

STATE OF NEW MEXICO
TOWN OF SPRINGER
ANNUAL FINANCIAL REPORT
JUNE 30, 2008

INTRODUCTORY SECTION

STATE OF NEW MEXICO

Town of Springer

Official Roster

June 30, 2008

Name

Title

Town Council

Johnny Chavez

Mayor

Michael Kear

Town Trustee

Tony A. King

Town Trustee

Albert Romero

Town Trustee

Arthur Martinez

Town Trustee

Administrative Officials

Leticia Torres

Clerk Treasurer

Teresa Montoya

Deputy Clerk

Brianna Gonzales

Billings Clerk

STATE OF NEW MEXICO

Town of Springer

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Town of Springer

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FINANCIAL SECTION



Accounting & Consulting Group, LLP

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
To the Honorable Mayor and Town Councilors
Town of Springer
Springer, New Mexico

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds, and the aggregate remaining fund information of the Town of Springer (Town) as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the Town's nonmajor governmental funds, nonmajor proprietary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Town of Springer's management.

The Town has not maintained adequate accounting records. As explained further in FS 06-09, the Town lacks internal controls over its cash. Cash was required to be restated by \$160,902. As explained in Finding 06-07, receipts are not sequentially numbered. Revenues and expenses for the year can not be traced back to the cash balance per their bank statements. Documentation for expenditures is substantively missing. The Town did not have pay rate schedules to support the amount they are paying their employees. There is no documentation to support manual journal entries made through out the year or for budget adjustments made. The delinquent accounts receivable cannot be stratified by age to facilitate the determination of allowances for doubtful accounts. As a result of these internal control problems the Town has inadequate documentation to show that: all its revenue transactions and events that should have been recorded are recorded; that revenue amounts and related data were recorded appropriately; that revenue transactions and events that occurred have been recorded in the correct accounting period; or that revenue transactions and events have been recorded in the proper accounts. As a result of these internal control problems the Town has inadequate documentation to show that: all its expenditure transactions and events that should have been recorded are recorded; that expenditure amounts and related data were recorded appropriately; that expenditure transactions and events that occurred have been recorded in the correct accounting period; or that expenditure transactions and events have been recorded in the proper accounts. As a result of these internal control problems the Town does not have adequate evidence that all cash that should be recorded is recorded in its various funds. The Town's records do not permit the application of other auditing procedures to its revenues, expenditures and cash.

As further explained in FS 03-08 the Town lacks information about its capital assets. The Town could not provide the auditors with lists of its capital assets at historical cost, showing when each item was purchased, for the governmental activities or for the business-type activities. The Town does not have depreciation schedules for its capital assets. The Town does not have a system of internal controls in place to safeguard its assets or to ensure that the capital assets are not misstated in the Town's financial statements. As a result of these problems with its capital assets the Town's management cannot assert the existence of its capital assets, its right to those assets, that all assets

Certified Public Accountants

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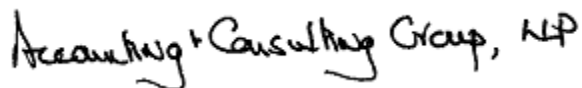
that should be included are included, or the proper valuation of its capital assets. The Town's records do not permit the application of other auditing procedures to the Town's capital assets.

Because we were unable to obtain adequate supporting documentation for the Town's revenues, expenditures, cash, and capital assets, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the governmental activities, the business-type activities, each major fund, the budgetary comparisons of the general fund or the major special revenue funds or the aggregate remaining fund information of the Town. Also, because we were unable to obtain adequate supporting documentation for the Town's revenues, expenditures, cash, and capital assets, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the Town's nonmajor governmental funds, or the budgetary comparisons presented as supplementary information.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2009 on our consideration of the Town'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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

We were engaged for the purpose of forming opinions on the Town's basic financial statements, combining and individual fund financial statements, and budgetary comparisons. Schedule I through III are also presented for purposes of additional analysis and are not a required part of the basic financial statements. Due to the Town's deficiencies in internal controls over the information presented in these schedules and the resulting lack of adequate documentation, the scope of our work was not sufficient to enable us to express, and we do not express an opinion regarding whether they are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Accounting & Consulting Group, LLP
Certified Public Accountants
Albuquerque, New Mexico
June 5, 2009

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Town of Springer

Statement of Net Assets

June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 222,181	\$ 478,716	\$ 700,897
Receivables:			
Property taxes receivable	7,638	-	7,638
Gross receipts taxes	42,538	-	42,538
Gasoline and oil taxes	1,643	-	1,643
Licenses and fees	5,312	-	5,312
State intergovernmental grants	9,861	2,055	11,916
Utilities receivables	-	211,529	211,529
Tenant receivables	-	2,380	2,380
Prepays	-	8,177	8,177
Inventory	-	91,990	91,990
Internal balances	(409,331)	230,712	(178,619)
Total current assets	(120,158)	1,025,559	905,401
Noncurrent assets			
Restricted cash and cash equivalents	-	15,947	15,947
Unamortized bond issuance costs	-	6,561	6,561
Capital assets	2,688,301	9,250,706	11,939,007
Less: accumulated depreciation	(983,716)	(4,887,895)	(5,871,611)
Total noncurrent assets	1,704,585	4,385,319	6,089,904
Total assets	\$ 1,584,427	\$ 5,410,878	\$ 6,995,305

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 15,924	\$ 67,596	\$ 83,520
Accrued payroll expenses	15,955	8,973	24,928
Accrued compensated absences	-	2,977	2,977
Accrued interest	-	31,419	31,419
Meter and other refundable deposits	-	12,581	12,581
Current portion of bonds payable	-	12,782	12,782
Current portion of notes payable and capital leases	12,449	-	12,449
Total current liabilities	<u>44,328</u>	<u>136,328</u>	<u>180,656</u>
Noncurrent liabilities			
Accrued compensated absences	11,414	12,785	24,199
Bonds payable		1,047,019	1,047,019
Notes payable and capital leases	20,506	-	20,506
Total noncurrent liabilities	<u>31,920</u>	<u>1,059,804</u>	<u>1,091,724</u>
Total liabilities	<u>76,248</u>	<u>1,196,132</u>	<u>1,272,380</u>
Net Assets			
Invested in capital assets, net of related debt	1,650,630	3,303,010	4,953,640
Restricted for: (Note 14)			
Debt service (Note 16)	-	29,167	29,167
Other purposes	175,752	28,528	204,280
Unrestricted	(318,203)	854,041	535,838
Total net assets	<u>1,508,179</u>	<u>4,214,746</u>	<u>5,722,925</u>
Total liabilities and net assets	<u>\$ 1,584,427</u>	<u>\$ 5,410,878</u>	<u>\$ 6,995,305</u>

STATE OF NEW MEXICO
Town of Springer
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
General government	\$ 644,636	\$ 86,819	\$ 129,277	\$ 25,025
Public safety	288,471	13,785	122,295	-
Culture and recreation	81,229	219	25,365	-
<i>Total governmental activities</i>	<u>1,014,336</u>	<u>100,823</u>	<u>276,937</u>	<u>25,025</u>
Business-type Activities:				
Joint Utilities	1,381,502	1,149,002	-	-
Housing Authority	342,799	103,170	188,193	108,512
Cemetery	27	1,675	-	-
Museum	18,100	-	-	-
<i>Total business type activities</i>	<u>1,742,428</u>	<u>1,253,847</u>	<u>188,193</u>	<u>108,512</u>
<i>Total Primary Government</i>	<u>\$ 2,756,764</u>	<u>\$ 1,354,670</u>	<u>\$ 465,130</u>	<u>\$ 133,537</u>
General Revenues:				
Taxes				
Property taxes, levied for general purposes				
Gross receipts taxes				
Gasoline and motor vehicle taxes				
Franchise taxes				
Cigarette and lodger's taxes				
Other taxes				
Investment income				
Miscellaneous income				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
Net assets, restatement (Note 14)				
Net assets, as restated				
Net assets, ending				

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (403,515)	\$ -	\$ (403,515)
(152,391)	-	(152,391)
(55,645)	-	(55,645)
<u>(611,551)</u>	<u>-</u>	<u>(611,551)</u>
-	(232,500)	(232,500)
-	57,076	57,076
-	1,648	1,648
-	(18,100)	(18,100)
<u>-</u>	<u>(191,876)</u>	<u>(191,876)</u>
<u>(611,551)</u>	<u>(191,876)</u>	<u>(803,427)</u>
46,299	-	46,299
13,959	-	13,959
14,955	-	14,955
256,653	-	256,653
3,935	-	3,935
-	-	-
-	2,548	2,548
23,122	12,903	36,025
(13,725)	64,322	50,597
<u>345,198</u>	<u>79,773</u>	<u>424,971</u>
(266,353)	(112,103)	(378,456)
1,774,532	4,165,947	5,940,479
-	160,902	160,902
<u>1,774,532</u>	<u>4,326,849</u>	<u>6,101,381</u>
<u>\$ 1,508,179</u>	<u>\$ 4,214,746</u>	<u>\$ 5,722,925</u>

STATE OF NEW MEXICO

Town of Springer
Balance Sheet
Governmental Funds
June 30, 2008Exhibit B-1
Page 1 of 2

	General Fund	Other Governmental Funds	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 87,017	\$ 145,401	\$ 232,418
Receivables:			
Property taxes	7,638	-	7,638
Gross receipts taxes	42,538	-	42,538
Gasoline and oil taxes	508	-	508
Licenses and fees	1,913	-	1,913
Other receivables	5,242	9,153	14,395
Due from other funds	8,231	162,031	170,262
	-	-	-
<i>Total assets</i>	<u>\$ 153,087</u>	<u>\$ 316,585</u>	<u>\$ 469,672</u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 2,462	\$ 13,462	\$ 15,924
Accrued payroll expenses	12,902	3,053	15,955
Deferred property tax revenue	4,684	-	4,684
Due to other funds	375,851	213,979	589,830
<i>Total liabilities</i>	<u>395,899</u>	<u>230,494</u>	<u>626,393</u>
<i>Fund balances</i>			
Unreserved, reported in:			
General	(242,812)	-	(242,812)
Special revenue	-	181,576	181,576
Capital projects	-	(95,485)	(95,485)
<i>Total fund balances</i>	<u>(242,812)</u>	<u>86,091</u>	<u>(156,721)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 153,087</u>	<u>\$ 316,585</u>	<u>\$ 469,672</u>

The accompanying notes are an integral part of these financial statements

State of New Mexico

Town of Springer

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2008

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	(156,721)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		1,704,585
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities		4,684
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		(32,955)
Noncurrent accrued compensated absences		<u>(11,414)</u>
Net assets of governmental activities	\$	<u><u>1,508,179</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Springer
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

Exhibit B-2
Page 1 of 2

	General Fund	Other Governmental Funds	Total
<i>Revenues:</i>			
<i>Taxes:</i>			
Property	\$ 44,211	\$ -	\$ 44,211
Gross receipts	13,093	866	13,959
Gasoline and motor vehicle	127,872	7,998	135,870
Other	143,736	3,935	147,671
<i>Intergovernmental:</i>			
State operating grants	129,277	114,689	243,966
State capital grants	-	25,025	25,025
Charges for services	71,020	23,381	94,401
Licenses and fees	15,898	15,596	31,494
Miscellaneous	2,023	-	2,023
<i>Total revenues</i>	<u>568,130</u>	<u>191,490</u>	<u>759,620</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General government	313,698	5,391	319,089
Public safety	167,858	93,049	260,907
Public works	-	141,906	141,906
Culture and recreation	-	74,126	74,126
<i>Debt service</i>			
Principal	5,545	-	5,545
Interest	636	-	636
Capital outlay	350	39,830	40,180
<i>Total expenditures</i>	<u>488,087</u>	<u>354,302</u>	<u>842,389</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>80,043</u>	<u>(162,812)</u>	<u>(82,769)</u>
<i>Other financing sources (uses)</i>			
Transfers in/(out)	(104,257)	90,532	(13,725)
Proceeds from debt issuance	-	21,000	21,000
<i>Total other financing sources (uses)</i>	<u>(104,257)</u>	<u>111,532</u>	<u>7,275</u>
<i>Net change in fund balance</i>	(24,214)	(51,280)	(75,494)
<i>Fund balance - beginning of year</i>	<u>(218,598)</u>	<u>137,371</u>	<u>(81,227)</u>
<i>Fund balance - end of year</i>	<u>\$ (242,812)</u>	<u>\$ 86,091</u>	<u>\$ (156,721)</u>

STATE OF NEW MEXICO

Town of Springer

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	(75,494)
--	----------

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:

Depreciation expense	(199,913)
----------------------	-----------

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

Increase in deferred revenue	2,088
------------------------------	-------

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

Principal payments of long-term debt	5,545
Decrease in noncurrent and current accrued compensated absences	1,421
	1,421

Change in net assets of governmental activities	\$ (266,353)
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The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Exhibit C-1

Town of Springer

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 39,086	\$ 39,086	\$ 42,174	\$ 3,088
Gross receipts	22,506	22,506	13,615	(8,891)
Gasoline and motor vehicle	170,693	170,693	133,333	(37,360)
Other	163,907	163,907	134,100	(29,807)
Intergovernmental income:				
State operating grants	120,000	120,000	129,277	9,277
State capital grants	-	-	-	-
Charges for services	39,900	39,900	72,109	32,209
Licenses and fees	15,950	15,950	14,898	(1,052)
<i>Total revenues</i>	<u>572,042</u>	<u>572,042</u>	<u>562,529</u>	<u>(9,513)</u>
<i>Expenditures:</i>				
Current:				
General government	321,738	321,738	326,170	(4,432)
Public safety	198,362	198,362	170,266	28,096
Capital outlay	-	-	350	(350)
<i>Total expenditures</i>	<u>520,100</u>	<u>520,100</u>	<u>496,786</u>	<u>23,314</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>51,942</u>	<u>51,942</u>	<u>65,743</u>	<u>13,801</u>
<i>Other financing sources (uses)</i>				
Designated cash	82,538	82,538	-	(82,538)
Transfers in	-	-	-	-
Transfers out	(134,480)	(134,480)	(104,257)	30,223
<i>Total other financing sources (uses)</i>	<u>(51,942)</u>	<u>(51,942)</u>	<u>(104,257)</u>	<u>(52,315)</u>
<i>Net change in fund balance</i>	-	-	(38,514)	(38,514)
<i>Fund balance - beginning of year</i>	-	-	(218,598)	(218,598)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (257,112)</u>	<u>\$ (257,112)</u>
Net change in fund balance (GAAP)				\$ (24,214)
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals				(5,601)
Adjustments to expenditures for accrued wages, compensated absences, insurance and function expenditures				(8,699)
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ (38,514)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Town of Springer
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Joint Utility Fund	Housing Authority Fund	Other Enterprise Funds
	<u> </u>	<u> </u>	<u> </u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 284,497	\$ 190,949	\$ 3,270
Receivables:			
Other receivables	-	1,590	-
Customer receivables, net of allowance	213,584	790	-
Inventory	79,009	12,981	-
Prepays	-	8,177	-
Due from other funds	241,800	-	-
<i>Total current assets</i>	<u>818,890</u>	<u>214,487</u>	<u>3,270</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	15,947	-
Unamortized bond issuance cost	6,561	-	-
Capital assets	6,532,059	2,611,151	107,496
Less: accumulated depreciation	(2,918,206)	(1,945,435)	(24,254)
<i>Total noncurrent assets</i>	<u>3,620,414</u>	<u>681,663</u>	<u>83,242</u>
<i>Total Assets</i>	<u>\$ 4,439,304</u>	<u>\$ 896,150</u>	<u>\$ 86,512</u>
<i>Liabilities and Net Assets</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 58,709	\$ 8,734	\$ 153
Accrued payroll expenses	8,538	-	435
Accrued compensated absences	10,915	1,870	-
Accrued interest payable	31,419	-	-
Meter and other refundable deposits	-	12,581	-
Current portion of bonds payable	12,782	-	-
Due to other funds	75	-	11,013
<i>Total current liabilities</i>	<u>122,438</u>	<u>23,185</u>	<u>11,601</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	-	2,977	-
Bonds payable	1,047,019	-	-
<i>Total noncurrent liabilities</i>	<u>1,047,019</u>	<u>2,977</u>	<u>-</u>
<i>Total liabilities</i>	<u>1,169,457</u>	<u>26,162</u>	<u>11,601</u>
<i>Net Assets:</i>			
Invested in capital assets, net of related debt	2,554,052	665,716	83,242
Restricted net assets - debt service	715,795	-	-
Restricted net assets - tenant deposits	-	15,947	-
Unrestricted net assets	-	188,325	(8,331)
<i>Total net assets</i>	<u>3,269,847</u>	<u>869,988</u>	<u>74,911</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 4,439,304</u>	<u>\$ 896,150</u>	<u>\$ 86,512</u>

The accompanying notes are an integral part of these financial statements

Total

\$	478,716
	1,590
	214,374
	91,990
	8,177
	<u>241,800</u>
	<u>1,036,647</u>

	15,947
	6,561
	9,250,706
	<u>(4,887,895)</u>
	<u>4,385,319</u>
\$	<u>5,421,966</u>

\$	67,596
	8,973
	12,785
	31,419
	12,581
	12,782
	<u>11,088</u>
	<u>157,224</u>

	2,977
	<u>1,047,019</u>
	<u>1,049,996</u>
	<u>1,207,220</u>

	3,303,010
	715,795
	15,947
	<u>179,994</u>
	<u>4,214,746</u>
\$	<u>5,421,966</u>

STATE OF NEW MEXICO
Town of Springer
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Joint Utility Fund	Housing Authority Fund	Other Enterprise Funds
<i>Operating revenues:</i>			
Charges for services	\$ 1,116,499	\$ 103,170	\$ 1,675
<i>Total operating revenues</i>	<u>1,116,499</u>	<u>103,170</u>	<u>1,675</u>
<i>Operating expenses:</i>			
General and administrative	813,355	30,607	808
Personnel services	212,915	68,460	12,382
Contractual services	17,403	13,707	-
Supplies and purchased power	2,075	2,152	655
Maintenance and materials	30,023	57,356	425
Utilities	37,357	63,179	3,857
Depreciation	273,728	107,338	-
Miscellaneous	-	-	-
<i>Total operating expenses</i>	<u>1,386,856</u>	<u>342,799</u>	<u>18,127</u>
<i>Operating income (loss)</i>	<u>(270,357)</u>	<u>(239,629)</u>	<u>(16,452)</u>
<i>Non-operating revenues (expenses):</i>			
Operating grants	-	188,193	-
Environmental taxes	3,684	-	-
Interest income	-	2,548	-
Bond issuance cost	(188)	-	-
Miscellaneous	34,361	12,903	-
<i>Total non-operating revenues (expenses)</i>	<u>37,857</u>	<u>203,644</u>	<u>-</u>
Federal capital grants	-	108,512	-
Transfers in	73,718	12,627	17,799
Transfers out	(27,195)	(12,627)	-
<i>Net capital grants and transfers</i>	<u>46,523</u>	<u>108,512</u>	<u>17,799</u>
<i>Change in net assets</i>	<u>(185,977)</u>	<u>72,527</u>	<u>1,347</u>
<i>Net assets, beginning of year</i>	<u>3,294,922</u>	<u>797,461</u>	<u>73,564</u>
<i>Restatement (Note 14)</i>	<u>160,902</u>	<u>-</u>	<u>-</u>
<i>Beginning net assets, as restated</i>	<u>3,455,824</u>	<u>797,461</u>	<u>73,564</u>
<i>Net assets, end of year</i>	<u>\$ 3,269,847</u>	<u>\$ 869,988</u>	<u>\$ 74,911</u>

The accompanying notes are an integral part of these financial statements

	<u>Total</u>
\$	<u>1,221,344</u>
	<u>1,221,344</u>
	844,770
	293,757
	31,110
	4,882
	87,804
	104,393
	381,066
	<u>-</u>
	<u>1,747,782</u>
	<u>(526,438)</u>
	188,193
	3,684
	2,548
	(188)
	<u>47,264</u>
	<u>241,501</u>
	108,512
	104,144
	<u>(39,822)</u>
	<u>172,834</u>
	(112,103)
	<u>4,165,947</u>
	<u>160,902</u>
	<u>4,326,849</u>
\$	<u><u>4,214,746</u></u>

STATE OF NEW MEXICO
Town of Springer
Statement of Cash Flows
For the Year Ended June 30, 2008

	<u>Joint Utilities Fund</u>	<u>Housing Authority Fund</u>	<u>Nonmajor Proprietary Funds</u>
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 1,112,122	\$ 111,583	\$ 1,675
Cash payments to employees for services	(209,256)	(69,396)	(12,039)
Cash payments to suppliers for goods and services	(954,086)	(251,454)	(6,147)
<i>Net cash provided (used) by operating activities</i>	<u>(51,220)</u>	<u>(209,267)</u>	<u>(16,511)</u>
<i>Cash flows from noncapital financing activities:</i>			
Principal payments on bonds payable	(12,000)	-	-
Change in accrued interest payable	(460)	-	-
Change in current portion of compensated absences	10,915	-	-
Change in long-term portion of compensated absences	(8,637)	2,977	-
Prior period restatement (Note 15)	160,902	-	-
Intergovernmental receipts	-	296,705	-
Acquisitions and construction of capital assets	(42,359)	(18,007)	-
Interest income	-	2,548	-
Miscellaneous income	34,361	12,903	-
Transfers from (to) other funds	46,523	-	17,799
<i>Net cash (used) by noncapital financing activities:</i>	<u>189,245</u>	<u>297,126</u>	<u>17,799</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	141,709	87,859	1,288
<i>Cash and cash equivalents - beginning of year</i>	<u>142,788</u>	<u>119,037</u>	<u>1,982</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 284,497</u>	<u>\$ 206,896</u>	<u>\$ 3,270</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ (270,357)	\$ (239,629)	\$ (16,452)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	273,728	32,199	-
Changes in assets and liabilities:			
Due to (from) other funds	(11,393)	-	(497)
Accounts receivable	(4,377)	8,413	-
Inventories	(21,091)	(2,109)	-
Prepays	-	(648)	-
Accounts payable	3,867	451	95
Deferred revenue	-	-	-
Current accrued compensated absences	-	(936)	-
Accrued payroll	7,580	-	343
Customer deposits	(29,177)	(7,008)	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ (51,220)</u>	<u>\$ (209,267)</u>	<u>\$ (16,511)</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	1,225,380
	(290,691)
	<u>(1,211,687)</u>
	(276,998)
	(12,000)
	(460)
	10,915
	(5,660)
	160,902
	296,705
	(60,366)
	2,548
	47,264
	<u>64,322</u>
	504,170
	230,856
	<u>263,807</u>
\$	<u><u>494,663</u></u>

\$	(526,438)
	305,927
	(11,890)
	4,036
	(23,200)
	(648)
	4,413
	-
	(936)
	7,923
	<u>(36,185)</u>
\$	<u><u>(276,998)</u></u>

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STATE OF NEW MEXICO
Town of Springer
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2008

Exhibit E-1

<i>Assets</i>	
Cash	<u>\$ 109</u>
<i>Total assets</i>	<u><u>\$ 109</u></u>
<i>Liabilities</i>	
Due to other entities	<u>\$ 109</u>
<i>Total liabilities</i>	<u><u>\$ 109</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

The Town of Springer (Town) is incorporated as a municipality in the State of New Mexico. The Town operates under an elected Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water supply, airport operations, general government administrative services and public housing and improvements.

This summary of significant accounting policies of the Town is presented to assist in the understanding of the Town's financial statements. The financial statements and notes are the representation of the Town's management who is responsible for their integrity and objectivity. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements and proprietary funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance. The more significant of the government's accounting policies are described below.

A. *Financial Reporting Entity*

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

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. The Town of Springer Town Council was the Springer Housing Authority's governing board during the fiscal year ended June 30, 2008. Therefore, the Housing Authority was not a separate legal entity pursuant to Section 3-45-5, NMSA 1978. Based on the application of the GASB 14 criteria, the Town did not have any component units in the fiscal year ended June 30, 2008.

However, due to the fact that there was a separate audit contract for the Housing Authority in FY 08, a separate audit report was issued. The Housing Authority's Financial Data Schedule is presented in that separate report on the Housing Authority. A copy of the separate report can be obtained from the Springer Housing Authority at 601 El Paso Ave, #A, Springer, NM 87747.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

A. *Government-wide and fund financial statements*

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

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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

B. *Measurement focus, basis of accounting, and financial statement presentation*

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The *Joint Utilities Fund* accounts for the Town's water, sewer, solid waste, and electric services and all activities necessary to provide such services are accounted for in this fund.

The *Housing Authority Fund* accounts for all the revenues and expenses related with running the Authority.

The Town reports the following fiduciary fund:

The *Municipal Court Escrow Fund* account records all the revenues and expenses for the court fines and costs that the Town takes in.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government'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 concerned.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Town services, facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources are to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 natural gas, water, and electric funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

D. *Assets, Liabilities and Net Assets or Fund Equity*

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

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

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

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

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

Inventories and Prepaid Items: Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

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

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town was a Phase III government for the purpose of implementing GASB 34 and therefore did not have to capitalize its infrastructure retroactively to 1979. However, effective July 1, 2003 the Town was required to capitalize and depreciate its infrastructure prospectively. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the Town during the current fiscal year was \$31,879.

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

<u>Assets</u>	<u>Years</u>
Buildings	39
Improvements other than buildings	39
Public domain infrastructure	30
Machinery and equipment	7
Vehicles	7

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2008, along with applicable PERA and Retiree Health Care.

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences: Town employees are entitled to certain compensated absences based on their employment classification and length of employment. With minor exceptions, the Town allows 40 hour week employees to accumulate unused sick leave to a maximum of 1,000 hours. Earned vacation, up to the amount the employees accrue each year, is allowed to be carried over from one calendar year to the next up to 240 hours. Upon termination, employees shall receive payment for unused, accrued vacation up to 240 hours. Employees with service to the Town will also be paid for 60 hours of sick pay at half the hourly rate. Applicable accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is reported in the governmental funds only if it is current, for example, as a result of employee resignation or retirement prior to the end of the fiscal year.

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds Payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt:
Net assets invested in 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.
- b. Restricted Net Assets:
Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Assets:
All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

The Town Charter establishes the Town's fiscal year as the twelve-month period beginning July 1 and ending June 30. Prior to June 1 the Budget Director submits to management a proposed operating budget of estimated revenues, expenditures, and transfers for the ensuing fiscal year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund and Enterprise Funds. Management subsequently submits the budget (1) to the New Mexico Department of Finance and Administration for review and approval; and (2) to the Town Council for review and enactment of a resolution legally adopting the budget. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Additionally, the New Mexico Department of Finance and Administration must approve any amendments to the budget.

Revenues are budgeted by department and general ledger account. Expenditures are budgeted by department and general ledger account. Expenditures may not exceed appropriations at the fund level. All budget revisions at this level are subject to final review and approval by the Town Council. Revisions to the budget were made throughout the year. The proprietary funds are budgeted on a GAAP basis with the exception of the Housing Authority whose budget differs from GAAP by the depreciation amount. All other funds of the Town are budgeted on a Non-GAAP cash basis.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2008 is presented. Reconciliations between the budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments

Section 6-10-10, NMSA 1978 authorizes municipalities to deposit money in banks, savings and loan associations or credit unions located in their respective counties. Treasurers of smaller municipalities, with the advice and consent of their respective boards of finance, may invest in:

- Bonds or negotiable securities of the United States, the state or a county, municipality or school district that meets specified requirements; or
- Securities issued by the United States government or by its agencies or instrumentalities and that are direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank, federal home loan banks or the student loan marketing association or that are backed by the full faith of the United States government.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. New Mexico State Statutes require collateral pledged for at least 50% of deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Town. At June 30, 2008, \$264,215 of the Town’s bank balance of \$781,205 was exposed to custodial credit risk. \$302,537 was collateralized with collateral held by the pledging bank’s trust department, not in the Town’s name. There was no uninsured and uncollateralized deposits at year end June 30, 2008.

	<u>Wells Fargo</u>	<u>International Bank</u>	<u>Total Deposits</u>
Amount of deposits	\$ 728,430	\$ 52,775	\$ 781,205
FDIC coverage	200,000	52,775	252,775
Total uninsured public funds	<u>528,430</u>	<u>-</u>	<u>528,430</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>302,537</u>	<u>-</u>	<u>302,537</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 264,215	\$ -	\$ 264,215
Pledged securities	<u>302,537</u>	<u>-</u>	<u>302,537</u>
Over (under) collateralized	<u>\$ 38,322</u>	<u>\$ -</u>	<u>\$ 38,322</u>

The collateral pledged is listed on Schedule I of this report. The types of collateral that are acceptable are listed in Section 6-10-16, NMSA 1978.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Assets

The carrying amounts of deposits shown above are included in the Town's statement of net assets as follows:

Primary Government

Reconciliation to Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$	716,844
Cash and cash equivalents per Exhibit E-1		109
Total cash and cash equivalents		716,953
Plus: Reconciling items		64,252
Less: petty cash		-
Bank balance of deposits	\$	781,205

NOTE 4. Receivables

Receivables as of June 30, 2008 are as follows:

	General Fund	Nonmajor Funds	Total Governmental
Governmental Activities:			
Receivables:			
Property taxes	\$ 7,638	\$ -	\$ 7,638
Other taxes:			
Gross receipts taxes	42,538	-	42,538
Gasoline and oil taxes	1,643	-	1,643
Other receivables:			
Licenses and fees	5,312	-	5,312
Intergovernmental grants:			
State	708	9,153	9,861
Federal	-	-	-
Miscellaneous	-	-	-
Total receivables	\$ 57,839	\$ 9,153	\$ 66,992

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 4. Receivables (continued)

	Joint Utilities Fund	Housing Authority Fund	Nonmajor Funds	Total Proprietary
Business-type Activities				
Receivables:				
Utilities receivable	\$ 213,584	\$ -	\$ -	\$ 213,584
Tenant receivable	-	790	-	790
Miscellaneous receivables	-	1,590	-	1,590
Total receivables	<u>\$ 213,584</u>	<u>\$ 2,380</u>	<u>\$ -</u>	<u>\$ 215,964</u>

The Town's receivable records do not have enough information regarding the age of receivables to facilitate determination of allowances for doubtful accounts.

NOTE 5. Interfund Receivables, Payables, and Transfers

The Town recorded interfund transfers to reflect transfers of cash in accordance with the budget. The composition of interfund transfers during the year ended June 30, 2008 is as follows:

Due from other funds	Amount	Due to other funds	Amount
General Fund	\$ 8,231	General Fund	\$ 375,851
Corrections Fund	18,395	EMS Fund	18,395
Fire Protection Fund	93,525	Juvenile Recreation Fund	24,521
Law Enforcement Protection Fund	24,521	CDBG Sewer System Improvements	1,160
Street Fund	8	Water Fund	152,063
Lodger's Tax Fund	10,237	Scenic Byways Fund	2,431
RUS Water Improvements Fund	25,590	Revenue Bonds	75
Joint Utilities Fund	<u>241,800</u>	Rehab of Dams 1 and 2 Museum	15,417 <u>11,013</u>
Total	<u>\$ 422,307</u>	Total	<u>\$ 600,926</u>

The Town recorded interfund receivable/payable to reflect temporary loans between funds. The purpose of the loans was to cover cash shortages until grant reimbursements could be obtained. The Town's due to/due from's do not balance for the year ended June 30, 2008. They do not balance by \$179,619.

All interfund receivables/payables are expected to repaid within one year.

The Town was unable to provide us with a listing of transfers for the year ended June 30, 2008. Transfer do not balance by \$50,597.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2008. Land and construction in progress are not subject to depreciation.

Governmental Activities

Primary Government

	Balance June 30, 2007	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 51,133	\$ -	\$ -	\$ 51,133
Construction in progress	24,212	-	-	24,212
Total capital assets not being depreciated	<u>75,345</u>	<u>-</u>	<u>-</u>	<u>75,345</u>
Capital assets being depreciated:				
Buildings and improvements	1,431,800	-	-	1,431,800
Vehicles	523,482	21,000	-	544,482
Equipment	585,452	-	-	585,452
Infrastructure	51,222	-	-	51,222
Total capital assets being depreciated	<u>2,591,956</u>	<u>21,000</u>	<u>-</u>	<u>2,612,956</u>
Total capital assets	<u>2,667,301</u>	<u>21,000</u>	<u>-</u>	<u>2,688,301</u>
Less accumulated depreciation:				
Buildings	146,711	36,713	-	183,424
Vehicles	290,384	76,283	-	366,667
Equipment	339,880	85,210	-	425,090
Infrastructure	6,828	1,707	-	8,535
Total accumulated depreciation	<u>783,803</u>	<u>199,913</u>	<u>-</u>	<u>983,716</u>
Total capital assets net of depreciation	<u>\$ 1,883,498</u>	<u>\$ (178,913)</u>	<u>\$ -</u>	<u>\$ 1,704,585</u>

For the year ended June 30, 2008, depreciation expense of \$ 199,913 was charged to the function of general government.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 6. Capital Assets (continued)

Business-type Activities

Proprietary Funds

	<u>Balance June 30, 2007</u>	<u>Additions and Transfers In</u>	<u>Deletions and Transfers Out</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 41,101	\$ -	\$ -	\$ 41,101
Construction in progress	269,110	-	101,610	167,500
Total capital assets not being depreciated	<u>310,211</u>	<u>-</u>	<u>101,610</u>	<u>208,601</u>
Capital assets being depreciated:				
Buildings and improvements	2,459,098	148,436	-	2,607,534
Vehicles	28,148	-	-	28,148
Equipment	2,998,563	-	136,005	2,862,558
Infrastructure	3,399,895	143,970	-	3,543,865
Total capital assets being depreciated	<u>8,885,704</u>	<u>292,406</u>	<u>136,005</u>	<u>9,042,105</u>
Total capital assets	<u>9,195,915</u>	<u>292,406</u>	<u>237,615</u>	<u>9,250,706</u>
Less accumulated depreciation:				
Buildings and improvements	1,779,701	134,871	-	1,914,572
Vehicles	16,679	3,740	-	20,419
Equipment	2,493,314	46,004	-	2,539,318
Infrastructure	292,273	121,313	-	413,586
Total accumulated depreciation	<u>4,581,967</u>	<u>305,928</u>	<u>-</u>	<u>4,887,895</u>
Total capital assets net of depreciation	<u>\$ 4,613,948</u>	<u>\$ (13,522)</u>	<u>\$ 237,615</u>	<u>\$ 4,362,811</u>

For the year ended June 30, 2008, depreciation expense of \$273,728 was charged to the function of Joint Utilities and \$107,338 was charged to function of Housing Authority.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt

The following is a schedule of changes in long-term debt:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Amounts Due Within One Year
Governmental activities					
Loans payable	\$ 17,500	21,000	5,545	32,955	12,449
Compensated absences	12,835	-	1,421	11,414	-
Total	<u>\$ 30,335</u>	<u>\$ 21,000</u>	<u>\$ 6,966</u>	<u>\$ 44,369</u>	<u>\$ 12,449</u>

There was not enough information to determine the decreases in compensated absences balance for the year ended June 30, 2008. The General Fund usually pays the compensated absences liability.

Loans Payable

NMFA Police Vehicles

Year Ending June 30	Principal	Interest	Total
2009	\$ 5,889	\$ 329	\$ 6,218
2010	6,066	167	6,233
	<u>\$ 11,955</u>	<u>\$ 496</u>	<u>\$ 12,451</u>

NMFA Police Vehicles

Year Ending June 30	Principal	Interest	Total
2009	\$ 6,560	\$ 1,107	\$ 7,667
2010	7,113	397	7,510
2011	7,327	202	7,529
	<u>\$ 21,000</u>	<u>\$ 1,706</u>	<u>\$ 22,706</u>

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Amounts Due Within One Year
Business Type Activities					
Water, sewer electric bonds	\$ 1,070,800	-	12,000	1,058,800	12,782
Compensated absences	11,443	7,297	2,977	15,763	2,977
Total	<u>\$ 1,082,243</u>	<u>7,297</u>	<u>14,977</u>	<u>1,074,563</u>	<u>15,759</u>

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

	Amount Due			
	June 30, 2007		June 30, 2008	
	Principal	Interest	Principal	Interest
\$339,800 1997A Joint Electric, Water, and Sewer Improvement revenue bond payable in annual installments each January 1st through the year 2037. Interest is 5% per	308,800	304,540	304,800	289,100
\$612,500 2003 Joint Electric, Water, and Sewer Improvement revenue bond payable in annual installments each September 18th through 2043. Interest is 4.75% per annum.	595,500	718,800	589,500	660,800
\$167,500 2007 Joint Electric, Water, and Sewer Improvement revenue bond payable in annual installments each September 18th through 2043. Interest is 4.75% per annum.	167,500	177,329	<u>165,500</u>	<u>170,706</u>
			<u>\$ 1,059,800</u>	<u>\$ 1,120,606</u>

Total Revenue Bonds

1997A Joint Electric, Water, and Sewer Improvement

Year Ending June 30	Principal	Interest	Total
2009	\$ 5,000	15,240	20,240
2010	5,000	14,990	19,990
2011	5,000	14,740	19,740
2012	5,000	14,490	19,490
2013	6,000	14,240	20,240
2014-2018	32,000	66,650	98,650
2019-2023	41,000	57,850	98,850
2024-2028	54,000	46,300	100,300
2029-2033	67,000	31,600	98,600
2034-2038	84,800	13,000	97,800
	<u>\$ 304,800</u>	<u>289,100</u>	<u>593,900</u>

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

2003 Joint Electric, Water, and Sewer Improvement

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 6,000	28,100	34,100
2010	7,000	27,800	34,800
2011	7,000	27,400	34,400
2012	7,000	27,100	34,100
2013	8,000	26,800	34,800
2014-2018	44,000	128,000	172,000
2019-2023	56,000	116,400	172,400
2024-2028	70,000	101,700	171,700
2029-2033	89,000	83,500	172,500
2034-2038	110,000	60,400	170,400
2039-2043	141,000	31,400	172,400
2044-2045	44,500	2,200	46,700
	<u>\$ 589,500</u>	<u>660,800</u>	<u>1,250,300</u>

2007 Joint Electric, Water, and Sewer Improvement

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,782	6,839	8,621
2010	1,855	6,765	8,620
2011	1,932	6,689	8,621
2012	2,012	6,609	8,621
2013	2,095	6,526	8,621
2014-2018	11,843	31,261	43,104
2019-2023	14,496	28,608	43,104
2024-2028	17,743	25,361	43,104
2029-2033	21,715	21,387	43,102
2034-2038	26,579	16,522	43,101
2039-2043	32,534	10,571	43,105
2044-2045	30,914	3,568	34,482
	<u>\$ 165,500</u>	<u>170,706</u>	<u>336,206</u>

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

Summary of Annual Debt Service Requirements

Year Ending June 30	Business Type Activities		
	Principal	Interest	Total
2009	\$ 12,782	\$ 50,179	\$ 62,961
2010	13,855	49,555	63,410
2011	13,932	48,829	62,761
2012	14,012	48,199	62,211
2013	16,095	47,566	63,661
2014-2018	87,843	225,911	313,754
2019-2023	111,496	202,858	314,354
2024-2028	141,743	173,361	315,104
2029-2033	177,715	136,487	314,202
2034-2038	221,379	89,922	311,301
2039-2043	173,534	41,971	215,505
2044-2045	75,414	5,768	81,182
	<u>\$ 1,059,800</u>	<u>\$ 1,120,606</u>	<u>\$ 2,180,406</u>

NOTE 8. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained health insurance through the New Mexico Insurance Fund. The Town of Springer has obtained health insurance, general liability, auto, crime, buildings and contents, equipment, law enforcement officers, and public official's liability, workers compensation through New Mexico Self Insurers Fund. The fire and EMS accident insurance is provided by Volunteer Fire Insurance Services.

The New Mexico Self Insurance Fund (the Fund) determines annually how to charge participating New Mexico municipalities for employee health care coverage. All participating municipalities pay the same cost per employee each year, as determined by the Fund. The municipalities retain no risk of having to pay extra for an employee's claim. Therefore, the Town's health insurance settlements did not exceed the insurance coverage in any of the previous years. Also, there were no significant reductions in employee health coverage provided by the Fund in the fiscal year ended June 30, 2008, compared to the previous year. The Town of Springer's health insurance premiums for the fiscal year ended June 30, 2008, totaled \$97,674.

NOTE 9. PERA Pension Plan

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

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 9. PERA Pension Plan (continued)

Funding Policy: Plan members are required to contribute the following percentages of their gross salary: 17% for law enforcement employees; and 18.3% for municipal employees. The Town was required to contribute the following percentages of the gross covered salary: 10% for law enforcement plan members; and 9.15% for municipal plan members. The contribution requirements of plan members and the Town of Springer are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Town of Springer' contributions to PERA for the years ending June 30 2008, 2007 and 2006 were approximately \$36,015, \$36,078 and \$34,930, respectively, which did not equal the amount of the required contributions for all years. See finding for PERA.

NOTE 10. Post Employment Benefits

Plan Description. The Town of Springer 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.

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 the Retiree Health Care Authority at 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.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 10. Post Employment Benefits (continued)

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. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

For the fiscal years ended June 30, 2008, 2007, and 2006, Town of Springer remitted \$5,051, \$7,672 and \$5,007 respectively, to the Retiree Health Care Authority.

NOTE 11. Contingencies

The Town of Springer participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town of Springer may be required to reimburse the grantor government. As of June 30, 2008, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Town of Springer.

The Town of Springer is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 12. Deficit Fund Balances, Excess of Expenditures Over Appropriations and Designated cash appropriation in excess of available balances

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balances of individual funds.

Fund	Amount
General Fund	\$ (242,812)
EMS Special Revenue Fund	(19,234)
Juvenile Recreation Special Revenue Fund	(26,680)
CDBG Sewer Special Revenue Fund	(1,160)
Water Capital Projects Fund	(152,063)
Rehab of Dams 1 and 2 Capital Projects Fund	(15,417)
Co-op Grant Capital Projects Fund	(5,391)
Scenic Byways Capital Projects Fund	(2,431)

B. Excess of expenditures over appropriations. To address this noncompliance issue the Town plans to correct their budgeting process and utilize budget adjustments to avoid having expenditures in excess of appropriations.

Fund	Amount
EMS Special Revenue Fund	\$ (317)
Law Enforcement Special Revenue Fund	(3,187)
Rehab of Dams 1 and 2 Capital Projects Fund	(15,417)
Legislative App. Water Capital Projects Fund	(93,525)
Joint Utilities Proprietary Fund	(296,959)
Museum Proprietary Fund	(1,775)

C. Cash needed to cover excess of expenditures over revenue in the current year exceeded cash available at the end of the prior period as follows. To address this noncompliance issue the Town plans to pay more attention to cash available before rebudgeting cash.

Fund	Rebudgeted Cash	Cash available at June 1, 2007	Deficit of Budgeted Cash
Fire Discretionary Special Revenue Fund	\$ 3,200	\$ -	\$ (3,200)
RUS Water Improvements Capital Projects Fund	1,025	-	(1,025)

NOTE 13. Restricted Net Assets

The government wide statement of net assets reports \$233,447 of restricted net assets of which \$233,447 is restricted by legislation. The other purposes for which some net assets are restricted are described on pages 49-50.

NOTE 14. Prior Period Adjustment

The Town has restated prior year net assets by \$(160,902). The adjustment was necessary because the total cash per the general ledger exceeded total cash per the bank by \$160,902. The Joint Utilities Proprietary Fund was the only fund affected.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2008

NOTE 15. Non-Compliance with Debt Covenant

The Town has not set up debt-related reserve accounts, maintained separate construction bank accounts for bond proceeds, or accounted for the sewer activities separately as required by the bond covenants. To address these issues of noncompliance, the Town plans to establish “reserve accounts” for specific bond accounts and fund them with one-tenth of one year’s payment. Also, to Town plans to establish specific construction accounts for all funds of the project.

NOTE 16. Utility Revenues Pledged

The Town of Springer has pledged future revenues from the joint electric, water and sewer system, net of specified operating expenses, to repay \$308,800 in Joint Electric, Water and Sewer System Revenue Bonds, Series 1997A Bonds, issued in 1998. The bonds are payable solely from utility customer net revenues and are payable through January 2038. The pledged revenues for the fiscal year immediately preceding the date of issuance of the Series 1997A bonds had to be sufficient to pay 120% of the combined average annual principal and interest requirements of the outstanding prior lien bonds (Series 1970 and Series 1981 Bonds), the outstanding parity bonds (Series 1988 Bonds, Series 1996A Bonds, and Series 1996B Bonds), and other parity obligations (Series 1997A Bonds) of the Town, payable from and constituting a lien upon the pledged revenues and the Parity Bonds or other parity obligations proposed to be issued (excluding any reserves thereof). During the fiscal year ended June 30, 2007, all of these old bonds were paid off with proceeds from the sale of the Town’s gas utilities, except for the Series 1997A Bonds. Regarding the Series 1997A bonds, the total principal and interest remaining to be paid on the bonds is \$593,900.

The Town of Springer has pledged future revenues from the joint electric, water and sewer system, net of specified operating expenses, to repay \$595,500 in Joint Electric, Water and Sewer System Revenue Bonds, Series 2003 Bonds, issued in September 2003. The bonds are payable solely from utility customer net revenues and are payable through 2043. The pledged revenues for the fiscal year immediately preceding the date of issuance of the Series 2003 bonds had to be sufficient to pay 120% of the combined average annual principal and interest requirements of all the outstanding prior bonds (listed in the preceding paragraph) plus the proposed Series 2003 Bonds. As disclosed in the previous paragraph, all of those old bonds were paid off during the fiscal year ended June 30, 2006 except for the Series 1996B Bonds, the Series 1997A Bonds, and the Series 2003 Bonds. Regarding the Series 2003 Bonds, the total principal and interest remaining to be paid on the bonds is \$1,250,300.

Also, the Town of Springer has pledged future revenues from the joint electric, water and sewer system, net of specified operating expenses, to repay \$167,500 in Joint Electric, Water and Sewer System Revenue Bonds, Series 2007 Bonds, issued in January 2007. The bonds are payable solely from utility customer net revenues and are payable through 2043. The pledged revenues for the fiscal year immediately preceding the date of issuance of the Series 2007 bonds had to be sufficient to pay 120% of the combined average annual principal and interest requirements of all the outstanding prior bonds (listed in the preceding paragraph) plus the proposed Series 2007 Bonds. Regarding the Series 2007 Bonds, the total principal and interest remaining to be paid on the bonds is \$336,206.

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SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO

Town of Springer

June 30, 2008

SPECIAL REVENUE FUNDS

Corrections Fund – To account for the provisions of a local correction fee collected with local fines. (Authority: NMSA 35-14-11)

Emergency Medical Services (EMS) Fund – To account for the operations of emergency services. Financing is provided from the State, pursuant to the Emergency Medical Services Act. (Authority: NMSA 24-10A-1). The Town also bills for EMS services. Funds are used solely to operate EMS services

Fire Protection Fund – To account for the operations and maintenance of the Fire Department, financed by a specific allotment from the State Fire Marshall's Office (Authority: NMSA 59A-53-1)

Law Enforcement Protection Fund (LEPF) – To account for the receipts and expenditures of a Special State grant for the police department. The grant may be used only for the operations of the police department.

Library Fund – To account for the operations and maintenance of the Town's library. Financing is provided by an intergovernmental grant. (Authority: NMSA 3-18-14)

Lodger's Tax Fund – To account for the operations of a special fund to promote tourist operations in the Town. Financing is provided by a special Lodger's tax charged on all transient lodging in the Town. (Authority: NMSA 3-38-13)

Streets Fund – To account for the receipts and expenditures of cooperative grant agreement projects to include the Town of Springer's match of 15%.

Juvenile Recreation Fund – To account for the operation and maintenance of recreational facilities in the Town. Financing is provided by a specific annual cigarette tax levy. (Authority: NMSA 7-12-15)

Fire Discretionary Fund – To account for the expenditures of the Fire Department that were not covered under the Fire Protection Act. This is Board designated; funded by transfer from Town of Springer General Fund.

CAPITAL PROJECTS FUNDS

CDBG Sewer System Improvements Fund – To account for a federal grant for sewer system improvements.

RUS – Water Improvements Fund – To account for federal grants and bond proceeds used for water system improvements.

Water Fund – To account for state appropriations used for water system improvements.

Rehab of Dams 1 and 2 Fund – To account for state appropriations used to rehab dams

Co-op Grant Fund - To account for state appropriations received from the State Co-op grant

Sewer Lagoon Fund – To account for the revenues and expenditures of the waste/wastewater sewer lagoon project.

Scenic Byways – To account for the revenues and expenditures related to the scenic byway project.

STATE OF NEW MEXICO
Town of Springer
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue			
	Corrections	EMS	Fire Protection	LEPF
<i>Assets</i>				
Cash and cash equivalents	\$ 22,419	\$ -	\$ 7,433	\$ 3,926
Receivables:				
Property taxes	-	-	-	-
Other receivables	-	1,135	-	8,018
Due from other funds	18,395	-	93,525	24,521
<i>Total assets</i>	\$ 40,814	\$ 1,135	\$ 100,958	\$ 36,465
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 1,974	\$ 514	\$ -
Accrued payroll expenses	-	-	-	-
Due to other funds	-	18,395	-	-
<i>Total liabilities</i>	-	20,369	514	-
<i>Fund balances</i>				
Unreserved, reported in:				
Special revenue	40,814	(19,234)	100,444	36,465
Debt service	-	-	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	40,814	(19,234)	100,444	36,465
<i>Total liabilities and fund balances</i>	\$ 40,814	\$ 1,135	\$ 100,958	\$ 36,465

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Library</u>	<u>Lodger's Tax</u>	<u>Streets</u>	<u>Juvenile Recreation</u>	<u>Fire Discretionary</u>
\$ 17,209	\$ -	\$ 17,988	\$ -	\$ 10,802
-	-	-	-	-
-	-	-	-	-
-	10,237	-	-	-
<u>\$ 17,209</u>	<u>\$ 10,237</u>	<u>\$ 17,988</u>	<u>\$ -</u>	<u>\$ 10,802</u>
\$ 394	\$ -	\$ 5,000	\$ 189	\$ -
1,083	-	-	1,970	-
-	-	(8)	24,521	-
<u>1,477</u>	<u>-</u>	<u>4,992</u>	<u>26,680</u>	<u>-</u>
15,732	10,237	12,996	(26,680)	10,802
-	-	-	-	-
-	-	-	-	-
<u>15,732</u>	<u>10,237</u>	<u>12,996</u>	<u>(26,680)</u>	<u>10,802</u>
<u>\$ 17,209</u>	<u>\$ 10,237</u>	<u>\$ 17,988</u>	<u>\$ -</u>	<u>\$ 10,802</u>

STATE OF NEW MEXICO
Town of Springer
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Capital Projects			
	CDBG Sewer System Improvements	RUS Water Improvements	Rehab of Dams 1 and 2	Legislative Appropriation Water
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 6,739	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	25,590	-	-
<i>Total assets</i>	\$ -	\$ 32,329	\$ -	\$ -
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Due to other funds	1,160	-	15,417	152,063
<i>Total liabilities</i>	1,160	-	15,417	152,063
<i>Fund balances</i>				
Unreserved, reported in:				
Special revenue	-	-	-	-
Debt service	-	-	-	-
Capital projects	(1,160)	32,329	(15,417)	(152,063)
<i>Total fund balances</i>	(1,160)	32,329	(15,417)	(152,063)
<i>Total liabilities and fund balances</i>	\$ -	\$ 32,329	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Capital Projects

Co-op Grant	Sewer Lagoon Fund	Scenic Byways	Total Nonmajor Governmental Funds
\$ -	\$ 48,648	\$ -	\$ 135,164
-	-	-	-
-	-	-	9,153
-	-	-	172,268
<u>\$ -</u>	<u>\$ 48,648</u>	<u>\$ -</u>	<u>\$ 316,585</u>
\$ 5,391	\$ -	\$ -	\$ 13,462
-	-	-	3,053
-	-	2,431	213,979
<u>5,391</u>	<u>-</u>	<u>2,431</u>	<u>230,494</u>
-	-	-	181,576
-	-	-	-
<u>(5,391)</u>	<u>48,648</u>	<u>(2,431)</u>	<u>(95,485)</u>
<u>(5,391)</u>	<u>48,648</u>	<u>(2,431)</u>	<u>86,091</u>
<u>\$ -</u>	<u>\$ 48,648</u>	<u>\$ -</u>	<u>\$ 316,585</u>

STATE OF NEW MEXICO
Town of Springer
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	<u>Special Revenue</u>			
	<u>Corrections</u>	<u>EMS</u>	<u>Fire Protection</u>	<u>LEPF</u>
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
State operating grants	-	10,046	65,438	23,661
State capital grants	-	-	-	-
Charges for services	-	23,150	-	-
Licenses and fees	13,785	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,785</u>	<u>33,196</u>	<u>65,438</u>	<u>23,661</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	1,252	49,445	42,202	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	39,830
<i>Total expenditures</i>	<u>1,252</u>	<u>49,445</u>	<u>42,202</u>	<u>39,830</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>12,533</u>	<u>(16,249)</u>	<u>23,236</u>	<u>(16,169)</u>
<i>Other financing sources (uses)</i>				
Transfers in/(out)	-	16,000	-	-
Proceeds from debt issuance	-	-	-	21,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>21,000</u>
<i>Net change in fund balances</i>	12,533	(249)	23,236	4,831
<i>Fund balances - beginning of year</i>	<u>28,281</u>	<u>(18,985)</u>	<u>77,208</u>	<u>31,634</u>
<i>Fund balances - end of year</i>	<u>\$ 40,814</u>	<u>\$ (19,234)</u>	<u>\$ 100,444</u>	<u>\$ 36,465</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Library</u>	<u>Lodger's Tax</u>	<u>Streets</u>	<u>Juvenile Recreation</u>	<u>Fire Discretionary</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	866	-	-
-	-	7,998	-	-
-	3,935	-	-	-
14,349	-	-	1,195	-
-	-	-	-	-
219	-	-	12	-
-	-	-	1,811	-
-	-	-	-	-
<u>14,568</u>	<u>3,935</u>	<u>8,864</u>	<u>3,018</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	150
-	-	7,890	-	-
38,057	3,781	-	32,288	-
-	-	-	-	-
<u>38,057</u>	<u>3,781</u>	<u>7,890</u>	<u>32,288</u>	<u>150</u>
<u>(23,489)</u>	<u>154</u>	<u>974</u>	<u>(29,270)</u>	<u>(150)</u>
46,057	-	-	28,475	-
-	-	-	-	-
<u>46,057</u>	<u>-</u>	<u>-</u>	<u>28,475</u>	<u>-</u>
22,568	154	974	(795)	(150)
<u>(6,836)</u>	<u>10,083</u>	<u>12,022</u>	<u>(25,885)</u>	<u>10,952</u>
<u>\$ 15,732</u>	<u>\$ 10,237</u>	<u>\$ 12,996</u>	<u>\$ (26,680)</u>	<u>\$ 10,802</u>

STATE OF NEW MEXICO
Town of Springer
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	Capital Projects			
	CDBG Sewer System Improvements	RUS Water Improvements	Rehab of Dams 1 and 2	Legislative Appropriations Water
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
State operating grants	-	-	-	-
State capital grants	-	25,025	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	25,025	-	-
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	25,074	15,417	93,525
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	25,074	15,417	93,525
<i>Excess (deficiency) of revenues over expenditures</i>	-	(49)	(15,417)	(93,525)
<i>Other financing sources (uses)</i>				
Transfers in/(out)	-	-	-	-
Proceeds from debt issuance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	(49)	(15,417)	(93,525)
<i>Fund balances - beginning of year</i>	(1,160)	32,378	-	(58,538)
<i>Fund balances - end of year</i>	\$ (1,160)	\$ 32,329	\$ (15,417)	\$ (152,063)

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>			
<u>Co-op Grant</u>	<u>Sewer Lagoon Project</u>	<u>Scenic Byways</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	866
-	-	-	7,998
-	-	-	3,935
-	-	-	114,689
-	-	-	25,025
-	-	-	23,381
-	-	-	15,596
-	-	-	-
-	-	-	191,490
5,391	-	-	5,391
-	-	-	93,049
-	-	-	141,906
-	-	-	74,126
-	-	-	39,830
5,391	-	-	354,302
(5,391)	-	-	(162,812)
-	-	-	90,532
-	-	-	21,000
-	-	-	111,532
(5,391)	-	-	(51,280)
-	48,648	(2,431)	137,371
<u>\$ (5,391)</u>	<u>\$ 48,648</u>	<u>\$ (2,431)</u>	<u>\$ 86,091</u>

STATE OF NEW MEXICO

Schedule B-1

Town of Springer

Corrections Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	10,000	10,000	13,785	3,785
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	10,000	10,000	13,785	3,785
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	1,650	1,650	1,252	398
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,650	1,650	1,252	398
<i>Excess (deficiency) of revenues over expenditures</i>	8,350	8,350	12,533	4,183
<i>Other financing sources (uses)</i>				
Designated Cash	(8,350)	(8,350)	-	8,350
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	(8,350)	(8,350)	-	8,350
<i>Net Change in Cash Balance</i>	-	-	12,533	12,533
<i>Cash Balance - Beginning of Year</i>	-	-	28,281	28,281
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 40,814	\$ 40,814
Net change in fund balances (non-GAAP budgetary basis)			\$ 12,533	
No adjustment for revenues			-	
No adjustment for expenditures			-	
Net change in fund balances (GAAP)			\$ 12,533	

STATE OF NEW MEXICO

Schedule B-2

Town of Springer

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable)
				Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	10,100	10,100	10,046	(54)
State capital grants	-	-	-	-
Charges For Services	37,750	37,750	22,933	(14,817)
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>47,850</u>	<u>47,850</u>	<u>32,979</u>	<u>(14,871)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	47,850	47,850	48,167	(317)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>47,850</u>	<u>47,850</u>	<u>48,167</u>	<u>(317)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(15,188)</u>	<u>(15,188)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(7,500)	(7,500)	-	7,500
Transfers In	7,500	7,500	16,000	8,500
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
<i>Net Change in Cash Balance</i>	-	-	812	812
<i>Cash Balance - Beginning of Year</i>	-	-	(19,207)	(19,207)
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,395)</u>	<u>\$ (18,395)</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ 812	
Adjustment to revenues for accounts receivable accrual			217	
Adjustment to expenditures for accounts payable accrual			(1,278)	
Net change in fund balances (GAAP)			<u>\$ (249)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-3

Town of Springer
 Fire Protection Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	65,438	65,438	65,438	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>65,438</u>	<u>65,438</u>	<u>65,438</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	58,500	58,500	42,364	16,136
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	1,250	1,250	-	1,250
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>59,750</u>	<u>59,750</u>	<u>42,364</u>	<u>17,386</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,688</u>	<u>5,688</u>	<u>23,074</u>	<u>17,386</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(5,688)	(5,688)	-	5,688
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(5,688)</u>	<u>(5,688)</u>	<u>-</u>	<u>5,688</u>
<i>Net Change in Cash Balance</i>	-	-	23,074	23,074
<i>Cash Balance - Beginning of Year</i>	-	-	77,884	77,884
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,958</u>	<u>\$ 100,958</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ 23,074	
No adjustment for revenues			-	
Adjustment to expenditures for accounts payable accrual			162	
Net change in fund balances (GAAP)			<u>\$ 23,236</u>	

STATE OF NEW MEXICO

Schedule B-4

Town of Springer
 Law Enforcement Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	15,643	15,643	15,643	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>15,643</u>	<u>15,643</u>	<u>15,643</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	15,643	15,643	18,830	(3,187)
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,643</u>	<u>15,643</u>	<u>18,830</u>	<u>(3,187)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,187)</u>	<u>(3,187)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Balance</i>	-	-	(3,187)	(3,187)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>31,634</u>	<u>31,634</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,447</u>	<u>\$ 28,447</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ (3,187)	
Adjustment to revenues for accounts receivable accrual			8,018	
No adjustment for expenditures			-	
Net change in fund balances (GAAP)			<u>\$ 4,831</u>	

STATE OF NEW MEXICO

Schedule B-5

Town of Springer

Library Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	3,250	3,250	14,349	11,099
State capital grants	-	-	-	-
Charges For Services	-	-	219	219
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,250</u>	<u>3,250</u>	<u>14,568</u>	<u>11,318</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	48,338	48,338	36,780	11,558
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>48,338</u>	<u>48,338</u>	<u>36,780</u>	<u>11,558</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(45,088)</u>	<u>(45,088)</u>	<u>(22,212)</u>	<u>22,876</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	45,088	45,088	46,057	969
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>45,088</u>	<u>45,088</u>	<u>46,057</u>	<u>969</u>
<i>Net Change in Cash Balance</i>	-	-	23,845	23,845
<i>Cash Balance - Beginning of Year</i>	-	-	(6,636)	(6,636)
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,209</u>	<u>\$ 17,209</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ 23,845	
No adjustment for revenues			-	
Adjustment to expenditures for accounts payable and payroll accruals			(1,277)	
Net change in fund balances (GAAP)			<u>\$ 22,568</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-6

Town of Springer
 Lodger's Tax Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	4,260	4,260	3,935	(325)
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,260</u>	<u>4,260</u>	<u>3,935</u>	<u>(325)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	4,260	4,260	3,781	479
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,260</u>	<u>4,260</u>	<u>3,781</u>	<u>479</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>154</u>	<u>154</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Balance</i>	-	-	154	154
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>10,083</u>	<u>10,083</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,237</u>	<u>\$ 10,237</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ 154	
No adjustment for revenues			-	
No adjustment for expenditures			-	
Net change in fund balances (GAAP)			<u>\$ 154</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-7

Town of Springer

Streets Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	866	866
Gasoline and motor vehicle	-	-	7,998	7,998
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	43,000	43,000	-	(43,000)
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>43,000</u>	<u>43,000</u>	<u>8,864</u>	<u>(34,136)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	80,333	80,333	2,890	77,443
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>80,333</u>	<u>80,333</u>	<u>2,890</u>	<u>77,443</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(37,333)</u>	<u>(37,333)</u>	<u>5,974</u>	<u>43,307</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	37,333	37,333	-	(37,333)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>37,333</u>	<u>37,333</u>	<u>-</u>	<u>(37,333)</u>
<i>Net Change in Cash Balance</i>	-	-	5,974	5,974
<i>Cash Balance - Beginning of Year</i>	-	-	12,022	12,022
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,996</u>	<u>\$ 17,996</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ 5,974	
No adjustment for revenues			-	
Adjustment to expenditures for accounts payable accrual			(5,000)	
Net change in fund balances (GAAP)			<u>\$ 974</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-8

Town of Springer
 Juvenile Recreation Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	3,700	3,700	1,195	(2,505)
State capital grants	-	-	-	-
Charges For Services	100	100	12	(88)
Licenses and Fees	550	550	1,811	1,261
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,350</u>	<u>4,350</u>	<u>3,018</u>	<u>(1,332)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	38,184	38,184	31,009	7,175
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>38,184</u>	<u>38,184</u>	<u>31,009</u>	<u>7,175</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(33,834)</u>	<u>(33,834)</u>	<u>(27,991)</u>	<u>5,843</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	33,834	33,834	28,475	(5,359)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>33,834</u>	<u>33,834</u>	<u>28,475</u>	<u>(5,359)</u>
<i>Net Change in Cash Balance</i>	-	-	484	484
<i>Cash Balance - Beginning of Year</i>	-	-	(25,005)	(25,005)
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,521)</u>	<u>\$ (24,521)</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ 484	
No adjustment for revenues			-	
Adjustment to expenditures for accounts payable and payroll accrual			(1,279)	
Net change in fund balances (GAAP)			<u>\$ (795)</u>	

STATE OF NEW MEXICO

Schedule B-9

Town of Springer
 Fire Discretionary Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	3,200	3,200	150	3,050
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,200</u>	<u>3,200</u>	<u>150</u>	<u>3,050</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,200)</u>	<u>(3,200)</u>	<u>(150)</u>	<u>3,050</u>
<i>Other financing sources (uses)</i>				
Designated Cash	3,200	3,200	-	(3,200)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,200</u>	<u>3,200</u>	<u>-</u>	<u>(3,200)</u>
<i>Net Change in Cash Balance</i>	-	-	(150)	(150)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>10,952</u>	<u>10,952</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,802</u>	<u>\$ 10,802</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ (150)	
No adjustment for revenues			-	
No adjustment for expenditures			-	
Net change in fund balances (GAAP)			<u>\$ (150)</u>	

STATE OF NEW MEXICO

Schedule B-10

Town of Springer

CDBG Sewer System Improvements Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Balance</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>(1,160)</u>	<u>(1,160)</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,160)</u>	<u>\$ (1,160)</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ -	
No adjustment for revenues			-	
No adjustment for expenditures			-	
Net change in fund balances (GAAP)			<u>\$ -</u>	

STATE OF NEW MEXICO

Schedule B-11

Town of Springer

RUS Water Improvements Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	63,000	63,000	25,025	(37,975)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>63,000</u>	<u>63,000</u>	<u>25,025</u>	<u>(37,975)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	64,025	64,025	25,074	38,951
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>64,025</u>	<u>64,025</u>	<u>25,074</u>	<u>38,951</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,025)</u>	<u>(1,025)</u>	<u>(49)</u>	<u>976</u>
<i>Other financing sources (uses)</i>				
Designated Cash	1,025	1,025	-	(1,025)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,025</u>	<u>1,025</u>	<u>-</u>	<u>(1,025)</u>
<i>Net Change in Cash Balance</i>	-	-	(49)	(49)
<i>Cash Balance - Beginning of Year</i>	-	-	22,205	22,205
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,156</u>	<u>\$ 22,156</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ (49)	
No adjustment for revenues			-	
No adjustment for expenditures			-	
Net change in fund balances (GAAP)			<u>\$ (49)</u>	

STATE OF NEW MEXICO

Schedule B-12

Town of Springer
 Rehab of Dams 1 and 2 Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	15,417	(15,417)
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>15,417</u>	<u>(15,417)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(15,417)</u>	<u>(15,417)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Balance</i>	-	-	(15,417)	(15,417)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,417)</u>	<u>\$ (15,417)</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ (15,417)	
No adjustment for revenues			-	
No adjustment for expenditures			-	
Net change in fund balances (GAAP)			<u>\$ (15,417)</u>	

STATE OF NEW MEXICO

Schedule B-13

Town of Springer
 Co-op Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Balance</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ -	
No adjustment for revenues			-	
Adjustment to expenses for accounts payable accrual			<u>(5,391)</u>	
Net change in fund balances (GAAP)			<u>\$ (5,391)</u>	

STATE OF NEW MEXICO

Schedule B-14

Town of Springer

Legislative Appropriation Water Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	93,525	(93,525)
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>93,525</u>	<u>(93,525)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(93,525)</u>	<u>(93,525)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Balance</i>	-	-	(93,525)	(93,525)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>(58,538)</u>	<u>(58,538)</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (152,063)</u>	<u>\$ (152,063)</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ (93,525)	
Adjustment to revenues for accounts revenue accrual			-	
Adjustment to expenses for accounts payable accrual			-	
Net change in fund balances (GAAP)			<u>\$ (93,525)</u>	

STATE OF NEW MEXICO

Schedule B-15

Town of Springer
 Sewer Lagoon Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Balance</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	48,468	48,468
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,468</u>	<u>\$ 48,468</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ -	
No adjustment for revenues			-	
Adjustment to expenses for accounts payable accrual			-	
Net change in fund balances (GAAP)			<u>\$ -</u>	

STATE OF NEW MEXICO

Schedule B-16

Town of Springer
 Scenic Byways Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipt	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Balance</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>(2,431)</u>	<u>(2,431)</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,431)</u>	<u>\$ (2,431)</u>
Net change in fund balances (non-GAAP budgetary basis)			\$ -	
No adjustment for revenues			-	
Adjustment to expenses for accounts payable accrual			-	
Net change in fund balances (GAAP)			<u>\$ -</u>	

STATE OF NEW MEXICO
Town of Springer
Statement of Revenues, Expenses and Changes in Net Assets
Budget (GAAP Budgetary Basis) and Actual
Joint Utilities Proprietary Fund
For the Year Ended June 30, 2008

Statement C-1

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 1,119,006	\$ 1,119,036	\$ 1,116,499	\$ (2,537)
<i>Total operating revenues</i>	<u>1,119,006</u>	<u>1,119,036</u>	<u>1,116,499</u>	<u>(2,537)</u>
<i>Operating expenses:</i>				
General and administrative	148,495	148,495	813,355	(664,860)
Personnel services	242,236	242,326	212,915	29,411
Contractual services	115,727	115,727	17,403	98,324
Supplies and purchased power	19,500	19,500	2,075	17,425
Maintenance and materials	504,037	504,037	30,023	474,014
Utilities	60,000	60,000	37,357	22,643
Depreciation	-	-	273,728	(273,728)
Miscellaneous	-	-	-	-
<i>Total operating expenses</i>	<u>1,089,995</u>	<u>1,090,085</u>	<u>1,386,856</u>	<u>(296,771)</u>
<i>Operating income (loss)</i>	<u>29,011</u>	<u>28,951</u>	<u>(270,357)</u>	<u>(299,308)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	101,050	101,050	34,361	(66,689)
Interest income	-	-	-	-
Interest expense	-	-	-	-
Debt service grants	-	-	-	-
Gross receipts and other taxes	-	-	3,684	3,684
Bond issuance costs	-	-	(188)	(188)
<i>Total non-operating revenues (expenses)</i>	<u>101,050</u>	<u>101,050</u>	<u>37,857</u>	<u>(63,193)</u>
Capital grants	-	-	-	-
Transfers in	-	-	73,718	73,718
Transfers out	-	-	(27,195)	-
<i>Capital grants and net transfers</i>	<u>-</u>	<u>-</u>	<u>46,523</u>	<u>73,718</u>
<i>Change in net assets</i>	130,061	130,001	(185,977)	(288,783)
Designated cash	(130,061)	(130,001)	-	130,001
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,616,726</u>	<u>3,616,726</u>
<i>Restatement (Note 14)</i>	<u>-</u>	<u>-</u>	<u>(160,902)</u>	<u>(160,902)</u>
<i>Total net assets, beginning of year restated</i>	<u>-</u>	<u>-</u>	<u>3,455,824</u>	<u>3,455,824</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,269,847</u>	<u>\$ 3,269,847</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

Town of Springer

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 Housing Authority Proprietary Fund
 For the Year Ended June 30, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 96,600	\$ 96,600	\$ 103,170	\$ 6,570
<i>Total operating revenues</i>	<u>96,600</u>	<u>96,600</u>	<u>103,170</u>	<u>6,570</u>
<i>Operating expenses:</i>				
General and administrative	32,615	32,615	30,607	2,008
Personnel services	80,410	80,410	68,460	11,950
Contractual services	12,800	12,800	13,707	(907)
Supplies and purchased power	4,500	4,500	2,152	2,348
Maintenance and materials	74,360	74,360	57,356	17,004
Utilities	65,200	65,200	63,179	2,021
Miscellaneous	-	-	-	-
<i>Total operating expenses</i>	<u>269,885</u>	<u>269,885</u>	<u>235,461</u>	<u>34,424</u>
<i>Operating income (loss)</i>	<u>(173,285)</u>	<u>(173,285)</u>	<u>(132,291)</u>	<u>40,994</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	183,989	183,989	188,193	4,204
Miscellaneous income	300	300	12,903	12,603
Interest income	500	500	2,548	2,048
Interest expense	-	-	-	-
Debt service grants	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>184,789</u>	<u>184,789</u>	<u>203,644</u>	<u>18,855</u>
Capital grants	-	-	108,512	108,512
Transfers in	12,500	12,500	12,627	127
Transfers out	-	-	(12,627)	(12,627)
<i>Capital grants and net transfers</i>	<u>12,500</u>	<u>12,500</u>	<u>108,512</u>	<u>96,012</u>
<i>Change in net assets</i>	<u>24,004</u>	<u>24,004</u>	<u>179,865</u>	<u>155,861</u>
<i>(Expenses) not budgeted</i>				
Depreciation	-	-	(107,338)	(107,338)
Designated cash	(24,004)	(24,004)	-	24,004
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>758,135</u>	<u>758,135</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 830,662</u>	<u>\$ 830,662</u>
Change in net assets (GAAP)			\$ 72,527	
Depreciation			<u>107,338</u>	
Change in net assets (Non-GAAP Basis)			<u>\$ 179,865</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-3

Town of Springer

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Budgetary Basis) and Actual

Cemetery Proprietary Fund

For the Year Ended June 30, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 1,300	\$ 1,300	\$ 1,675	\$ 375
<i>Total operating revenues</i>	<u>1,300</u>	<u>1,300</u>	<u>1,675</u>	<u>375</u>
<i>Operating expenses:</i>				
General and administrative	-	-	-	-
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies and purchased power	-	-	-	-
Maintenance and materials	1,300	1,300	27	1,273
Utilities	-	-	-	-
Depreciation	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total operating expenses</i>	<u>1,300</u>	<u>1,300</u>	<u>27</u>	<u>1,273</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>-</u>	<u>1,648</u>	<u>1,648</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Debt service grants	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital grants	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net assets</i>	<u>-</u>	<u>-</u>	<u>1,648</u>	<u>1,648</u>
Designated cash	-	-	-	-
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,622</u>	<u>1,622</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,270</u>	<u>\$ 3,270</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-4

Town of Springer

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Budgetary Basis) and Actual

Museum Proprietary Fund

For the Year Ended June 30, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 5,600	\$ 5,600	\$ -	\$ (5,600)
<i>Total operating revenues</i>	<u>5,600</u>	<u>5,600</u>	<u>-</u>	<u>(5,600)</u>
<i>Operating expenses:</i>				
General and administrative	-	-	808	(808)
Personnel services	9,525	9,525	12,382	(2,857)
Contractual services	-	-	-	-
Supplies and purchased power	800	800	655	145
Maintenance and materials	-	-	398	(398)
Utilities	6,000	6,000	3,857	2,143
Depreciation	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total operating expenses</i>	<u>16,325</u>	<u>16,325</u>	<u>18,100</u>	<u>(1,775)</u>
<i>Operating income (loss)</i>	<u>(10,725)</u>	<u>(10,725)</u>	<u>(18,100)</u>	<u>(7,375)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Debt service grants	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital grants	-	-	-	-
Transfers in	10,725	10,725	17,799	7,074
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	<u>10,725</u>	<u>10,725</u>	<u>17,799</u>	<u>7,074</u>
<i>Change in net assets</i>	<u>-</u>	<u>-</u>	<u>(301)</u>	<u>(301)</u>
Designated cash	-	-	-	-
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>71,942</u>	<u>71,942</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,641</u>	<u>\$ 71,641</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Springer
Statement of Fund Net Assets
Nonmajor Proprietary Funds
June 30, 2008

Statement D-1

	Cemetery	Museum	Total
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 3,270	\$ -	\$ 3,270
Receivables:			
Intergovernmental	-	-	-
Other receivables	-	-	-
Customer receivables, net of allowance	-	-	-
Notes receivable	-	-	-
Inventory	-	-	-
Prepays	-	-	-
<i>Total current assets</i>	3,270	-	3,270
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	-	-
Capital assets	-	107,496	107,496
Less: accumulated depreciation	-	(24,254)	(24,254)
<i>Total noncurrent assets</i>	-	83,242	83,242
<i>Total Assets</i>	\$ 3,270	\$ 83,242	\$ 86,512
<i>Liabilities and Net Assets</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	\$ -	\$ 153	\$ 153
Accrued payroll expenses	-	435	435
Accrued compensated absences	-	-	-
Accrued interest	-	-	-
Meter and other refundable deposits	-	-	-
Deferred revenue	-	-	-
Due to other funds	-	11,013	11,013
Current portion of bonds and notes payable	-	-	-
Current portion of capital leases	-	-	-
<i>Total current liabilities</i>	-	11,601	11,601
<i>Noncurrent liabilities</i>			
Accrued compensated absences	-	-	-
Landfill closure	-	-	-
Bonds payable	-	-	-
Notes payable and capital leases	-	-	-
<i>Total noncurrent liabilities</i>	-	-	-
<i>Total liabilities</i>	-	11,601	11,601
<i>Net Assets:</i>			
Invested in capital assets, net of related debt	-	83,242	83,242
Restricted net assets	-	-	-
Unrestricted net assets	3,270	(11,601)	(8,331)
<i>Total net assets</i>	3,270	71,641	74,911
<i>Total Liabilities and Net Assets</i>	\$ 3,270	\$ 83,242	\$ 86,512

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Springer
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

Statement D-2

	Cemetery	Museum	Total
<i>Operating revenues:</i>			
Charges for services	\$ 1,675	\$ -	\$ 1,675
<i>Total operating revenues</i>	1,675	-	1,675
<i>Operating expenses:</i>			
General and administrative	-	808	808
Personnel services	-	12,382	12,382
Contractual services	-	-	-
Supplies and purchased power	-	655	655
Maintenance and materials	27	398	425
Utilities	-	3,857	3,857
Depreciation	-	-	-
<i>Total operating expenses</i>	27	18,100	18,127
<i>Operating income (loss)</i>	1,648	(18,100)	(16,452)
<i>Non-operating revenues (expenses):</i>			
State nonoperating grants	-	-	-
Interest income	-	-	-
Interest expense	-	-	-
Gross receipts and other taxes	-	-	-
Miscellaneous	-	-	-
<i>Total non-operating revenues (expenses)</i>	-	-	-
Federal capital grants	-	-	-
Transfers in	-	17,799	17,799
Transfers out	-	-	-
<i>Net capital grants and transfers</i>	-	17,799	17,799
<i>Change in net assets</i>	1,648	(301)	1,347
<i>Net assets, beginning of year</i>	1,622	71,942	73,564
<i>Net assets, end of year</i>	\$ 3,270	\$ 71,641	\$ 74,911

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
Town of Springer
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2008

Schedule I

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2007</u>	<u>Location of Safekeeper</u>
Wells Fargo Bank					
	FGIOHOHO0895	6/1/2037	3128KS7G9	\$ 83,712	Wells Fargo, San Francisco, CA
	FNCL 257004	10/1/2037	31371NNV3	<u>218,825</u>	Wells Fargo, San Francisco, CA
	Total Pledged Collateral			<u>\$ 302,537</u>	

See independent auditor's report

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STATE OF NEW MEXICO
Town of Springer
Schedule of Deposits and Investments
by Depository
June 30, 2008

Schedule II

Account	Account Type	Wells Fargo Bank	International Bank	Total
General Government				
General Account	Checking	\$ 509,115	\$ -	\$ 509,115
Revenue Bond Account	Checking	12,237	-	12,237
Cemetery Memorial Fund	Checking	451	-	451
Springer CDBG	Checking	-	-	-
Payroll Account	Checking	-	18,308	18,308
Meter Deposit Account	Checking	-	31,129	31,129
Municipal Court Escrow Account	Checking	-	2,691	2,691
Municipal Court Bond Account	Checking	-	453	453
Veterans Memorial Fund	Checking	-	194	194
Housing Authority				
General Fund	Checking	120,609	-	120,609
2003 CFP	Checking	1,194	-	1,194
2004 CFP	Checking	458	-	458
2005 CFP	Checking	79	-	79
2006 CFP	Checking	(7)	-	(7)
FSS Escrow - Perez	Savings	1,714	-	1,714
Security Deposit Account	Checking	14,233	-	14,233
CD 2247922384	CD	36,966	-	36,966
CD 449078625	CD	31,272	-	31,272
Total per bank		728,321	52,775	781,096
Reconciling Items		(55,673)	(8,579)	(64,252)
Reconciled balance - June 30, 2008		<u>672,648</u>	<u>44,196</u>	<u>716,844</u>
Agency Cash per Exhibit E-1				109
Total cash and cash equivalents				<u>\$ 716,953</u>

See independent auditor's report

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STATE OF NEW MEXICO

Schedule III

Town of Springer

Schedule of Changes In Fiduciary Assets And Liabilities - Agency Funds
For the Year Ended June 30, 2008

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Assets				
Cash	\$ 15	\$ 60,327	\$ 60,233	\$ 109
Total assets	<u>\$ 15</u>	<u>\$ 60,327</u>	<u>\$ 60,233</u>	<u>\$ 109</u>
Liabilities				
Due to other entities	\$ 15	\$ 60,327	\$ 60,233	\$ 109
Total liabilities	<u>\$ 15</u>	<u>\$ 60,327</u>	<u>\$ 60,233</u>	<u>\$ 109</u>

The accompanying notes are an integral part of these financial statements

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Mayor and Town Trustees
The Town of Springer
Springer, New Mexico

We were engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Springer, as of and for the year ended June 30, 2008 which collectively comprise the Town's basic financial statements as listed in the table of contents and have issued our report thereon dated June 5, 2009. We were also engaged to audit the financial statements of each of the Town's nonmajor governmental funds, nonmajor proprietary funds and the budgetary comparisons for the proprietary funds and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. Due to the Town's deficiencies in internal controls and the lack of adequate documentation, the scope of our work was not sufficient to enable us to express and we did not express opinions on these opinion units.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Springer's financial statements that is more than inconsequential will not be prevented or detected by the Town of Springer's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items FS 03-08, FS 05-07, FS 05-09, FS 05-13, FS 05-23, FS 05-25, FS 06-02, FS 06-05, FS 06-06, FS 06-07, FS 06-09, and FS 06-10.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above we consider items FS 03-08, FS 06-07, and FS 06-09 to be material weaknesses.

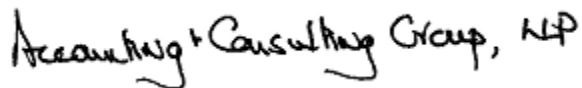
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Springer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items FS 05-08, FS 05-09, FS 05-18, FS 05-25, FS 06-08, FS 06-11, and FS 06-12.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2008 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as finding FS 06-03.

Town of Springer's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Town of Springer's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Town of Springer, the audit committee, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these parties.



Accounting & Consulting Group, LLP
Albuquerque, NM
June 5, 2009

FINDINGS-FINANCIAL STATEMENT AUDIT

FS 03-08 Capital Asset Listing– Town

Criteria: Section 12-6-10, NMSA 1978, requires the Town to conduct an annual physical inventory of movable chattels and equipment, certify the correctness of that inventory, and provide a copy of it to the Town's auditors.

GASB 34 requires that capital assets be reported at historical cost including ancillary charges directly attributable to asset acquisition—such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets should be reported at their estimated fair value at the time of acquisition. Capital assets includes land, improvements to land easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

Proprietary fund capital assets were required to be depreciated prior to GASB 34. With the implementation of GASB 34 in FY04 capital assets related to the Town's governmental activities must also be depreciated over their estimated useful lives unless they are inexhaustible assets, such as land and land improvements.

Because the Town of Springer is a Phase III government for purposes of implementing GASB 34, the Town could elect not to retroactively capitalize and depreciate its general infrastructure assets that were constructed or significantly reconstructed retroactively back to June 30, 1980. However, at the time the Town implemented GASB 34 (in FY04), it should have had an internal control system in place to start capitalizing and depreciating its infrastructure prospectively.

Section 2.20.1.8, FIXED ASSET ACCOUNTING SYSTEM, of New Mexico Administrative Code requires that:

A. Agencies should implement systematic and well-documented methods for accounting for their fixed assets. A computerized system is recommended, with appropriate controls on access and authorization of transactions.

B. The information to be recorded and maintained on its fixed assets, must include at a minimum the following:

- (1) agency name or commonly used initials used to identify the agency;
- (2) fixed asset number or fixed asset number plus component number;
- (3) a description using words meaningful for identification;
- (4) location, specifically a building and room number. If the asset is movable, the name and location of the fixed asset coordinator should be used;
- (5) manufacturer name (NOT the vendor's name, unless vendor is the manufacturer);
- (6) model number or model name;
- (7) serial number, or vehicle identification number (VIN) for vehicles in agency's use & possession. If the fixed asset has no serial number, e.g., a custom-built asset, absence should be acknowledged by coding this as "none";
- (8) estimated useful life or units expected to be produced;
- (9) date acquired (month and year);
- (10) cost (according to the valuation methods described in section 10 [now 2.20.1.10 NMAC];
- (11) fund and organization that purchased the asset, or to which it was transferred.

FS 03-08 Capital Asset Listing – Town (continued)

C. The system must be capable of generating lists of fixed assets in sequences useful for managing them. It must track all transactions including acquisitions, depreciation (if needed), betterments and dispositions. It must generate all necessary accounting entries to the agency's general ledger.

Condition: The Town does not know what its capital assets are or how much they cost. The Town could not provide the auditors with a list of their capital assets at historical cost showing when each item was purchased. The Town does not have a depreciation schedule for its governmental capital assets or its proprietary funds. The Town does not know how depreciation on its capital assets was calculated in previous fiscal years. The Town does not have a system of internal controls in place to safeguard its assets or to ensure that capital assets are not misstated in the Town's financial statements. The Housing Authority funds did not have the problems described in this finding.

Cause: The Town was unaware of how to properly account for its capital assets and does not have the appropriate software and procedures in place to capitalize and depreciate its capital assets. The Town has experienced turnover of key accounting personnel.

Effect: The Town's financial statements cannot accurately reflect the value of the Town's capital assets due to the Town's lack of information about its capital assets. The Town's capital assets are at risk for being misappropriated because they are not properly accounted for and inventoried each year.

Auditors' Recommendations: We recommend that the Town obtain appropriate capital asset and depreciation accounting software. We recommend that the Town create the required capital asset records as described in the criteria section. If determining historical cost of some assets is not practical because of inadequate records, we recommend that estimated historical cost be used as described in GASB 34 paragraph 158 through 160. We recommend that the Town develop a current depreciation schedule for its capital assets. We recommend that the capital asset software be able to generate accurate reports that provide sufficient information to reconcile capital asset additions and deletions, current year depreciation expense and accumulated depreciation to facilitate roll forward schedules each fiscal year. We recommend that the Town contract with a consultant to obtain assistance if necessary, to accomplish this work.

Management's Response: An asset list of assets over \$5,000 was located (see attached). Verification of such assets was done by the staff. An additional asset listing per department was also done. Labeling of each asset will be accomplished when a source for the consecutive numbering can be located. In regards to the acquisition dates, disposal dates, conversation methods, accumulated depreciation, recapture of depreciation, etc. are concerned, a reconstruction from the source documentation will be required.

FS 05-07 Lack of Oversight by Board – Housing Authority

Criteria: *The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management’s responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management’s assertions embodied in the financial statements.*

Condition: The Board of the Housing Authority did not exercise appropriate oversight over operations of the Housing Authority. The Town of Springer’s Town Council had to take over as the Board for the Housing Authority because of the lack of effectiveness the Board was having.

Cause: Board members lacked knowledge of HUD procedures and reporting requirements.

Effect: The Housing Authority’s governing body did not provide effective oversight of internal control and financial reporting processes.

Auditor’s Recommendation: The body charged with governance should provide effective oversight of the internal control and financial reporting process.

Management’s Response: The Springer Housing Authority Board of Commissioners assures that they will provide effective oversight of internal control and financial reporting process.

FS 05-08 – Actual Expenditures Exceed Budgeted Expenditures – Housing Authority and Town

Criteria: Section 6-6-6 of the New Mexico state statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. Town officials and governing authorities have the obligation to follow applicable state statutes

Condition: The following funds had expenditures that exceeded the respective budget as of June 30, 2008:

Fund	Amount
EMS Special Revenue Fund	\$ (317)
Law Enforcement Special Revenue Fund	(3,187)
Rehab of Dams 1 and 2 Capital Projects Fund	(15,417)
Legislative App. Water Capital Projects Fund	(93,525)
Joint Utilities Proprietary Fund	(296,959)
Museum Proprietary Fund	(1,775)

Cause: Inadequate monitoring of budget to actual on a line item basis within funds.

Effect: Noncompliance with New Mexico state statutes could subject officials and employees to penalties and fines required by state statutes.

Auditor’s Recommendation: We recommend that the Town increase monitoring of its budget to actual comparisons and use budget adjustments to avoid having expenditures exceed the budget.

Management’s Response: Insertion of items in the chart of accounts such as current assets, long term assets, current liabilities, long term liabilities, etc. and utilizing the current accounting system budgeting capabilities will facilitate a quick review of actual verses budgeted. This will be implemented in the new fiscal year of 09-10.

FS 05-09 – Late Filing of Audit Report – Housing Authority and Town

Criteria: According to State of New Mexico regulations, Section 2.2.2.9A(1)(d)NMAC, the Town of Springer’s fiscal year 2008 audited financial statements were due December 1, 2008.

Condition: The Town did not file their audited financial statements for June 30, 2008 by December 1, 2008. The audit was submitted to the State Auditor on June 22nd, 2009.

Cause: The Town did not procure audit services for the fiscal year ended June 30, 2008 in a timely manner. The condition of Town records as well as key employee turnover were also factors in the late filing of the audit report.

Effect: Delays in submission of the audit report affects the reporting of financial information to other state agencies and local governments.

Auditor’s Recommendation: We recommend that the Town work toward getting its audit filed on time by the 2009 fiscal year.

Management’s Response: The Board of Trustees and Mayor of the Town of Springer recognize the immediate importance of timely audit reporting. Monetary constraints have been a major concern and are being addressed. Future budgeting for 09-10 will contain a realistic budget line item for future timely audits.

FS 05-13 – Expenditure and Proper Record Keeping– Town

Criteria: Town procedures require purchase orders to be fully completed and approved prior to the purchase of goods and services. Pursuant to Section 13-1-158, NMSA 1978, no payment can be issued for any purchase of services, construction or items of tangible personal property unless the using agency certifies that the services, construction or item of tangible personal property have been received and meet specifications or unless prepayment is permitted under Section 13-1-98, NMSA 1978, by exclusion of the purchase from the procurement code.

Condition: We noted the following instances in which the Town’s key internal controls over its purchasing cycle were not working properly.

- Tests performed on ten disbursements totaling \$6,064 revealed three instances totaling \$1,592 in which the purchase order did not have an amount on it.
- We noted one disbursement totaling \$341 out of the ten disbursements tested that totaled \$6,064 in which the invoice did not match the purchase order or any other supporting documentation present for the expenditure.

Cause: Some disbursements were signed by only one signer instead of two as a matter of convenience to facilitate getting the invoices paid.

Regarding the missing documentation, either the documentation never existed, or Town personnel have not properly archived disbursement documentation.

Effect: The effect of not always following the Town’s policy requiring two signatures on a check subjects the Town to a higher risk of fraudulent misappropriation of the Town’s cash.

Auditors’ Recommendation: We recommend that the Town personnel always follow the policy that two signers sign each check. We also recommend that the Town develop, document, adopt, and follow a policy regarding proper archiving of all financial documents.

Management's Response: Policy and Procedures Manuals will be created according to State laws to insure consistency in the execution of daily duties and record retention with additional review of deposit records by a member of the executive branch. Sequential receipts will be implemented with our next printing order.

FS 05-18 – Lack of PERA Reconciliation and Incorrect Calculations of Contributions - Town

Criteria: Per NMSA 1978, 10-11-2 U., PERA contributions should be calculated based on employees' base salary or pay, excluding overtime, and should be remitted to PERA on a timely basis. PERA contributions should be reconciled to the PERA contribution summary.

Condition: The Town's PERA contribution expenditures do not reconcile to the PERA Contribution Summary.

Cause: The cause of this condition is the lack of accounting knowledge and regulations related to PERA on the part of Town personnel.

Effect: Incorrect amounts may have been contributed to employee PERA accounts.

Auditors' Recommendations: A reconciliation of PERA contributions to the PERA Contribution Summary should be performed regularly. Responsible accounting staff should be trained in the statutory requirements for these withholdings, and should devise a method for correct calculation of employee and employer contribution amounts.

Management's Response: An internal audit of PERA contributions for the current (and possible prior) year(s) in conjunction with the PERA office will be conducted. Possible rate changes may have occurred. Documentation of any discrepancies will be noted for future audits concerning this issue.

FS 05-23 –Debt Covenant Compliance – Town

Criteria: The Town has entered into three Water and Sewer Revenue Bond agreements (1997A, 2003, and 2007), one of which (2007) whose covenant was not able to be tested because the Town could not locate the document. Good accounting practices require an entity to have enough financial information to determine whether the entity is in compliance with its debt covenants at all times and procedures in place to monitor that compliance.

Condition: The Town does not have adequate internal controls in place to know if they are in compliance with restrictive debt covenants relating to any of the four revenue bonds outstanding.

Cause: Poor record keeping and insufficient knowledge on the part of personnel regarding oversight of debt covenants are the reasons for this lack of controls.

Effect: On the occurrence of any noncompliance with restrictive covenants, the lenders, at their sole election, may declare all of the indebtedness to be immediately due and payable and may proceed at once without further notice to enforce the loan agreement according to the law. The Town may be noncompliant with the debt covenants of the revenue bonds.

Auditor's Recommendation: We recommend that the Town improve its accounting records in the area of debt payments and implement procedures to monitor the Town's compliance with its debt covenants.

Management's Response: Adding the current assets, long term assets, current liabilities , long term liabilities, etc. into the current accounting system along with an individual BOND AGREEMENT file per bond that includes any specific covenants will facilitate not having any further discrepancies. Each bond agreement has done by ordinances which are available for review by the auditors.

FS 05-25 Late Filing of Audit Information for REAC – Housing Authority

Criteria: In accordance with the Consolidation Audit Guide for Audits of HUD Programs, Public Housing Authority's are responsible for ensuring that audited financial statements are electronically submitted to REAC within nine months after its fiscal year end.

Condition: The REAC filing for the Housing Authority is past the due date because the audited financial statements were not completed by the required filing date.

Cause: The Housing Authority is audited with the Town and since the audit for the Town is late, the Housing Authority is also late.

Effect: The Housing Authority has been placed in "troubled status" by HUD.

Auditor's Recommendation: The Town and Housing Authority should have their financial statement audits performed within the due dates specified by the State Auditor.

Management's Response: The Springer Housing Authority at this time has formed a separate Housing Board. This will enable the Housing Authority to continue to have their financial statement audits performed within the due dates specified by the State Auditor.

FS 06-02 Security Deposits and FSS Escrow Not Matching the Restricted Cash Accounts – Housing Authority

Criteria: Good accounting practices require that security deposit liabilities should be reconciled to the related security deposit bank account.

Condition: The restricted tenant deposits account and FSS Escrow accounts do not match the liability account balances for the respective deposits. The tenant deposits account is specifically set up for tenants' deposits that are owed to the individual upon cancellation of service. The FSS Escrow accounts are set up hold funds for residents to use in purchasing a home upon cancellation of service.

Cause: The monies in the bank are not being reconciled to the deposit listings maintained by the Housing Authority.

Effect: The deposit liability balance for the Public Housing tenant account is understated by \$3,366.

Auditors' Recommendation: The tenant deposits liability account should be reconciled with the tenant deposits account throughout the year. Also, the FSS Escrow liability accounts should be reconciled with the FSS Escrow deposits account throughout the year.

Management's Response: The Springer Housing Authority Executive Director assures that the tenant deposits liability account will be reconciled with the tenant deposits account throughout the year. At this time, the Springer Housing Authority has closed all FSS Escrow Accounts.

FS 06-03 Overdrawn Cash Balances – Housing Authority

Criteria: Good accounting practices require that bank account balances should not be overdrawn and have negative balances.

Condition: The Housing Authority had one checking account that had a negative balance of \$7 at year end.

Cause: The Housing Authority has not monitored this account effectively.

Effect: The Housing Authority will be charged avoidable fees because the account is negative.

Auditors' Recommendation: We recommend that the Housing Authority monitor all account balances to avoid negative balances.

Management's Response: The Springer Housing Authority Executive Director as well as the Springer Housing Authority Board of Commissioners assures that all accounts will be monitored effectively. At this time, the Board of Commissioners receives a monthly balance of all accounts during regular meetings in order to monitor all accounts so this is not an issue.

FS 06-05 Agency Not Preparing Financial Statements – Housing Authority and Town

Criteria: A system of internal control over financial reporting does not stop at the general ledger. It includes controls over financial statement preparation, including footnote disclosures. The fact that the auditor prepares the financial statements may mean they are correct, but it doesn't eliminate the control deficiency.

Condition: The financial statements and related disclosures are not being prepared by the Authority or the Town. The Authority and the Town does not have procedures in place to detect and correct material misstatements in the financial statements. In addition, the required Schedule of Legislative Grants was not able to be prepared.

Cause: The Authority and Town personnel do not have the time and have not been trained in the preparation of financial statements and related disclosures.

Effect: The Authority and Town have has a control deficiency since there are not sufficient controls over the preparation of financial statements and related disclosures. The risk of material misstatement of the financial statements is increased by the lack of control procedures over the preparation of the Authority's financial statements and the Town's financial statements.

Auditor's Recommendation: We recommend that management and personnel receive training on preparation of financial statements and related disclosures under Generally Accepted Accounting Standards, or contract with a consultant to assist with the preparation and implement procedures to detect and correct misstatements.

Management's Response (Housing Authority): The Springer Housing Authority Executive Director and the Board of Commissioners assure that the Authorities management and personnel will receive training on preparation of financial statements and related disclosures under Generally Accepted Accounting Standards. The Executive Director assures that she will look over all financial statements that have been prepared in order to correct any misstatements in the financials.

Management's Response (Town): The Town of Springer Executive Director, Clerk Treasurer, and Board of Commissioners assure that the authorities management and personnel will receive training on preparation of financial statements and related disclosures under Generally Accepted Accounting Standards. The Executive Director assures that she will look over all financial statements that have been prepared in order to correct any misstatements in the financials.

FS-06-06-Internal Control – Payroll - Town

Criteria: Good internal controls over payroll require that all wages be properly authorized and approved. The Town's policy does require supervisor approval of timesheets and the existence of an appropriate Pay Rate Schedule.

Condition: We noted the following areas in which the District failed to follow its requirements for supervisory approval of timesheets and failed to provide proper authorization of employee pay rates in the form of a current Pay Rate Schedule.

- Tests performed on 5 randomly selected payroll disbursements totaling \$3,154 revealed that 5 disbursements totaling \$3,154 did not have a current and appropriate Pay Rate Schedule available for verification of each employee's pay rate.

Cause: For the fiscal year 2008 management did not follow its own policies to ensure internal controls were in place and working properly.

Effect: Internal controls over payroll are not monitored and maintained to prevent or detect intentional misappropriation of Town assets.

Auditor's Recommendation: The Town should follow its internal controls over payroll that are in place and perform periodic reviews of the supporting documentation to ensure that they are operating effectively.

Management's Response: Payroll change forms have been in effect for the past two months for pay rate verification. These forms are initiated by the supervisor and the changes are maintained by the payroll clerk. These forms are part of the perpetual employee file as are any changes by employee, internal memos or external sources.

FS 06-07 Deficiencies in Internal Control Structure Design, Operation, and Oversight - Town

Criteria: *The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.*

Condition: The Town does not have a comprehensive documented internal control structure. We noted the following areas in which the City does not have sufficient key internal controls in place.

- The Town does not have a good process for recording cash receipts. Sequential receipt numbers are not used
- Material journal entries were required for cash, accounts receivable, accrued payroll, and accounts payable
- Internal controls that the Town does have like requiring two signatures on all checks and a current Pay Rate Schedule are not monitored to ensure compliance
- Prior year audit findings were not corrected on a timely basis
- Lack of documentation of journal entries
- Lack of documentation for budget adjustments
- Record retention
- In the receipting process, there is no internal control to prevent any type of management override.
- Lack of ability to show the age of delinquent accounts receivable.
- The Town does not have controls in place to verify the date their budget was submitted to DFA.
- The Town did not budget for principal and interest bond payments.

Cause: For the fiscal year 2008 management did not have a documented internal control policy in place for employees to follow and for management and the board to monitor compliance with.

Effect: Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow to properly safeguard assets. Adequate controls are not in place to safeguard assets and prevent or detect intentional or unintentional misstatements of accounting information.

Auditors' Recommendation: We recommend that the Town document internal control policies and that the governing body review and approve them, and that management and the governing body monitor compliance with them.

Management's Response: As referred to in FS 05-13, again, implementation of Policies and Procedures with increased internal controls and check and balances are planned to be in effect the beginning of fiscal year 09-10.

FS 06-08 Procurement Code Compliance - Town

Criteria: The New Mexico Procurement Code, Section 13-1-125, NMSA 1978, was amended effective July 1, 2005 to increase the maximum value of small purchases from \$10,000 to \$20,000 in Subsection A; increase the maximum value of professional services from \$20,000 to \$30,000 in Subsection B; and increase the maximum value of purchases at best obtainable prices from \$1,500 to \$5,000 in Subsection C. Therefore, purchases over \$1,500 up to \$5,000 should have three oral quotes documented, and purchases over \$5,000 and up to \$20,000 should have three written quotes documented.

Condition: During our test work regarding compliance with the NM Procurement Code, we noted that the Town made purchases over \$5,000, but failed to maintain sufficient records to support the assertion that management complied with the requirement to document three quotes.

Cause: The Town did not have policies and procedures requiring the proper maintenance of procurement documentation.

Effect: The Town did not comply with the Procurement Code requirement to document three quotes for purchases over \$5,000. The Town may have paid more than necessary in order to obtain the goods and services that the Town needed.

Auditors' Recommendation: We recommend that the Town of Springer adopt procurement policies and procedures that are in compliance with the New Mexico Procurement Code and update them as the laws are amended. Per House Bill 1147 (Laws of 2007 Regular Session) small purchases amounts were again increased in the summer of 2007, effective for FY08.

Management's Response: Future procurements will contain supporting documentation of all bids for purchases over \$1,000.00 or professional services exceeding \$20,000.00 in respective files for such purchases.

FS 06-09 — Cash Activity Not Recorded - Town

Criteria: Good accounting practices and internal controls over cash require that the bank statements be reconciled on a timely basis to the Town's general ledger, at least monthly. Any transfers between bank accounts that are a reflection of transfers between funds in the general ledger should be recorded in the general ledger on a timely basis. Any bank fees or other activity not previously recorded should be recorded in the general ledger when the bank reconciliations are performed.

A governmental accounting system must make it possible to present fairly and with full disclosure the funds of the governmental unit in conformity with generally accepted accounting principles per NCGAS 1 paragraph 1. Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts **recording cash** and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction, or limitation.

Government Accounting Standards Board Statement (GASBS) 34 paragraph 112(a) describes interfund loans as amounts provided with a requirement for repayment. Interfund loans should be reported as interfund receivables in lender funds and interfund payables in borrow funds. If repayment is not expected within a reasonable time, the interfund balances should be reduced and the amount that is not expected to be repaid should be reported as a transfer from the fund that made the loan to the fund that received the loan.

Condition: Cash per the general ledger did not tie to cash per the bank at the beginning of the fiscal year ended June 30, 2008, by a difference of \$160,902.

The Town did not make the general ledger accounting entries necessary to maintain the cash balance by fund during the fiscal year ended June 30, 2008. The Town did not record interfund loans in the general ledger as required by generally accepted accounting principles. The Town's "due to other funds" and "due from other funds" account balances did not balance by \$178,619.

The Town was unable to provide supporting documentation regarding which funds had a deficit cash balance at June 30, 2008.

The Housing Authority funds did not have the problems described in this finding.

Cause: With the exception of the Housing Authority, the Town of Springer received a disclaimer of opinion on its financial statements in the fiscal year ended June 30, 2005. The Town of Springer did not perform timely bank reconciliations and make the necessary correcting entries into its general ledger during the fiscal year ended June 30, 2008. The Town was unaware of the requirement to record interfund loans in the general ledger.

Effect: The auditors recommended a prior period restatement of the utility fund for the cash discrepancy of \$243,634 that existed at the beginning of the fiscal year, because it was the only fund with enough cash to handle the adjustment. The auditors also recommended an adjusting entry to bring all the negative cash balances in various funds up to zero, while at the same time recording appropriate "due to other funds" and "due from other funds" amounts.

The Town did not have adequate documentation supporting actual cash balances by fund for the prior period adjustment to cash to be posted to all the funds to reflect the "actual" cash that should be in each fund. This lack of information about the cash balance by fund will result in a disclaimer of opinion on the individual fund financial statements of the Town of Springer, with the exception of the Housing Authority Funds.

Auditor's Recommendation: We recommend that the Town perform extra research and work on each fund in order to determine the correct cash balance in each fund and make the necessary adjustments so that the actual cash balance is reflected in each fund. We also recommend that the Town initiate policies and procedures to ensure that bank reconciliations are performed timely and the related required adjustments are made to the general ledger on a timely basis.

FS 06-09 — Cash Activity Not Recorded – Town (continued)

Management's Response: The current accounting system had not been established with a full chart of accounts to allow proper reporting of interfund transfers. There was insufficient training and/or knowledge of such transactions through general journal entries. Most of the accounting has been done on a cash basis rather than an accrual.

All bank reconciliations now tie to the General Ledger. Prior to bank reconciliations, all deposits are entered. The reconciliations are completed with two days from receipt of the bank statements; usually around the 10th of every month.

FS 06-10 Security Deposits and FSS Escrow Not Matching the Restricted Cash Accounts - Town

Criteria: Good accounting practices require that security deposit liabilities should be reconciled to the related security deposit bank account.

Condition: The restricted tenant deposits account and FSS Escrow accounts do not match the liability account balances for the respective deposits. The tenant deposits account is specifically set up for tenants' deposits that are owed to the individual upon cancellation of service. The FSS Escrow accounts are set up hold funds for residents to use in purchasing a home upon cancellation of service.

Cause: The monies in the bank are not being reconciled to the deposit listings maintained by the Housing Authority.

Effect: The deposit liability balance for the Public Housing tenant account is understated by \$830, and the deposit liability balance for the FSS Escrow accounts is overstated by \$99.

Auditors' Recommendation: The tenant deposits liability account should be reconciled with the tenant deposits account throughout the year. Also, the FSS Escrow liability accounts should be reconciled with the FSS Escrow deposits account throughout the year.

Management's Response: The Springer Housing Authority Executive Director assures that the tenant deposits liability account will be reconciled with the tenant deposits account throughout the year. At this time, the Springer Housing Authority has closed all FSS Escrow Accounts.

FS 06-11 Noncompliance with Debt Agreements - Town

Criteria:

Bond Series 1997A, \$339,800 –

Per the U.S. Department of Agriculture, Rural Economic and Community Development, Rural Utilities Service (RUS) letter of conditions dated July 16, 1996, for the Series 1997A, \$339,800 Joint Electric, Water and Sewer System Improvement Revenue Bond, the Town is required to:

- Maintain reserves sufficient to assure that loan installments will be paid on time, for emergency maintenance, for extensions to facilities, and for replacement of short-lived assets which have a useful life significantly less than the repayment period of the loan;
- Maintain a construction bank account for the project, separate from all other banking accounts; and
- Maintain the sewer system accounting separate from all other accounts.

Per the December 17, 1997 letter to the Town from Modrall, Sperling, Roehl, Harris & Sisk, P.A., “the bonds are payable and collectible solely from the net revenues, after payment of operation and maintenance expenses, derived by the Issuer from the operation of the System (‘Pledged Revenues’).”

Bond Series 2003, \$612,500 -

Per the U.S. Department of Agriculture, Rural Development, Rural Utilities Service (RUS) letter of conditions dated January 28, 1999, for the Series 2003, \$612,500 Joint Electric, Water and Sewer System, Improvement Revenue Bonds, the Town is required to do the following.

- Establish an account designated as the Reserve Account, and each month set aside into that account an amount at least equal to one-tenth of one yearly payment. The reserves will be sufficient to assure that loan installments will be paid on time, for emergency maintenance, for extensions to facilities, and for replacement of short-lived assets which have a useful life significantly less than the repayment period of the loan. Borrowers issuing debt pledging facility revenues as security will plan their reserve to provide for at least an annual reserve equal to one-tenth of an average annual loan installment each year for the life of the loan.
- Handle all funds for the project through a construction bank account separate from all other banking accounts, and make payments from this account only on request for payments reviewed and concurred with by RUS. You will establish adequate safeguards to assure that funds from this account are used for authorized purposes only.

Per the September 18, 2008 letter to the Town from Modrall Sperling Lawyers “the bonds are payable and collectible solely from the net revenues, after payment of operation and maintenance expenses, derived by the Issuer from the operation of the Joint Electric, Water and Sewer System (‘Pledged Revenues’).”

FS 06-11 Noncompliance with Debt Agreements - Town (continued)

Condition:

- The Town has not established “reserve accounts” related to these bond issues.
- The Town did not set up separate construction bank accounts for the projects funded by these bonds.
- The Town has not accounted for the sewer system separately from the other utilities.
- The Town has used cash from the Joint Utility Fund, that was revenue pledged for the repayment of bonds, to pay expenditures of other funds. At June 30, 2007 the Joint Utility Fund was owed \$219,277 by various other funds of the Town.

Cause: The Town has experienced significant turnover in finance personnel and does not have internal controls in place to ensure compliance with the bond requirements.

Effect: Noncompliance with debt covenant restrictions could result in the debt being called due.

The Town financial statement does not include the Segment information required by GASB Statements 34 and 37 because the Town has not complied with the bond indenture requirements to account for the utility activities separately.

Auditor’s Recommendation: We recommend that the Town provide the U.S. Department of Agriculture, Rural Economic and Community Development, Rural Utilities Service (RUS) a copy of the audit report for the fiscal year ended June 30, 2008 as soon as it is released by the Office of the State Auditor as required by the bond agreements.

Management’s response: A copy of the audit report for the fiscal year ended June 30, 2007, when released by the Office of the State Auditor will be forwarded to the U.S. Department of Agriculture, Rural Economic and Community Development, Rural Utilities Service.

Specific bond accounts will be established for the purpose of “reserve accounts” and funded with one-tenth of one year payment.

Specific construction accounts will be established for all funds for the project.

A “Job Cost Accounting” method will be initiated. Reconstructive accounting for each project will be performed and maintained within an acceptable timely manner.

STATE OF NEW MEXICO
Town of Springer
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FS 06-12 Budgeted Cash From Prior Year Exceeds Cash Available to Budget - Town

Criteria: Per Section 6-6-11, NMSA 1978, it is unlawful for any municipal governing body for any purpose whatever to be come indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void.

Condition: The Town budgeted cash balance in FY08 that exceeded available cash in the following funds:

Fund	Rebudgeted Cash	Cash available at June 1, 2007	Deficit of Budgeted Cash
Fire Discretionary Special Revenue Fund	\$ 3,200	\$ -	\$ (3,200)
RUS Water Improvements Capital Projects Fund	1,025	-	(1,025)

Cause: The ending cash balances as of July 1, 2007 were not adequately monitored so that budget adjustments could be submitted for cash balances that ended up being less than expected.

Effect: The Town could inadvertently incur debt in violation of Section 6-6-11, NMSA 1978, while keeping expenditures within the budgeted amounts, if some cash balance that was included as revenue to balance the budget was nonexistent.

Auditor's Recommendation: We recommend that the Town review cash balances after the end of a fiscal year to ensure that cash in each fund equals at least the amount of cash rebudgeted in that fund in the following fiscal year. If the cash balance is less than the budgeted amount, we recommend that a budget adjustment be submitted to adjust expenditures downward for any cash deficiency noted.

Management's Response: The Town of Springer has planned to accommodate any cash deficits through a transfer in and transfer out accounts. These transfers are closely monitored through line transfers within each department with Board of Trustee approval. Other fund transfers by Resolutions and DFA review are forthcoming within the next two weeks for the current calendar year. To eliminate these deficits, a budget will be established within the current accounting system for comparatives alerts.

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D. PRIOR YEAR AUDIT FINDINGS

- FS 03-08 – Capital Asset Listing, repeated – Town
- FS 05-07 – Housing Authority – Lack of Oversight by Board, repeated – Housing Authority
- FS 05-08 – Actual Expenditures Exceed Budgeted Expenditures, repeated – Housing Authority and Town
- FS 05-09 – Late Filing of Audit Report, repeated – Housing Authority and Town
- FS 05-10 – Failure to Timely Submit Proposed Budget to NM Department of Finance Administration to Have an Approved Operating Budget, repeated, modified as FS 06-07
- FS 05-12 – NMFA Bucket Truck Loan Payments Were Not Made on a Timely Basis, resolved - Town
- FS 05-13 – Expenditure and Proper Record Keeping, repeated - Town
- FS 05-14 – Budgeting for Bond Payments, repeated, modified as FS 06-07
- FS 05-15 – Lack of Segregation of Duties, repeated, modified as part of FS 06-07
- FS 05-16 – Lack of Proper Authorization on Checks, resolved - Town
- FS 05-18 – Lack of PERA Reconciliation and Incorrect Calculations of Contributions, repeated - Town
- FS 05-23 – Non-Compliance with Debt Covenants, repeated and revised - Town
- FS 05-25 – Late Filing of Audit Information for REAC, repeated – Housing Authority
- FS 06-01 – Capital Asset Additions Recorded Incorrectly, resolved – Housing Authority
- FS 06-02 – Security Deposits and FSS Escrow Not Matching the Restricted Cash Accounts, repeated – Housing Authority
- FS 06-03 – Overdrawn Cash Balances, repeated – Housing Authority
- FS 06-04 – Late Fees Incurred on Housing Authority Insurance, resolved – Housing Authority
- FS 06-05 Agency Not Preparing Financial Statements, repeated – Housing Authority and Town
- FS-06-06 - Internal Control – Payroll, repeated - Town
- FS 06-07 – Deficiencies in Internal Control Structure Design, Operation, and Oversight, repeated - Town
- FS 06-08 – Procurement Code Compliance, repeated - Town
- FS 06-09 – Cash Activity Not recorded, repeated – Town
- FS 06-10 – Security Deposits and FSS Escrow Not Matching the Restricted Cash Accounts, repeated - Town
- FS 06-11 – Noncompliance with Debt Agreements, repeated – Town
- FS 06-12 – Budgeted Cash From Prior Year Exceeds Cash Available to Budget, repeated - Town
- FA 04-22 – Reporting, Prior Year Single Audit Findings, not applicable for year end 2008– Housing Authority
- FA 05-05 – Internal Controls – Housing Authority – Deficiencies in HUD Reporting, See FA 04-22
- FA 05-09 – Special Tests and Provisions, Prior Year Single Audit Finding, not applicable for year end 2008 – Housing Authority
- FA 05-11 – Closeouts of Capital Fund Programs, Prior Year Single Audit Finding, not applicable for year end – Housing Authority
- FA 06-01 – Noncompliance with Federal Reporting Requirements, Prior Year Single Audit Finding, not applicable for year end 2008
- FA 06-02 – Failure to Submit Data Collection Form and Reporting Package by Due Date, Prior Year Single Audit Finding, not applicable for year end 2008

STATE OF NEW MEXICO

Town of Springer

Other Disclosures

Year Ended June 30, 2008

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Although it would be preferred and desirable for the Town to prepare its own GAAP-basis financial statements, it is felt that the Town's personnel have neither the time nor the expertise to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report. Town management is responsible for the financial statements.

B. EXIT CONFERENCE

The contents of the report for the Town of Springer were discussed on June 5, 2009. The following individuals were in attendance.

Town of Springer Officials

Johnny Chavez, Mayor
Marilyn Nolan, Clerk Treasurer
Teresa Montoya, Deputy Treasurer

Auditors

Jeff McWhorter, CPA
Danny Martinez, CPA