditures:		
Current:		
General government	-	11,843
Public safety	-	63,575
Culture and recreation	-	19,816
Health	-	1,744
Capital outlay	-	19,453
Debt service:		
Principal retirement	-	14,059
Bond interest paid	<u>-</u>	<u>785</u>
Total expenditures	<u>-</u>	<u>131,275</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1</u>	<u>(21,702)</u>
Other financing sources and financing uses:		
Transfers in	1,000	9,745
Transfers out	<u>-</u>	<u>(18,419)</u>
Total other financing sources and financing uses	<u>1,000</u>	<u>(8,674)</u>
<i>Net change in fund balance</i>	1,001	(30,376)
Fund balance (deficit) at beginning of the year	<u>(990)</u>	<u>56,272</u>
Fund balance at end of the year	<u>\$ 11</u>	<u>\$ 25,896</u>

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NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY PRESENTATION

STATE OF NEW MEXICO
TOWN OF TATUM

CORRECTIONS FUND - NO. 201
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 544	\$ 544
Fines and forfeitures	40,131	40,131	11,714	(28,417)
Charges for services	<u>218</u>	<u>218</u>	<u>2,109</u>	<u>1,891</u>
Total revenues	40,349	40,349	14,367	(25,982)
Expenditures:				
Current:				
Public safety	<u>20,795</u>	<u>20,795</u>	<u>23,831</u>	<u>(3,036)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>19,554</u>	<u>19,554</u>	<u>(9,464)</u>	<u>(29,018)</u>
Other financing sources and financing uses:				
Transfers in	13,409	13,409	-	(13,409)
Transfers out	<u>-</u>	<u>-</u>	<u>(4,815)</u>	<u>(4,815)</u>
Total other financing sources and financing uses	<u>13,409</u>	<u>13,409</u>	<u>(4,815)</u>	<u>(18,224)</u>
<i>Net change in fund balance</i>	32,963	32,963	(14,279)	(47,242)
<i>Beginning cash balance budgeted</i>	(32,963)	(32,963)	-	32,963
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>14,281</u>	<u>14,281</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 2</u>	

STATE OF NEW MEXICO
TOWN OF TATUM

EMERGENCY MEDICAL SERVICES FUND - NO. 206
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Contributions - private grants	26,325	26,325	14,375	(11,950)
Charges for services	-	-	9,849	9,849
Miscellaneous	-	-	79	79
Total revenues	33,325	33,325	31,303	(2,022)
Expenditures:				
Current:				
Public safety	30,719	30,719	31,640	(921)
<i>Excess (deficiency) of revenues over expenditures</i>	2,606	2,606	(337)	(2,943)
<i>Beginning cash balance budgeted</i>	(2,606)	(2,606)	-	2,606
Fund balance at beginning of the year	-	-	7,594	7,594
Fund balance at end of the year	\$ -	\$ -	7,257	\$ 7,257
RECONCILIATION TO GAAP BASIS:				
Change in payables			(1,307)	
Change in accrued liabilities			(95)	
Fund balance at end of the year (GAAP basis)			\$ 5,855	

STATE OF NEW MEXICO
TOWN OF TATUM

LAW PROTECTION FUND - NO. 211
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 36,644	\$ 36,644	\$ 21,200	\$ (15,444)
Investment and interest income	-	-	44	44
Total revenues	36,644	36,644	21,244	(15,400)
Expenditures:				
Current:				
Public safety	6,956	6,956	6,702	254
Debt service:				
Principal retirement	14,844	14,844	14,059	785
Bond interest paid	-	-	785	(785)
Total expenditures	21,800	21,800	21,546	254
<i>Excess (deficiency) of revenues over expenditures</i>	14,844	14,844	(302)	(15,146)
<i>Beginning cash balance budgeted</i>	(14,844)	(14,844)	-	14,844
Fund balance at beginning of the year	-	-	424	424
Fund balance at end of the year	\$ -	\$ -	122	\$ 122
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 122	

STATE OF NEW MEXICO
TOWN OF TATUM

RECREATION FUND - NO. 217
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ 21,877	\$ 21,877	\$ 43,614	\$ 21,737
Miscellaneous	-	-	1,930	1,930
Total revenues	21,877	21,877	45,544	23,667
Expenditures:				
Current:				
Culture and recreation	-	-	20,752	(20,752)
Capital outlay:				
Equipment	21,756	21,756	19,453	2,303
Total expenditures	21,756	21,756	40,205	(18,449)
<i>Excess of revenues over expenditures</i>	121	121	5,339	5,218
Other financing sources:				
Transfers in	-	-	8,745	8,745
<i>Net change in fund balance</i>	121	121	14,084	13,963
<i>Beginning cash balance budgeted</i>	(121)	(121)	-	121
Fund balance at beginning of the year	-	-	604	604
Fund balance at end of the year	\$ -	\$ -	14,688	\$ 14,688
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(13,036)	
Change in payables			936	
Fund balance at end of the year (GAAP basis)			\$ 2,588	

STATE OF NEW MEXICO
TOWN OF TATUM

SENIOR CENTER FUND - NO. 219
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 2,946	\$ 2,946	\$ -	\$ (2,946)
Intergovernmental - state grants	<u>37,487</u>	<u>37,487</u>	-	<u>(37,487)</u>
Total revenues	40,433	40,433	-	(40,433)
Expenditures:				
Current:				
Health	<u>189,374</u>	<u>189,374</u>	-	<u>189,374</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(148,941)</u>	<u>(148,941)</u>	-	<u>148,941</u>
Other financing sources and financing uses:				
Transfers in	40,525	40,525	-	(40,525)
Transfers out	<u>-</u>	<u>-</u>	<u>(15,720)</u>	<u>(15,720)</u>
Total other financing sources and financing uses	<u>40,525</u>	<u>40,525</u>	<u>(15,720)</u>	<u>(56,245)</u>
<i>Net change in fund balance</i>	(108,416)	(108,416)	(15,720)	92,696
<i>Beginning cash balance budgeted</i>	108,416	108,416	-	(108,416)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>13,604</u>	<u>13,604</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(2,116)</u>	<u>\$ (2,116)</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>2,116</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TOWN OF TATUM

CEMETARY FUND - NO. 221
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 900	\$ 900	\$ 7,650	\$ 6,750
Expenditures:				
Current:				
Health	<u>5,096</u>	<u>5,096</u>	<u>1,397</u>	<u>3,699</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,196)	(4,196)	6,253	10,449
<i>Beginning cash balance budgeted</i>	4,196	4,196	-	(4,196)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>10,609</u>	<u>10,609</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	16,862	<u>\$ 16,862</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>(347)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 16,515</u>	

STATE OF NEW MEXICO
TOWN OF TATUM

SPECIAL BUILDING FUND - NO. 299
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ 6,000	\$ 6,000	\$ 2,500	\$ (3,500)
Expenditures:				
Current:				
General government	<u>205</u>	<u>205</u>	<u>11,843</u>	<u>(11,638)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	5,795	5,795	(9,343)	(15,138)
<i>Beginning cash balance budgeted</i>	(5,795)	(5,795)	-	5,795
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>10,146</u>	<u>10,146</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>803</u>	<u><u>\$ 803</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 803</u></u>	

STATE OF NEW MEXICO
TOWN OF TATUM

CDBG FUND - NO. 300

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 178,045	\$ 178,045	\$ 178,045	\$ -
Licenses and permits	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	178,045	178,045	178,046	1
Expenditures:				
Capital outlay:				
Equipment	<u>-</u>	<u>-</u>	<u>178,045</u>	<u>(178,045)</u>
<i>Excess of revenues over expenditures</i>	178,045	178,045	1	(178,044)
Other financing sources:				
Transfers in	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<i>Net change in fund balance</i>	179,045	179,045	1,001	(178,044)
<i>Beginning cash balance budgeted</i>	(179,045)	(179,045)	-	179,045
Fund balance (deficit) at beginning of the year	<u>-</u>	<u>-</u>	<u>(990)</u>	<u>(990)</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>11</u>	<u>\$ 11</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance (deficit) at end of the year (GAAP basis)			<u>\$ 11</u>	

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OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO

TOWN OF TATUM

FIDUCIARY FUNDS

**Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2017**

ASSETS	<u>Balance</u> <u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Pooled cash and investments	\$ 1,502	\$ -	\$ 1,502	\$ -
 LIABILITIES				
Deposits held for others	\$ 1,502	\$ -	\$ 1,502	\$ -

STATE OF NEW MEXICO
TOWN OF TATUM

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2017

	<u>Western Commerce Bank</u>	<u>Lea County Bank</u>	<u>New Mexico Finance Authority</u>	<u>Total</u>
Cash on deposit at June 30, 2017	\$ 268,875	\$ 15,262	\$ 121	\$ 284,258
Less: FDIC coverage	229,121	175,344	-	404,465
Uninsured funds	<u>\$ 39,754</u>	<u>\$ (160,082)</u>	<u>\$ 121</u>	<u>\$ (120,207)</u>
50% collateral requirement	\$ 19,877	\$ (80,041)	\$ 61	\$ (60,103)
Pledged collateral	<u>260,421</u>	<u>-</u>	<u>121</u>	<u>260,542</u>
Excess (deficiency) of pledged collateral	<u>\$ 240,544</u>	<u>\$ 80,041</u>	<u>\$ 60</u>	<u>\$ 320,645</u>

Pledged collateral of financial institutions consists of the following at June 30, 2017

Western Commerce Bank:	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FNMA #770744	4/1/2034	N/A	\$ 114,096
FHLMC Gold #G02198	5/1/2036	N/A	146,325
			<u>\$ 260,421</u>

The above securities are held at Federal Home Bank, Dallas, TX

State of New Mexico:

Detail of pledged collateral specific to the Town is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors pledged collateral for all state funds.

Reconciliation to Financial Statements:

Bank Balances	\$ 268,875	\$ 15,262	\$ 121	\$ 284,258
Reconciling items:				
Deposits in transit	299	-	-	299
Outstanding checks	(62,571)	(3,885)	-	(66,456)
Total per books	<u>\$ 206,603</u>	<u>\$ 11,377</u>	<u>\$ 121</u>	218,101
Cash on hand				-
Unreconciled amounts				<u>(1,342)</u>
Total per financial statements				<u>\$ 216,759</u>
Financial Statements				
Cash and cash equivalents				174,035
Business-type activities				42,724
Total per financial statements				<u>\$ 216,759</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
TOWN OF TATUM

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2017

		<u>Bank Balance</u>	<u>Outstanding Deposits</u>	<u>Outstanding Checks</u>	<u>Carry Balance</u>
<u>Western Commerce Bank</u>					
Operational	Interest	\$ 168,619	\$ 299	\$ (57,711)	\$ 111,207
Detention	Interest	543	-	-	543
Ambulance	Interest	9,465	-	(1,303)	8,162
Ambulance	Interest	1,866	-	(1,855)	11
Fire Fund	Interest	17,722	-	-	17,722
Law Enforcement	Interest	1,266	-	(1,265)	1
Municipal Courts	Interest	2	-	-	2
Recreation Checking	Interest	2,659	-	(71)	2,588
Senior Checking	Interest	1	-	-	1
Senior Advisory	Interest	4,504	-	-	4,504
Special Building	Interest	803	-	-	803
Municipal Utility	Interest	22,262	-	(366)	21,896
Water Meter Deposits	Interest	21,180	-	-	21,180
CDBG Funds	Interest	11	-	-	11
Cemetery	Interest	16,882	-	-	16,882
MVD	Interest	1,090	-	-	1,090
<u>Lea County State Bank</u>					
Fire Fund	Interest	15,262	-	(3,885)	11,377
<u>New Mexico Finance Authority:</u>					
Account	Interest	121	-	-	121
Total		<u>\$ 284,258</u>	<u>\$ 299</u>	<u>\$ (66,456)</u>	<u>\$ 218,101</u>

(2 of 2)

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

Schedule of Findings and Responses:

Summary of Auditor's Results

Financial Statement Findings

Summary Schedule of Prior Year Audit Findings

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor
Members of the Town of Tatum Councilors

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Town of Tatum as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Tatum's basic financial statements, and the combining and individual funds and related budgetary comparisons of Town of Tatum, presented as supplemental information, and have issued our report thereon dated October 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Town of Tatum'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 on the effectiveness of Town of Tatum's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Tatum'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Tatum's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. We did not identify any deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Tim Keller, State Auditor
Members of the Town of Tatum Councilors

Compliance and other matters

As part of obtaining reasonable assurance about whether Town of Tatum's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported pursuant to Government Auditing Standards and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2017-001 through 2017-003.

Town of Tatum's Response to Findings

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

Purpose of this Report

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

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 20, 2017

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	<u>✓</u>	—
Significant Deficiency(ies) identified?	—	<u>✓</u>	—
Noncompliance material to financial statements noted?	—	<u>✓</u>	—

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2017-001 – EXPENDITURES IN EXCESS OF BUDGET (Original Finding No. 2011-005)

Other Matter (Does not rise to the level of a significant deficiency)

(Repeat of prior year finding, updated and revised)

Condition: Certain funds had expenditures that were paid in excess of the final adopted budget established for those funds. The following funds over expensed their budgets. The town has continued to have an issue with the budget tracking process

	Final Approved <u>Budget</u>	Actual <u>Expenditures</u>	Excess of Approved <u>Budget</u>
Governmental Funds:			
Corrections	\$ 20,795	\$ 23,831	\$ (3,036)
Emergency Medical Services	30,719	31,303	(584)
Fire Fund	271,251	355,950	(84,699)
Recreation	21,756	40,205	(18,449)
Cemetary	205	11,843	(11,638)
Enterprise Fund:			
Joint Utility Enterprise	477,354	514,079	(36,725)

Criteria: According to NMSA 1978 Section 6.6.6 all fiscal agents of public monies have a responsibility to monitor spending to comply with established budget guidelines. NMAC 2.2.2.10 P(1) requires a finding when actual expenditures exceed budgeted expenditures.

Cause: Improper monitoring of line item expenditures by comparing budgeted amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of line item budgets, to occur.

Effect of condition: Violation of NMSA 1978 Section 6.6.6. Expenditures were made without the approval of the New Mexico Department of Finance.

Recommendation: Current policies and procedures provide for methods to change original approved budget expenses when necessary. Management should immediately implement and enforce internal controls to insure that no expenditures be charged against an item until proper approval, based on guidelines established by the New Mexico Department of Finance, have been received. When adherence is made to these policies, discipline then becomes established beginning at the requisition level.

Management's response: Town of Tatum accepts this finding. A rudimentary budget tracking worksheet has been established which tracks monthly expenditures v budgeted amounts by item, by fund, has been established. This should alert department managers to potential over-runs in time to avoid being over budget by year-end.

Person/position responsible for overseeing corrective actions: Clerk/Treasurer is responsible for implementing monitoring process through use of a spreadsheet comparing year-to-date expenditures with budget. Department managers are responsible for reviewing the data and making adjustments.

Timeline for corrective actions: This procedure started with the first quarter of 2017-2018 and will continue on a monthly basis until the need for any budget adjustments is addressed by May 31, 2018 and a budget adjustment is filed with the state by that date.

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017-002 – BUDGET LINE ITEMS(S) OVER EXPENDED (Original Finding No. 2015-003)

Other Matter (Does not rise to the level of a significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The following funds had unfavorable variances between budgeted amounts at fiscal yearend: The Town is working to improve the budget tracking process.

Governmental Funds:			
Corrections	Public safety	\$	3,036
Emergency Medical Services	Public safety	\$	921
Fire Fund	Public safety	\$	84,699
Recreation	Culture and recreation	\$	20,752
CDBG Fund	Capital outlay	\$	178,045
Business-type Activity Funds:			
Other operating expense		\$	56,726

Criteria: According to NMSA 1978 Section 6-610 Any member of any board of county commissioners, or of any local school board, or of any governing board or council of any municipality, or any other official who shall violate the provisions of Sections 6-6-7 through 6-6-10 NMSA 1978 [6-6-7, 6-6-9 and 6-6-10 NMSA 1978] shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than five hundred dollars (\$500) or by imprisonment for not more than six months or both [and] upon conviction under the section the position shall be declared vacant. Any official whose duty it is to allow claims and issue warrants therefor, who issues warrants or evidences of indebtedness contrary to the provisions of Sections 6-6-7 through 6-6-10 NMSA 1978 [6-6-7, 6-6-9 and 6-6-10 NMSA 1978] shall be liable to his respective county, school district or municipality for such violations and recovery may be made against the bondsmen of such official.

Cause: Improper monitoring of line item expenditures by comparing budgeted amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of line item budgets, to occur.

Effect of condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. Over expended budget line item could lead to expenditures being paid in excess of the authorized budget.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Councilors and State Department of Finance (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response Town of Tatum accepts this finding. Budget Adjustment request was made July 31, 2017 and accepted by DFA, with detailed explanations for overages, some of which were strictly due to timing of deposits at year-end. Again, because Quickbooks does not furnish adequate methods for budget tracking, a rudimentary budget tracking worksheet has been established.

Person/position responsible for overseeing corrective actions: Clerk/Treasurer is responsible for implementing monitoring process through use of a spreadsheet comparing year-to-date expenditures with budget. Department managers are responsible for reviewing the data and making adjustments

Timeline for corrective actions: This procedure started with the first quarter of 2017-2018 and will continue on a monthly basis until the need for any budget adjustments is addressed by May 31, 2018 and a budget adjustment is filed with the state by that date.

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017-003 – BANK ACCOUNTS WERE NOT RECONCILED TO GENERAL LEDGER

Other Matter (Does not rise to the level of a significant deficiency)

Condition: The reconciliations for bank accounts were not reconciled to the general ledger by \$1,342. The Water Utility account was out of balance by \$352 the checks that made up this amount cleared the bank in July, but for some reason they were not included in the bank reconciliation, and the MVD account was out of balance by \$990.

Criteria: Bank statements should be reconciled to the balances in the general ledger and subsidiary accounts as required by 1978 NMSA 6-10-2 and 6-NMAC-2.2.1.14.11 in a timely manner.

Effect of condition: The district is not in compliance with 1978 NMSA 6-10-2.

Cause: The accounting software reconciliation did not tie to the general ledger

Recommendation: The accounting software should be correctly setup when an entity begins operations.

Management's response: Town of Tatum accepts this finding and will very carefully monitor the establishment of new accounts. Also better procedures for handling bank errors are being utilized to accurately reflect on the books the impact of MVD transaction errors originating with the State.

Person/position responsible for overseeing corrective actions: Clerk/Treasurer and Deputy Clerk/Treasurer are responsible for bank reconciliations and for properly accounting for stale dated checks, duplicate deposits, and other items creating cash imbalances. These procedures have been in place all along but will be followed more stringently to avoid discrepancies.

Timeline for corrective actions: It is anticipated that errors will be eliminated in 2017-2018 and that cash will be in balance by June 30, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

I. NOT RESOLVED

2011-005 – EXPENDITURES WERE PAID IN EXCESS OF LEGALLY ADOPTED BUDGETED

Current Status: Not resolved. Repeated in the current year.

2015-003 – BUDGET LINE ITEMS(S) OVER EXPENDED

Current Status: Not resolved. Repeated in the current year.

II. RESOLVED

2011-009 – DOCUMENTED ACCOUNTING PROCEDURES

Current Status: Resolved. Not repeated in the current year.

2015-002 – TIMELY DEPOSIT OF CASH RECEIPTS

Current Status: Resolved. Not repeated in the current year.

REQUIRED DISCLOSURE

YEAR ENDED JUNE 30, 2017

The financial statements were prepared by the independent public accountants.

An exit conference was held October 23, 2017, during which the audit findings were discussed. The exit conference was attended by the following individuals:

TOWN OF TATUM

Marilyn J. Burns	Mayor
Lynn J Stevens	Clerk Treasurer
Mandy Day	Assistant Clerk

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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