

STATE OF NEW MEXICO
TOWN OF SPRINGER
ANNUAL FINANCIAL REPORT
JUNE 30, 2013

Harshwal & Company LLP
Certified Public Accountants
6739 Academy Road NE, Suite 130
Albuquerque, NM 87109
(505) 814-1201

INTRODUCTORY SECTION

STATE OF NEW MEXICO

Town of Springer

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STATE OF NEW MEXICO

Town of Springer

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STATE OF NEW MEXICO

Town of Springer

Official Roster

June 30, 2013

Name

Title

Town Council

Danny Cruz	Mayor
Michael Finkbone	Mayor Pro Tem
Tony A. King	Town Trustee
Boe Lopez	Town Trustee
Johnny Caldwell	Town Trustee
Lance D. Lacey	Judge

Administrative Officials

Shawn Jeffrey	Clerk Treasurer, present
Samual Blea	Deputy Clerk
Ramona S. Romero	Billings Clerk

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Springer, New Mexico (Springer) as of and for the year ended June 30, 2013, and related notes to the financial statements which collectively comprise the Springer's basic financial statements as listed in the table of contents. We also were engaged to audit the financial statements of each of the Springer's nonmajor governmental, nonmajor enterprise, debt service funds and the budgetary comparisons for the major capital projects funds, proprietary funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents. We did not audit the financial statements of the Town of Springer Housing Authority, a discretely presented component unit, which statements reflect total assets of \$764,805 as of June 30, 2013, and total revenues of \$304,392 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Town of Springer's Housing Authority, is based solely on the reports of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

SAN DIEGO

7960 Silvertown Avenue, Suite 206, San Diego, CA 92126
T 858.939.0017 F 858.964.3754

ALBUQUERQUE

6739 Academy Road NE, Suite 130, Albuquerque, NM 87109
T 505.814.1201 F 505.214.5733

Basis for Disclaimer of Opinion

The Town has not maintained adequate accounting records. As explained in Finding FS 06-09 & FS 11-01, the Town lacks internal controls over its general ledger transactions. The accounting system of the Town is insufficient to accurately maintain fund financial statement reporting. As explained in Finding FS 06-07, payroll, disbursements, and the receipting processes have insufficient segregation of duties. With regards to management overrides, there is no internal control to mitigate this risk. Also, the delinquent accounts receivable cannot be stratified by age to facilitate the determination of allowances for doubtful accounts. Further, we did not observe the counting of physical inventories at the end of the year. We were unable to satisfy ourselves by other auditing procedures concerning the inventory held at June 30, 2013, which is stated in the balance sheet at \$37,240. In addition, the maintenance of accounts receivable system in a different accounting software with no reconciliations made to the general ledger resulted in numerous misstatements in accounts receivable. As of the date of our audit report, management was still in the process of rectifying the system deficiencies and correcting the misstatements. We were unable to confirm or verify by alternative means accounts receivable included in the balance sheet at a total amount of \$67,549 at June 30, 2013. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories and accounts receivable, and the elements making up the accompanying financial statements.

As further explained in FS 03-08 the Town lacks information about its capital assets. The Town could not provide the auditors with detailed property records or 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 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. Therefore, we were not able to obtain sufficient appropriate audit evidence about the amounts at which capital assets for governmental and business activities, and related accumulated depreciation are recorded in the accompanying financial statements at June 30, 2013 (stated at \$11,600,932 and \$5,526,569, respectively), and the amount of depreciation expense for the year then ended (stated at \$162,676).

In addition, we were unable to obtain documentation of the payroll tax liability accounts nor were we able to obtain sufficient appropriate audit evidence about payroll tax expense and related income tax disclosures for the year then ended. As explained in finding FS 13-01, the Town has been receiving penalty notices from the IRS on miscalculation of payroll wages reported for the prior years and we were unable to obtain sufficient appropriate audit evidence about the amounts for payroll expense for the year ending June 30, 2013.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, 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.

Based on the report of other auditors, the financial statements of the Town of Springer Housing Authority referred to above, present fairly, in all material respects, the financial position and the results of the operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

We were engaged for the purpose of forming opinions on the financial statements the combining and individual fund financial statements, and the budgetary comparisons. that collectively comprise the Town of Springer's basic financial statements. However, the scope of our audit of the financial statements was not sufficient to enable us to express an opinion because of the reasons described above and accordingly we did not express an opinion on such financial statements. The introductory section and other additional schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter discussed above, it is inappropriate to and we do not express an opinion on the other schedules as required by 2.2.2 NMAC referred to above.

The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, on our consideration of the Town of Springer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Springer's internal control over financial reporting and compliance.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 20, 2013

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Town of Springer
Statement of Net Position
June 30, 2013

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
Assets				
Current assets				
Cash and cash equivalents	\$ 948,085	\$ 32,758	\$ 980,843	\$ 144,329
Investments				72,675
Receivables:				
Utilities receivables, net of allowance		67,549	67,549	
Other receivable	295		295	
Tenant receivables, net of allowance				2,121
Interest receivables				74
Prepays				12,355
Inventory		<u>37,240</u>	<u>37,240</u>	<u>9,697</u>
Total current assets	<u>948,380</u>	<u>137,547</u>	<u>1,085,927</u>	<u>241,251</u>
Noncurrent assets				
Restricted cash and cash equivalents				13,119
Unamortized loan and bond issuance costs	3,777	5,621	9,398	
Capital assets	4,922,872	6,678,060	11,600,932	2,937,758
Less: accumulated depreciation	<u>(1,604,513)</u>	<u>(3,922,056)</u>	<u>(5,526,569)</u>	<u>(2,427,323)</u>
Total noncurrent assets	<u>3,322,136</u>	<u>2,761,625</u>	<u>6,083,761</u>	<u>523,554</u>
Total assets	<u>\$ 4,270,516</u>	<u>\$ 2,899,172</u>	<u>\$ 7,169,688</u>	<u>\$ 764,805</u>

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

STATE OF NEW MEXICO
Town of Springer
Statement of Net Position
June 30, 2013

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
Liabilities				
Current liabilities				
Accounts payable	\$	\$	\$	\$ 1,861
Accrued payroll expenses		2,118	2,118	17,208
Accrued compensated absences		12,343	12,343	2,853
Accrued interest payable		27,339	27,339	
Prepaid rent				28
Current portion of bonds payable		16,000	16,000	
Internal balances	86,125	(86,125)		
Current portion of notes	<u>15,829</u>		<u>15,829</u>	
Total current liabilities	<u>101,954</u>	<u>(28,325)</u>	<u>73,629</u>	<u>21,950</u>
Noncurrent liabilities				
Accrued compensated absences	16,032		16,032	1,812
Tenant security deposits				13,119
Bonds payable		972,801	972,801	
Loans payable	<u>231,555</u>		<u>231,555</u>	
Total noncurrent liabilities	<u>247,587</u>	<u>972,801</u>	<u>1,220,388</u>	<u>14,931</u>
Total liabilities	<u>349,541</u>	<u>944,476</u>	<u>1,294,017</u>	<u>36,881</u>
Net Position				
Invested in capital assets, net of related debt	3,070,975	1,767,203	4,838,178	510,435
Restricted for:				
Debt service		239,692	239,692	
Unrestricted	<u>850,000</u>	<u>(52,199)</u>	<u>797,801</u>	<u>217,489</u>
Total net position	<u>3,920,975</u>	<u>1,954,696</u>	<u>5,875,671</u>	<u>727,924</u>
Total liabilities and net position	<u>\$ 4,270,516</u>	<u>\$ 2,899,172</u>	<u>\$ 7,169,688</u>	<u>\$ 764,805</u>

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

STATE OF NEW MEXICO
Town of Springer
Statement of Activities
June 30, 2013

Exhibit A-2

Functions/ Programs	Program Revenues			
	Expenses	Charges for services	Operating Grants and contributions	Capital Grants and Contributions
Primary Government				
General government	\$ 455,166	\$ 45,739	\$ 173,033	\$ 337,310
Public Safety	345,680	33,373	55,610	
Public Works	683			
Culture and recreation	81,299	634	5,672	22,297
Interest on long- term debt	8,529			
<i>Total government activities</i>	891,357	79,746	234,315	359,607
Business-type Activities:				
Joint Utilities	1,467,482	1,381,239		
Cemetery	3,069	1,275		
Museum	24,123	1,074		
<i>Total Business type activities</i>	1,494,674	1,383,588	0	0
<i>Total Primary Government</i>	\$ 2,386,031	\$ 1,463,334	\$ 234,315	\$ 359,607
Component Unit:				
Housing Authority	\$ 411,505	\$ 252,768	\$ _____	\$ 51,340
General Revenue:				
Taxes				
Property taxes, levied for general purposes				
Gross receipts taxes				
Gasoline and motor vehicle taxes				
Franchise taxes				
Miscellaneous income				
Transfers in/out				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
<i>Restatement</i>				
Net position, beginning of year as restated				
Net position, ending				

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

STATE OF NEW MEXICO
Town of Springer
Statement of Activities
June 30, 2013

Exhibit A-2

<u>Functions/ Programs</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Housing Authority</u>
Primary Government				
General government	\$ 100,916	\$	\$ 100,916	
Public Safety	(256,697)		(256,697)	
Public Works	(683)		(683)	
Culture and recreation	(52,696)		(52,696)	
Interest on long- term debt	(8,529)		(8,529)	
<i>Total government activities</i>	<u>(217,689)</u>		<u>(217,689)</u>	
Business-type Activities:				
Joint Utilities		(86,243)	(86,243)	
Cemetery		(1,794)	(1,794)	
Museum	(23,049)		(23,049)	
<i>Total Business type activities</i>	<u>0</u>	<u>(111,086)</u>	<u>(111,086)</u>	<u>0</u>
<i>Total Primary Government</i>	<u>(217,689)</u>	<u>(111,086)</u>	<u>(328,775)</u>	<u>0</u>
Component Unit:				
Housing Authority				\$ <u>(107,397)</u>
General Revenue:				
Taxes				
Property taxes, levied for general purposes	54,608		54,608	
Gross receipts taxes	23,637		23,637	
Gasoline and motor vehicle taxes	210,710		210,710	
Franchise taxes	20,331		20,331	
Miscellaneous income	162,445	36,122	198,567	284
Transfers in/out	(77,004)	77,004		
Total general revenues and transfers	<u>394,727</u>	<u>113,126</u>	<u>507,853</u>	<u>284</u>
Change in net position	177,038	2,040	179,078	(107,113)
Net position, beginning	<u>2,530,979</u>	<u>1,952,656</u>	<u>4,483,635</u>	<u>835,037</u>
<i>Restatement</i>	<u>1,212,958</u>		<u>1,212,958</u>	
Net position, beginning of year as restated	<u>3,743,937</u>	<u>1,952,656</u>	<u>5,696,593</u>	<u>727,924</u>
Net position, ending	<u>\$ 3,920,975</u>	<u>\$ 1,954,696</u>	<u>\$ 5,875,671</u>	<u>\$ 727,924</u>

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

STATE OF NEW MEXICO
Town of Springer
Balance Sheet
Governmental Funds
June 30, 2013

Exhibit B-1

	General Fund	Legislative Appropriation Water
<i>Assets</i>		
Cash and cash equivalents	\$ 944,755	\$
Receivables:		
Other receivable	295	
Due from other funds	256,885	
<i>Total assets</i>	\$ 1,201,935	\$ 0
<i>Liabilities and fund balances</i>		
<i>Liabilities</i>		
Due to other funds	18,354	173,729
<i>Total liabilities</i>	18,354	173,729
<i>Fund balances</i>		
Assigned to:		
Subsequent year's budget in:		
Special revenue funds		
Capital projects funds		
Unassigned to:		
General fund	1,183,581	
Special revenue funds		
Capital projects funds		(173,729)
<i>Total fund balances</i>	1,183,581	(173,729)
<i>Total liabilities and fund balances</i>	\$ 1,201,935	\$ 0

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

STATE OF NEW MEXICO
Town of Springer
Balance Sheet
Governmental Funds
June 30, 2013

Exhibit B-1

	Airport Improvements	Other Governmental Funds	Total
<i>Assets</i>			
Cash and cash equivalents	\$	\$ 3,330	\$ 948,085
Receivables:			
Other receivable			295
Due from other funds	_____	297,045	553,930
<i>Total assets</i>	\$ 0	\$ 300,375	\$ 1,502,310
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Due to other funds	78,521	369,451	640,055
<i>Total liabilities</i>	78,521	369,451	640,055
<i>Fund balances</i>			
Assigned to:			
Subsequent year's budget in:			
Special revenue funds		204,590	204,590
Capital projects funds		118,546	118,546
Unassigned to:			
General fund			1,183,581
Special revenue funds		(271,474)	(271,474)
Capital projects funds	(78,521)	(120,738)	(372,988)
<i>Total fund balances</i>	(78,521)	(69,076)	862,255
<i>Total liabilities and fund balances</i>	\$ 0	\$ 300,375	\$ 1,502,310

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

STATE OF NEW MEXICO

Exhibit B-1

Town of Springer

Governmental Fund

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2013

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

Fund balances - total governmental funds	\$ 862,255
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,318,359
Other assets (debt issue costs) are not available to pay for current period expenditures and therefore are deferred in the funds.	3,777
Certain liabilities, including bonds payable, capital leases payable and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Loans payable	(247,384)
Long-term portion of accrued compensated absences	<u>(16,032)</u>
Net position of governmental activities	<u>\$ 3,920,975</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
June 30, 2013

Exhibit B-2

	General Fund	Legislative Appropriations Water
<i>Revenues:</i>		
Taxes:		
Property taxes	\$ 54,608	\$
Gross receipts taxes	23,637	
Gasoline and motor vehicle taxes	166,006	
Other taxes	42,538	
Intergovernmental:		
State operating grants	173,033	
State capital grants		
Charges for services	27,304	
Licenses and fees	15,015	
Miscellaneous	157,025	
<i>Total revenues</i>	659,166	0
<i>Expenditures:</i>		
Current:		
General government	403,386	
Public safety	254,433	
Public work		
Culture and recreation		
Capital outlay		
Debt service:		
Principal	15,574	
Interest	8,529	
<i>Total expenditures</i>	681,922	0
Excess (deficiency) of revenues over expenditures	(22,756)	0
<i>Other financing sources (uses)</i>		
Transfers in		
Transfers out	(124,407)	
Total other financing sources (uses)	(124,407)	0
Net change in fund balance	(147,163)	0
Fund balance - beginning of year	(141,212)	(173,729)
Restatement	1,471,956	
Fund balance - beginning of year, restated	1,330,744	(173,729)
Fund balance - end of year	\$ 1,183,581	\$ (173,729)

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
June 30, 2013

Exhibit B-2

	Airport Improvements	Other Governmental Funds	Total
<i>Revenues:</i>			
Taxes:			
Property taxes	\$	\$	\$ 54,608
Gross receipts taxes			23,637
Gasoline and motor vehicle taxes		20,601	186,607
Other taxes		1,896	44,434
Intergovernmental:			
State operating grants		61,282	234,315
State capital grants	337,309	22,297	359,606
Charges for services		34,008	61,312
Licenses and fees		3,420	18,435
Miscellaneous		5,603	162,628
<i>Total revenues</i>	<i>337,309</i>	<i>149,107</i>	<i>1,145,582</i>
<i>Expenditures:</i>			
Current:			
General government			403,386
Public safety		91,247	345,680
Public work		683	683
Culture and recreation		81,299	81,299
Capital outlay	358,677		358,677
Debt service:			
Principal			15,574
Interest			8,529
<i>Total expenditures</i>	<i>358,677</i>	<i>173,229</i>	<i>1,213,828</i>
Excess (deficiency) of revenues over expenditures	<u>(21,368)</u>	<u>(24,122)</u>	<u>(68,246)</u>
<i>Other financing sources (uses)</i>			
Transfers in		47,403	47,403
Transfers out			(124,407)
Total other financing sources (uses)		<u>47,403</u>	<u>(77,004)</u>
Net change in fund balance	(21,368)	23,281	(145,250)
Fund balance - beginning of year	(57,153)	(92,357)	(464,451)
Restatement			1,471,956
Fund balance - beginning of year, restated	(57,153)	(92,357)	1,007,505
Fund balance - end of year	<u>\$ (78,521)</u>	<u>\$ (69,076)</u>	<u>\$ 862,255</u>

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

STATE OF NEW MEXICO

Exhibit B-2

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, 2013

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

Net change in fund balances - total governmental funds	\$ (145,250)
--	--------------

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay	358,677
---	---------

Depreciation expense	(50,297)
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Expenses in the Statement of Activities that do not require current financial resources are not reported as expenditures in the funds:

Decrease in noncurrent and current accrued compensated absences	(1,483)
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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 on bonds, loans and notes payable	15,574
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Amortization of loan issuance costs	<u>(183)</u>
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Change in net position of governmental activities	<u>\$ 177,038</u>
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The accompanying notes are an integral part of these financial statements.

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 66,000	\$ 66,000	\$ 54,608	\$ (11,392)
Gross receipts	351,650	352,150	23,637	(328,513)
Gasoline and oil	26,400	26,400	192,224	165,824
Other	14,500	14,500	18,435	3,935
Intergovernmental income:				
State operating grants	164,000	171,074	173,033	1,959
Charges for services	798,370	799,270	27,304	(771,966)
Licenses and fees	3,050	3,050	15,015	11,965
Investment income	300	300		(300)
Miscellaneous	34,930	34,930	167,934	133,004
<i>Total revenues</i>	<u>1,459,200</u>	<u>1,467,674</u>	<u>672,190</u>	<u>(795,484)</u>
<i>Expenditures:</i>				
Current:				
General government	964,087	1,011,087	572,105	438,982
Public safety	157,479	157,479	260,471	(102,992)
Debt Service:				
Principal			15,574	(15,574)
Interest			8,529	(8,529)
<i>Total expenditures</i>	<u>1,121,566</u>	<u>1,168,566</u>	<u>856,679</u>	<u>311,887</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>337,634</u>	<u>299,108</u>	<u>(184,489)</u>	<u>(483,597)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(228,634)	(190,108)		190,108
Transfers in			811,579	811,579
Transfers (out)	(109,000)	(109,000)	(124,407)	(15,407)
<i>Total other financing sources (uses)</i>	<u>(337,634)</u>	<u>(299,108)</u>	<u>687,172</u>	<u>986,280</u>
<i>Net change in fund balance</i>	0	0	502,683	502,683
<i>Fund balance - beginning of year</i>	0	0	(141,212)	(141,212)
<i>Fund balance - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 361,471</u>	<u>\$ 361,471</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 502,683
Revenue accruals				(824,603)
Expenditure accruals				174,757
Net change in fund balance (GAAP basis)				<u>\$ (147,163)</u>

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

STATE OF NEW MEXICO
Town of Springer
Statement of Net Position
Proprietary Funds
June 30, 2013

Exhibit D-1

	Joint Utilities Funds	Other Enterprise Funds	Total
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 30,838	\$ 1,920	\$ 32,758
Receivables:			
Utility receivables, net of allowance	67,549		67,549
Inventory	37,240		37,240
Due from other funds	140,244	3,040	143,284
<i>Total current assets</i>	275,871	4,960	280,831
<i>Noncurrent assets</i>			
Unamortized bond issuance cost	5,621		5,621
Capital assets	6,570,564	107,496	6,678,060
Less: accumulated depreciation	(3,892,290)	(29,766)	(3,922,056)
<i>Total noncurrent assets</i>	2,683,895	77,730	2,761,625
<i>Total Assets</i>	\$ 2,959,766	\$ 82,690	\$ 3,042,456
<i>Liabilities and Net Position</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Gross receipts tax payable	\$ 2,118	\$	\$ 2,118
Accrued interest payable	27,339		27,339
Accrued compensated absences	12,343		12,343
Current portion of bonds payable	16,000		16,000
Due to other funds		57,159	57,159
<i>Total current liabilities</i>	57,800	57,159	114,959
<i>Noncurrent liabilities</i>			
Bonds payable	972,801		972,801
<i>Total noncurrent liabilities</i>	972,801	0	972,801
<i>Total liabilities</i>	1,030,601	57,159	1,087,760
<i>Net Position</i>			
Invested in capital assets, net of related debt	1,689,473	77,730	1,767,203
Restricted net position - debt service	239,692		239,692
Unrestricted net position		(52,199)	(52,199)
<i>Total net position</i>	1,929,165	25,531	1,954,696
<i>Total Liabilities and Net Position</i>	\$ 2,959,766	\$ 82,690	\$ 3,042,456

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

STATE OF NEW MEXICO

Exhibit D-2

Town of Springer

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2013

	Joint Utilities Funds	Other Enterprise Funds	Total
<i>Operating revenues:</i>			
Charges for services	\$ 1,381,239	\$ 2,349	\$ 1,383,588
<i>Total operating revenues</i>	<u>1,381,239</u>	<u>2,349</u>	<u>1,383,588</u>
<i>Operating expenses:</i>			
General and administrative	763,698	149	763,847
Personnel services	413,303	20,509	433,812
Contractual services	17,194		17,194
Supplies and purchased power	38,690	410	39,100
Maintenance and materials	19,183	3,308	22,491
Utilities	55,281	2,816	58,097
Depreciation	112,379		112,379
Amortization expense	188		188
<i>Total operating expenses</i>	<u>1,419,916</u>	<u>27,192</u>	<u>1,447,108</u>
<i>Operating income (loss)</i>	<u>(38,677)</u>	<u>(24,843)</u>	<u>(63,520)</u>
<i>Non-operating revenues (expenses):</i>			
Interest expense	(47,566)		(47,566)
Miscellaneous	35,393	729	36,122
<i>Total non-operating revenues (expenses)</i>	<u>(12,173)</u>	<u>729</u>	<u>(11,444)</u>
Transfers in	136,135	4,004	140,139
Transfers out	(63,135)		(63,135)
<i>Capital grants and net transfers</i>	<u>73,000</u>	<u>4,004</u>	<u>77,004</u>
<i>Change in net position</i>	22,150	(20,110)	2,040
<i>Net position, beginning of year</i>	<u>1,907,015</u>	<u>45,641</u>	<u>1,952,656</u>
<i>Net position, end of the year</i>	<u>\$ 1,929,165</u>	<u>\$ 25,531</u>	<u>\$ 1,954,696</u>

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

STATE OF NEW MEXICO
Town of Springer
Statement of Cash Flows
Proprietary Funds
June 30, 2013

Exhibit D-3

	Joint Utilities Funds	Other Enterprise Funds	Total
<i>Cash flow operating activities:</i>			
Cash received from user charges	\$ 1,838,203	\$ 4,193	\$ 1,842,396
Cash payments to employees for services	(411,592)	(20,509)	(432,101)
Cash payments to suppliers for goods and services	(1,443,694)	11,633	(1,432,061)
<i>Net cash provided (used) by operating activities</i>	(17,083)	(4,683)	(21,766)
<i>Cash flows from noncapital financing activities:</i>			
Transfers from (to) other funds	73,000	4,004	77,004
Miscellaneous income	35,393	729	36,122
<i>Net cash provided (used) by noncapital financing activities:</i>	108,393	4,733	113,126
<i>Cash flows from capital and related financing activities:</i>			
Acquisitions and construction of capital assets	(38,505)		(38,505)
Principal payments on bonds payable	(16,000)		(16,000)
Interest paid on long-term debt	(47,135)		(47,135)
<i>Net cash provided (used) by capital and related financing activities:</i>	(101,640)		124,612
<i>Net increase (decrease) in cash and cash equivalents</i>	(10,330)	50	102,846
<i>Cash and cash equivalents - beginning of year</i>	41,168	1,870	43,038
<i>Cash and cash equivalents - end of year</i>	30,838	1,920	32,758
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	(38,677)	(24,843)	(63,520)
Depreciation	112,379		112,379
Amortization expense	188		188
Due to (from) other funds	(339,231)	20,160	(319,071)
Accounts receivable	201,375		201,375
Inventory	43,054		43,054
Tax payable	2,118		2,118
Current accrued compensated absences	1,711		1,711
<i>Net cash provided (used) by operating activities</i>	\$ (17,083)	\$ (4,683)	\$ (21,766)

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

STATE OF NEW MEXICO
Town of Springer
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

Exhibit E-1

<i>Assets</i>	
Cash	\$ <u>6,871</u>
Total assets	<u>6,871</u>
<i>Liabilities</i>	
Due to other entities	<u>6,871</u>
Total liabilities	\$ <u><u>6,871</u></u>

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

FINANCIAL NOTES

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

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 and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures that do not 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*

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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 Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations.

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.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

A. *Financial Reporting Entity* (continued)

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 Town of Springer and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Town of Springer and is generally available to 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 Town is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the following is a brief review of the potential component unit addressed in defining the government's reporting entity. The Town has one discretely presented component unit.

Town of Springer Housing Authority (Authority): This component unit has separate elected and/or appointed boards and provides services to residents, generally within the geographic boundaries of the government. The agency will be reported as a proprietary type discretely presented component unit.

The housing Authority was audited by another auditor, and has issued separately audited financial statements. Additional information regarding the Housing Authority may be obtained directly from their administrative office at: Executive Director, Town of Springer Housing Authority, 601 El Paso Ave, A, Springer, NM 87747.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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.

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

In the government-wide Statement of Net Position, 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 position are reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements (continued)*

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

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

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

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

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

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

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

Under the requirements of GASB No. 34, the Town is required to present certain of its governmental funds as major based upon specific criteria.

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.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

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

The *Legislative Appropriation Water Capital Projects Fund* is to account for state appropriations used for water system improvements.

The *Airport Improvements Capital Projects Fund* is to account for the rehabilitation to the Town Airport for restriping and resurfacing.

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 Town reports the following fiduciary funds:

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

The *Veterans Memorial Fund* records all the assistance for veterans in the form of housing material assistance and emergency assistance.

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.

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 utility fund 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 Town's policy to use restricted resources first, then unrestricted resources as they are needed.

New Accounting Pronouncements

In 2013, the Town also implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. This statement basically provides a framework that specifies where deferred outflows of resources and deferred inflows of resources—as well as assets and liabilities—should be displayed. The statement also discusses how net position—no longer net assets—should be displayed.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position 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 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 01 based on the assessed value of property as listed on the previous January 01 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.

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 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.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

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

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

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2013, along with applicable PERA and Retiree Health Care.

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue (voluntary nonexchange transactions) be recognized as revenue in the government-wide financial statements when all eligibility requirements have been met and recognized as revenue in the governmental fund financial statements based on the same factors subject to the availability criterion. Amounts received from reimbursement basis grants are recorded as deferred revenue in the governmental fund financial statements when received more than 60 days after year end.

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 position. 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.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Nonspendable: includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. Commitments will only be used for specific purposes pursuant to a formal action of the decision makers.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balances of the general fund that is not constrained for any particular purpose.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

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.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

The Town Charter establishes the Town's fiscal year as the twelve-month period beginning July 01 and ending June 30. Prior to June 01 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.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 2 - Stewardship, Compliance and Accountability (continued)

Each fund's appropriated budget is prepared on a detailed line item basis. 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 Trustees and the Department of Finance and Administration. Revisions to the budget were made throughout the year. These budgets are prepared on a non-GAAP cash budgetary 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.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency)	
	<u>of revenues over expenditures</u>	
	<u>Original</u>	<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>
Budgeted Funds:		
General Fund	\$ 337,634	\$ 299,108
Airport Improvements - Capital Projects Fund	(19,667)	24,333
Nonmajor Governmental Funds	(92,539)	(75,866)
Joint Utility - Enterprise Fund	206,924	158,924
Other Enterprise Funds	(11,017)	(11,017)

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

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.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 3 - Deposits and Investments (continued)

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, 2013, \$672,409 of the Town’s bank balance of \$1,038,723 was exposed to custodial credit risk. \$672,409 was collateralized with collateral held by the pledging bank’s trust department, not in the Town’s name.

	<u>Wells Fargo</u>	<u>International Bank</u>	<u>Total Deposits</u>
Amount of deposits	\$ 922,409	\$ 116,314	\$ 1,038,723
FDIC coverage	<u>250,000</u>	<u>116,314</u>	<u>366,314</u>
Total uninsured public funds	<u>672,409</u>	<u>0</u>	<u>672,409</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Town's name	<u>672,409</u>	<u> </u>	<u>672,409</u>
Uninsured and uncollateralized	<u> </u>	<u> </u>	<u>0</u>
Collateral requirement (50%)	336,205		336,205
Pledged securities	<u>397,831</u>	<u> </u>	<u>397,831</u>
Over (under) collateralized	<u>\$ 61,626</u>	<u>\$ 0</u>	<u>\$ 61,626</u>

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, the Town or political subdivision of the State of New Mexico.

Reconciliation to the Statement of Net Position

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

	<u>Primary Government</u>	<u>Component Unit</u>
Cash and cash equivalents per Exhibit A-1	\$ 980,843	\$ 157,448
Cash and cash equivalents per Exhibit E-1	6,871	
Investments per Exhibit A-1	<u> </u>	<u>72,675</u>
Total cash and cash equivalents	987,714	230,123
Plus: Reconciling items	<u>51,009</u>	<u>795</u>
Bank balance of deposits	<u>\$ 1,038,723</u>	<u>\$ 230,918</u>

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 4 - Receivables

Receivables as of June 30, 2013 are as follows:

Business-type Activities:

	Joint Utilities Fund	Total	Housing Authority
Customer receivables	\$ 67,549	\$ 67,549	\$ 3,592
Other receivables:			
Interest	_____	_____	74
Total gross receivables	67,549	67,549	3,666
Less: allowance for doubtful accounts	_____	_____	1,471
Total net receivables	\$ 67,549	\$ 67,549	\$ 2,195

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

The composition of interfund receivables/payables during the year ended June 30, 2013 is as follows:

<u>Interfund receivable</u>	<u>Amount</u>	<u>Interfund payable</u>	<u>Amount</u>
General Fund	\$ 256,885	General Fund	\$ 18,354
Nonmajor Governmental Funds	297,045	Legislative Appropriation Water	173,729
Joint Utilities Fund	140,244	Airport Improvements	78,521
Other Enterprise Funds	3,040	Nonmajor Governmental Funds	369,451
		Other Enterprise Funds	57,159
Total	\$ 697,214	Total	\$ 697,214

The Town recorded interfund receivables/payables to reflect temporary loans between funds. The purpose of the loans was to cover cash shortages until grant reimbursements or other sources of funds could be obtained. All interfund receivables/payables are expected to be repaid within one year.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 5 - Interfund Receivables, Payables, and Transfers (continued)

Interfund transfers:

Interfund transfers at June 30, 2013 consisted of the following:

<u>Transfers in</u>	<u>Amount</u>	<u>Transfers out</u>	<u>Amount</u>
Library Fund	\$ 34,346	General Fund	\$ 124,407
Juvenile Recreation Fund	13,057	Joint Utilities Fund	63,135
Joint Utilities Fund	136,135		
Museum	4,004		
Total	<u>\$ 187,542</u>	Total	<u>\$ 187,542</u>

Housing Authority-Component Unit

Transfers between funds were as follows:

Operating Transfers In:	<u>Operating Transfers Out</u>		
	<u>Low Rent</u>	<u>CFP</u>	<u>Totals</u>
Low Rent	\$ 0	\$ 13,732	\$ 13,732
CFP	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 13,732</u>	<u>\$ 13,732</u>

Transfers are used to move the portion of CFP funding allotted for operating expenditures to the Low Rent Fund.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 6 - Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013, follows. Land and construction in progress are not subject to depreciation.

Governmental Activities

Primary Government	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Transfer</u>	Balance <u>June 30, 2013</u>
Capital assets, not depreciated:				
Land	\$ 119,375	\$	\$	\$ 119,375
Construction in progress	<u>1,601,768</u>	<u>358,677</u>	<u>(358,677)</u>	<u>1,601,768</u>
Total capital assets, not depreciated	<u>1,721,143</u>	<u>358,677</u>	<u>(358,677)</u>	<u>2,438,497</u>
Capital assets, depreciated:				
Buildings and improvements	1,458,150			1,458,150
Vehicles	525,028			525,028
Equipment	619,796			619,796
Infrastructure	<u>240,078</u>	<u> </u>	<u>358,677</u>	<u>598,755</u>
Total capital assets, depreciated	<u>2,843,052</u>	<u>0</u>	<u>358,677</u>	<u>2,484,375</u>
Total capital assets	<u>4,564,195</u>	<u>358,677</u>	<u>0</u>	<u>4,922,872</u>
Less accumulated depreciation:				
Buildings and improvements	332,976	37,388		370,364
Vehicles	591,679			591,679
Equipment	589,014	4,906		593,920
Infrastructure	<u>40,547</u>	<u>8,003</u>	<u> </u>	<u>48,550</u>
Total accumulated depreciation	<u>1,554,216</u>	<u>50,297</u>	<u>0</u>	<u>1,604,513</u>
Total capital assets, net of depreciation	<u>\$ 3,009,979</u>	<u>\$ 308,380</u>	<u>\$ 0</u>	<u>\$ 3,318,359</u>

For the year ended June 30, 2013, depreciation expense of \$50,297 was charged to the function of general government.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 6 - Capital Assets (continued)

Business-type Activities

Proprietary Funds	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Capital assets, not depreciated:				
Construction in progress	\$ <u>167,500</u>	\$ <u>38,505</u>	\$ _____	\$ <u>206,005</u>
Total capital assets, not depreciated	<u>167,500</u>	<u>38,505</u>	<u>0</u>	<u>206,005</u>
Capital assets, depreciated:				
Buildings and improvements	279,978			279,978
Vehicles	28,148			28,148
Equipment	2,792,546			2,792,546
Infrastructure	<u>3,371,383</u>	_____	_____	<u>3,371,383</u>
Total capital assets, depreciated	<u>6,472,055</u>	<u>0</u>	<u>0</u>	<u>6,472,055</u>
Total capital assets	<u>6,639,555</u>	<u>38,505</u>	<u>0</u>	<u>6,678,060</u>
Less accumulated depreciation:				
Buildings and improvements	185,777			185,777
Vehicles	28,460			28,460
Equipment	2,792,546			2,792,546
Infrastructure	<u>802,894</u>	<u>112,379</u>	_____	<u>915,273</u>
Total accumulated depreciation	<u>3,809,677</u>	<u>112,379</u>	<u>0</u>	<u>3,922,056</u>
Total capital assets, net of depreciation	<u>\$ 2,829,878</u>	<u>\$ (73,874)</u>	<u>\$ 0</u>	<u>\$ 2,756,004</u>

For the year ended June 30, 2013, depreciation expense of \$112,379 was charged to the Joint Utilities Fund.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 6 - Capital Assets (continued)

Housing Authority-Component Unit

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, not depreciated:				
Land	\$ 41,101	\$	\$	\$ 41,101
Construction in progress	<u> </u>	<u>4,000</u>	<u> </u>	<u>4,000</u>
Total capital assets, not depreciated	<u>41,101</u>	<u>4,000</u>	<u>0</u>	<u>45,101</u>
Capital assets, depreciated:				
Buildings	2,531,535			2,531,535
Non dwelling structures	233,193			233,193
Machinery and equipment	<u>117,601</u>	<u>19,157</u>	<u>8,829</u>	<u>127,929</u>
Total capital assets, depreciated	<u>2,882,329</u>	<u>19,157</u>	<u>8,829</u>	<u>2,892,657</u>
Total capital assets	<u>2,923,430</u>	<u>23,157</u>	<u>8,829</u>	<u>2,937,758</u>
Less accumulated depreciation:				
Buildings	2,152,325	67,919		2,220,244
Non dwelling structures	107,155	11,598		118,753
Machinery and equipment	85,083	12,072	8,829	88,326
Total accumulated depreciation	<u>2,344,563</u>	<u>91,589</u>	<u>8,829</u>	<u>2,427,323</u>
Total capital assets, net of depreciation	<u>\$ 578,867</u>	<u>\$ (68,432)</u>	<u>\$ 0</u>	<u>\$ 510,435</u>

Depreciation expense for the year ended June 30, 2013 was \$91,589.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 7 - Long-term Debt

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

	Balance June 30, 2012	Adjustment	Additions	Retirements	Balance June 30, 2013	Due within One Year
Governmental Activities:						
NMFA Loans		262,958		15,574	247,384	\$ 15,829
Compensated Absences	\$ 14,549	\$ _____	\$ 6,943	\$ 5,460	\$ 16,032	\$ _____
Total long-term debt	<u>\$ 14,549</u>	<u>\$ 262,958</u>	<u>\$ 6,943</u>	<u>\$ 21,034</u>	<u>\$ 263,416</u>	<u>\$ 15,829</u>

NMFA Loans

The Town has entered into a loan agreement with the New Mexico Finance Authority. This revenue is subject to intercept agreements. NMFA loans are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2013</u>
NMFA Loan	7/9/2010	3.52 %	\$ 267,960	\$ 247,384
Total NMFA Loans				<u>\$ 247,384</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2014	\$ 15,829	\$ 8,233	\$ 24,062
2015	16,128	7,896	24,024
2016	16,482	7,515	23,997
2017	16,882	7,081	23,963
2018	17,323	6,602	23,925
2019-2023	96,695	24,372	121,067
2024-2028	68,045	5,576	73,621
	<u>\$ 247,384</u>	<u>\$ 67,275</u>	<u>\$ 314,659</u>

The General Fund usually pays the compensated absences liability.

Business Type Activities:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due within One Year
USDA Revenue Bonds	\$ 1,004,801	\$ _____	\$ 16,000	\$ 988,801	\$ 16,000
Compensated Absences	<u>10,632</u>	<u>5,739</u>	<u>4,028</u>	<u>12,343</u>	<u>12,343</u>
Total long-term debt	<u>\$ 1,015,433</u>	<u>\$ 5,739</u>	<u>\$ 20,028</u>	<u>\$ 1,001,144</u>	<u>\$ 28,343</u>

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 7 - Long-term Debt (continued)

Revenue Bonds (USDA)

Bonds outstanding at June 30, 2013 consisted of the following bonds:

1997A Joint Electric, Water and Sewer 92-11- 1/01/03 issue	
Original issue	\$ 339,800
Interest due	January 1
Principal due	January 1
Maturity Date	January 01, 2037
Interest rate 4.875%	
2003 Joint Electric, Water and Sewer #15- 1/01/03 issue	
Original issue	\$ 612,500
Interest due	September 1
Principal due	September 1
Maturity Date	September 18, 2043
Interest rate 4.75%	
2007 Joint Electric, Water and Sewer #17- 1/01/07 issue	
Original issue	\$ 167,500
Interest due	May 1
Principal due	May 1
Maturity Date	May 07, 2047
Interest rate 4.125%	

The annual requirements to amortize the Revenue Bonds Payable as of June 30, 2013, including interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2014	\$ 16,000	\$ 46,780	\$ 62,780
2015	16,000	45,990	61,990
2016	17,000	45,196	62,196
2017	18,000	44,398	62,398
2018	20,000	43,547	63,547
2019-2023	112,000	202,858	314,858
2024-2028	139,000	173,361	312,361
2029-2033	176,000	136,487	312,487
2034-2038	224,800	89,922	314,722
2039-2043	174,000	41,971	215,971
2044-2048	76,001	5,482	81,483
	<u>\$ 988,801</u>	<u>\$ 875,992</u>	<u>\$ 1,864,793</u>

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 7 - Long-term Debt (continued)

Housing Authority-Component Unit:

The following summarizes the changes in accrued compensated absences during 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due within One Year
Accrued compensated absences	\$ 4,823	\$ _____	\$ 158	\$ 4,665	\$ 2,853

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, 2013, compared to the previous year.

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, at 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.

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, 2013, 2012 and 2011 were approximately \$40,311, \$35,683 and \$32,175, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

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 post employment 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 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 01, 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 post employment 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.

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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute 0.917% of their salary.

Employers joining the program after January 01, 1998 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.

The Town's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011, were \$8,950, \$7,093 and \$7,288, respectively, which equal the amount of required contributions for each year.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

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, 2013, 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.

Note 12 - Deficit Fund Balances and Excess of Expenditures Over Appropriations

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

- A. 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
Juvenile Recreation Special Revenue Fund	\$ (2,664)
Joint Utility Proprietary Fund	(351,147)
Cemetery Proprietary Fund	(469)
Museum Proprietary Fund	(11,206)

- B. Deficit fund balances of individual funds.

Fund	Amount
CDBG Water Siphon Project Capital Project Fund	\$ (90,299)
Legislative Appropriation Water Capital Projects Fund	(173,729)
Airport Improvements Capital Projects Fund	(78,521)
EMS Special Revenue Fund	(64,185)
Library Special Revenue Fund	(37,958)
Streets Special Revenue Fund	(48,631)
Juvenile Recreation Special Revenue Fund	(120,700)
CDBG Sewer System Improvements Capital Projects Fund	(1,160)
Rehab of Dams 1 and 2 Capital Projects Fund	(26,848)
Scenic Byways Capital Projects Fund	(2,431)

Note 13 - Restricted Net Position

The Town reports restricted net position of \$239,692 for the year ended June 30, 2013, which are restricted for debt service fund and \$797,801 of unrestricted net position for the year end June 30, 2013.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 14 - Non-Compliance with Debt Covenant

The Town has not set up debt-related reserve accounts as required by the debt covenant. Also, the Town is required to follow the audit requirements stipulated by United States Department of Agriculture Rural Utilities Services RUS Bulletin 1780-30 when maintaining an outstanding Rural Development loan balance of \$1,000,000 or more. Those requirements stipulate that as a condition of receiving Federal awards, non-Federal entities agree to comply with applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements. Also, The Water and Waste Loan and Grant Program Compliance Supplement reporting requirements states that the Town must submit annual audited financials within 150 days of the entity's fiscal year end or Form RD 442- 2 Statement of Budget, Income, and Equity and Form RD 442-3 Balance Sheet. As of the date of the report, these three requirements have not been met. 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.

Note 15 - 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 \$278,800 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 \$494,200.

The Town of Springer has pledged future revenues from the joint electric, water and sewer system, net of specified operating expenses, to repay \$554,500 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 the 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 \$1,078,100.

Also, the Town of Springer has pledged future revenues from the joint electric, water and sewer system, net of specified operating expenses, to repay \$155,500 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 \$292,492.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 16 - Subsequent Events

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 20, 2013 which is the date on which the financial statements were available to be issued.

Note 17 - Subsequent Pronouncements

In March 2012, Statement No. 65 *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012-an amendment of the GASB Statements No. 10 and No. 62*, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The Town will implement this standard during fiscal year June 30, 2014.

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25*, which is effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The Town is still evaluating how this reporting standard will affect the reporting entity.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, which is effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2016.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, which is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively.

In April 2013, GASB Statement No 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The Town is still evaluating how this reporting standard will affect the reporting entity.

STATE OF NEW MEXICO
Town of Springer
Notes to Financial Statements
June 30, 2013

Note 18 - Prior Period Adjustments

On July 9, 2010, the Town obtained a loan and entered into an agreement with New Mexico Finance Authority for the purpose of purchasing a fire pumper and related equipment for use by the Town. During the year ended June 30, 2013, the Town discovered that the loan was not recorded on its financial statements. As a result, prior year financial statements have been restated to show the effects of the change, where necessary. The adjustment resulted in a prior period adjustment of \$258,998 to its general fund in the fund financials.

During the year ended June 30, 2013, the Town reconciled its interfund balances that were unreconciled in the prior years. The reconciliation process resulted in a prior period adjustment of \$1,212,958 to its general fund and the the statement of activities.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Town of Springer
Nonmajor Fund Descriptions
June 30, 2013

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.

CDBG Water Siphon Project Fund - To account for the disbursements made to the Town from CDBG & NMED Grants to complete the project of the Water Siphon Project.

RUS – Water Improvements Fund - To account for federal grants and bond proceeds 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.

Airport Improvements Capital Projects Fund - To account for the rehabilitation to the Town Airport for restriping and resurfacing.

STATE OF NEW MEXICO
 Town of Springer
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2013

Statement A-1

	Special Revenue		
	Corrections	EMS	Fire Protection
<i>Assets</i>			
Cash and cash equivalents	\$	\$	\$
Due from other funds	47,298		113,313
<i>Total assets</i>	47,298	0	113,313
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Due to other funds		64,185	
<i>Total liabilities</i>	0	64,185	0
<i>Fund balances</i>			
Assigned to:			
Special revenue	47,298		113,313
Capital projects			
Unassigned to:			
Special revenue		(64,185)	
Capital projects			
<i>Total fund balances</i>	47,298	(64,185)	113,313
<i>Total liabilities and fund balances</i>	\$ 47,298	\$	\$ 113,313

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

STATE OF NEW MEXICO
 Town of Springer
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2013

Statement A-1

	Special Revenue		
	LEPF	Library	Lodger's Tax
<i>Assets</i>			
Cash and cash equivalents	\$	\$	\$
Due from other funds			7,994
<i>Total assets</i>	0	0	7,994
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Due to other funds	(25,183)	37,958	
<i>Total liabilities</i>	(25,183)	37,958	0
<i>Fund balances</i>			
Assigned to:			
Special revenue	25,183		7,994
Capital projects			
Unassigned to:			
Special revenue		(37,958)	
Capital projects			
<i>Total fund balances</i>	25,183	(37,958)	7,994
<i>Total liabilities and fund balances</i>	\$	\$	\$ 7,994

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

STATE OF NEW MEXICO
 Town of Springer
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2013

Statement A-1

	Special Revenue		
	Streets	Juvenile Recreation	Fire Discretionary
<i>Assets</i>			
Cash and cash equivalents	\$	\$ 2,422	\$
Due from other funds			10,802
<i>Total assets</i>	0	2,422	10,802
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Due to other funds	48,631	123,122	
<i>Total liabilities</i>	48,631	123,122	0
<i>Fund balances</i>			
Assigned to:			
Special revenue			10,802
Capital projects			
Unassigned to:			
Special revenue	(48,631)	(120,700)	
Capital projects			
<i>Total fund balances</i>	(48,631)	(120,700)	10,802
<i>Total liabilities and fund balances</i>	\$	\$ 2,422	\$ 10,802

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

STATE OF NEW MEXICO
Town of Springer
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

Statement A-1

	Capital Projects			
	CDBG Sewer System Improvements	CDBG Water Siphon Project	RUS Water Improvements	Rehab of Dams 1 & 2
<i>Assets</i>				
Cash and cash equivalents	\$	\$	\$ 908	\$
Due from other funds	<u> </u>	<u> </u>	<u>31,421</u>	<u> </u>
<i>Total assets</i>	<u> 0</u>	<u> 0</u>	<u>32,329</u>	<u> 0</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Due to other funds	<u>1,160</u>	<u>90,299</u>	<u> </u>	<u>26,848</u>
<i>Total liabilities</i>	<u>1,160</u>	<u>90,299</u>	<u> 0</u>	<u>26,848</u>
<i>Fund balances</i>				
Assigned to:				
Special revenue				
Capital projects			32,329	
Unassigned to:				
Special revenue				
Capital projects	<u>(1,160)</u>	<u>(90,299)</u>	<u> </u>	<u>(26,848)</u>
<i>Total fund balances</i>	<u>(1,160)</u>	<u>(90,299)</u>	<u>32,329</u>	<u>(26,848)</u>
<i>Total liabilities and fund balances</i>	<u>\$ </u>	<u>\$ </u>	<u>\$ 32,329</u>	<u>\$ </u>

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

STATE OF NEW MEXICO
Town of Springer
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

Statement A-1

	Capital Projects			Total
	Co-op Grant	Sewer Lagoon Fund	Scenic Byways	Nonmajor Governmenta l Funds
<i>Assets</i>				
Cash and cash equivalents	\$	\$	\$	\$ 3,330
Due from other funds	<u>37,609</u>	<u>48,608</u>	<u> </u>	<u>297,045</u>
<i>Total assets</i>	<u>37,609</u>	<u>48,608</u>	<u>0</u>	<u>300,375</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Due to other funds	<u> </u>	<u> </u>	<u>2,431</u>	<u>369,451</u>
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>2,431</u>	<u>369,451</u>
<i>Fund balances</i>				
Assigned to:				
Special revenue				204,590
Capital projects	37,609	48,608		118,546
Unassigned to:				
Special revenue				(271,474)
Capital projects	<u> </u>	<u> </u>	<u>(2,431)</u>	<u>(120,738)</u>
<i>Total fund balances</i>	<u>37,609</u>	<u>48,608</u>	<u>(2,431)</u>	<u>(69,076)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 37,609</u>	<u>\$ 48,608</u>	<u>\$</u>	<u>\$ 300,375</u>

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

STATE OF NEW MEXICO

Statement A-2

Town of Springer

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2013

	<u>Special Revenue</u>		
	<u>Corrections</u>	<u>EMS</u>	<u>Fire Protection</u>
<i>Revenues:</i>			
Taxes:			
Gasoline and oil	\$	\$	\$
Other			
Intergovernmental:			
State operating grants		7,000	48,610
State capital grants			
Charges for services		33,373	
Licenses and fees	1,180		
Miscellaneous		11	1,763
<i>Total Revenues</i>	<u>1,180</u>	<u>40,384</u>	<u>50,373</u>
<i>Expenditures:</i>			
Current:			
Public safety	984	38,606	40,402
Public works			
Culture and recreation			
<i>Total expenditure</i>	<u>984</u>	<u>38,606</u>	<u>40,402</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>196</u>	<u>1,778</u>	<u>9,971</u>
<i>Other financing sources (uses):</i>			
Transfers in			
<i>Total other financing sources (uses):</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	196	1,778	9,971
<i>Fund balances - beginning of year</i>	<u>47,102</u>	<u>(65,963)</u>	<u>103,342</u>
<i>Fund balances - end of year</i>	<u>\$ 47,298</u>	<u>\$ (64,185)</u>	<u>\$ 113,313</u>

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

STATE OF NEW MEXICO

Statement A-2

Town of Springer

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2013

	<u>Special Revenue</u>		
	Law		
	Enforcement Protection	Library	Lodgers' Tax
<i>Revenues:</i>			
Taxes:			
Gasoline and oil	\$	\$	\$
Other			1,896
Intergovernmental:			
State operating grants		5,672	
State capital grants			
Charges for services		483	
Licenses and fees			
Miscellaneous	<u>3,783</u>	<u>46</u>	<u></u>
<i>Total Revenues</i>	<u>3,783</u>	<u>6,201</u>	<u>1,896</u>
<i>Expenditures:</i>			
Current:			
Public safety	11,255		
Public works			
Culture and recreation	<u></u>	<u>31,599</u>	<u>2,336</u>
<i>Total expenditure</i>	<u>11,255</u>	<u>31,599</u>	<u>2,336</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,472)</u>	<u>(25,398)</u>	<u>(440)</u>
<i>Other financing sources (uses):</i>			
Transfers in		34,346	
<i>Total other financing sources (uses):</i>	<u>0</u>	<u>34,346</u>	<u>0</u>
<i>Net changes in fund balances</i>	(7,472)	8,948	(440)
<i>Fund balances - beginning of year</i>	<u>32,655</u>	<u>(46,906)</u>	<u>8,434</u>
<i>Fund balances - end of year</i>	<u>\$ 25,183</u>	<u>\$ (37,958)</u>	<u>\$ 7,994</u>

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

STATE OF NEW MEXICO

Statement A-2

Town of Springer

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2013

	<u>Special Revenue</u>		
	<u>Street</u>	<u>Juvenile Recreation</u>	<u>Fire Discretionary</u>
<i>Revenues:</i>			
Taxes:			
Gasoline and oil	\$ 20,601		\$
Other			
Intergovernmental:			
State operating grants			
State capital grants	22,297		
Charges for services		152	
Licenses and fees		2,240	
Miscellaneous			
<i>Total Revenues</i>	<u>42,898</u>	<u>2,392</u>	<u>0</u>
<i>Expenditures:</i>			
Current:			
Public safety			
Public works	683		
Culture and recreation		47,364	
<i>Total expenditure</i>	<u>683</u>	<u>47,364</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>42,215</u>	<u>(44,972)</u>	
<i>Other financing sources (uses):</i>			
Transfers in		13,057	
<i>Total other financing sources (uses):</i>	<u>0</u>	<u>13,057</u>	<u>0</u>
<i>Net changes in fund balances</i>	42,215	(31,915)	0
<i>Fund balances - beginning of year</i>	<u>(90,846)</u>	<u>(88,785)</u>	<u>10,802</u>
<i>Fund balances - end of year</i>	<u>\$ (48,631)</u>	<u>\$ (120,700)</u>	<u>\$ 10,802</u>

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

STATE OF NEW MEXICO

Statement A-2

Town of Springer

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2013

	<u>Capital Projects</u>			
	CDBG Sewer System Improvements	CDBG Water Siphon	RUS Water Improvements	Rehabilitaton of Dams 1&2
<i>Revenues:</i>				
Taxes:				
Gasoline and oil	\$	\$	\$	\$
Other				
Intergovernmental:				
State operating grants				
State capital grants				
Charges for services				
Licenses and fees				
Miscellaneous				
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Expenditures:</i>				
Current:				
Public safety				
Public works				
Culture and recreation				
<i>Total expenditure</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>				
<i>Other financing sources (uses):</i>				
Transfers in				
<i>Total other financing sources (uses):</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	0	0	0	0
<i>Fund balances - beginning of year</i>	<u>(1,160)</u>	<u>(90,299)</u>	<u>32,329</u>	<u>(26,848)</u>
<i>Fund balances - end of year</i>	<u>\$ (1,160)</u>	<u>\$ (90,299)</u>	<u>\$ 32,329</u>	<u>\$ (26,848)</u>

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

STATE OF NEW MEXICO

Statement A-2

Town of Springer

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2013

	Capital Projects			Total Nonmajor Governmental Funds
	Co-op Grant	Sewer Lagoon Project	Scenic Byways	
<i>Revenues:</i>				
Taxes:				
Gasoline and oil	\$	\$	\$	\$ 20,601
Other				1,896
Intergovernmental:				
State operating grants				61,282
State capital grants				22,297
Charges for services				34,008
Licenses and fees				3,420
Miscellaneous				5,603
<i>Total Revenues</i>	0	0	0	149,107
<i>Expenditures:</i>				
Current:				
Public safety				91,247
Public works				683
Culture and recreation				81,299
<i>Total expenditure</i>	0	0	0	173,229
<i>Excess (deficiency) of revenues over expenditures</i>				(24,122)
<i>Other financing sources (uses):</i>				
Transfers in				47,403
<i>Total other financing sources (uses):</i>	0	0	0	47,403
<i>Net changes in fund balances</i>	0	0	0	23,281
<i>Fund balances - beginning of year</i>	37,609	48,608	(2,431)	(92,357)
<i>Fund balances - end of year</i>	\$ 37,609	\$ 48,608	\$ (2,431)	\$ (69,076)

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

STATE OF NEW MEXICO
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, 2013

Statement B-1

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Licenses and fees	\$ 800	\$ 1,500	\$ 1,180	\$ (320)
<i>Total revenues</i>	800	1,500	1,180	(320)
<i>Expenditures:</i>				
Public safety		1,200	984	216
<i>Total expenditures</i>	0	1,200	984	216
<i>Excess (deficiency) of revenues over expenditures</i>	800	300	196	(104)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(800)	(300)		300
<i>Total other financing sources (uses)</i>	(800)	(300)	0	300
<i>Net change in fund balance</i>	0	0	196	196
<i>Fund balance - beginning of year</i>	0	0	47,102	47,102
<i>Fund balance - end of year</i>	0	0	\$ 47,298	\$ 47,298
Net change in fund balance (Non-GAAP budgetary basis)				\$ 196
Revenue accruals				0
Expenditure accruals				0
Net change in fund balance (GAAP basis)				\$ 196

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

STATE OF NEW MEXICO

Statement 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental income:				
State operating grants	\$ 7,000	\$ 7,000	\$ 7,000	\$
Charges for services	56,200	56,200	33,373	(22,827)
Miscellaneous			11	11
<i>Total revenues</i>	<u>63,200</u>	<u>63,200</u>	<u>40,384</u>	<u>(22,816)</u>
<i>Expenditures:</i>				
Current:				
Public safety	<u>43,800</u>	<u>43,800</u>	<u>38,606</u>	<u>5,194</u>
<i>Total expenditures</i>	<u>43,800</u>	<u>43,800</u>	<u>38,606</u>	<u>5,194</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>19,400</u>	<u>19,400</u>	<u>1,778</u>	<u>(17,622)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(19,400)	(19,400)		19,400
<i>Total other financing sources (uses)</i>	<u>(19,400)</u>	<u>(19,400)</u>	<u>0</u>	<u>19,400</u>
<i>Net change in fund balance</i>			1,778	1,778
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(65,963)</u>	<u>(65,963)</u>
<i>Fund balance - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (64,185)</u>	<u>\$ (64,185)</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 1,778
Revenue accruals				0
Expenditure accruals				<u>0</u>
Net change in fund balance (GAAP basis)				<u>\$ 1,778</u>

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

STATE OF NEW MEXICO

Statement 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental income:				
State operating grants	\$ 54,000	\$ 48,610	\$ 48,610	\$
Miscellaneous		1,763	1,763	
<i>Total revenues</i>	<u>54,000</u>	<u>50,373</u>	<u>50,373</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Public safety	<u>46,600</u>	<u>46,600</u>	<u>40,402</u>	<u>6,198</u>
<i>Total expenditures</i>	<u>46,600</u>	<u>46,600</u>	<u>40,402</u>	<u>6,198</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,400</u>	<u>3,773</u>	<u>9,971</u>	<u>6,198</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	<u>(7,400)</u>	<u>(3,773)</u>		<u>3,773</u>
<i>Total other financing sources (uses)</i>	<u>(7,400)</u>	<u>(3,773)</u>	<u>0</u>	<u>3,773</u>
<i>Net change in fund balance</i>			9,971	9,971
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>103,342</u>	<u>103,342</u>
<i>Fund balance - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 113,313</u>	<u>\$ 113,313</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 9,971
Revenue accruals				0
Expenditure Accruals				<u>0</u>
Net change in fund balance (GAAP basis)				<u>\$ 9,971</u>

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

STATE OF NEW MEXICO

Statement 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>(Unfavorable)</u>
<i>Revenues:</i>				
Intergovernmental income:				
State operating grants	\$ 20,600	\$ 20,600	\$ 20,600	\$
Miscellaneous		<u>4,000</u>	<u>3,783</u>	<u>(217)</u>
<i>Total revenues</i>	<u>20,600</u>	<u>24,600</u>	<u>24,383</u>	<u>(217)</u>
<i>Expenditures:</i>				
Current:				
Public safety	<u>20,600</u>	<u>20,600</u>	<u>11,255</u>	<u>9,345</u>
<i>Total expenditures</i>	<u>20,600</u>	<u>20,600</u>	<u>11,255</u>	<u>9,345</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>4,000</u>	<u>13,128</u>	<u>9,128</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)		<u>(4,000)</u>		<u>4,000</u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>(4,000)</u>	<u>0</u>	<u>4,000</u>
<i>Net change in fund balance</i>	0	0	13,128	13,128
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>32,655</u>	<u>32,655</u>
<i>Fund balance - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,783</u>	<u>\$ 45,783</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 13,128
Revenue accruals				(20,600)
Expenditure accruals				<u>0</u>
Net change in fund balance (GAAP basis)				<u>\$ (7,472)</u>

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

STATE OF NEW MEXICO

Statement 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>(Unfavorable)</u>
<i>Revenues:</i>				
Intergovernmental income:				
State operating grants	\$ 10,900	\$ 10,900	\$ 5,672	\$ (5,228)
Charges for services			483	483
Miscellaneous			46	46
<i>Total revenues</i>	<u>10,900</u>	<u>10,900</u>	<u>6,201</u>	<u>(4,699)</u>
<i>Expenditures:</i>				
Current:				
Culture and recreation	<u>84,157</u>	<u>84,157</u>	<u>66,356</u>	<u>17,801</u>
<i>Total expenditures</i>	<u>84,157</u>	<u>84,157</u>	<u>66,356</u>	<u>17,801</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(73,257)</u>	<u>(73,257)</u>	<u>(60,155)</u>	<u>13,102</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	34,757	34,757	-	(34,757)
Transfers in	<u>38,500</u>	<u>38,500</u>	<u>34,346</u>	<u>(4,154)</u>
<i>Total other financing sources (uses)</i>	<u>73,257</u>	<u>73,257</u>	<u>34,346</u>	<u>(38,911)</u>
<i>Net change in fund balance</i>	0	0	(25,809)	(25,809)
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(46,906)</u>	<u>(46,906)</u>
<i>Fund balance - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (72,715)</u>	<u>\$ (72,715)</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (25,809)
Revenue accruals				0
Expenditure accruals				<u>34,757</u>
Net change in fund balance (GAAP basis)				<u>\$ 8,948</u>

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

STATE OF NEW MEXICO

Statement 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>(Unfavorable)</u>
<i>Revenues:</i>				
Taxes				
Other	\$ <u>5,600</u>	\$ <u>5,600</u>	\$ <u>1,896</u>	\$ <u>(3,704)</u>
<i>Total revenues</i>	<u>5,600</u>	<u>5,600</u>	<u>1,896</u>	<u>(3,704)</u>
<i>Expenditures:</i>				
Current:				
Culture and recreation	<u>3,800</u>	<u>3,800</u>	<u>2,336</u>	<u>1,464</u>
<i>Total expenditures</i>	<u>3,800</u>	<u>3,800</u>	<u>2,336</u>	<u>1,464</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,800</u>	<u>1,800</u>	<u>(440)</u>	<u>(2,240)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(1,800)	(1,800)		1,800
<i>Total other financing sources (uses)</i>	<u>(1,800)</u>	<u>(1,800)</u>		<u>1,800</u>
<i>Net change in fund balance</i>	0	0	(440)	(440)
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>8,434</u>	<u>8,434</u>
<i>Fund balance - end of year</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>7,994</u>	\$ <u>7,994</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (440)
Revenue accruals				0
Expenditure accruals				0
Net change in fund balance (GAAP basis)				\$ <u>(440)</u>

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

STATE OF NEW MEXICO

Statement 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues:</i>				
Taxes				
Gasoline and oil	\$ 7,200	\$ 20,000	\$ 20,601	\$ 601
Intergovernmental income:				
State capital grants	<u>22,500</u>	<u>26,500</u>	<u>22,297</u>	<u>(4,203)</u>
<i>Total revenues</i>	<u>29,700</u>	<u>46,500</u>	<u>42,898</u>	<u>(3,602)</u>
<i>Expenditures:</i>				
Current:				
Public works	<u>33,600</u>	<u>33,600</u>	<u>683</u>	<u>32,917</u>
<i>Total expenditures</i>	<u>33,600</u>	<u>33,600</u>	<u>683</u>	<u>32,917</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,900)</u>	<u>12,900</u>	<u>42,215</u>	<u>29,315</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(3,600)	(20,400)		20,400
Transfers in	<u>7,500</u>	<u>7,500</u>		<u>(7,500)</u>
<i>Total other financing sources (uses)</i>	<u>3,900</u>	<u>(12,900)</u>	<u>0</u>	<u>12,900</u>
<i>Net change in fund balance</i>	0	0	42,215	42,215
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(90,846)</u>	<u>(90,846)</u>
<i>Fund balance - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (48,631)</u>	<u>\$ (48,631)</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 42,215
Revenue accruals				0
Expenditure accruals				<u>0</u>
Net change in fund balance (GAAP basis)				<u>\$ 42,215</u>

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

STATE OF NEW MEXICO

Statement 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Charges for services			152	152
Licenses and fees	<u>6,000</u>	<u>6,000</u>	<u>2,240</u>	<u>(3,760)</u>
<i>Total revenues</i>	<u>6,000</u>	<u>6,000</u>	<u>2,392</u>	<u>(3,608)</u>
<i>Expenditures:</i>				
Current:				
Culture and recreation	<u>50,782</u>	<u>50,782</u>	<u>53,446</u>	<u>(2,664)</u>
<i>Total expenditures</i>	<u>50,782</u>	<u>50,782</u>	<u>53,446</u>	<u>(2,664)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(44,782)	(44,782)	(51,054)	(6,272)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	6,882	5,382		(5,382)
Transfers in	<u>37,900</u>	<u>39,400</u>	<u>13,057</u>	<u>(26,343)</u>
<i>Total other financing sources (uses)</i>	<u>44,782</u>	<u>44,782</u>	<u>13,057</u>	<u>(31,725)</u>
<i>Net change in fund balance</i>	0	0	(37,997)	(37,997)
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(88,785)</u>	<u>(88,785)</u>
<i>Fund balance - end of year</i>	<u>\$</u>	<u>\$</u>	<u>\$ (126,782)</u>	<u>\$ (126,782)</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (37,997)
Revenue accruals				0
Expenditure accruals				<u>6,082</u>
Net change in fund balance (GAAP basis)				<u>\$ (31,915)</u>

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

STATE OF NEW MEXICO
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, 2013

Statement B-9

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$	\$	\$	\$
Gross receipts				
Gasoline and oil				
Other				
Charges for services				
Licenses and fees				
Fines, forfeitures and penalties				
Investment income				
Miscellaneous	\$ _____	\$ _____	\$ _____	\$ _____
<i>Total revenues</i>	<u>\$ _____ 0</u>	<u>\$ _____ 0</u>	<u>\$ _____ 0</u>	<u>\$ _____ 0</u>
<i>Expenditures:</i>				
Current:				
General government				
Public safety				
Public works	_____	_____	_____	_____
Culture and recreation				
Capital outlay				
<i>Total expenditures</i>	<u>_____ 0</u>	<u>_____ 0</u>	<u>_____ 0</u>	<u>_____ 0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>_____ 0</u>	<u>_____ 0</u>	<u>_____ 0</u>	<u>_____ 0</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	_____ 0	_____ 0	_____ 0	_____ 0
Proceeds from sale of equipment				
Transfers in				
Transfers (out)				
<i>Total other financing sources (uses)</i>	<u>_____ 0</u>	<u>_____ 0</u>	<u>_____ 0</u>	<u>_____ 0</u>
<i>Net change in fund balance</i>	0	0	0	0
<i>Fund balance - beginning of year</i>	<u>_____ 0</u>	<u>_____ 0</u>	<u>10,802</u>	<u>10,802</u>
<i>Fund balance - end of year</i>	<u><u>\$ _____ 0</u></u>	<u><u>\$ _____ 0</u></u>	<u><u>\$ 10,802</u></u>	<u><u>\$ 10,802</u></u>

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

STATE OF NEW MEXICO

Statement 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues:</i>				
<i>Total revenues</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<i>Expenditures:</i>				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(1,160)</u>	<u>(1,160)</u>
<i>Fund balance - end of year</i>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(1,160)</u></u>	<u><u>(1,160)</u></u>

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

STATE OF NEW MEXICO

Statement B-11

Town of Springer

CDBG Water Siphon Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues:</i>				
Taxes				
Property	\$	\$	\$	\$
Gross receipts				
Gasoline and oil				
Other				
<i>Total revenues</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balance - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

STATE OF NEW MEXICO

Statement B-12

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) <u>Final to Actual</u>
<i>Revenues:</i>				
Taxes				
Property	\$	\$	\$	\$
Gross receipts				
Gasoline and oil				
Other				
<i>Total revenues</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<i>Expenditures:</i>				
Current:				
General government				
Public safety				
Public works				
Culture and recreation				
Capital outlay				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net change in fund balance</i>	0	0	0	0
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>32,329</u>	<u>32,329</u>
<i>Fund balance - end of year</i>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>32,329</u></u>	<u><u>32,329</u></u>

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

STATE OF NEW MEXICO

Statement B-13

Town of Springer

Rehab of Dams 1 and 2 Capital Projects Fund (Major)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues:</i>				
Taxes				
Property	\$	\$	\$	\$
Gross receipts				
Gasoline and oil				
Other				
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Expenditures:</i>				
Current:				
General government				
Public safety				
Public works				
Culture and recreation				
Capital outlay				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net change in fund balance</i>	0	0	0	0
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(26,848)</u>	<u>(26,848)</u>
<i>Fund balance - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (26,848)</u>	<u>\$ (26,848)</u>

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

STATE OF NEW MEXICO

Statement B-14

Town of Springer

Legislative Appropriations - Water Capital Projects Fund (Major)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues:</i>				
Taxes				
Property	\$	\$	\$	\$
Gross receipts				
Gasoline and oil				
Other				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total revenues</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Expenditures:</i>				
Current:				
General government				
Public safety				
Public works				
Culture and recreation				
Capital outlay				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total expenditures</i>	<u> 0</u>	<u> 0</u>	<u> 0</u>	<u> 0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u> 0</u>	<u> 0</u>	<u> 0</u>	<u> 0</u>
<i>Net change in fund balance</i>	0	0	0	0
<i>Fund balance - beginning of year</i>	<u> 0</u>	<u> 0</u>	<u> (173,729)</u>	<u> (173,729)</u>
<i>Fund balance - end of year</i>	<u><u> 0</u></u>	<u><u> 0</u></u>	<u><u> (173,729)</u></u>	<u><u> (173,729)</u></u>

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

STATE OF NEW MEXICO

Statement B-15

Town of Springer

CO-OP Grant Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues:</i>				
Taxes				
Property	\$	\$	\$	\$
Gross receipts				
Gasoline and oil				
Other				
<i>Total revenues</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<i>Expenditures:</i>				
Current:				
General government				
Public safety				
Public works				
Culture and recreation				
Capital outlay				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>37,609</u>	<u>37,609</u>
<i>Fund balance - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 37,609</u></u>	<u><u>\$ 37,609</u></u>

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

STATE OF NEW MEXICO

Statement B-16

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues:</i>				
Taxes				
Property	\$	\$	\$	\$
Gross receipts				
Gasoline and oil				
Other				
<i>Total revenues</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<i>Expenditures:</i>				
Current:				
General government				
Public safety				
Public works				
Culture and recreation				
Capital outlay				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	0	0
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>48,608</u>	<u>48,608</u>
<i>Fund balance - end of year</i>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>48,608</u></u>	<u><u>48,608</u></u>

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

STATE OF NEW MEXICO

Statement B-17

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues:</i>				
Taxes				
Property	\$	\$	\$	\$
Gross receipts				
Gasoline and oil				
Other				
<i>Total revenues</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<i>Expenditures:</i>				
Current:				
General government				
Public safety				
Public works				
Culture and recreation				
Capital outlay				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(2,431)</u>	<u>(2,431)</u>
<i>Fund balance - end of year</i>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(2,431)</u></u>	<u><u>(2,431)</u></u>

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

STATE OF NEW MEXICO

Statement B-18

Town of Springer

Airport 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental income:				
Federal capital grants	\$ 297,000	\$ 372,000	\$	\$ (372,000)
State capital grants		35,055	337,309	302,254
<i>Total revenues</i>	<u>297,000</u>	<u>407,055</u>	<u>337,309</u>	<u>(69,746)</u>
<i>Expenditures:</i>				
Capital outlay	<u>316,667</u>	<u>382,722</u>	<u>358,677</u>	<u>24,045</u>
<i>Total expenditures</i>	<u>316,667</u>	<u>382,722</u>	<u>358,677</u>	<u>24,045</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(19,667)	24,333	(21,368)	(45,701)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	<u>19,667</u>	<u>(24,333)</u>	<u>-</u>	<u>24,333</u>
<i>Total other financing sources (uses)</i>	<u>19,667</u>	<u>(24,333)</u>	<u>0</u>	<u>24,333</u>
<i>Net change in fund balance</i>	0	0	(21,368)	(21,368)
<i>Fund balance - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(57,153)</u>	<u>(57,153)</u>
<i>Fund balance - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (78,521)</u>	<u>\$ (78,521)</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (21,368)
Revenue accruals				0
Expenditure accruals				0
Net change in fund balance (GAAP basis)				<u>\$ (21,368)</u>

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

STATE OF NEW MEXICO

Statement C-1

Town of Springer

Statement of Revenues, Expenditures and Changes in Net Position

Budget (GAAP Budgetary Basis) and Actual

Joint Utilities Proprietary Fund

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Budgetary)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 1,438,000	\$ 1,446,000	\$ 1,368,691	\$ (77,309)
<i>Total operating revenues</i>	<u>1,438,000</u>	<u>1,446,000</u>	<u>1,368,691</u>	<u>(77,309)</u>
<i>Operating expenditures:</i>				
General and administrative	660,608	716,608	761,581	(44,973)
Personnel services	351,590	351,590	547,657	(196,067)
Contractual services	53,936	53,936	55,699	(1,763)
Supplies	34,958	34,958	38,689	(3,731)
Maintenance and materials	15,112	15,112	19,183	(4,071)
Utilities	52,072	52,072	55,281	(3,209)
Debt service				
Principal	15,000	15,000		15,000
Interest	47,800	47,800	47,566	234
Depreciation			112,379	(112,379)
Amortization expense			188	(188)
<i>Total operating expenditures</i>	<u>1,231,076</u>	<u>1,287,076</u>	<u>1,638,223</u>	<u>(351,147)</u>
<i>Operating income (loss)</i>	<u>206,924</u>	<u>158,924</u>	<u>(269,532)</u>	<u>(428,456)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(273,654)	(283,654)		283,654
Miscellaneous	3,930	3,930	53,393	49,463
Transfers in	62,800	120,800	63,135	(57,665)
Transfers out			(63,135)	(63,135)
<i>Total other financing sources (uses)</i>	<u>(206,924)</u>	<u>(158,924)</u>	<u>53,393</u>	<u>212,317</u>
<i>Change in net position</i>	0	0	(216,139)	(216,139)
<i>Total net position, beginning of year</i>	<u>0</u>	<u>0</u>	<u>1,907,015</u>	<u>1,907,015</u>
<i>Net position- end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,690,876</u>	<u>\$ 1,690,876</u>
<i>Reconciliation to GAAP Basis</i>				\$ (216,139)
Adjustments to revenues(assets)				67,547
Adjustments to Expenditures(liabilities)				<u>170,742</u>
Change in net position - GAAP Basis				<u>\$ 22,150</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, Expenditures and Changes in Net Position

Budget (GAAP Budgetary Basis) and Actual

Cemetery Proprietary Fund

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Budgetary)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 3,400	\$ 3,400	\$ 1,275	\$ (2,125)
<i>Total operating revenues</i>	<u>3,400</u>	<u>3,400</u>	<u>1,275</u>	<u>(2,125)</u>
<i>Operating expenditures:</i>				
Maintenance and materials	<u>2,600</u>	<u>2,600</u>	<u>3,069</u>	<u>(469)</u>
<i>Total operating expenditures</i>	<u>2,600</u>	<u>2,600</u>	<u>3,069</u>	<u>(469)</u>
<i>Operating income (loss)</i>	<u>800</u>	<u>800</u>	<u>(1,794)</u>	<u>(2,594)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	<u>(800)</u>	<u>(800)</u>		<u>800</u>
<i>Total other financing sources (uses)</i>	<u>(800)</u>	<u>(800)</u>	<u>0</u>	<u>800</u>
<i>Change in net position</i>	0	0	(1,794)	(1,794)
<i>Total net position, beginning of year</i>	<u>0</u>	<u>0</u>	<u>6,754</u>	<u>0</u>
<i>Net position- end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,960</u>	<u>\$ (1,794)</u>
Reconciliation to GAAP Basis				\$ (1,794)
Adjustments to revenues/assets				-
Adjustments to Expenditures/liabilities				-
Change in net position - GAAP Basis				<u>\$ (1,794)</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, Expenditures and Changes in Net Position

Budget (GAAP Budgetary Basis) and Actual

Museum Proprietary Fund

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Budgetary)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 1,100	\$ 1,100	\$ 1,074	\$ (26)
<i>Total operating revenues</i>	<u>1,100</u>	<u>1,100</u>	<u>1,074</u>	<u>(26)</u>
<i>Operating expenditures:</i>				
General and administrative	71	71	149	(78)
Personnel services	11,195	11,195	20,509	(9,314)
Supplies	195	195	410	(215)
Maintenance and materials	114	114	239	(125)
Utilities	1,342	1,342	2,816	(1,474)
<i>Total operating expenditures</i>	<u>12,917</u>	<u>12,917</u>	<u>24,123</u>	<u>(11,206)</u>
<i>Operating income (loss)</i>	<u>(11,817)</u>	<u>(11,817)</u>	<u>(23,049)</u>	<u>(11,232)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,717	1,562		(1,562)
Miscellaneous			729	729
Transfers in	<u>9,100</u>	<u>10,255</u>	<u>4,004</u>	<u>(6,251)</u>
<i>Total other financing sources (uses)</i>	<u>11,817</u>	<u>11,817</u>	<u>4,733</u>	<u>(7,084)</u>
<i>Change in net position</i>	0	0	(18,316)	(18,316)
<i>Total net position, beginning of year</i>	<u>0</u>	<u>0</u>	<u>38,887</u>	<u>38,887</u>
<i>Net position- end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,571</u>	<u>\$ 20,571</u>
Reconciliation to GAAP Basis				\$ (18,316)
Adjustments to revenues/assets				-
Adjustments to Expenditures/liabilities				-
Change in net position - GAAP Basis				<u>\$ (18,316)</u>

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

STATE OF NEW MEXICO
Town of Springer
Combining Statement of Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2013

Statement D-1

	Cemetery	Museum	Total
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,920	\$	\$ 1,920
Due from other Fund	3,040		3,040
<i>Total current assets</i>	4,960	0	4,960
<i>Noncurrent assets</i>			
Capital assets		107,496	107,496
Less: accumulated depreciation		(29,766)	(29,766)
<i>Total noncurrent assets</i>		77,730	77,730
<i>Total Assets</i>	\$ 4,960	\$ 77,730	\$ 82,690
<i>Liabilities and Net Position</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Due to other funds	\$	\$ 57,159	\$ 57,159
<i>Total current liabilities</i>	0	57,159	57,159
<i>Noncurrent liabilities</i>			
<i>Total noncurrent liabilities</i>	0	0	0
<i>Total liabilities</i>	0	57,159	57,159
<i>Net Position:</i>			
Invested in capital assets, net of related debt		77,730	77,730
Unrestricted net position	4,960	(57,159)	(52,199)
<i>Total net position</i>	4,960	20,571	25,531
<i>Total Liabilities and Net Position</i>	\$ 4,960	\$ 77,730	\$ 82,690

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

STATE OF NEW MEXICO

Statement D-2

Town of Springer

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Proprietary Fund

For the Year Ended June 30, 2013

	<u>Cemetery</u>	<u>Museum</u>	<u>Total</u>
<i>Operating revenues:</i>			
Operating revenues:	\$ 1,275	\$ 1,074	\$ 2,349
<i>Total operating revenues</i>	<u>1,275</u>	<u>1,074</u>	<u>2,349</u>
<i>Operating expenses:</i>			
General and administrative		149	149
Personnel services		20,509	20,509
Supplies and purchased power		410	410
Maintenance and materials	3,069	239	3,308
Utilities		<u>2,816</u>	<u>2,816</u>
<i>Total operating expenses</i>	<u>3,069</u>	<u>24,123</u>	<u>27,192</u>
<i>Operating income (loss)</i>	<u>(1,794)</u>	<u>(23,049)</u>	<u>(24,843)</u>
<i>Non-operating revenues (expenses):</i>			
Miscellaneous		<u>729</u>	<u>729</u>
<i>Total non-operating revenues (expenses)</i>	<u>0</u>	<u>729</u>	<u>729</u>
Transfers in		<u>4,004</u>	<u>4,004</u>
<i>Capital grants and net transfers</i>	<u>0</u>	<u>4,004</u>	<u>4,004</u>
<i>Change in net position</i>	(1,794)	(18,316)	(20,110)
<i>Net position, beginning of year</i>	<u>6,754</u>	<u>38,887</u>	<u>45,641</u>
<i>Net position, end of year</i>	<u>\$ 4,960</u>	<u>\$ 20,571</u>	<u>\$ 25,531</u>

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

SUPPORTING SCHEDULES

Housing Authority of the Town of Springer
(A Component Unit of the Town of Springer)
Springer, NM
Financial Data Schedule
June 30, 2013

Schedule I

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	TOTAL
111	Cash - Unrestricted	\$ 144,329	\$	\$ 144,329
114	Cash - Tenant Security Deposits	<u>13,119</u>		<u>13,119</u>
100	Total Cash	<u>157,448</u>	<u>0</u>	<u>157,448</u>
126	Accounts Receivable - Tenants	3,592		3,592
126.1	Allowance for Doubtful Accts - Tenants	(1,471)		(1,471)
129	Accrued Interest Receivable	<u>74</u>		<u>74</u>
120	Total Receivables, Net of Allowance for Doubtful Accts	<u>2,195</u>	<u>0</u>	<u>2,195</u>
131	Investments - Unrestricted	72,675		72,675
142	Prepaid Expenses and Other Assets	12,355		12,355
143	Inventories	10,774		10,774
143.1	Allowance for Obsolete Inventories	<u>(1,077)</u>		<u>(1,077)</u>
150	Total Current Assets	<u>254,370</u>	<u>0</u>	<u>254,370</u>
161	Land	41,101		41,101
162	Buildings	2,744,785	19,942	2,764,727
164	Furniture, Equipment and Machinery - Administration	71,959	55,971	127,930
166	Accumulated Depreciation	(2,402,446)	(24,877)	(2,427,323)
167	Construction in Process		4,000	4,000
160	Total Capital Assets, Net of Accumulated Depreciation	<u>455,399</u>	<u>55,036</u>	<u>510,435</u>
180	Total Non-Current Assets	<u>455,399</u>	<u>55,036</u>	<u>510,435</u>
190	Total Assets	<u>\$ 709,769</u>	<u>\$ 55,036</u>	<u>\$ 764,805</u>

Housing Authority of the Town of Springer
(A Component Unit of the Town of Springer)
Springer, NM
Financial Data Schedule
June 30, 2013

Schedule I

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	TOTAL
311	Bank Overdraft		\$	
312	Accounts Payable <= 90 Days	1,861		1,861
321	Accrued Wages/payroll Taxes Payable	14,144		14,144
322	Accrued Compensated Absences - Current Portion	2,853		2,853
341	Tenant Security Deposits	13,119		13,119
342	Deferred Revenue	28		28
346	Accrued Liabilities - Other	<u>3,064</u>		<u>3,064</u>
310	Total Current Liabilities	<u>35,069</u>	<u>0</u>	<u>35,069</u>
354	Accrued Compensated Absences - Current Portion	<u>1,812</u>		<u>1,812</u>
350	Total Noncurrent Liabilities	<u>1,812</u>	<u>0</u>	<u>1,812</u>
300	Total Liabilities	<u>36,881</u>	<u>0</u>	<u>36,881</u>
508.1	Invested in capital assets, net of related debt	455,399	55,036	510,435
511.1	Restricted net position			
512.1	Unrestricted net position	<u>217,489</u>		<u>217,489</u>
513	<i>Total Equity/Net Position</i>	<u>672,888</u>	<u>55,036</u>	<u>727,924</u>
600	<i>Total Liabilities and Equity/Net Position</i>	<u>\$ 709,769</u>	<u>\$ 55,036</u>	<u>\$ 764,805</u>

Housing Authority of the Town of Springer
(A Component Unit of the Town of Springer)
Springer, NM
Financial Data Schedule
June 30, 2013

Schedule I

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	TOTAL
70300	Net Tenant Rental Revenue	\$ 133,325	\$	\$ 133,325
70400	Tenant Revenue - Other	<u>16</u>	<u> </u>	<u>16</u>
70500	Total Tenant Revenue	<u>133,341</u>	<u>0</u>	<u>133,341</u>
70600	HUD PHA Operating Grants	119,427		119,427
70610	Capital Grants	<u> </u>	<u>51,340</u>	<u>51,340</u>
70700	Total Fee Revenue	<u>119,427</u>	<u>51,340</u>	<u>170,767</u>
71100	Investment Income - Unrestricted	(196)		(196)
71600	Gain or Loss on Sale of Capital Assets	<u>284</u>	<u> </u>	<u>284</u>
70000	Total Revenue	<u>252,856</u>	<u>51,340</u>	<u>304,196</u>
91100	Administrative Salaries	60,421		60,421
91200	Audit Fees	409	6,000	6,409
91500	Employee Benefit Contributions - Administrative	14,510		14,510
91600	Office Expenses	8,924	392	9,316
91700	Legal Expenses	25		25
91800	Travel	257		257
91900	Other	<u>5,622</u>	<u> </u>	<u>5,622</u>
91000	Total Operating - Administrative	<u>90,168</u>	<u>6,392</u>	<u>96,560</u>
92400	Tenant Services - Other	<u>596</u>	<u> </u>	<u>596</u>
92500	Total Tenant Services	<u>596</u>	<u>0</u>	<u>596</u>
93100	Water	10,191		10,191
93200	Electricity	1,610		1,610
93300	Gas	36,293		36,293
93600	Sewer	<u>11,423</u>	<u> </u>	<u>11,423</u>
93000	Total Utilities	<u>59,517</u>	<u>0</u>	<u>59,517</u>
94100	Ordinary Maintenance and Operations - Labor	88,600		88,600
94200	Ordinary Maintenance and Operations - Materials & Other	15,240	8,059	23,299
94300	Ordinary Maintenance and Operations - Contract Cost	4,162		4,162
94500	Employee Benefit Contributions - Ordinary Maintenance	<u>17,165</u>	<u> </u>	<u>17,165</u>
94000	Total Maintenance	<u>125,167</u>	<u>8,059</u>	<u>133,226</u>

Housing Authority of the Town of Springer
(A Component Unit of the Town of Springer)
Springer, NM
Financial Data Schedule
June 30, 2013

Schedule I

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	TOTAL
96110	Property Insurance	5,149		5,149
96120	Liability Insurance	2,240		2,240
96130	Workmen's Compensation	9,957		9,957
96140	All Other Insurance	<u>4,773</u>		<u>4,773</u>
96100	Total Insurance Premiums	<u>22,119</u>	<u>0</u>	<u>22,119</u>
96210	Compensated Absences	7,185		7,185
96400	Bad debt - Tenant Rents	<u>517</u>		<u>517</u>
96000	Total Other General Expenses	<u>7,702</u>	<u>0</u>	<u>7,702</u>
96900	Total Operating Expenses	<u>305,269</u>	<u>14,451</u>	<u>319,720</u>
97000	Excess Operating Revenue over Operating Expenses	(52,413)	36,889	(15,524)
97400	Depreciation Expense	<u>80,342</u>	<u>11,247</u>	<u>91,589</u>
90000	Total Expense	<u>385,611</u>	<u>25,698</u>	<u>411,309</u>
10010	Operating Transfers In	13,732		13,732
10020	Operating Transfer Out		<u>(13,732)</u>	<u>(13,732)</u>
10100	Total Other Financing Sources (Uses)	<u>13,732</u>	<u>(13,732)</u>	<u>0</u>
10000	Excess (Deficiency) of Total Rev Over (Under) Total Exp	<u>\$ (119,023)</u>	<u>\$ 11,910</u>	<u>\$ (107,113)</u>
11030	Beginning Equity	\$ 791,911	\$ 43,126	\$ 835,037
11190	Unit Months Available	672		672
11210	Number of Unit Months Leased	653		653

STATE OF NEW MEXICO
Town of Springer
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2013

Schedule II

<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, 2013</u>	<u>Location of Safekeeper</u>
Wells Fargo Bank					
	FN AI8345	08/01/2041	3138ANHX4	\$ 14,890	Bank of New York Mellon
	FN AL0832	09/01/2026	3138EG4S0	183,215	Bank of New York Mellon
	FN AQ9991	02/01/2043	3138MSC56	4,826	Bank of New York Mellon
	FN AR1086	02/01/2043	3138NXF44	4,796	Bank of New York Mellon
	FN AR9199	03/01/2043	3138W7GH1	4,860	Bank of New York Mellon
	FN AT2722	05/01/2043	3138WQAY8	29,329	Bank of New York Mellon
	FN AB7505	01/01/2043	31417EKT7	91,475	Bank of New York Mellon
	FN AB7730	01/01/2043	31417ESU6	19,227	Bank of New York Mellon
	FN AB7819	02/01/2043	31417EVM0	9,660	Bank of New York Mellon
	FN MA1132	08/01/2042	31418AHJ0	4,152	Bank of New York Mellon
	FN AE0385	09/01/2040	31419ANB9	<u>31,401</u>	Bank of New York Mellon
	Total Pledged Collateral			<u>\$ 397,831</u>	

See independent auditor's report

STATE OF NEW MEXICO
Town of Springer
Schedule of Deposits and Investments
By Depository
June 30, 2013

Schedule III
Page 1 of 2

General Government

Account	Account Type	Wells Fargo Bank	International Bank	Total
General Account	Checking	\$ 919,527	\$	\$ 919,527
Revenue Bond Account	Checking			
Cemetery Memorial Fund	Checking	1,870		1,870
Construction Account	Checking	908		908
Veteran's Memorial Fund	Checking	104		104
Springer CDBG	Checking			
Community/Recreation Centre	Checking		2,422	2,422
Payroll Account	Checking		76,110	76,110
Meter Deposit Account	Checking		31,014	31,014
Municipal Court Escrow Account	Checking		6,556	6,556
Veterans Memorial Fund	Checking		<u>212</u>	<u>212</u>
Total per bank		<u>922,409</u>	<u>116,314</u>	<u>1,038,723</u>
Reconciling Items		<u>(48,398)</u>	<u>(2,611)</u>	<u>(51,009)</u>
Reconciled balance -June 30, 2013		<u>\$ 874,011</u>	<u>\$ 113,703</u>	
Total deposits				<u>\$ 987,714</u>
Cash and cash equivalents and investments per financial statements:				
Governmental Activities - Exhibit A-1				\$ 948,085
Business-type Activities - Exhibit A-1				32,758
Agency funds - Exhibit E-1				<u>6,871</u>
Total cash and cash equivalents				<u>\$ 987,714</u>

See independent auditor's report

STATE OF NEW MEXICO
Town of Springer
Schedule of Deposits and Investments
By Depository
June 30, 2013

Component Unit-Housing Authority

<u>Account</u>	<u>Account Type</u>	<u>Wells Fargo Bank</u>
Public Fund- regular checking	Checking	\$ 145,810
Public Fund- Interest checking	Checking	12,440
CFP- regular checking	Checking	(7)
Certificate of deposit- investments	CD	39,442
Certificate of deposit- investments	CD	<u>33,233</u>
Total per bank		230,918
Reconciling items		<u>(795)</u>
Reconciled balance - June 30, 2013		<u><u>\$ 230,123</u></u>
Cash and cash equivalents per discretely presented component unit financial statements:		
Cash and cash equivalents- Exhibit A-1		\$ 144,329
Investments- Exhibit A-1		72,675
Restricted cash and cash equivalents- Exhibit A-1		<u>13,119</u>
Total cash and cash equivalents		<u><u>\$ 230,123</u></u>

STATE OF NEW MEXICO

Schedule IV

Town of Springer

Schedule of Changes In Fiduciary Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2013

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2013
<i>Municipal Court Escrow Fund</i>				
Assets				
Cash and cash equivalents	\$ <u>410</u>	\$ <u>8,808</u>	\$ <u>2,662</u>	\$ <u>6,556</u>
Total assets	\$ <u><u>410</u></u>	\$ <u><u>8,808</u></u>	\$ <u><u>2,662</u></u>	\$ <u><u>6,556</u></u>
Liabilities				
Due to other entities	\$ <u>410</u>	\$ <u>8,808</u>	\$ <u>2,662</u>	\$ <u>6,556</u>
Total liabilities	\$ <u><u>410</u></u>	\$ <u><u>8,808</u></u>	\$ <u><u>2,662</u></u>	\$ <u><u>6,556</u></u>
<i>Veterans Memorial Fund</i>				
Assets				
Cash and cash equivalents	\$ <u>195</u>	\$ <u>620</u>	\$ <u>500</u>	\$ <u>315</u>
Total assets	\$ <u><u>195</u></u>	\$ <u><u>620</u></u>	\$ <u><u>500</u></u>	\$ <u><u>315</u></u>
Liabilities				
Due to other entities	\$ <u>195</u>	\$ <u>620</u>	\$ <u>500</u>	\$ <u>315</u>
Total liabilities	\$ <u><u>195</u></u>	\$ <u><u>620</u></u>	\$ <u><u>500</u></u>	\$ <u><u>315</u></u>
<i>Total Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ <u>605</u>	\$ <u>9,428</u>	\$ <u>3,162</u>	\$ <u>6,871</u>
Total assets	\$ <u><u>605</u></u>	\$ <u><u>9,428</u></u>	\$ <u><u>3,162</u></u>	\$ <u><u>6,871</u></u>
Liabilities				
Due to other entities	\$ <u>605</u>	\$ <u>9,428</u>	\$ <u>3,162</u>	\$ <u>6,871</u>
Total liabilities	\$ <u><u>605</u></u>	\$ <u><u>9,428</u></u>	\$ <u><u>3,162</u></u>	\$ <u><u>6,871</u></u>

See independent auditor's report

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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 Honorable Mayor and Town Trustee's
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, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Town of Springer (Town), as of and for the year ended June 30, 2013, which collectively comprise the Town's basic financial statements as listed in the table of contents and have issued our report thereon dated November 20, 2013. We were also engaged to audit the financial statements of each of the Town's nonmajor governmental funds, 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, 2013, as listed in the table of contents. We did not express an opinion on the financial statements because of inadequacy of accounting records. Further, our report includes a reference to other auditors. Except as discussed in the previous sentence, we conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Town of Springer's Housing Authority, as described in our report on the Town's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Springer's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Springer's internal control. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and response as items FS 03-08, FS 06-05, FS 06-07, FS 06-09, FS 09-06, FS 10-03, FS 11-01 and FS 13-01 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in accompanying schedule of findings and responses as item FS 09-03 to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 and the other auditor's 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 11-02 and 2013-01.

Town's Response to Findings

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

Purpose of this Report

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 20, 2013

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

Section I - Prior Year Audit Findings

Prior Year Audit Findings

Financial Statement Findings:

PRIMARY GOVERNMENT FINANCIAL STATEMENTS:

- FS 03-08 — Inadequate Capital Asset Records - Repeated
- FS 05-08 — Actual Expenditures Exceed Budgeted Expenditures - Repeated and Modified
- FS 05-09 — Late Filing of Audit Report - Resolved
- FS 06-05 — Town Not Preparing Financial Statements - Repeated
- FS 06-07 — Deficiencies in Internal Control Structure Design, Operation, and Oversight - Repeated and Modified
- FS 06-09 — Trial Balance and Cash Activity Not Recorded - Repeated and Modified
- FS 09-03 — DFA Cash Report Does not Reconcile to the Town's Accounting Records - Repeated and Modified
- FS 09-05 — Inadequate Review of Manual Journal Entries - Resolved
- FS 09-06 — Inadequate Documentation for Travel and Per Diem Expenditures - Repeated and Modified
- FS 10-02 — Lack of Internal Control over Fuel Cards - Resolved
- FS 10-03 — Internal Control over Cash Disbursements - Repeated and Modified
- FS 11-01 — Fund Accounting - Repeated
- FS 11-02 — Late submission of the IPA Recommendation Form and Audit Contract - Repeated and Modified
- FS 12-01 — IRS Form 941 - Resolved
- FS 12-02 — Violation of Open Meeting Act - Resolved

FEDERAL AWARD FINDINGS – PRIMARY GOVERNMENT: (Not Applicable for Fiscal year Ending June 30, 2013)

- FA 2007-11 — Lack of Adequate Internal Controls over Compliance - Implemented
- FA 09-01 — Noncompliance with Federal Reporting Requirements - Implemented
- FA 12-01 — Noncompliance with Debt Covenants - Implemented

FINANCIAL AUDIT FINDINGS – COMPONENT UNIT:

None

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT

FS 03-08 Material Weakness - Inadequate Capital Asset Records

Condition: The Town did not perform a physical inventory of movable chattels and equipment. The Town could not provide the auditors with a complete 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.

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.

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;

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 03-08 Material Weakness - Inadequate Capital Asset Records (continued)

- (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 and 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.

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.

Effect: The Town's financial statements may be materially misstated 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.

Cause: The Town 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.

Auditors' Recommendations: We recommend that the Town obtain appropriate capital asset and depreciation accounting software. We recommend that the Town perform an annual physical inventory count. 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. 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.

Agency's Response:

Currently each department is obtaining and creating an inventory list of all assets within that department. The Town of Springer is currently in the process of obtaining a new fund accounting software which tracks depreciation schedules, and asset management of all capital assets.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 05-08 Non Compliance – Actual Expenditures Exceed Budgeted Expenditures

Condition: The following funds had expenditures that exceeded the respective budget as of June 30, 2013:

Fund	Amount
Juvenile Recreation Special Revenue Fund	\$ 2,664
Fire Protection Special Revenue Fund	17,905
Joint Utilities Proprietary Fund	351,147
Cemetery Proprietary Fund	469
Museum Proprietary Fund	11,206

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.

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

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

Auditors' 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.

Agency's Response:

Currently, on a monthly basis, the Town Clerk is managing the budget and presents budget adjustments when required, before the quarterly report is due. The Town of Springer did not over expend in the final budget. The Town of Springer will increase the monitoring of the budget to actual monthly and quarterly comparisons against the approved DFA Budget. The Clerk will prepare and distribute to the Governing Body the budget analysis report on a monthly basis as well as the quarterly report prepared for the Department of Finance and administration. These reports will be approved at monthly board meetings. Quarterly board of finance meetings are scheduled and conducted to review the budget status and adjust as necessary.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 06-05 Material Weakness - Town Not Preparing Financial Statements

Condition: The financial statements and related disclosures are not being prepared by the Town. The Town does not have procedures in place to detect and correct material misstatements in the financial statements.

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well-designed systems should be implemented and should include controls over financial statement preparation, footnote disclosure preparation, and should give the entity the ability to catch material errors that may affect the financial statements.

Effect: When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Cause: The Town personnel do not have the time to prepare the Town's financial statements, or have adequate training to understand the elements of external financial reporting including the preparation of financial statements, the preparation of the related footnote disclosures, or the ability to recognize material errors.

Auditors' Recommendation: We recommend the Town's management and personnel receive training on understanding the requirements of external financial reporting. The training should include, but not be limited to:

- Selection of appropriate accounting policies
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information, including Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the Town develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

Agency's Response:

The software currently being used is QuickBooks and it is not structured to provide financial statements. This software tracks all revenues and expenditures in the appropriate funds; however, the program needs to be structured to give an accurate report of all financial accounts at any given time. Currently the Town of Springer is in the process of obtaining Governmental fund based accounting software that will provide a financial statement on demand.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

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

Condition: The Town does not have a comprehensive documented internal control structure. The Town's internal control were not operating effectively throughout the audit period. This resulted in accounting records that were not reconciled. The Town lacked documentation for internal controls over grant monitoring and compliance, segregation of duties in the disbursement and payroll cycle, IT controls over the QuickBooks accounting software including controls over modifications of vendor and customer master files. Delinquent accounts receivable cannot be stratified by age to facilitate the determination of allowances for doubtful accounts. The maintainence of accounts receivable system in a different accounting software with no reconciliations made to the general ledger resulted in numerous misstatements in accounts receivable. The Town has not established "reserve accounts" related to its bond issues.

Criteria: A. Every Town shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.

B. Each Town shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

1. Town management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the Town.
2. Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with Town authorization.
3. Receipts, checks or warrants, purchase orders, and vouchers shall be sequentially pre-numbered.
4. The Town shall have proper safeguards to protect unused checks and other pre-numbered forms, undeposited cash and other receipts, and facsimile signature plates.
5. Transactions are to be recorded as necessary to permit preparation of financial statements in conformity with GAAP. In addition, Towns shall establish any other criteria applicable to such statements to maintain accountability for assets.

Towns shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliation's, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 06-07 Material Weakness - Deficiencies in Internal Control Structure Design, Operation, and Oversight (continued)

C. An internal control structure is required to demonstrate the Town’s ability to record, process, summarize and report financial data consistent with the following financial statement assertions:

1. rights and ownership;
2. existence and occurrence;
3. valuation and allocations;
4. completeness; and,
5. presentation and disclosure.

D. The internal control structure shall demonstrate that the Town identifies applicable laws and regulations, and that procedures are designed to provide reasonable assurance that the Town complies with those laws and regulations. Internal control procedures shall be established, implemented and documented through Town correspondence, manuals, training, and other additional methods. Appropriate internal control procedures shall be adopted by the local board within a Town to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The internal control structure shall address all Town transactions.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, “inadequate documentation of the components of internal control.” SAS 115 paragraph 19 states that ineffective oversight of the agency’s financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Effect: Because the internal control structure is inadequate and not documented, management and staff are not sure 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.

Cause: For the fiscal year 2013, 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. The Town has only two or three staff members working in their business office and under these conditions, it is difficult to achieve the required degree of segregation of duties and internal controls over the various business office and the accounting functions. The Mayor is very active and involved in providing the required oversight to monitor the Town’s operations/activities but the inadequacies related to the small number of business office staff and the less than adequate capability of the software system could not allow meaningful progress to be achieved.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 06-07 Material Weakness - Deficiencies in Internal Control Structure Design, Operation, and Oversight (continued)

Auditors' Recommendation: The Town should update its documented comprehensive internal control structure and ensure that it is followed. Anytime the Town receives a new grant it should check with the grant contact person to determine whether the grant is federal or non federal funds. Management should implement procedures to review the requirements related to its bond issues and comply with the requirements. Management should maintain a comprehensive list of the Town's federal awards throughout the year. Revenues and expenditures of federal funds should be accounted for separately from those of non-federal funds. Management should follow and ensure that all staff follows the Town's documented internal control procedures. The body charged with governance should provide effective oversight of the internal control and financial reporting processes.

Agency's Response:

The Town Clerk is then responsible for reconciling the financial books against the bank to maintain internal control issues of all funds. Each employee is bonded through the New Mexico Self Insurer Fund; the bonding is part of the Town's local Government insurance policy. The Town Clerk then provides monthly and quarterly financial reports at every month's meetings.

The Clerk Treasurer explained to the staff how grant monies are to be deposited. There has been a folder in which all warrants and the supporting documents are attached and each transaction is posted on a monthly basis. The accounts are reconciled on a monthly basis to the QuickBooks's accounting software. This process has ensured a more accurate accountability system for all financials in the office for tracking all transactions. A policy SOP is available to staff to follow the recording, processing, summarizing, and reporting of financial controls. The following policies are on file: Purchasing Procedures, Deposit and receipt of all monies, recording of all transactions to the QuickBooks's software and outlining specific staff with duties.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 06-09 Material Weakness - Trial Balance

Condition: During our procedures and review of the trial balance, we noted that the assets, liabilities, and fund balance accounts are not being segregated by fund and are being pooled in each class of accounts with no way to distinguish individual funds. The Town posted cross fund entries due to not distinguishing individual asset, liability, and fund balance accounts in their chart of accounts as a result of which interfund balances were not supported.

Criteria: All Towns shall establish and maintain a general ledger in accordance with established rules and regulations. Generally accepted accounting principles dictate that the general ledger will be comprised of individual funds and account groups using the Town's chart of accounts and shall be reconciled every fiscal year with department records. Towns shall use funds and account groups to report their financial position and operating results. Funds are classified into three broad categories: a) governmental funds, b) proprietary funds and c) fiduciary funds. There are two account groups: a) general fixed assets and b) general long-term debt. In accordance with GASB 34, Towns shall use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting. 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.

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.

Effect: We were unable to rely on the Town's trial balance as a whole. Being unable to rely on the Town's trial balance increases the risk of a material misstatements, fraudulent activity, and irregularities occurring and not being detected or prevented.

Cause: Town of Springer received a disclaimer of opinion on its financial statements in the fiscal year ended June 30, 2013. The Town of Springer did not make all of the necessary correcting entries into its general ledger during the fiscal year ended June 30, 2013 though considerable progress has been made to reconcile the balances.

Auditors' Recommendation: We recommend the Town implement procedures to review the Town trial balance and reconcile it timely to ensure accuracy. We also recommend that the Town initiate policies and procedures to ensure that the required adjustments are made to the general ledger on a timely basis.

Agency's Response:

The Town of Springer ultimate goal is to set up the new accounting software program to compute a more accurate financial picture of all activity of the funds as well as a correct balance in each fund. The financial situation, reporting and audit are the most important issues in order to move forward and adhere to all compliance issues.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 09-03 Significant Deficiency - DFA Cash Report Does not Reconcile to the Town's Accounting Records

Condition: For the year ended June 30, 2013, the Town's trial balance reported \$987,713 of cash and the report submitted to Department of Finance and Administration (DFA) reported \$885,387 of cash.

Criteria: Per Section 6-6-3 NMSA 1978, every local public body shall:

- Keep all the books, records and accounts in their respective offices in the form prescribed by the local government division
- Make all reports as may be required by the local government division, and
- Conform to the rules and regulations adopted by the local government division.

Effect: The information that is reported to DFA is incomplete and could lead to inappropriate funding of the Town.

Cause: The Town was unable to reconcile cash accurately and report these correct amounts to DFA.

Auditors' Recommendation: We recommend the Town communicate with DFA regarding the requirements for reporting cash balances.

Agency's Response:

Currently, all reports and supporting documents are sent to DFA for review and comment during the quarterly report cycle. The Town of Springer has diligently worked on monitoring all records to ensure correct reporting to the Department of Finance on a timely basis. All necessary budget adjustments are approved by the Governing Body in a timely manner and then forward to DFA for their approval.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 09-06 Material Weakness - Travel and Per Diem Expenditures

Condition: The Town does not have adequate internal controls over travel and per diem expenditures. During our audit procedures related to travel and per diem expenditures, out of 39 items tested, we noted the following deficiencies. (1) For all twenty-two travel disbursements totalling \$4,306, sufficient supporting documentation was not provided. The disbursements lacked travel reports. (2) For sixteen disbursements (\$2,892), travel expense sheet was not signed by the employees. (3) For nineteen per diem disbursements totalling \$3,920, travel advances were paid 100 percent of per diem rates and mileage costs. (4) For ten per diem disbursements (\$3,368), employees were paid with both rates, the overnight per diem rate and daily partial per diem rate. (5) For one per diem disbursement, mileage amount paid to the employee is more than the actual mileage travel. (6) For six travel and per diem disbursements, expense sheet was not properly authorized.

Criteria: Each Town shall establish and implement written policies and procedures for travel and per diem. Travel and per diem policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, NMSA 1978, and Department of Finance and Administration (DFA) regulations.

As per 2.42.2.10 NMAC payment for travel advances may approved up to 80 percent of per diem rates and mileage costs.

Partial Per diem rate is only allowed for travel which does not require over night stay (2.42.2.8(B)(1) NMAC) or on the last day of the travel when the overnight lodging is no longer required.(2.42.2.8(B)(3) NMAC).

Internal control structure is required to demonstrate the Town’s ability to record, process, summarize and report financial statement assertions of existence and occurrence.

Effect: Noncompliance with statutes may subject officials and employees to punishment as defined by state statutes.

Cause: The Town did not maintain policies and procedures to ensure that expenditures related to travel and per diem were paid according to State Statutes.

Auditors’ Recommendation: We recommend the Town review all supporting documentation and retain all documents. Also, the Town should establish and implement policies and procedure for the payment of travel and per diem expenditures and ensure compliance with State Statutes.

Agency’s Response:

All travel is approved by the Mayor and department heads, proper process is then executed. Every non-salaried employee requests time and it is approved by the Mayor and payroll clerk and all records of all leave are on file every pay period.

Currently the Town of Springer follows the state mileage & per diem act for the State of New Mexico SS10-8-1 through 10-8-8. This Act is followed for all who receives a mileage & per diem check. The current form is correct as by state statute and will be approved by the Governing Body on a yearly basis.

STATE OF NEW MEXICO
Town of Springer
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B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 10-03 Material Weakness- Internal Control over Cash Disbursements

Condition: During our testwork of cash disbursements, out of 40 items tested, we noted the following deficiencies:

- For thirty-seven disbursements (\$266,585), the invoices were not properly authorized and documents were not properly canceled to prevent double payment.
- For three disbursements (\$263), sufficient supporting evidences were not provided.
- For one disbursement (\$175) , requisition and purchase order were not provided.
- For one disbursement (\$945), purchase order was approved by same person who requested the items.

Criteria: Good accounting and internal control practices requires that all disbursements must originate with authorizing document and be supported by properly approved documents such as purchase orders, bill, petty cash reimbursement forms, payroll and time records, leases, contracts, or other supporting.

According to the Town’s Purchasing Policies a purchase requisition and purchase order must be issued for all non-routine and non-recurring purchases. The Town is required to implement written policies and procedures for purchasing which shall be in compliance with the procurement Code, Section 13-1-21 et seq., NMSA 1978.

Effect: The Authority's internal control over authorizations and payments limit management's ability to monitor the accuracy of transactions and provide assurance with respect to funds. Also, when purchases are made without proper authorization, items could be procured that are inappropriate and/or unallowed and the risk of misappropriation is increased.

Cause: There is a lack of internal control structure over Cash Disbursements. The Town Purchasing Policy is not adequately safeguarding the Town’s assets by allowing the purchasing policy to be bypassed.

Auditors’ Recommendation: We recommend the Town to train employees on the purchasing procedure and implement new procedures to properly review and approve the expenditures.

Agency’s Response:

All requisitions are distributed by the Clerk/Deputy Clerk as requested by each department. All invoices are kept on file with PO orders and bills. Each purchase order is reviewed to make sure the request is within the approved budget.

All requisitions/purchase orders are completed and authorized for all purchases that have been approved in the budget for the perspective department. The Clerk/Deputy Clerk has set up training for all city employees for the requisition/purchase order procedure and implementation of new procedures. The Town of Springer will adhere to the correct purchasing process implemented by the Town policy as well as the procurements code for the State of New Mexico. All employees will be required to follow policy.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 11-01 Material Weakness – Fund Accounting

Condition: While reviewing the Town's trial balance, we found that the Town's accounting system does not give consideration to a set of self balancing funds and accounts. Accounting transactions are taking place that leave most of the funds out of balance during the year.

Criteria: The general ledger of the Town should be maintained on the basis of funds and account groups, each of which should be considered a separate accounting entity. The operations of each fund will be accounted for with a set of self balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. Government resources should be allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Effect: The accounting software may not have been configured properly to close the items to respective fund balance.

Cause: Using inadequate accounting software is the cause of this problem.

Auditor's Recommendation: We recommend the Town to take necessary steps to implement a fund accounting system to properly account for its funds.

Agency's Response:

A new fund accounting software will be purchased and implemented before the next FY audit. The conditions of the current software do not provide accurate fund balances, or many requirements mandated by the state for an annual municipal audit. The Town is currently in the process of reviewing many different software packages to obtain the very best accounting software for the financial needs of the Town.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 11-02 Non Compliance – Late Submission of IPA Recommendation Form and Audit Contract

Condition: The Town did not submit the IPA recommendation form and audit contract to the State Auditor by the required deadline of May 15, 2013. The contract was prepared on July 17, 2013 and received by the State Auditor's office on July 31, 2013.

Criteria: As indicated in Section 2.2.2.8(B) NMAC, 13.1.130 NMSA 1978, and 13-1-117.1 NMSA 1978, the Town shall submit the completed IPA Recommendation Form for Audits and the completed and signed audit contract to the State Auditor for approval by May 15.

Effect: The Town was not in compliance with the New Mexico State Audit Rule 2.2.2.8(B), 13.1.130 NMSA 1978, and 13-1-117.1 NMSA 1978.

Cause: The Town's audit report was submitted late in the prior year.

Auditor's Recommendation: The Town's management should ensure IPA recommendation form and contract be executed and be submitted to New Mexico Office of the State Auditor for review and approval on a timely manner.

Agency's Response:

The Town Clerk was late in the filing of the IPA recommendation due to oversight. This process will be done in a timely manner in the future.

STATE OF NEW MEXICO
Town of Springer
Schedule of Findings and Responses
June 30, 2013

B. FINANCIAL STATEMENT FINDINGS – PRIMARY GOVERNMENT (CONTINUED)

FS 13-01 Material Weakness - Internal Control Deficiencies in Payroll

Condition: The following issues were observed on internal controls in the payroll testwork. (1) I9 forms were not on file for two out of seventeen personnel files tested. (2) For three employees, overtime hours were not properly authorized. (3) For seventeen personnel files reviewed, employee's current pay rate or salary authorized documentation could not be located. (4) For six employees, application documentation could not be located within the personnel file.

During testwork it was noted that the overall payroll expense charged to the general ledger could not be reconciled to the wages reported on the Form 941: Employer's Quarterly Federal Tax Return as reported to the IRS. The Town has been receiving penalty notices from the IRS on miscalculation of payroll wages for the prior years.

Criteria: NMAC 6.20.2.18 states the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. The Town's personnel regulation states "no person may be hired unless he or she completes an application for employment".

Immigration Reform & Control Act of 1986 requires all employees hired after November 6, 1986 to complete a Form I-9 within 3 days of hire. Guidance regarding Form I-9 also states that if photocopies of identification are kept for any single employee they must be kept for all employees. Photocopies of identification also do not relieve the obligation to fully complete Section 2 of the Form I-9 nor is it an acceptable substitute for proper completion of the Form I-9 in general.

Segregation of duties in payroll, the existence of an appropriate pay rate schedule, a review of employee timesheets, a review of payroll reports, and proper authorization and approval for wages, as indicated in NMSA 1978 Section 6-6-3 are required to be maintained in order to have proper and sufficient internal controls to reduce the risk of fraudulent activities. And management should establish and implement sound internal control procedures to maintain personnel records on a periodic basis.

Effect: The Town is not in compliance with New Mexico State Statutes. The Town could be subject to penalties or possibly legal action.

Cause: The Town has inadequate procedures over the maintenance of personnel files. There is insufficient review of payroll.

Auditors' Recommendations: We recommend that the Town make periodic checks to ensure all employees are earning the correct rate based upon their contract and to ensure that all employees have all the proper documentation for their pay rates, timesheets and I-9s.

Agency's Response:

The Town Staff has worked hard to ensure each employee has the correct employee paperwork on file. Currently each employee has the necessary paperwork on file for employment with the Town of Springer. Payroll is reviewed for accuracy before it is processed in the accounting program. The Town staff is working diligently to maintain these records.

STATE OF NEW MEXICO
Town of Springer
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June 30, 2013

C. FINANCIAL STATEMENT FINDINGS – COMPONENT UNIT

2013-01 - Late Independent Public Accountant Recommendation - Noncompliance

Condition: The State Auditor received the IPA Recommendation Form and Audit Contract on June 24, 2013 after the required due date of May 15, 2013.

Criteria: Paragraph (6)(c) of Subsection G of 2.2.2.8 NMAC requires that component units of municipalities submit a completed IPA Recommendation Form and Audit Contract to the State Auditor by May 15.

Effect: The Housing Authority is not in compliance with state statute regarding submission of IPA Recommendation Form and Audit Contract.

Cause: The Housing Authority does not have a procedure to ensure that the DA Recommendation Form and Audit Contracts are delivered to the State Auditor by the deadline.

Recommendation: We recommend that the Housing Authority implement a procedure to ensure that future Recommendation Forms and Audit Contracts are delivered to the State Auditor by the prescribed deadline.

Management's Response: The Housing Authority will implement a procedure to ensure that future State Auditor deadlines regarding Recommendation Forms and Audit Contracts are met.

STATE OF NEW MEXICO
Town of Springer
Other Disclosures
Year Ended June 30, 2013

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 November 26, 2013. The following individuals were in attendance.

Town of Springer Officials

Danny Cruz, Mayor
Shawn Jefferey, Clerk Treasurer

Harshwal & Company LLP

Sanwar Harshwal, Partner
Deepa Adhikari, Senior Auditor