

State of New Mexico

Town of Springer

Annual Financial Statements

For the Fiscal Year Ended June 30, 2014

R. Kelly McFarland, CPA, PC

STATE OF NEW MEXICO
Town of Springer

Table of Contents
June 30, 2014

	Page
Table of Contents	1
Official Roster	4
Financial Section	
Independent Auditor's Report	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	7
Statement of Activities	9
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual Juvenile Recreation Special Revenue Fund	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Assets and Liabilities – Agency Fund	20
Notes to the Financial Statements	21
Supplementary Information	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Fund Descriptions	43
Combining Balance Sheet – Nonmajor Governmental Funds	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	48

STATE OF NEW MEXICO
Town of Springer

Table of Contents, Continued
June 30, 2014

	Page
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:	
Corrections Special Revenue Fund	51
EMS Special Revenue Fund	52
Fire Protection Special Revenue Fund	53
Law Enforcement Special Revenue Fund	54
Library Special Revenue Fund	55
Lodger’s Tax Special Revenue Fund	56
Streets Special Revenue Fund	57
Fire Discretionary Special Revenue Fund	58
CDBG Sewer System Improvements Capital Projects Fund	59
CDBG Water Siphon Project Capital Projects Fund	60
RUS Water Improvements Capital Projects Fund	61
Rehab of Dams 1 and 2 Capital Projects Fund	62
Co-op Grant Capital Projects Fund	63
Sewer Lagoon Capital Projects Fund	64
Scenic Byways Capital Projects Fund	65
Airport Improvements Capital Projects Fund	66
Legislative Appropriations – Water Capital Projects Fund	67
Statement of Revenues, Expenditures, and Changes in Net Position – Budget (Non – GAAP Budgetary Basis) and Actual -	
Joint Utilities Proprietary Fund	68
Cemetery Proprietary Fund	69
Museum Proprietary Fund	70
Combining Statement of Net Position – Nonmajor Proprietary Funds	71
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position – Nonmajor Proprietary Funds	72
Statement of Cash Flows – Nonmajor Proprietary Funds	73

STATE OF NEW MEXICO
Town of Springer

Table of Contents, Continued
June 30, 2014

	Page
Supporting Schedules for Supplementary Information:	
Financial Data Schedule – Component Unit – Housing Authority	74
Schedule of Deposits and Investments by Depository	76
Schedule of Pledged Collateral	77
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	78
Schedule of Legislative Appropriations	79
Compliance Section	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	80
Schedule of Findings and Responses	82
Financial Statement Preparation	93
Exit Conference	93

**STATE OF NEW MEXICO
Town of Springer**

Official Roster
June 30, 2014

Town Council

Name	Title
Fernando Garcia	Mayor
Boe Lopez	Mayor Pro Tem
Jean Martinez	Town Trustee
Johnny Caldwell	Town Trustee
Timothy Trujillo	Town Trustee

Administrative Officials

Shawn Jeffrey	Clerk Treasurer
Samuel Blea	Deputy Clerk
Anthony Abeyta	Utility Billings Clerk



R. Kelly McFarland

**Certified Public Accountant
A Professional Corporation**



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INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller, New Mexico State Auditor and
Honorable Mayor and Town Trustees
Town of Springer
Springer, New Mexico

Report on Financial Statements

I was engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Springer, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. I was also engaged to audit the financial statements of each of the Town's nonmajor governmental, nonmajor enterprise, and the budgetary comparisons for the major capital project fund, the major enterprise fund 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, 2014, as listed in the table of contents. I did not audit the financial statements of the Town of Springer Housing Authority, a discretely presented component unit which statements reflect total assets of \$790,471 as of June 30, 2014, and total revenues of \$273,742 for the year then ended. Those statements were audited by other auditors whose report has been furnished to me, and in my 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on conducting my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because of the matters described in the Basis of Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Because of the inadequacy of accounting records, and internal controls over those records relevant to the preparation and fair presentation of financial statements that are free from material misstatement, I was unable to obtain sufficient appropriate audit evidence regarding the amounts at which transactions are recorded in the proper funds and the beginning fund balance amounts. Additionally, because of inadequacy of the capital asset records, I was unable to examine sufficient appropriate audit evidence regarding the amounts at which property and equipment, depreciation expense and accumulated depreciation are recorded in the accompanying Statement of Net Position for Government Activities and Business-Type Activities.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs above, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Town of Springer as a whole. Accordingly, I do not express an opinion on the financial statements referred to above. I also do not express an opinion on the respective financial position of each nonmajor governmental, nonmajor enterprise and fiduciary funds of the Town of Springer as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the major capital projects fund, the major enterprise fund and all nonmajor funds, presented as supplementary information for the year ended June 30, 2014, as listed in the table of contents.

Other Matters

Required Supplementary Information

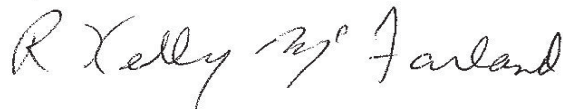
Management has not presented the Management's Discussion and Analysis for the year ended June 30, 2014, that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financials statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financials statements in an appropriate operational, economic or historical context. My opinion on the basic financial statements is not affected by the missing report.

Other Information

I was engaged for the purpose of forming opinions on the Town of Springer financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules required by Section 2.2.2 NMAC, listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information required by Section 2.2.2 NMAC is 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. Because of the significance of the matters discussed in the Basis for Disclaimer paragraph above, I do not express an opinion on the fair presentation of the schedules required by Section 2.2.2 NMAC, in relation to the basic financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 9, 2015, on my consideration of the Town of Springer's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Springer's reporting and compliance.



January 9, 2015

STATE OF NEW MEXICO
Town of Springer
Statement of Net Position
June 30, 2014

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Housing Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 977,965	\$ 54,102	\$ 1,032,067	\$ 133,973
Investments	0	0	0	72,768
Receivables:				
Utilities receivables, net of allowance	0	43,424	43,424	0
Other receivables	295	0	295	0
Tenant receivables, net of allowance	0	0	0	1,754
Property tax receivables	690	0	690	0
Interest receivable	0	0	0	74
Due from other governments	27,365	0	27,365	0
Prepaid insurance	0	0	0	11,850
Internal balances	(282,071)	282,071	0	0
Inventory	0	37,240	37,240	11,057
Total current assets	<u>724,244</u>	<u>416,837</u>	<u>1,141,081</u>	<u>231,476</u>
Noncurrent assets				
Restricted cash and cash equivalents	1,079	0	1,079	13,614
Unamortized loan and bond issuance costs	3,777	5,621	9,398	0
Capital assets	5,053,874	6,733,075	11,786,949	3,046,727
Less: accumulated depreciation	<u>(1,685,481)</u>	<u>(4,073,260)</u>	<u>(5,758,741)</u>	<u>(2,501,346)</u>
Total noncurrent assets	<u>3,373,249</u>	<u>2,665,436</u>	<u>6,038,685</u>	<u>558,995</u>
Total assets	<u>\$ 4,097,493</u>	<u>\$ 3,082,273</u>	<u>\$ 7,179,766</u>	<u>\$ 790,471</u>

STATE OF NEW MEXICO
Town of Springer
Statement of Net Position
June 30, 2014

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Housing Authority
LIABILITIES				
Current liabilities				
Accounts payable	\$ 10,899	\$ 79,863	\$ 90,762	\$ 1,077
Accrued payroll expenses	10,833	0	10,833	19,767
Accrued compensated absences payable - current portion	0	10,798	10,798	4,571
Accrued interest payable	1,899	29,417	31,316	0
Prepaid rent	0	0	0	85
Current portion of bonds payable	0	16,000	16,000	0
Current portion of notes payable	31,803	0	31,803	0
Total current liabilities	<u>55,434</u>	<u>136,078</u>	<u>191,512</u>	<u>25,500</u>
Noncurrent liabilities				
Accrued compensated absences payable	12,813	0	12,813	2,300
Tenant security deposits	0	0	0	13,614
Bonds payable	0	956,801	956,801	0
Loans payable	296,642	0	296,642	0
Total noncurrent liabilities	<u>309,455</u>	<u>956,801</u>	<u>1,266,256</u>	<u>15,914</u>
Total liabilities	<u>364,889</u>	<u>1,092,879</u>	<u>1,457,768</u>	<u>41,414</u>
NET POSITION				
Net investments in capital assets	3,039,948	1,687,014	4,726,962	545,381
Restricted for:				
Debt service	1,079	0	1,079	0
Capital projects	126,036			
Unrestricted	<u>691,577</u>	<u>302,380</u>	<u>993,957</u>	<u>203,676</u>
Total net position	<u>3,732,604</u>	<u>1,989,394</u>	<u>5,721,998</u>	<u>749,057</u>
Total liabilities and net position	<u>\$ 4,097,493</u>	<u>\$ 3,082,273</u>	<u>\$ 7,179,766</u>	<u>\$ 790,471</u>

STATE OF NEW MEXICO
Town of Springer
Statement of Activities
June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Governmental Activities:				
General government	\$ 610,169	\$ 29,208	\$ 172,207	\$ 11,118
Public safety	262,959	26,545	80,833	0
Public works	2,421	0	0	0
Culture and recreation	100,261	4,273	6,853	0
Interest on long-term debt	<u>10,338</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities	<u>986,148</u>	<u>60,026</u>	<u>259,893</u>	<u>11,118</u>
Business-type Activities:				
Joint utilities	1,300,754	1,249,956	0	0
Cemetery	321	2,915	0	0
Museum	<u>13,104</u>	<u>1,301</u>	<u>0</u>	<u>0</u>
Total business-type activities	<u>1,314,179</u>	<u>1,254,172</u>	<u>0</u>	<u>0</u>
Total primary government	<u>\$ 2,300,327</u>	<u>\$ 1,314,198</u>	<u>\$ 259,893</u>	<u>\$ 11,118</u>
Component Unit:				
Housing Authority	<u>\$ 389,404</u>	<u>\$ 273,742</u>	<u>\$ 0</u>	<u>\$ 136,702</u>
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 of year				
Net position - end of year				

STATE OF NEW MEXICO
Town of Springer
Statement of Activities
June 30, 2014

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position			
	Governmental Activities	Business-type Activities	Total	Housing Authority
Primary Governmental Activities:				
General government	\$ (397,636)		\$ (397,636)	
Public safety	(155,581)		(155,581)	
Public works	(2,421)		(2,421)	
Culture and recreation	(89,135)		(89,135)	
Interest on long-term debt	(10,338)		(10,338)	
	(655,111)		(655,111)	
Business-type Activities:				
Joint utilities	0	\$ (50,798)	(50,798)	
Cemetery	0	2,594	2,594	
Museum	0	(11,803)	(11,803)	
	0	(60,007)	(60,007)	
Total primary government	(655,111)	(60,007)	(715,118)	
Component Unit:				
Housing Authority				\$ 21,040
General Revenues:				
Taxes:				
Property taxes, levied for general purposes	54,343	0	54,343	0
Gross receipts taxes	336,842	0	336,842	0
Gasoline and motor vehicle taxes	55,264	0	55,264	0
Franchise taxes	46,022	0	46,022	0
Miscellaneous income	52,234	16,650	68,884	93
Interest	90	0	90	0
Transfers in/(out)	(78,055)	78,055	0	0
	466,740	94,705	561,445	93
Total general revenues and transfers	466,740	94,705	561,445	93
Change in net position	(188,371)	34,698	(153,673)	21,133
Net position - beginning of year	3,920,975	1,954,696	5,875,671	727,924
Net position - end of year	\$ 3,732,604	\$ 1,989,394	\$ 5,721,998	\$ 749,057

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

STATE OF NEW MEXICO
Town of Springer
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Juvenile Recreation	Legislative Appropriations - Water	Other Governmental Funds	Total
ASSETS					
Cash	\$ 963,890	\$ 14,344	\$ 0	\$ 810	\$ 979,044
Receivables:					
Property taxes receivables	690	0	0	0	690
Other receivable	295	0	0	0	295
Due from other funds	329,990	0	0	360,859	690,849
Due from other governments	<u>27,365</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,365</u>
Total assets	<u>\$ 1,322,230</u>	<u>\$ 14,344</u>	<u>\$ 0</u>	<u>\$ 361,669</u>	<u>\$ 1,698,243</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,563	\$ 1,855	\$ 0	\$ 3,481	\$ 10,899
Accrued payroll and related liabilities	10,833	0	0	0	10,833
Due to other funds	<u>272,700</u>	<u>165,906</u>	<u>173,729</u>	<u>360,585</u>	<u>972,920</u>
Total liabilities	<u>289,096</u>	<u>167,761</u>	<u>173,729</u>	<u>364,066</u>	<u>994,652</u>
Fund balances:					
Assigned to:					
Special revenue funds	0	0	0	0	0
Capital projects funds	0	0	0	0	0
Restricted:					
General fund	1,079	0	0	0	1,079
Special revenue funds	0	0	0	213,032	213,032
Capital projects funds	0	0	0	126,036	126,036
Unassigned, reported in:					
General fund	1,032,055				1,032,055
Special revenue funds		(153,417)	0	(144,764)	(298,181)
Capital projects funds	<u>0</u>	<u>0</u>	<u>(173,729)</u>	<u>(196,701)</u>	<u>(370,430)</u>
Total fund balances	<u>1,033,134</u>	<u>(153,417)</u>	<u>(173,729)</u>	<u>(2,397)</u>	<u>703,591</u>
Total liabilities and fund balances	<u>\$ 1,322,230</u>	<u>\$ 14,344</u>	<u>\$ 0</u>	<u>\$ 361,669</u>	<u>\$ 1,698,243</u>

STATE OF NEW MEXICO
Town of Springer
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2014

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

Fund Balances - total government funds	\$	703,591
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,368,393
Other assets (debt issuance 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:		
Accrued interest payable		(1,899)
Loans payable		(328,445)
Long-term portion of accrued compensated absences		<u>(12,813)</u>
Total net position - governmental funds	\$	<u>3,732,604</u>

STATE OF NEW MEXICO
Town of Springer
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Juvenile Recreation	Legislative Appropriations - Water	Other Governmental Funds	Total
REVENUES					
Taxes:					
Property taxes	\$ 54,343	\$ 0	\$ 0	\$ 0	\$ 54,343
Gross receipts taxes	336,842	0	0	0	336,842
Gasoline and motor vehicle taxes	34,303	0	0	20,961	55,264
Other taxes	16,835	0	0	4,158	20,993
Intergovernmental:					
State operating grants	149,111	0	0	103,511	252,622
State capital grants	0	0	0	11,118	11,118
Charges for services	35,360	0	0	26,973	62,333
Licenses and fees	9,997	31,125	0	410	41,532
Miscellaneous	32,971	0	0	34,944	67,915
	<u>669,762</u>	<u>31,125</u>	<u>0</u>	<u>202,075</u>	<u>902,962</u>
EXPENDITURES					
Current:					
General government	524,778	0	0	0	524,778
Public safety	138,337	0	0	132,264	270,601
Public works	0	0	0	1,070	1,070
Culture and recreation	0	89,707	0	39,035	128,742
Capital outlay	37,291	0	0	93,711	131,002
Debt services:					
Principal	4,233	0	0	15,829	20,062
Interest	206	0	0	8,233	8,439
	<u>704,845</u>	<u>89,707</u>	<u>0</u>	<u>290,142</u>	<u>1,084,694</u>
Excess (deficiency) of revenues over expenditures	(35,083)	(58,582)	0	(88,067)	(181,732)
Other financing sources (uses):					
Loan proceeds	25,556	0	0	75,567	101,123
Transfers in (out)	(140,920)	25,865	0	37,000	(78,055)
Total other financing sources (uses)	<u>(115,364)</u>	<u>25,865</u>	<u>0</u>	<u>112,567</u>	<u>23,068</u>
Net changes in fund balances	<u>(150,447)</u>	<u>(32,717)</u>	<u>0</u>	<u>24,500</u>	<u>(158,664)</u>
Fund balances - beginning of year	<u>1,183,581</u>	<u>(120,700)</u>	<u>(173,729)</u>	<u>(26,897)</u>	<u>862,255</u>
Fund balances - end of year	<u>\$ 1,033,134</u>	<u>\$ (153,417)</u>	<u>\$ (173,729)</u>	<u>\$ (2,397)</u>	<u>\$ 703,591</u>

STATE OF NEW MEXICO
Town of Springer
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
June 30, 2014

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

Net change in fund balances - total governmental funds	\$	(158,664)
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Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense		(80,968)
Amortization expense		
Capital expenditures recorded in capital outlay		131,002

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		3,219
Increase in accrued interest payable		(1,899)

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.

Loan proceeds		(101,123)
Amortization of loan issuance costs		
Principal payment of bond, loans and notes payable		<u>20,062</u>

Change in net position of governmental activities	\$	<u>(188,371)</u>
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STATE OF NEW MEXICO
Town of Springer
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes:				
Property taxes	\$ 47,500	\$ 47,500	\$ 53,653	\$ 6,153
Gross receipts taxes	336,000	336,000	311,583	(24,417)
Gasoline and oil taxes	25,200	25,200	34,303	9,103
Other taxes	15,700	15,700	16,835	1,135
Intergovernmental income:				
State operating grants	176,000	176,000	148,914	(27,086)
Charges for services	19,520	19,520	35,360	15,840
Licenses and fees	3,150	3,150	9,997	6,847
Investment income	25,601	25,601	0	(25,601)
Miscellaneous	54,000	54,000	31,062	(22,938)
	<u>702,671</u>	<u>702,671</u>	<u>641,707</u>	<u>(60,964)</u>
EXPENDITURES				
Current:				
General government	437,387	437,387	538,228	(100,841)
Public safety	152,870	152,870	99,453	53,417
Debt service:				
Principal	24,101	24,101	4,233	0
Interest	0	0	206	0
	<u>614,358</u>	<u>614,358</u>	<u>642,120</u>	<u>(47,424)</u>
Excess (deficiency) of revenues over expenditures	<u>88,313</u>	<u>88,313</u>	<u>(413)</u>	<u>(108,388)</u>
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Loan proceeds	0	0	25,556	(25,556)
Transfers in (out)	(58,907)	(112,811)	(140,920)	28,109
Total other financing sources (uses)	<u>(58,907)</u>	<u>(112,811)</u>	<u>(115,364)</u>	<u>2,553</u>
Net change in fund balance	29,406	(24,498)	(115,777)	(105,835)
Fund balance - beginning of year	<u>307,081</u>	<u>307,081</u>	<u>307,081</u>	<u>0</u>
Fund balance - end of year	<u>\$ 336,487</u>	<u>\$ 282,583</u>	<u>\$ 191,304</u>	<u>\$ (105,835)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (115,777)	
Net revenue accruals			28,055	
Net expenditure accruals			(62,725)	
Net changes in fund balance GAAP basis			<u>\$ (150,447)</u>	

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

STATE OF NEW MEXICO
Town of Springer
JUVENILE RECREATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non- GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and fees	0	0	31,125	31,125
Miscellaneous	34,700	34,700	0	(34,700)
Total revenues	34,700	34,700	31,125	(3,575)
EXPENDITURES				
Current:				
Culture and recreation	34,450	34,450	87,852	(53,402)
Total expenditures	34,450	34,450	87,852	(53,402)
Excess (deficiency) of revenues over expenditures	250	250	(56,727)	49,827
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	13,057	43,057	25,865	17,192
Total other financing sources (uses)	13,057	43,057	25,865	17,192
Net change in fund balance	13,307	43,307	(30,862)	67,019
Fund balance - beginning of year	6,147	6,147	6,147	0
Fund balance - end of year	\$ 19,454	\$ 49,454	\$ (24,715)	\$ 67,019
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (30,862)	
Net revenue accruals			0	
Net expenditure accruals			(1,855)	
Net changes in fund balance GAAP basis			\$ (32,717)	

STATE OF NEW MEXICO
Town of Springer
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2014

	Joint Utilities	Other Enterprise	
	Fund	Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 47,656	\$ 6,446	\$ 54,102
Receivables:			
Utility receivables, net of allowance of \$20,440	43,424	0	43,424
Inventory	37,240	0	37,240
Due from other funds	347,791	3,013	350,804
Total current assets	<u>476,111</u>	<u>9,459</u>	<u>485,570</u>
Noncurrent assets:			
Unamortized bond issuance cost	5,621	0	5,621
Capital assets	6,625,579	107,496	6,733,075
Less: accumulated depreciation	<u>(4,043,494)</u>	<u>(29,766)</u>	<u>(4,073,260)</u>
Total noncurrent assets	<u>2,587,706</u>	<u>77,730</u>	<u>2,665,436</u>
Total assets	<u>\$ 3,063,817</u>	<u>\$ 87,189</u>	<u>\$ 3,151,006</u>
LIABILITIES AND NET POSITION			
Liabilities			
Current liabilities:			
Accounts payable - Gross receipts tax payable	\$ 79,634	\$ 229	\$ 79,863
Accrued interest payable	29,417	0	29,417
Accrued compensated absences	10,798	0	10,798
Current portion of bonds payable	16,000	0	16,000
Due to other funds	0	68,733	68,733
Total current liabilities	<u>135,849</u>	<u>68,962</u>	<u>204,811</u>
Noncurrent liabilities:			
Bonds payable	<u>956,801</u>	<u>0</u>	<u>956,801</u>
Total noncurrent liabilities	<u>956,801</u>	<u>0</u>	<u>956,801</u>
Total liabilities	<u>1,092,650</u>	<u>68,962</u>	<u>1,161,612</u>
Net Position			
Net investment in capital assets	1,609,284	77,730	1,687,014
Unrestricted net position	<u>361,883</u>	<u>(59,503)</u>	<u>302,380</u>
Total net position	<u>1,971,167</u>	<u>18,227</u>	<u>1,989,394</u>
Total liabilities and net position	<u>\$ 3,063,817</u>	<u>\$ 87,189</u>	<u>\$ 3,151,006</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 NET POSITION -
PROPRIETARY FUNDS
For the year ended June 30, 2014

	Joint Utilities	Other Enterprise	
	Fund	Funds	Total
OPERATING REVENUES			
Charges for services (Pledged) (net of uncollectibles of \$20,440)	\$ 1,249,956	\$ 4,216	\$ 1,254,172
Total operating revenues	<u>1,249,956</u>	<u>4,216</u>	<u>1,254,172</u>
OPERATING EXPENSES			
General and administrative	627,072	438	627,510
Personnel services	211,223	8,461	219,684
Contractual services	115,819	0	115,819
Supplies and purchased power	73,310	737	74,047
Maintenance and materials	21,643	903	22,546
Utilities	52,061	2,886	54,947
Depreciation	151,204	0	151,204
Amortization expense	<u>0</u>	<u>0</u>	<u>0</u>
Total operating expenses	<u>1,252,332</u>	<u>13,425</u>	<u>1,265,757</u>
Operating income (loss)	(2,376)	(9,209)	(11,585)
NON-OPERATING REVENUES (EXPENSES)			
Interest expense	(48,422)	0	(48,422)
Miscellaneous	<u>16,120</u>	<u>530</u>	<u>16,650</u>
Total non-operating revenues (expenses)	(32,302)	530	(31,772)
Net Transfers in (out)	<u>76,680</u>	<u>1,375</u>	<u>78,055</u>
CHANGE IN NET POSITION	<u>42,002</u>	<u>(7,304)</u>	<u>34,698</u>
Net position - beginning of year	<u>1,929,165</u>	<u>25,531</u>	<u>1,954,696</u>
Net position - end of year	<u>\$ 1,971,167</u>	<u>\$ 18,227</u>	<u>\$ 1,989,394</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, 2014

	Joint Utilities	Other Enterprise	
	Fund	Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Cash flow operating activities:			
Cash received from user charges	\$ 1,274,081	\$ 4,216	\$ 1,278,297
Cash payments to employees for services	(212,768)	(8,461)	(221,229)
Cash payments to suppliers for goods and services	<u>(1,019,936)</u>	<u>6,866</u>	<u>(1,013,070)</u>
Net cash provided (used) by operating activities	<u>41,377</u>	<u>2,621</u>	<u>43,998</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	76,680	1,375	78,055
Miscellaneous income	<u>16,120</u>	<u>530</u>	<u>16,650</u>
Net cash provided (used) by noncapital financing activities	92,800	1,905	94,705
Cash flows from capital and related financing activities:			
Acquisitions and construction of capital assets	(55,015)	0	(55,015)
Principal payments on bond payable	(16,000)	0	(16,000)
Interest paid on long-term debt	<u>(46,344)</u>	<u>0</u>	<u>(46,344)</u>
Net cash provided (used) by capital and related financing activities	<u>(117,359)</u>	<u>0</u>	<u>(117,359)</u>
Net increase (decrease) in cash and cash equivalents	16,818	4,526	21,344
Cash and cash equivalents, beginning of year	<u>30,838</u>	<u>1,920</u>	<u>32,758</u>
Cash and cash equivalents, end of year	<u>\$ 47,656</u>	<u>\$ 6,446</u>	<u>\$ 54,102</u>
Reconciliation of operating income (loss) to net cash: provided (used) by operating activities			
Operating income (loss)	\$ (2,376)	\$ (9,209)	\$ (11,585)
Depreciation	151,204	0	151,204
Amortization expense	0	0	0
Due to (from) other funds	(207,547)	11,601	(195,946)
Accounts receivable, net	24,125	0	24,125
Inventory	0	0	0
Tax payable	77,516	229	77,745
Current accrued compensated absences	<u>(1,545)</u>	<u>0</u>	<u>(1,545)</u>
Net cash provided (used) by operating activities	<u>\$ 41,377</u>	<u>\$ 2,621</u>	<u>\$ 43,998</u>
Non-cash activities: None			

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

STATE OF NEW MEXICO
Town of Springer
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2014

ASSETS

Current Assets

Cash \$ 20,551

Total assets \$ 20,551

LIABILITIES

Current Liabilities

Due to other entities \$ 20,551

Total liabilities \$ 20,551

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

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 and sewer services, electric services, 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 statement 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 primary government are such that exclusion could 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.

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 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.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 1- Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Town of Springer Housing Authority (Authority): this component unit has separate board, which the Town has the ability to appoint and influence operations, and provides services to residents, generally within the geographic boundaries of the government. The Authority will be reported as a proprietary type discretely presented component unit. The Housing Authority has no significant transactions with the Town of Springer.

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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange 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, and (b) 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 is 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. Indirect expenses have not been allocated.

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.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 1- Summary of Significant Accounting Policies (continued)

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. (Colfax County, the collecting agent for the Town, is unable to report the amount of delinquent tax currently due to the Town.) Sales and use taxes are classified as derived tax revenues and are recognized, net of estimated refunds and uncollectible amounts, as revenue when the underlying exchange takes place or when the resources were received, whichever occurs first 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.

Included as operating grants are: Small Cities Assistance, State Law Enforcement, as well as other small operational grants. Capital grants include water and airport improvement.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptibility 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, 2014

Note 1- Summary of Significant Accounting Policies (continued)

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

The Juvenile Recreation Fund is to account for the operation and maintenance of recreational facilities in the Town. Financing is provided by a specific annual cigarette tax levy.

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

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 as agency funds:

The Municipal Court Escrow Fund records all 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 non-operating 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.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 1- Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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.

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 uncollectible 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 No. 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 1- Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Equity (continued)

Capital Assets (continued)

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 asset constructed.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, governments may report a separate section for deferred outflows and/or inflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an expense or expenditure until that time.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and, therefore, revenue will not be recognized until the future period.

During the current year, the Town had no deferred outflows or inflows of resources.

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2014, 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 statement 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 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

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 1- Summary of Significant Accounting Policies (continued)

- E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Equity (continued)

Compensated Absences (continued)

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 cost, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Equity: In the fund financial statements, governmental funds report 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 No. 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.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information

The Town Charter establishes the Town's fiscal year as the twelve-month period beginning July 1st and ending June 30th. Prior to June 1st, management prepares 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.

Each funds' 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 as reflected in the accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non – GAAP budgetary Basis) and Actual.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 3 – Deposits and Investments

Section 6-10-10, NMSA 1978 authorizes municipalities to deposit money in a wide variety of instruments in banks, savings and loan associations or credit unions located in their respective counties. All invested funds of the Town properly followed state investment requirements at June 30, 2014, and were only invested in deposits with local financial institutions.

The official custodian of a government deposit account is separately insured for \$250,000 in the aggregate for “time and savings deposits” and \$250,000 in the aggregate for all “demand deposits”.

Deposits of funds in financial institutions may be made in interest or non-interest bearing accounts to the extent that they are insured by an agency of the United States and/or secured by collateral or a bond provided by the financial institution. The rate of interest in non-demand accounts is set by the State Board of Finance, but cannot be less than one hundred percent of the asked price on US Treasury bills of the same maturity on the day of deposit.

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, a county, municipality or school district that meets specified requirements; or
- Securities that are issued and backed by the full faith and credit of the United States government or issued by its agencies or instrumentalities.

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. At June 30, 2014, the Town’s bank balances of \$1,057,413 was exposed to custodial risk of \$700,254 because it was uninsured. The Town has additional restricted deposits of \$1,079 for debt service with the New Mexico Finance Authority that are uninsured. Total deposits of the Town amount to \$1,058,492.

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. Qualifying securities in the amount of \$405,806, were pledged to secure the deposits, but the securities were held in the name of the pledging bank’s agent, not in the name of the Town of Springer. The pledged securities were in excess of the 50% pledge requirement.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 3 – Deposits and Investments (continued)

Credit Risk, Interest Rate Risk, Concentration of Credit Risk, Foreign Currency Risk - The Town has not adopted an investment policy related to any of these risks; however, management minimizes these risks by making short-term deposits which limits exposure to market volatility related to interest rates; the Town does not invest in financial instruments with exposure to concentration or credit risk or in any investments denominated in foreign currency.

June 30, 2014	<u>Wells Fargo Bank Balance</u>	<u>International Bank Balance</u>	New Mexico Finance Authority Balance
Total Amount of Deposits	\$ 950,254	\$ 107,159	\$ 1,079
Less: FDIC Coverage	<u>(250,000)</u>	<u>(107,159)</u>	<u>0</u>
Total uninsured public funds	700,254	0	\$ 1,079
Pledged Collateral held by pledging bank's agent in the pledging bank's name, but not in Town of Springer's name	<u>405,806</u>	<u>0</u>	<u>0</u>
Uninsured and uncollateralized (Excess Collateral)	<u>\$ 294,448</u>	<u>\$ 0</u>	<u>\$ 1,079</u>
50% Collateral Requirement as per Section 6-10-17, NMSA, 1978	\$ 350,127	\$ 0	\$ 540
Total pledged collateral	<u>(405,806)</u>	<u>0</u>	<u>0</u>
Pledged collateral (over) under the requirement	<u>\$ (55,679)</u>	<u>\$ 0</u>	<u>\$ 540</u>

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

Reconciliations to the Statement of Net position

The carrying amounts of deposits shown above are included in the Town's statement of net position are \$977,965 for Governmental Activities, \$54,102 for Business-like activities, and \$20,551 for the Agency Funds for a total of \$1,052,618. In addition, the Governmental Activities has noncurrent restricted cash of \$1,079.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 4 – Receivables

Receivables as of June 30, 2014, are as follows:

Governmental Activities:

	<u>General Fund</u>
Property Taxes Receivable	\$ 690
Share Taxes Receivable	27,365
Other Receivables	295
Total Receivables	\$ 28,350

Business-type Activities:

	<u>Joint Utilities Fund</u>	<u>Total</u>	<u>Housing Authority</u>
Customer receivables	\$ 63,864	\$ 63,864	\$ 3,124
Other Receivables:			
Interest	0	0	74
Total gross receivables	63,864	63,864	3,198
Less: allowance for doubtful accounts	20,440	20,440	1,370
	\$ 43,424	\$ 43,424	\$ 1,828

In the current year, the Town established an allowance for uncollectible utility receivables based on an analysis of past due accounts not expected to be collected. The establishment of the allowance is reported in the current year as a change in accounting estimate. Other receivables are expected to be collected within one year.

Note 5 – Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

The composition of interfund receivables/payables during the year ended June 30, 2014, is as follows:

<u>Interfund receivable</u>		<u>Interfund payable</u>	
General Fund	\$ 329,990	General Fund	\$ 272,700
Joint Utility Fund	347,791	Juvenile Recreation Fund	165,906
Nonmajor Governmental Funds	360,859	Legislative Appropriations-Water	173,729
Other Enterprise Funds	3,013	Nonmajor Governmental Funds	360,585
		Other Enterprise Funds	68,733
	\$ 1,041,653		\$ 1,041,653

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. Interfund receivables/payables are not expected to be repaid within one year.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

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

Interfund transfers:

<u>Transfers in</u>		<u>Transfers out</u>		<u>Net transfers</u>
Juvenile Recreation Fund	\$ 25,865	General Fund	\$140,920	
Nonmajor Funds	37,000			
Joint Utility Proprietary Fund	76,680			
Nonmajor Funds - Proprietary Funds	<u>1,375</u>			
	<u>\$ 140,920</u>		<u>\$140,920</u>	<u>\$ 0</u>

Transfers from the general fund are used during the year on a routine basis to subsidize other Town activities.

Housing Authority-Component Unit

Transfers between funds were as follows:

<u>Transfers in</u>		<u>Transfers out</u>		<u>Net transfers</u>
Low Rent	\$ 13,231	Low Rent	\$ 0	
CFP	<u>0</u>	CFP	<u>13,231</u>	
	<u>\$ 13,231</u>		<u>\$ 13,231</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, 2014

Note 6 – Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2014, follows. Land and construction in progress are not subject to depreciation.

Governmental Activities

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not depreciated:				
Land	\$ 119,375	\$ 0	\$ 0	\$ 119,375
Construction in progress	<u>1,601,768</u>	<u>0</u>	<u>0</u>	<u>1,601,768</u>
Total capital assets, not depreciated	<u>1,721,143</u>	<u>0</u>	<u>0</u>	<u>1,721,143</u>
Capital assets, depreciated:				
Buildings	1,458,150	0	0	1,458,150
Vehicles	525,028	103,030	0	628,058
Equipment	619,796	27,972	0	647,768
Infrastructure	<u>598,755</u>	<u>0</u>	<u>0</u>	<u>598,755</u>
Total capital assets, depreciated	<u>3,201,729</u>	<u>131,002</u>	<u>0</u>	<u>3,332,731</u>
Total capital assets	<u>4,922,872</u>	<u>131,002</u>	<u>0</u>	<u>5,053,874</u>
Less accumulated depreciation:				
Buildings	(370,364)	(37,388)	0	(407,752)
Vehicles	(591,679)	(14,719)	0	(606,398)
Equipment	(593,920)	(8,902)	0	(602,822)
Infrastructure	<u>(48,550)</u>	<u>(19,959)</u>	<u>0</u>	<u>(68,509)</u>
Total accumulated depreciation	<u>(1,604,513)</u>	<u>(80,968)</u>	<u>0</u>	<u>(1,685,481)</u>
Total capital assets, net of depreciation	<u>\$ 3,318,359</u>	<u>\$ 50,034</u>	<u>\$ 0</u>	<u>\$ 3,368,393</u>

For the year ended June 30, 2014, depreciation expense of \$ 80,968 was charged to the function of general government.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 6 – Capital Assets (continued)

Business-type Activities

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital assets, not depreciated:				
Construction in progress	\$ 206,005	\$ 13,589	\$ 0	\$ 219,594
Total capital assets, not depreciated	<u>206,005</u>	<u>13,589</u>	<u>0</u>	<u>219,594</u>
Capital assets, depreciated:				
Buildings	279,978	0	0	279,978
Vehicles	28,148	0	0	28,148
Equipment	2,792,546	3,000	0	2,795,546
Infrastructure	3,371,383	38,426	0	3,409,809
Total capital assets, depreciated	<u>6,472,055</u>	<u>41,426</u>	<u>0</u>	<u>6,513,481</u>
Total capital assets	<u>6,678,060</u>	<u>55,015</u>	<u>0</u>	<u>6,733,075</u>
Less accumulated depreciation:				
Buildings	(185,777)	0	0	(185,777)
Vehicles	(28,460)	0	0	(28,460)
Equipment	(2,792,546)	(429)	0	(2,792,975)
Infrastructure	(915,273)	(150,775)	0	(1,066,048)
Total accumulated depreciation	<u>(3,922,056)</u>	<u>(151,204)</u>	<u>0</u>	<u>(4,073,260)</u>
Total capital assets, net of depreciation	<u>\$ 2,756,004</u>	<u>\$ (96,189)</u>	<u>\$ 0</u>	<u>\$ 2,659,815</u>

For the year ended June 30, 2014, depreciation expense of \$151,204 was charged to the Joint Utilities fund.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 6 – Capital Assets (continued)

Housing Authority-Component Unit

	Balance June 30, 2013	Adjustments	Additions	Balance June 30, 2014
Capital assets, not depreciated:				
Land	\$ 41,101	\$ 0	\$ 0	\$ 41,101
Construction in progress	4,000	(4,000)	0	0
Total capital assets, not depreciated	<u>45,101</u>	<u>(4,000)</u>	<u>0</u>	<u>41,101</u>
Capital assets, depreciated:				
Buildings	2,531,535	0	108,969	2,640,504
Non-dwelling structures	233,193	0	0	233,193
Machinery and equipment	127,929	4,000	0	131,929
Total capital assets, depreciated	<u>2,892,657</u>	<u>4,000</u>	<u>108,969</u>	<u>3,005,626</u>
Total capital assets	<u>2,937,758</u>	<u>0</u>	<u>108,969</u>	<u>3,046,727</u>
Less accumulated depreciation:				
Buildings	(2,220,244)	0	(48,276)	(2,268,520)
Non-dwelling structures	(118,753)	0	(11,598)	(130,351)
Machinery and equipment	(88,326)	0	(14,149)	(102,475)
Total accumulated depreciation	<u>(2,427,323)</u>	<u>0</u>	<u>(74,023)</u>	<u>(2,501,346)</u>
Total capital assets, net of depreciation	<u>\$ 510,435</u>	<u>\$ 0</u>	<u>\$ 34,946</u>	<u>\$ 545,381</u>

Depreciation expense for the year ended June 30, 2014, was \$ 74,023.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 7 – Long-term Debt

Governmental Activities:

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

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due within one year
NMFA Loans	\$ 247,384	\$ 101,123	\$ 20,062	\$ 328,445	\$ 31,803
Accrued compensated absences	<u>16,032</u>	<u>0</u>	<u>3,219</u>	<u>12,813</u>	<u>0</u>
Total long-term debt	<u>\$ 263,416</u>	<u>\$ 101,123</u>	<u>\$ 23,281</u>	<u>\$ 341,258</u>	<u>\$ 31,803</u>

NMFA Loans

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

Description	Date of Issue	Interest Rate	Original Amount of Issue	Balance, June 30, 2014	Tax Pledged	Taxes Withheld for Loan Payments
NMFA Loan PP-2399	July 9, 2010	3.52%	\$ 267,960	\$ 231,555	Fire Protection Funds	\$ 24,062
NMFA Loan PP-2942	August 23, 2013	2.02%	\$ 75,567	75,567	State-Shared Gross Receipts Tax	\$ 5,538
NMFA Loan PP-2943	August 23, 2013	1.37%	\$ 29,200	<u>21,323</u>	Law Enforcement Protection Funds	\$ 0
Total NMFA Loans				<u>\$ 328,445</u>		

Note: The intercept of Law Enforcement Protections Funds for the NMFA Loan PP-2943 does not begin until July, 2014.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 7 – Long-term Debt (continued)

Governmental Activities (continued):

NMFA Loans (continued)

The annual requirement to amortize the loans as of June 30, 2014, including interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2015	\$ 31,803	\$ 10,648	\$ 42,451
2016	33,291	9,135	42,426
2017	33,928	8,463	42,391
2018	30,746	7,712	38,458
2019-2023	130,632	26,040	156,672
2024-2028	<u>68,045</u>	<u>5,576</u>	<u>73,621</u>
Total	<u>\$ 328,445</u>	<u>\$ 67,574</u>	<u>\$ 396,019</u>

Separate amortization by year is not available for 2019 through 2028.

The General Fund usually pays the compensated absences liability.

Business-Type Activities:

	Balance June 30, 2013	Adjustments	Additions	Deletions	Balance June 30, 2014	Due within one year
USDA Revenue Bonds	\$ 988,800	\$ 0	\$ 0	\$ 16,000	\$ 972,800	\$ 16,000
Accrued compensated absences	<u>12,343</u>	<u>(1,544)</u>	<u>0</u>	<u>0</u>	<u>10,798</u>	<u>10,798</u>
Total long-term debt	<u>\$1,001,143</u>	<u>\$ (1,544)</u>	<u>\$ 0</u>	<u>\$ 16,000</u>	<u>\$ 983,598</u>	<u>\$ 26,798</u>

Revenue Bonds (USDA)

Bonds outstanding at June 30, 2014, consisted of the following bonds:

1997 A Joint Electric, Water and Sewer 92-11 – 1/1/03 issue

Original Issue	\$339,800
Interest Due	January 1
Principal Due	January 1
Maturity Date	January 1, 2037
Interest Rate	5%

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 7 – Long-term Debt (continued)

Business-Type Activities (continued):

Revenue Bonds (USDA) (continued)

2003 Joint Electric, Water and Sewer – 1/1/03 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 – 1/1/07 issue

Original Issue	\$167,500
Interest Due	May 1
Principal Due	May 1
Maturity Date	May 7, 2047
Interest Rate	4.75%

The annual requirements to amortize the Revenue Bonds Payable as of June 30, 2014, including interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2015	\$ 16,000	\$ 45,990	\$ 61,990
2016	17,000	45,196	62,196
2017	19,000	44,398	63,398
2018	20,000	43,547	63,547
2019-2023	112,000	202,858	314,858
2024-2028	143,000	173,361	316,361
2029-2033	178,000	136,487	314,487
2034-2038	221,800	89,922	311,722
2039-2043	176,000	41,971	217,971
2044-2047	70,001	5,482	75,483
Total	<u>\$ 972,801</u>	<u>\$ 829,212</u>	<u>\$ 1,802,013</u>

Separate amortization by year is not available for 2019 through 2047.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 7 – Long-term Debt (continued)

Pledged Revenues and Revenue Bond Covenants

All net revenues and future revenues of the joint utility system are irrevocably pledged for payment of the bonds, pursuant to the debt covenants. The bond ordinances provide for the issue of “parity bonds” all of which are payable from the pledged revenues. The Town agreed under the terms of the loan agreements to establish rates sufficient to pay for the operation and maintenance expenses, allowances for depreciation and to retire all bonds payable and to provide a repair and replacement fund from any remaining funds. The ordinance further requires the establishment of an income fund, a bond fund, a reserve fund as well as the repair and replacement fund. These special funds must be maintained separately from the general fund. Finally, the Town agreed to certain specific requirements, as reflected in USDA Form RD 1942-47. The provisions of this agreement provide additional guarantees not only regarding repayment of the debt, but compliance with government policies as to equal opportunity, environmental regulations, approvals for certain actions by the Rural Utilities Service of USDA, certain additional reporting requirements, recordkeeping requirements, certain restrictions on property use and disposition including real property and other provisions. The pledge of net revenues and other conditions continues until the revenue bonds are retired.

Noncompliance with Debt Covenants

The Town has not complied with the debt covenants as follows:

Special funds to include the income fund, bond fund, reserve fund and the repair and replacement fund have not been established. All gross revenues are comingled with pooled funds of the Town, including the general fund.

Reports have not been made to USDA regarding the requirements Form RD 442-2, Statement of Budget and Form RD442-3, Balance Sheet.

Housing Authority-Component Unit:

The following summarizes the changes in accrued compensated absences during 2014:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due within one year
Accrued compensated absences	\$ 4,665	\$ 5,663	\$ 3,457	\$ 6,871	\$ 4,571

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 of Springer has obtained general liability, auto, crime, buildings and contents, equipment, law enforcement officers, and public official’s liability, volunteer coverage, workers compensation through New Mexico Self Insurers Fund, operating as a common risk management insurance program. Total premiums paid to the NM Self-Insurer’s Fund for fiscal year 2014 was \$75,186.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

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 (Section 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: 8.5% for law enforcement employees and 10.65% 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 Section 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Town of Springer's contributions to PERA for the years ending June 30, 2014, 2013, and 2012, were approximately \$34,907, \$40,311, and \$35,683, respectively, which equal the amount of the required contributions for each fiscal year.

For fiscal year 2015, GASB No. 68 will be effective which requires additional disclosure as well as the recognition of the Town's proportionate share of the net pension liability of the multiple-employer defined benefit plan, described above. The recognition of this liability is expected to be material to the financial statements, but is not available at this time.

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 (Section 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 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the 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.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 10 – Post Employment Benefits (continued)

Funding Policy.(continued)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute requires each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute requires each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Town's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012, were \$7,478, \$8,950, and \$7,093, respectively, which equal the amount of required contributions for each year.

Note 11 – Contingencies

The Town of Springer participates in a number of federal and state 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.

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.

<u>Fund</u>	<u>Amount</u>
General Fund	\$ (47,424)
Juvenile Recreation Fund	\$ (53,402)
EMS Fund	\$ (1,201)
Fire Protection Fund	\$ (28,803)
Law Enforcement Fund	\$ (16,011)
RUS Water Improvements Capital Projects Fund	\$ (13,589)
Sewer Lagoon Capital Projects Fund	\$ (1,070)
Joint Utility Fund	\$ (54,732)
Museum Proprietary Fund	\$ (4,875)

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Notes to Financial Statements
June 30, 2014

Note 12 – Deficit Fund Balances and Excess of Expenditures Over Appropriations (continued)

B. Deficit fund balances of individual funds.

<u>Fund</u>		<u>Amount</u>
Juvenile Recreation Fund	\$	(151,417)
Legislative Appropriations - Water	\$	(173,729)
EMS Fund	\$	(74,969)
Library Fund	\$	(40,774)
Streets Fund	\$	(29,021)
CDBG Sewer System Improvements Fund	\$	(1,160)
CDBG Water Siphon Project Fund	\$	(90,299)
Rehab of Dams 1 and 2 Fund	\$	(26,848)
Scenic Byways Fund	\$	(2,431)

Note 13 – Restricted Net Position

The Town reports restricted net position of \$127,115 for the year ended June 30, 2014, which are restricted for debt service in the amount of \$1,079 and for capital projects in the amount of \$126,036 and \$691,577 of unrestricted net position for the year end June 30, 2014.

Note 14 – Subsequent Events

The date to which events occurring after June 30, 2014, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is January 9, 2015, which is the date on which the financial statements were available to be issued.

Note 15 – Correction of an Error

For the year ending June 30, 2014, the Town's fund balance reconciliation required an adjustment to its beginning balance in the amount of \$46,329 of its General Fund.

Note 16 - Joint- Powers Agreement

The Town participates with the City of Raton and other Colfax County entities in the operation of a dispatch center. The Town paid the City of Raton \$31,004, in two installments during the current year for twenty-four hour dispatch services for the Town Police, Fire and EMS Departments. The Town maintains and owns the base stations and repeaters located in Springer and the City of Raton maintains and owns its equipment. Separate financial statements are not prepared for the Raton dispatch center. The agreement may be terminated by either party by providing 6 months' notice. Each government is responsible only for the audit of its own financial statements.

Note 17 – GASB No. 65 Adoptions

The Town has not implemented GASB No. 65 with respect to insignificant debt issue costs incurred in prior years, which continues to be carried as a deferred charge on the Statement of Net Position. Current year's debt issue costs, which were insignificant, were expensed in the current year.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Special Revenue Fund Descriptions
June 30, 2014

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 of New Mexico pursuant to the Emergency Medical Services Act (Authority: NMSA 24-10A-1).

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 the Town of Springer General Fund.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Capital Projects Fund Descriptions
June 30, 2014

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.

Legislative Appropriation Water Capital Projects Fund - To account for state appropriations used for water system improvements.

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 rehabilitate 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
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

		Special Revenue Funds						
	Corrections	EMS	Fire Protection	LEPF	Library	Lodgers' Tax		
ASSETS								
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	
Due from other funds	47,626	0	133,258	12,055	0	0	9,719	
Total assets	<u>\$ 47,626</u>	<u>\$ 0</u>	<u>\$ 133,258</u>	<u>\$ 12,055</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,719</u>	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 0	\$ 2,638	\$ 428	\$ 0	\$ 410	\$ 0	0	
Due to other funds	0	72,331	0	0	40,364	0	0	
Total liabilities	<u>0</u>	<u>74,969</u>	<u>428</u>	<u>0</u>	<u>40,774</u>	<u>0</u>	<u>0</u>	
Fund balances:								
Assigned to:								
Special revenue fund	0	0	0	0	0	0	0	
Capital projects fund	0	0	0	0	0	0	0	
Unassigned to:								
Special revenue fund	47,626	(74,969)	132,830	12,055	(40,774)	9,719	0	
Capital projects fund	0	0	0	0	0	0	0	
Total fund balances	<u>47,626</u>	<u>(74,969)</u>	<u>132,830</u>	<u>12,055</u>	<u>(40,774)</u>	<u>9,719</u>	<u>0</u>	
Total liabilities and fund balances	<u>\$ 47,626</u>	<u>\$ 0</u>	<u>\$ 133,258</u>	<u>\$ 12,055</u>	<u>\$ 0</u>	<u>\$ 9,719</u>	<u>\$ 9,719</u>	

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

STATE OF NEW MEXICO
Town of Springer
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue Funds		Capital Projects Funds				
	Fire		CDBG Sewer System		CDBG Water	RUS Water	Rehab of Dams 1
	Streets	Discretionary	Improvements	Siphon Project	Improvements	Improvements	and 2
ASSETS							
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 810	\$ 0	0
Due from other funds	19,615	10,802	0	0	40,079	0	0
Total assets	<u>\$ 19,615</u>	<u>\$ 10,802</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,889</u>	<u>\$ 0</u>	<u>0</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 5	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Due to other funds	48,631	0	1,160	90,299	0	0	26,848
Total liabilities	<u>48,636</u>	<u>0</u>	<u>1,160</u>	<u>90,299</u>	<u>0</u>	<u>0</u>	<u>26,848</u>
Fund balances:							
Assigned to:							
Special revenue fund	0	0	0	0	0	0	0
Capital projects fund	0	0	0	0	0	0	0
Unassigned to:							
Special revenue fund	(29,021)	10,802	0	0	0	0	0
Capital projects fund	0	0	(1,160)	(90,299)	40,889	(26,848)	
Total fund balances	<u>(29,021)</u>	<u>10,802</u>	<u>(1,160)</u>	<u>(90,299)</u>	<u>40,889</u>	<u>(26,848)</u>	<u></u>
Total liabilities and fund balances	<u>\$ 19,615</u>	<u>\$ 10,802</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,889</u>	<u>\$ 0</u>	<u>0</u>

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

STATE OF NEW MEXICO
Town of Springer
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	<u>Capital Projects Funds</u>				
	Co-op Grant	Sewer Lagoon Fund	Scenic Byways	Airport Improvements	Total
ASSETS					
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 810
Due from other funds	37,609	47,538	0	2,558	360,859
Total assets	<u>\$ 37,609</u>	<u>\$ 47,538</u>	<u>\$ 0</u>	<u>\$ 2,558</u>	<u>\$ 361,669</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,481
Due to other funds	0	0	2,431	78,521	360,585
Total liabilities	<u>0</u>	<u>0</u>	<u>2,431</u>	<u>78,521</u>	<u>364,066</u>
Fund balances:					
Assigned to:					
Special revenue fund	0	0	0	0	0
Capital projects fund	0	0	0	0	0
Unassigned to:					
Special revenue fund	0	0	0	0	68,268
Capital projects fund	37,609	47,538	(2,431)	(75,963)	(70,665)
Total fund balances	<u>37,609</u>	<u>47,538</u>	<u>(2,431)</u>	<u>(75,963)</u>	<u>(2,397)</u>
Total liabilities and fund balances	<u>\$ 37,609</u>	<u>\$ 47,538</u>	<u>\$ 0</u>	<u>\$ 2,558</u>	<u>\$ 361,669</u>

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

STATE OF NEW MEXICO
Town of Springer

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

Special Revenue Funds						
	Corrections	EMS	Fire Protection	LEPF	Library	Lodgers' Tax
REVENUES						
Taxes:						
Gasoline and oil	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other	0	0	0	0	0	4,158
Intergovernmental:						
State operating grants	0	5,200	70,858	20,600	6,853	0
State capital grants	0	0	0	0	0	0
Charges for services	0	26,545	0	0	428	0
Licenses and fees	410	0	0	0	0	0
Miscellaneous	0	15,000	10,000	4,790	5,154	0
Total revenues	<u>410</u>	<u>46,745</u>	<u>80,858</u>	<u>25,390</u>	<u>12,435</u>	<u>4,158</u>
EXPENDITURES						
Current:						
Public safety	82	57,529	38,042	36,611	0	0
Public works	0	0	0	0	0	0
Culture and recreation	0	0	0	0	35,251	2,433
Debt service:						
Principal payment	0	0	15,829	0	0	0
Interest	0	0	8,233	0	0	0
Capital outlay:						
Public works	0	0	16,237	77,474	0	0
Total expenditures	<u>82</u>	<u>57,529</u>	<u>78,341</u>	<u>114,085</u>	<u>35,251</u>	<u>2,433</u>
Excess revenues (deficiency) of revenues over expenditures	328	(10,784)	2,517	(88,695)	(22,816)	1,725
Other financing sources (uses):						
Loan proceeds	0	0	0	75,567	0	0
Transfers in (out)	0	0	17,000	0	20,000	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>17,000</u>	<u>75,567</u>	<u>20,000</u>	<u>0</u>
Net changes in fund balances	328	(10,784)	19,517	(13,128)	(2,816)	1,725
Fund balances - beginning of year	<u>47,298</u>	<u>(64,185)</u>	<u>113,313</u>	<u>25,183</u>	<u>(37,958)</u>	<u>7,994</u>
Fund balances - end of year	\$ <u>47,626</u>	\$ <u>(74,969)</u>	\$ <u>132,830</u>	\$ <u>12,055</u>	\$ <u>(40,774)</u>	\$ <u>9,719</u>

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

STATE OF NEW MEXICO
Town of Springer

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue Funds		Capital Projects Funds			
	Streets	Fire Discretionary	CDBG Sewer System Improvements	CDBG Water Siphon Project	RUS Water Improvements	Rehab of Dams 1 and 2
REVENUES						
Taxes:						
Gasoline and oil	\$ 20,961	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other	0	0	0	0	0	0
Intergovernmental:						
State operating grants	0	0	0	0	0	0
State capital grants	0	0	0	0	8,560	0
Charges for services	0	0	0	0	0	0
Licenses and fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total revenues	<u>20,961</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,560</u>	<u>0</u>
EXPENDITURES						
Current:						
Public safety	0	0	0	0	0	0
Public works	0	0	0	0	0	0
Culture and recreation	1,351	0	0	0	0	0
Debt service:						
Principal payment	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Capital outlay:						
Public works	0	0	0	0	0	0
Total expenditures	<u>1,351</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess revenues (deficiency) of revenues over expenditures	19,610	0	0	0	8,560	0
Other financing sources (uses):						
Loan proceeds	0	0	0	0	0	0
Transfers in (out)	0	0	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net changes in fund balances	19,610	0	0	0	8,560	0
Fund balances - beginning of year	(48,631)	10,802	(1,160)	(90,299)	32,329	(26,848)
Fund balances - end of year	<u>\$ (29,021)</u>	<u>\$ 10,802</u>	<u>\$ (1,160)</u>	<u>\$ (90,299)</u>	<u>\$ 40,889</u>	<u>\$ (26,848)</u>

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

STATE OF NEW MEXICO
Town of Springer

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Capital Projects Funds				Total
	Co-op Grant	Sewer Lagoon Fund	Scenic Byways	Airport Improvements	
REVENUES					
Taxes:					
Gasoline and oil	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,961
Other	0	0	0	0	4,158
Intergovernmental:					
State operating grants	0	0	0	0	103,511
State capital grants	0	0	0	2,558	11,118
Charges for services	0	0	0	0	26,973
Licenses and fees	0	0	0	0	410
Miscellaneous	0	0	0	0	34,944
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,558</u>	<u>202,075</u>
EXPENDITURES					
Current:					
Public safety	0	0	0	0	132,264
Public works	0	1,070	0	0	1,070
Culture and recreation	0	0	0	0	39,035
Debt service:					
Principal payment	0	0	0	0	15,829
Interest	0	0	0	0	8,233
Capital outlay:					
Public works	0	0	0	0	93,711
Total expenditures	<u>0</u>	<u>1,070</u>	<u>0</u>	<u>0</u>	<u>290,142</u>
Excess revenues (deficiency) of revenues over expenditures	0	(1,070)	0	2,558	(88,067)
Other financing sources (uses):					
Loan proceeds	0	0	0	0	75,567
Transfers in (out)	0	0	0	0	37,000
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>112,567</u>
Net changes in fund balances	0	(1,070)	0	2,558	24,500
Fund balances - beginning of year	<u>37,609</u>	<u>48,608</u>	<u>(2,431)</u>	<u>(78,521)</u>	<u>(26,897)</u>
Fund balances - end of year	<u>\$ 37,609</u>	<u>\$ 47,538</u>	<u>\$ (2,431)</u>	<u>\$ (75,963)</u>	<u>\$ (2,397)</u>

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 BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non-GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Licenses and fees	\$ 1,300	\$ 1,300	\$ 410	\$ (890)
Total revenues	1,300	1,300	410	(890)
EXPENDITURES				
Current:				
Public safety	500	500	82	418
Total expenditures	500	500	82	418
Excess (deficiency) of revenues over expenditures	800	800	328	(472)
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	0	(29,000)	0	29,000
Total other financing sources (uses)	0	(29,000)	0	29,000
Net change in fund balance	800	(28,200)	328	28,528
Fund balance - beginning of year	38,818	38,818	38,818	0
Fund balance - end of year	\$ 39,618	\$ 10,618	\$ 39,146	\$ 28,528
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 328	
Net revenue accruals			0	
Net expenditure accruals			0	
Net changes in fund balance GAAP basis			\$ 328	

STATE OF NEW MEXICO
Town of Springer
EMS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State operating grants	\$ 7,000	\$ 7,000	\$ 5,200	\$ (1,800)
Charges for services	0	0	26,545	26,545
Miscellaneous	<u>50,015</u>	<u>50,015</u>	<u>15,000</u>	<u>(35,015)</u>
Total revenues	<u>57,015</u>	<u>57,015</u>	<u>46,745</u>	<u>(10,270)</u>
EXPENDITURES				
Current:				
Public safety	<u>53,690</u>	<u>53,690</u>	<u>54,891</u>	<u>(1,201)</u>
Total expenditures	<u>53,690</u>	<u>53,690</u>	<u>54,891</u>	<u>(1,201)</u>
Excess (deficiency) of revenues over expenditures	<u>3,325</u>	<u>3,325</u>	<u>(8,146)</u>	<u>(11,471)</u>
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	3,325	3,325	(8,146)	(11,471)
Fund balance - beginning of year	<u>28,870</u>	<u>28,870</u>	<u>28,870</u>	<u>0</u>
Fund balance - end of year	<u>\$ 32,195</u>	<u>\$ 32,195</u>	<u>\$ 20,724</u>	<u>\$ (11,471)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (8,146)	
Net revenue accruals			0	
Net expenditure accruals			<u>(2,638)</u>	
Net changes in fund balance GAAP basis			<u>\$ (10,784)</u>	

STATE OF NEW MEXICO
Town of Springer
FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non-GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental income:				
State operating grants	\$ 48,610	\$ 48,610	\$ 70,858	\$ 22,248
Miscellaneous	500	500	10,000	9,500
Total revenues	49,110	49,110	80,858	31,748
EXPENDITURES				
Current:				
Public safety	49,110	49,110	53,851	(4,741)
Debt service				
Principal payment	0	0	15,829	(15,829)
Interest	0	0	8,233	(8,233)
Total expenditures	49,110	49,110	77,913	(28,803)
Excess (deficiency) of revenues over expenditures	0	0	2,945	2,945
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	0	17,000	17,000	0
Total other financing sources (uses)	0	17,000	17,000	0
Net change in fund balance	0	17,000	19,945	2,945
Fund balance - beginning of year	31,385	31,385	31,385	0
Fund balance - end of year	\$ 31,385	\$ 48,385	\$ 51,330	\$ 2,945
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 19,945	
Net revenue accruals			0	
Net expenditure accruals			(428)	
Net changes in fund balance GAAP basis			\$ 19,517	

STATE OF NEW MEXICO
Town of Springer
LAW ENFORCEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State operating grants	\$ 20,600	\$ 20,600	\$ 20,600	\$ 0
Miscellaneous	<u>4,000</u>	<u>81,474</u>	<u>4,790</u>	<u>(76,684)</u>
Total revenues	<u>24,600</u>	<u>102,074</u>	<u>25,390</u>	<u>(76,684)</u>
EXPENDITURES				
Current:				
Public safety	<u>20,600</u>	<u>98,074</u>	<u>114,085</u>	<u>(16,011)</u>
Total expenditures	<u>20,600</u>	<u>98,074</u>	<u>114,085</u>	<u>(16,011)</u>
Excess (deficiency) of revenues over expenditures	<u>4,000</u>	<u>4,000</u>	<u>(88,695)</u>	<u>(92,695)</u>
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Loan proceeds	0	75,567	75,567	0
Transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>75,567</u>	<u>75,567</u>	<u>0</u>
Net change in fund balance	4,000	79,567	(13,128)	(92,695)
Fund balance - beginning of year	<u>13,128</u>	<u>13,128</u>	<u>13,128</u>	<u>0</u>
Fund balance - end of year	<u>\$ 17,128</u>	<u>\$ 92,695</u>	<u>\$ 0</u>	<u>\$ (92,695)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (13,128)	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ (13,128)</u>	

STATE OF NEW MEXICO
Town of Springer
LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non- GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental income:				
State operating grants			\$ 6,853	\$ 6,853
Charges for services			428	428
Miscellaneous			5,154	5,154
 Total revenues	\$ 9,914	\$ 9,914	12,435	2,521
EXPENDITURES				
Current:				
Culture and recreation	44,260	64,260	34,841	29,419
 Total expenditures	44,260	64,260	34,841	29,419
 Excess (deficiency) of revenues over expenditures	(34,346)	(54,346)	(22,406)	31,940
 Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	34,346	54,346	20,000	(34,346)
Total other financing sources (uses)	34,346	54,346	20,000	(34,346)
 Net change in fund balance	0	0	(2,406)	(2,406)
 Fund balance - beginning of year	35,898	35,898	35,898	0
 Fund balance - end of year	\$ 35,898	\$ 35,898	\$ 33,492	\$ (2,406)
 Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (2,406)	
Net revenue accruals			0	
Net expenditure accruals			(410)	
Net changes in fund balance GAAP basis			\$ (2,816)	

STATE OF NEW MEXICO
Town of Springer
LODGERS' TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non-GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes:				
Other	\$ 4,500	\$ 4,500	\$ 4,158	\$ (342)
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>4,158</u>	<u>(342)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>5,300</u>	<u>5,300</u>	<u>2,433</u>	<u>2,867</u>
Total expenditures	<u>5,300</u>	<u>5,300</u>	<u>2,433</u>	<u>2,867</u>
Excess (deficiency) of revenues over expenditures	<u>(800)</u>	<u>(800)</u>	<u>1,725</u>	<u>2,525</u>
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(800)	(800)	1,725	2,525
Fund balance - beginning of year	<u>1,012</u>	<u>1,012</u>	<u>1,012</u>	<u>0</u>
Fund balance - end of year	<u>\$ 212</u>	<u>\$ 212</u>	<u>\$ 2,737</u>	<u>\$ 2,525</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 1,725	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 1,725</u>	

STATE OF NEW MEXICO
Town of Springer
STREETS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes:				
Gasoline and oil	\$ 23,000	\$ 23,000	\$ 20,961	\$ (2,039)
Intergovernmental income:				
State capital grants	25,000	25,000	0	(25,000)
Miscellaneous	16,500	16,500	0	(16,500)
Total revenues	64,500	64,500	20,961	(43,539)
EXPENDITURES				
Current:				
Public works	72,000	72,000	0	72,000
Culture and recreation	0	0	1,346	(1,346)
Total expenditures	72,000	72,000	1,346	70,654
Excess (deficiency) of revenues over expenditures	(7,500)	(7,500)	19,615	27,115
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	7,500	7,500	0	7,500
Total other financing sources (uses)	7,500	7,500	0	7,500
Net change in fund balance	0	0	19,615	34,615
Fund balance - beginning of year	42,216	42,216	42,216	0
Fund balance - end of year	\$ 42,216	\$ 42,216	\$ 61,831	\$ 34,615
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 19,615	
Net revenue accruals			0	
Net expenditure accruals			(5)	
Net changes in fund balance GAAP basis			\$ 19,610	

STATE OF NEW MEXICO
Town of Springer
FIRE DISCRETIONARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non- GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental income:				
State operating grants			\$ 0	\$ 0
Miscellaneous			0	0
Total revenues	\$ 5,000	\$ 5,000	0	(5,000)
EXPENDITURES				
Current:				
Public safety	5,000	5,000	0	5,000
Total expenditures	5,000	5,000	0	5,000
Excess (deficiency) of revenues over expenditures	0	0	0	0
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	0	0	0	0
Fund balance - beginning of year	0	0	0	0
Fund balance - end of year	\$ 0	\$ 0	\$ 0	\$ 0
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			0	
Net changes in fund balance GAAP basis			\$ 0	

STATE OF NEW MEXICO
Town of Springer
CDBG SEWER SYSTEM IMPROVEMENTS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State capital grants	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

STATE OF NEW MEXICO
Town of Springer
CDBG WATER SIPHON CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State capital grants	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

STATE OF NEW MEXICO
Town of Springer
RUS WATER IMPROVEMENTS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State capital grants	\$ 0	\$ 0	\$ 8,560	\$ 8,560
Total revenues	<u>0</u>	<u>0</u>	<u>8,560</u>	<u>8,560</u>
EXPENDITURES				
Capital Outlay	<u>0</u>	<u>0</u>	<u>13,589</u>	<u>(13,589)</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>13,589</u>	<u>(13,589)</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>(5,029)</u>	<u>(5,029)</u>
Fund balance - beginning of year	<u>3,655</u>	<u>3,655</u>	<u>3,655</u>	<u>0</u>
Fund balance - end of year	<u>\$ 3,655</u>	<u>\$ 3,655</u>	<u>\$ (1,374)</u>	<u>\$ (5,029)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (5,029)	
Net revenue accruals			13,589	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 8,560</u>	

STATE OF NEW MEXICO
Town of Springer
REHAB OF DAMS 1 AND 2 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State capital grants	\$ 7,266,553	\$ 7,266,553	\$ 0	\$ (7,266,553)
Total revenues	<u>7,266,553</u>	<u>7,266,553</u>	<u>0</u>	<u>(7,266,553)</u>
EXPENDITURES				
Capital Outlay	7,266,553	7,266,553	0	7,266,553
Total expenditures	<u>7,266,553</u>	<u>7,266,553</u>	<u>0</u>	<u>7,266,553</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

STATE OF NEW MEXICO
Town of Springer
CO-OP GRANT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non- GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental income:				
State capital grants	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	0	0	0	0
EXPENDITURES				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	0	0
Fund balance - beginning of year	0	0	0	0
Fund balance - end of year	\$ 0	\$ 0	\$ 0	\$ 0
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			0	
Net changes in fund balance GAAP basis			\$ 0	

STATE OF NEW MEXICO
Town of Springer
SEWER LAGOON CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State capital grants	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Public work	0	0	1,070	(1,070)
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>1,070</u>	<u>(1,070)</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>(1,070)</u>	<u>(1,070)</u>
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,070)</u>	<u>\$ (1,070)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (1,070)	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ (1,070)</u>	

STATE OF NEW MEXICO
Town of Springer
SCENIC BYWAYS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State capital grants	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

STATE OF NEW MEXICO
Town of Springer
AIRPORT IMPROVEMENTS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non- GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental income:				
State capital grants	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	0	0	0	0
EXPENDITURES				
Capital Outlay	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	0	0
Fund balance - beginning of year	0	0	0	0
Fund balance - end of year	\$ 0	\$ 0	\$ 0	\$ 0
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			2,558	
Net expenditure accruals			0	
Net changes in fund balance GAAP basis			\$ 2,558	

STATE OF NEW MEXICO
Town of Springer
LEGISLATIVE APPROPRIATIONS - WATER CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Non-GAAP Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental income:				
State capital grants	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

STATE OF NEW MEXICO
Town of Springer
JOINT UTILITIES PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non-GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$ 955,000	\$ 955,000	\$ 1,274,081	\$ 319,081
Miscellaneous	51,060	50,860	16,120	(34,740)
Total operating revenues	<u>1,006,060</u>	<u>1,005,860</u>	<u>1,290,201</u>	<u>284,341</u>
OPERATING EXPENDITURES				
General and administrative			625,052	625,052
Personnel services			212,768	212,768
Contractual services			95,704	95,704
Supplies			67,302	67,302
Maintenance and materials			16,291	16,291
Utilities			49,466	49,466
Debt service:				
Principal			16,000	16,000
Interest			46,344	46,344
Depreciation			0	0
Amortization expense			0	0
Total expenditures	<u>1,074,195</u>	<u>1,074,195</u>	<u>1,128,927</u>	<u>(54,732)</u>
Excess (deficiency) of revenues over expenditures	<u>(68,135)</u>	<u>(68,335)</u>	<u>161,274</u>	<u>229,609</u>
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	63,135	63,135	76,680	13,545
Total other financing sources (uses)	<u>63,135</u>	<u>63,135</u>	<u>76,680</u>	<u>13,545</u>
Change in net position	<u>(5,000)</u>	<u>(5,200)</u>	<u>237,954</u>	<u>243,154</u>
Total net position, beginning of year	<u>248,569</u>	<u>248,569</u>	<u>248,569</u>	<u>0</u>
Net position, end of year	<u>\$ 243,569</u>	<u>\$ 243,369</u>	<u>\$ 486,523</u>	<u>\$ 243,154</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in position budgetary basis			\$ 237,954	
Net revenue accruals			(24,125)	
Net expenditure accruals			(171,827)	
Net changes in position GAAP basis			<u>\$ 42,002</u>	

Note: Detailed budget was not prepared.

STATE OF NEW MEXICO
Town of Springer
CEMETARY PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non- GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$ 3,400	\$ 3,400	\$ 2,915	\$ (485)
Miscellaneous	<u>0</u>	<u>0</u>	<u>530</u>	<u>530</u>
Total operating revenues	<u>3,400</u>	<u>3,400</u>	<u>3,445</u>	<u>45</u>
EXPENDITURES				
Supplies and purchased power			<u>321</u>	
Total expenditures	<u>2,950</u>	<u>2,950</u>	<u>321</u>	<u>2,629</u>
Excess (deficiency) of revenues over expenditures	<u>450</u>	<u>450</u>	<u>3,124</u>	<u>2,674</u>
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	<u>0</u>	<u>0</u>	<u>1,375</u>	<u>1,375</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>1,375</u>	<u>1,375</u>
Change in net position	450	450	4,499	4,049
Total net position, beginning of year	<u>2,999</u>	<u>2,999</u>	<u>2,999</u>	<u>0</u>
Net position, end of year	<u>\$ 3,449</u>	<u>\$ 3,449</u>	<u>\$ 7,498</u>	<u>\$ 4,049</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in position budgetary basis			\$ 4,499	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in position GAAP basis			<u>\$ 4,499</u>	

STATE OF NEW MEXICO
Town of Springer
MUSEUM PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2014

	Original Budget	Final Budget	Actual on Non-GAAP Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$ 5,000	\$ 5,000	\$ 1,301	\$ (3,699)
Total operating revenues	5,000	5,000	1,301	(3,699)
EXPENDITURES				
General and administrative			438	
Personnel services			8,461	
Supplies			416	
Maintenance and materials			877	
Utilities			2,683	
Total expenditures	8,000	8,000	12,875	(4,875)
Excess (deficiency) of revenues over expenditures	(3,000)	(3,000)	(11,574)	(8,574)
Other financing sources (uses):				
Designated cash (budgeted increase in cash)	0	0	0	0
Transfers in (out)	4,004	15,908	0	(15,908)
Total other financing sources (uses)	4,004	15,908	0	(15,908)
Change in net position	1,004	12,908	(11,574)	(24,482)
Total net position, beginning of year	1	1	1	0
Net position, end of year	\$ 0	\$ 0	\$ 0	\$ 0
Reconciliation of budgetary basis to GAAP basis:				
Net changes in position budgetary basis			\$ (11,574)	
Net revenue accruals			0	
Net expenditure accruals			(229)	
Net changes in position GAAP basis			\$ (11,803)	

STATE OF NEW MEXICO
Town of Springer
Combining Statement of Net Position - Nonmajor Proprietary Funds
June 30, 2014

	<u>Cemetery</u>	<u>Museum</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 6,446	\$ 0	\$ 6,446
Due from other funds	<u>3,013</u>	<u>0</u>	<u>3,013</u>
Total current assets	<u>9,459</u>	<u>0</u>	<u>9,459</u>
Noncurrent assets:			
Capital assets	0	107,496	107,496
Less: accumulated depreciation	<u>0</u>	<u>(29,766)</u>	<u>(29,766)</u>
Total noncurrent assets	<u>0</u>	<u>77,730</u>	<u>77,730</u>
Total assets	<u>\$ 9,459</u>	<u>\$ 77,730</u>	<u>\$ 87,189</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 0	\$ 229	\$ 229
Due to other funds	<u>0</u>	<u>68,733</u>	<u>68,733</u>
Total current liabilities	<u>0</u>	<u>68,962</u>	<u>68,962</u>
Noncurrent liabilities:			
	<u>0</u>	<u>0</u>	<u>0</u>
Total noncurrent liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>68,962</u>	<u>68,962</u>
<u>NET POSITION</u>			
Net investment in capital assets	0	77,730	77,730
Unrestricted net position	<u>9,459</u>	<u>(68,962)</u>	<u>(59,503)</u>
Total net position	<u>9,459</u>	<u>8,768</u>	<u>18,227</u>
Total liabilities and net position	<u>\$ 9,459</u>	<u>\$ 77,730</u>	<u>\$ 87,189</u>

STATE OF NEW MEXICO
Town of Springer
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -
NONMAJOR PROPRIETARY FUNDS
June 30, 2014

	Cemetery	Museum	Total
OPERATING REVENUES			
Operating revenues	\$ 2,915	\$ 1,301	\$ 4,216
	<u>2,915</u>	<u>1,301</u>	<u>4,216</u>
Total operating revenues			
	<u>2,915</u>	<u>1,301</u>	<u>4,216</u>
OPERATING EXPENSES			
General and administrative	0	438	438
Personnel services	0	8,461	8,461
Supplies and purchased power	321	416	737
Maintenance and materials	0	903	903
Utilities	0	2,886	2,886
	<u>321</u>	<u>13,104</u>	<u>13,425</u>
Total operating expenses			
	<u>321</u>	<u>13,104</u>	<u>13,425</u>
Operating income (loss)	<u>2,594</u>	<u>(11,803)</u>	<u>(9,209)</u>
Non-operating revenues (expenses):			
Miscellaneous	<u>530</u>	<u>0</u>	<u>530</u>
Total non-operating revenues (expenses)	530	0	530
Transfers in (out)	<u>1,375</u>	<u>0</u>	<u>1,375</u>
Change in net position	4,499	(11,803)	(7,304)
Net position - beginning of year	<u>4,960</u>	<u>20,571</u>	<u>25,531</u>
Net position - end of year	<u>\$ 9,459</u>	<u>\$ 8,768</u>	<u>\$ 18,227</u>

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

STATE OF NEW MEXICO
Town of Springer
STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS
June 30, 2014

	Cemetery	Museum	Total
Cash flow operating activities:			
Cash received from user charges	\$ 2,915	\$ 1,301	\$ 4,216
Cash payments to employees for services	0	(8,461)	(8,461)
Cash payments to suppliers for goods and services	<u>(294)</u>	<u>7,160</u>	<u>6,866</u>
Net cash provided (used) by operating activities	<u>2,621</u>	<u>0</u>	<u>2,621</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	1,375	0	1,375
Miscellaneous income	<u>530</u>	<u>0</u>	<u>530</u>
Net cash provided (used) by noncapital financing activities	1,905	0	1,905
Cash flows from capital and related financing activities:			
Acquisitions and construction of capital assets	0	0	0
Principal payments on bond payable	0	0	0
Interest paid on long-term debt	<u>0</u>	<u>0</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	4,526	0	4,526
Cash and cash equivalents, beginning of year	<u>1,920</u>	<u>0</u>	<u>1,920</u>
Cash and cash equivalents, end of year	<u>\$ 6,446</u>	<u>\$ 0</u>	<u>\$ 6,446</u>
Reconciliation of operating income (loss) to net cash			
Operating income (loss)	\$ 2,594	\$ (11,803)	\$ (9,209)
Due to (from) other funds	27	11,574	11,601
Tax payable	<u>0</u>	<u>229</u>	<u>229</u>
Net cash provided (used) by operating activities	<u>\$ 2,621</u>	<u>\$ 0</u>	<u>\$ 2,621</u>
Non-cash activities: None			

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE TOWN OF SPRINGER
(A Component Unit of the Town of Springer)

Financial Data Schedule
June 30, 2014

	Nonmajor Fund		
	Low Rent	CFP	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 133,973	\$ 0	\$ 133,973
Investments	72,768	0	72,768
Prepaid insurance	11,850	0	11,850
Tenant receivable - net of allowance of \$1,370	1,754	0	1,754
Interest receivable	74	0	74
Inventory	11,057	0	11,057
<i>Total current assets</i>	231,476	0	231,476
Noncurrent Assets:			
Noncurrent Assets: Restricted cash	13,614	0	13,614
Net capital assets	398,332	147,049	545,381
<i>Total noncurrent assets</i>	411,946	147,049	558,995
<i>Total assets</i>	\$ 643,422	\$ 147,049	\$ 790,471
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 1,077	\$ 0	\$ 1,077
Accrued payroll liabilities	15,217	0	15,217
Wages payable	4,550	0	4,550
Prepaid rent	85	0	85
Accrued compensated absences - current portion	4,571	0	4,571
<i>Total current liabilities</i>	25,500	0	25,500
Long-term Liabilities:			
Accrued compensated absences	2,300	0	2,300
Tenant security deposits	13,614	0	13,614
<i>Total long-term liabilities</i>	15,914	0	15,914
<i>Total liabilities</i>	41,414	0	41,414
Net Position:			
Net investment in capital assets	398,332	147,049	545,381
Unrestricted	203,676	0	203,676
<i>Total net position</i>	\$ 602,008	\$ 147,049	\$ 749,057

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

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE TOWN OF SPRINGER
(A Component Unit of the Town of Springer)

Financial Data Schedule
June 30, 2014

	Nonmajor Fund		
	Low Rent	CFP	Total
OPERATING REVENUES:			
Rental income	\$ 140,803	\$ 0	\$ 140,803
HUD operating subsidy	130,550	0	130,550
Other revenue	2,389	0	2,389
<i>Total operating revenues</i>	<i>273,742</i>	<i>0</i>	<i>273,742</i>
OPERATING EXPENSES:			
Personnel	177,373	0	177,373
Operating	123,506	14,502	138,008
Depreciation	57,067	16,956	74,023
<i>Total operating expenses</i>	<i>357,946</i>	<i>31,458</i>	<i>389,404</i>
<i>Net operating income (loss)</i>	<i>(84,204)</i>	<i>(31,458)</i>	<i>(115,662)</i>
NON-OPERATING REVENUE AND (EXPENSES)			
HUD capital grants	0	136,702	136,702
Interest	93	0	93
Gain/loss on asset	0	0	0
<i>Total non-operating revenue and (expenses)</i>	<i>93</i>	<i>136,702</i>	<i>136,795</i>
<i>Income (loss) before transfers</i>	<i>(84,111)</i>	<i>105,244</i>	<i>21,133</i>
Transfers in (out)	13,231	(13,231)	0
Capital transfers in (out)	0	0	0
	13,231	(13,231)	0
<i>Change in net position</i>	<i>(70,880)</i>	<i>92,013</i>	<i>21,133</i>
Net position - beginning of year	672,888	55,036	727,924
<i>Total net position, June 30, 2014</i>	<i>\$ 602,008</i>	<i>\$ 147,049</i>	<i>\$ 749,057</i>

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

STATE OF NEW MEXICO

Town of Springer

SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS

June 30, 2014

Account	Account Type	Wells Fargo Bank	International Bank	New Mexico Finance Authority	Total
General Account	Interest Bearing Demand Deposit	\$ 942,908	\$ 0	\$ 0	\$ 942,908
New Mexico Finance Authority	Debt Reserve			1,079	1,079
Revenue Bond Account	Demand Deposit	(13)			(13)
Cemetery Memorial Fund	Demand Deposit	6,445			6,445
Construction Account	Interest Bearing Demand Deposit	810			810
Veteran's Memorial Fund	Demand Deposit	104			104
Springer CDBG	Demand Deposit	0			0
Community Recreation Center	Demand Deposit		14,698		14,698
Meter Deposit Account	Demand Deposit		47,670		47,670
Payroll Account	Demand Deposit		24,345		24,345
Municipal Court Bond Account	Demand Deposit		0		0
Municipal Court Escrow Account	Demand Deposit		17,234		17,234
Veterans Memorial Fund	Demand Deposit		3,212		3,212
Total Per Bank		950,254	107,159	1,079	1,058,492
Reconciling Items		2,610	(7,405)		(4,795)
Reconciled Balance June 30, 2014		<u>\$ 952,864</u>	<u>\$ 99,754</u>	<u>\$ 1,079</u>	
Total Deposits					<u>\$ 1,053,697</u>
Cash and cash equivalents per financial statements:					
Governmental Activities					\$ 977,965
Business-type Activities					54,102
Agency Funds					20,551
Total cash and cash equivalents					<u>\$ 1,052,618</u>
Governmental Activities - Restricted cash					<u>\$ 1,079</u>

All demand deposit accounts are non-interest bearing unless indicated as interest bearing .

**STATE OF NEW MEXICO
Town of Springer**

**SCHEDULE OF PLEDGED COLLATERAL
June 30, 2014**

Wells Fargo Bank, N.A.

<u>Description of Pledge Collateral</u>	<u>Cusip</u>	<u>Maturity</u>	<u>Market Value</u>
FN AR 3856	3138W1JA6	2/1/2043	\$ 13,783
FN AB 3901	31417AKP3	11/1/2026	<u>392,023</u>
		Total	<u>\$ 405,806</u>

International Bank

<u>Description of Pledge Collateral</u>	<u>Cusip</u>	<u>Maturity</u>	<u>Market Value</u>
No Securities Pledged			
		Total	<u>\$ 405,806</u>

The above securities are held by the Wells Fargo Bank Public Funds Collateral Unit.

STATE OF NEW MEXICO
Town of Springer

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Municipal Court Escrow Fund				
Assets:				
Cash and cash equivalents	\$ 6,556	\$ 20,370	\$ 9,691	\$ 17,235
Total Assets	<u>\$ 6,556</u>	<u>\$ 20,370</u>	<u>\$ 9,691</u>	<u>\$ 17,235</u>
Liabilities:				
Due to other entities	\$ 6,556	\$ 20,370	\$ 9,691	\$ 17,235
Total Liabilities	<u>\$ 6,556</u>	<u>\$ 20,370</u>	<u>\$ 9,691</u>	<u>\$ 17,235</u>
 Veterans Memorial Fund				
Assets:				
Cash and cash equivalents	\$ 315	\$ 3,101	\$ 100	\$ 3,316
Total Assets	<u>\$ 315</u>	<u>\$ 3,101</u>	<u>\$ 100</u>	<u>\$ 3,316</u>
Liabilities:				
Due to other entities	\$ 315	\$ 3,101	\$ 100	\$ 3,316
Total Liabilities	<u>\$ 315</u>	<u>\$ 3,101</u>	<u>\$ 100</u>	<u>\$ 3,316</u>
 Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 6,871	\$ 23,471	\$ 9,791	\$ 20,551
Total Assets	<u>\$ 6,871</u>	<u>\$ 23,471</u>	<u>\$ 9,791</u>	<u>\$ 20,551</u>
Liabilities:				
Due to other entities	\$ 6,871	\$ 23,471	\$ 9,791	\$ 20,551
Total Liabilities	<u>\$ 6,871</u>	<u>\$ 23,471</u>	<u>\$ 9,791</u>	<u>\$ 20,551</u>

STATE OF NEW MEXICO
Town of Springer
SCHEDULE OF LEGISLATIVE APPROPRIATIONS
June 30, 2014

<u>Appropriation Title</u>	<u>Expenditures</u>	<u>Amount</u>	<u>Reversion Date</u>
Springer Dams 1 & 2 Rehab, Ret	\$ 0	\$ 3,447,345	June 30, 2016
SEO Springer Dams Construct & Rehab	0	2,700,000	June 30, 2017
Springer Water Treatment Plant Modify	0	75,000	June 30, 2017
Springer Wastewater Sewer Lagoons	0	75,000	June 30, 2018
Springer Water Treatment Plant Ionization	<u>0</u>	<u>150,000</u>	June 30, 2018
 Total appropriations	 <u>\$ 0</u>	 <u>\$ 6,447,345</u>	

The Town had no activity in their legislative appropriations for the 2014 fiscal year.



R. Kelly McFarland

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

INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller, New Mexico State Auditor and
Honorable Mayor and Town Trustees
Town of Springer
Springer, New Mexico

I was engaged to audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund, and major special revenue funds, of the Town of Springer, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Springer's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town of Springer, presented as supplemental information, and have issued my report, thereon, dated January 9, 2015. My report disclaims an opinion on such financial statements because of inadequacies in capital asset and accounting records. My report includes a reference to other auditors, who audited the Springer Housing Authority, a discretely presented component unit, whose report has been furnished to me. My 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 my audit of the financial statements, I considered Town of Springer's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, and the combining and individual funds and related budgetary comparisons of the Town of Springer but not for the purpose of expressing an opinion on the effectiveness of the Town of Springer's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Springer's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses. I considered all deficiencies 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the

accompanying schedule of findings and responses to be material weaknesses (2003-008, 2006-005, 2006-007, 2006-009, 2009-003, 2011-001, 2013-001, 2014-001, 2014-003, and 2014-004).

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. I considered all deficiencies to be material weaknesses. Therefore, I did not identify any significant deficiencies.

Compliance and Other Matters

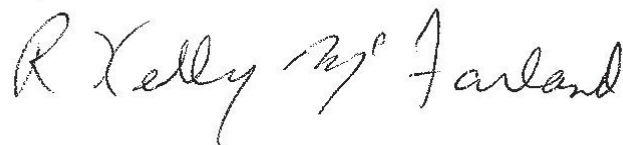
As part of obtaining reasonable assurance about whether Town of Springer's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and, accordingly, I do not express such an opinion. The results of my 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 (2003-008, 2005-008, 2011-002, 2014-001, 2014-002, and 2014-005).

Town of Springer's Response to Findings

Town of Springer's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Town of Springer's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "R Kelly M Farland".

January 9, 2015

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

Prior Year Findings

FINDING 2003-008 [FS 03-08] (Material Weakness and Material Noncompliance)

Inadequate Capital Asset Records

Condition – The Town does not maintain complete capital asset records which reflect the cost or date acquired of assets owned by the Town. Nor does the Town maintain its own depreciation schedule for purposes of computing depreciation for recording in the financial statements. The only depreciation schedule that exists is an undocumented list of assets, passed from auditor to auditor.

For fiscal year, 2014, a physical inventory was not conducted to determine the existence, condition or obsolescence of all Town owned moveable chattels and equipment.

Criteria - Section 12-6-10, NMSA 1978 requires all NM governments to conduct an annual physical inventory of all movable chattels and equipment costing more than \$5,000 and to make this inventory available to the auditor. The physical asset inventory assists the government and the elected officials in exercising their oversight responsibility to maintain accountability and stewardship over public property.

GASB NO. 34 requires that governments report all capital assets, accumulated depreciation and depreciation expense in their financial statements. The accurate reporting of capital assets in the financial statements requires complete and accurate detailed records of all capital assets. NMAC 2.20.1.8 *Fixed Asset Accounting System* establishes that governments should implement systematic and well-documented methods for accounting for their capital assets and provides specific criteria for the required records.

Effect – The Town's financial statements may be materially misstated. Additionally, the government does not have accountability control over its assets, which, therefore, may be subject to loss or misappropriation.

eCause – The Town has not adopted adequate policies and control procedures to fix accountability for Cause – The Town has not adopted adequate policies and control procedures to fix accountability for capital assets.

Recommendation – I recommend the Town develop policies and procedures to fix accountability for capital assets. I recommend that a physical inventory be conducted to identify all capital assets and that personnel resources be assigned to record and develop the capital asset records using the new software acquired by the Town. If necessary, I recommend the Town contact a consultant to assist in the development and structure of the capital asset records in accordance with NMAC 2.20.1.8 and GASB No. 34 for financial reporting purposes.

Management's Response – Currently each department is updating all inventory lists which include 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, 2014

Prior Year Findings (continued)

FINDING 2005-008 [FS 05-08] (Material Noncompliance)

Actual Expenditures Exceed Budgeted Expenditures

Condition - The following funds had expenditures that exceed the respective budget as of June 30, 2014:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ (47,424)
Juvenile Recreation Fund	\$ (53,402)
EMS Fund	\$ (1,201)
Fire Protection Fund	\$ (28,803)
Law Enforcement Fund	\$ (16,011)
RUS Water Improvements Capital Projects Fund	\$ (13,589)
Sewer Lagoon Capital Projects Fund	\$ (1,070)
Joint Utility Fund	\$ (54,732)
Museum Proprietary Fund	\$ (4,875)

Criteria – Section 6-6-6, NMSA 1978 requires all officials and the governing authority to allow no expenditures in excess of the approved budget.

Effect - The Town is in noncompliance with Section 6-6-6, NMSA 1978, limiting expenditures to the approved budget.

Cause - The Town uses the small business software, QuickBooks, for its municipal accounting. This software was not designed for fund accounting and is totally inadequate for municipal accounting. Although QuickBooks has budget capabilities, budget reporting is not integrated with the budget reports to DFA, which must be hand prepared on the DFA forms. The controls in preparing the DFA budget reports are inadequate and do not agree with the budget reports in QuickBooks. These mechanical processes of budget monitoring sometimes result in over expenditures of the budget as reflected on DFA reports. Finally, budget monitoring procedures have not been formerly developed to compare proposed expenditures to the available budget, before approving the expenditure.

Recommendation – I concur with the adoption of new software for fiscal year 2015, designed for fund accounting and budgetary control. I recommend management develop polices to take advantage of the budgetary control measures built into the software, to compare every expenditure to available budget prior to approval. Further, I recommend the preparation of budget reports from the system of no less than a monthly basis for purposes of overall review of the budget.

Management'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 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. 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, 2014

Prior Year Findings (continued)

FINDING 2006-005 [06-05] (Material Weakness)

Preparation of Financial Statements and Accounting Records

Condition – The accounting records of the Town of Springer are not maintained in a set of self-balancing accounts by fund, essential to facilitate the preparation of financial statements in accordance with the Government Accounting Standards Board. The fund balances of each fund are aggregated together, such that the funds do not maintain their identity. Internal controls are not in place to ensure the recording of transactions necessary to the preparation of financial statements, free of material misstatement.

Criteria – Section 12-6-5, NMSA 1978 requires governments to maintain “good accounting practices”. State Audit Rule, NMAC 2.2.2.10 requires the preparation of annual financial statements, prepared in accordance with Government Accounting Standards. The financial statements must necessarily reflect the transactions recorded in the government’s books of account. Implicit in recording transactions are relevant internal controls to provide for the preparation of financial statements, free of material misstatement.

Effect – The accounting records cannot be relied upon for the preparation of financial statements free of material misstatement.

Cause – The Town utilizes the small business software, QuickBooks, which is not designed for fund accounting. The accounting system is totally inadequate and inappropriate for recording transactions in a manner that facilitates the preparation of financial statements, free of material misstatement.

Recommendation – I concur with management’s decision to convert the QuickBooks to a modern software system designed for small municipalities. I recommend that all members of the accounting staff receive training on the new system. Researching and setting up the system with the correct beginning balances will be essential. I further recommend that management develop a system of internal controls, utilizing the accounting system, to help ensure the accuracy of recording valid and approved transactions.

Management’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 converting the QuickBooks Data to the Caselle system. All staff will receive training once the conversion is complete and ready to go live. Currently the Utility Clerk is in the process of using the new software.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

Prior Year Findings (continued)

FINDING 2006-007 [06-07] (A material weakness) (Partially Resolved)

Deficiencies in Internal Control Structure Design, Operation, and Oversight

Condition – Reconciliation of Utility Accounts Receivable.

As the accounting system of the Town is maintained on the cash basis, and as utility accounts receivable are maintained on a separate system, not integrated with the general ledger, accounts receivable is not recorded in the general ledger. Rather, an accounting entry records accounts receivables annually at year end for financial statement preparation. Because accounts receivable is never recorded, the accounts receivable transactions, billings, collections and adjustments, are never reconciled to ensure the accuracy of the accounts receivable balance maintained in the subsidiary ledger.

Establishment of Required Reserve Accounts for Joint Utility Revenue Bonds.

Reserve accounts have not been established and no funds have been deposited to the reserve funds required by the bond ordinances. Required cash reserves for the bond fund, reserve fund amount to \$99,419 as of June 30, 2014, no funds are available for deposit to the repair and replacement fund.

Criteria – Proper internal control and best practices require the reconciliation of accounts receivable transactions to ensure accuracy, e.g. adding the beginning balance, total charges, less collections, plus or minus adjustments must equal the balance of accounts receivable in the detail subsidiary ledger.

Ordinances for the 1997, 2003 and 2007 revenue bond issues require the establishment of a bond fund, to accumulate monthly the next installment of principal and interest on each issue; the reserve fund, to accumulate a reserve on one year's average annual principal and interest installments of each issue; and the repair and replacement fund to accumulate a cash reserve for system repairs and replacement. All reserves are to be deposited to the reserve accounts by the 15th of the following month.

Effect - Because utility accounts are not reconciled to the detail subsidiary ledger, there is a risk of error, resulting in under/over billing of customers or misappropriation with little chance of discovery. Additionally, accounts receivable could be misstated upon recording for purposes of financial statement preparation. The Town is not in compliance with the requirements of the bond ordinances for establishment of required reserves and is, therefore, subject to the default provisions of the ordinance.

Recommendation – I recommend management develop a form for the monthly reconciliation of accounts receivable transactions to the subsidiary ledger. I also recommend a member of management become familiar with the requirements of the bond ordinances and that the required bond fund, reserve fund and renewal and replacement fund be established. Finally, I recommend management contact legal counsel and review Section 23 of the ordinances regarding possible default.

Management's Response - The Town Clerk is 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 financial reports at every month's meetings.

The Clerk Treasurer will develop a form for the recording of the amounts that will be deposited to the new bank accounts, the Reserve fund and the repair and replacement funds for the Joint Utility Revenue Bond payments.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

Prior Year Findings (continued)

FINDING 2006-009 [06-09] and 2011-001 [FS 11-01] (Material Weakness)

Trial Balance – Fund Accounting

Condition – As discussed in finding 2006-005 [FS 06-05], the Town uses the small business software, QuickBooks, which is not designed for fund accounting. This accounting system does not provide for a set of self-balancing accounts that will recognize the separate legal and budgetary identity of each fund. Additionally, because the Town utilizes a pooled operating account, internal controls are difficult to implement to prevent inadvertent cross fund transactions between funds. The system aggregates all fund balances into a single fund balance for all funds, making fund balances indistinguishable. Proper reconciliation of fund balances is not practicable.

Criteria - Section 12-6-5, NMSA 1978, requires governments to maintain “good accounting practices”. NMAC 2.2.2.10 requires that governments must prepare financial statements in accordance with accounting standards promulgated by the Government Accounting Standard Board. In order to facilitate the preparation of financial statements, governments must use fund accounting and maintain the separate identity of fund for financial reporting purposes and for budgetary control.

Effect – The Town is unable to prepare accurate financial statements as the accounting system cannot be relied upon to properly record transactions, free of material misstatement. Additionally, the exercise of budgetary control is very difficult and results in over expenditure of approved budgets.

Cause – The QuickBooks accounting system precludes the application of fund accounting necessary to facilitate the preparation of financial statements.

Recommendation – I concur with management’s acquisition of new and modern software, designed for small municipal governments, for fiscal year 2015.

Management’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. The Town management certain the Caselle Software will provide and accurate financial statement for DFA as well as the Auditor.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

Prior Year Findings (continued)

FINDING 2009-003 [09-03]

DFA Cash Report Reconciliation to Accounting Records (A material weakness)

Condition - I noted the cash reported to DFA on the 4th quarter report was \$1,153,371 or \$100,753 different than the reconciled cash balances for the Town of \$1,052,618.

Criteria – Section 6-6-3 NMSA 1978 requires local governments to “keep all books, records and accounts In the form prescribed by the local government division and, “make all reports as may be required by the local government division”.

Effect – The cash reporting to DFA does not accurately reflect the Town's reconciled cash balance.

Cause – The QuickBooks accounting system is not integrated or structured for reporting to DFA. The DFA reports must be hand prepared for data extracted from QuickBooks. Reconciliations from the QuickBooks data to the DFA reports have not been developed.

Recommendation – I concur with the acquisition of new software designed for fund accounting. I recommend working with the software provider to develop reports for purposes of reporting to DFA.

Management'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. The QuickBooks's software restricts the report information. The Caselle Accounting system will provide a more accurate method of financial reporting as well as adhering to the accuracy of the Town financial reporting.

FINDING 2011-002 [FS 11-02] (Noncompliance)

Late Submission of IPA Recommendation

Condition – The Town's auditor selection recommendation to New Mexico State Auditor was filed on May 21, 2014.

Criteria – NMAC Section 2.2.2.8 G requires local public bodies to make their auditor selection and submit their recommendation to the Office of the State Auditor by May 15, 2014.

Effect – The Town was in noncompliance with the State Auditor's requirements.

Cause – The request for proposals went out on April 28, 2014, with a required return date of May 14, 2014. Management was not clear that the auditor selection recommendation was due to the Office of the State Auditor on May 15, 2014.

Recommendation – I recommend the auditor selection be submitted to the Office of the State Auditor on or before the due date published in the State Auditor Rule.

Management's Response - The Town Management will ensure the correct dates are followed as to the audit retaining process. The recommendation will be turned in on the correct date for approval.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

Prior Year Findings (continued)

FINDING 2013-001 [FS 13-01] (Material Weakness) (Partially Resolved)

Internal Control Deficiencies in Payroll

Condition – Payroll taxes, the employer’s share of health insurance and the employer’s share of PERA contributions are not charged to expense in the appropriate department of Town Government. Rather, such amounts are charged to an expense account in a quasi-internal service fund.

Transfers are made from the pooled general bank account to the payroll bank account, in which payroll expense by department is charged to expense in the quasi-internal service fund. Employees are paid by cross fund transactions in which the department in which the employee is assigned is again charged (administration, police, etc. in the general fund for example) and credited to the payroll bank account in the quasi-internal service fund. The net result is the recording of wage expense in both the appropriate department and again in the quasi-internal service fund. The double recording of payroll transactions in the quasi-internal service fund must be eliminated for financial statement preparation.

Criteria – Governments must maintain “good accounting practices” required by Section 12-6-5, NMSA 1978. Payroll expenses must, of course, only be charged to expense once and payroll taxes, retirement contributions and health insurance must be charged to the proper departments in the accounting system.

Effect – The financial statements are materially misstated as the employer’s share of payroll taxes, PERA contributions and health insurance are not charged to the correct fund or department within a fund.

Cause – The QuickBooks accounting system used by the Town does not have the capability of charging payroll taxes and other payroll expenses to the different departments. Payroll taxes are all charged to a single account. Additionally, the attempt by management to utilize a separate payroll bank account to better control payroll inadvertently resulted in the double recording of payroll.

Recommendation – I concur with the Town’s acquisition of new software and conversion of the QuickBooks system to the new and modern software for fiscal year 2015.

Management’s Response - Payroll is reviewed for accuracy before it is processed in the current accounting program. The current accounting system does not allow for the division of the payroll liabilities. The new Government Fund accounting system will assist management with the correct separation of the payroll liabilities.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

CURRENT YEAR AUDIT FINDINGS

FINDING 2014-001 (Material Weakness and Material Noncompliance)

Revenue Bond Ordinance Compliance

Condition – Pledged gross revenues in the Joint Utility Fund are deposited in the Town’s pooled general bank account, rather than a separate income account.

Criteria - Bond ordinances for revenue bond issues 1997, 2003, and 2007 require that all gross revenue of the Joint Utility Fund be deposited to a special “Income Fund”, that is not a part of the general fund. As discussed in Finding FS 06-007 the ordinances require the establishment of a Bond Fund, Reserve Fund and a Repair and Replacement Fund. The ordinances require that after paying operation and maintenance expenses, any amounts remaining in the Income Fund must be transferred to the reserve funds.

Effect – The Town is not in compliance with the bond ordinances.

Cause – Management is not familiar with the bond ordinance requirements.

Recommendation – I recommend a member of management review the requirements of the ordinances and establish the Income Fund. I further recommend management discuss with its legal counsel the implications of possible default on the bond issue and review Section 23 of the ordinance to determine if the bond ordinance is in default.

Management Response - Management will attempt to open the required accounts Utility Fund and Reserve Fund, the transfer of the funds will be processed as required by the Bond Ordinance. The Governing Body will be informed of these requirements as mandated by the Bond Ordinance.

FINDING 2014-002 (Noncompliance)

Late Submission of Audit Report

Condition – The audit report was not timely submitted to the Office of the State Auditor.

Criteria - NMAC 2.2.2.9 requires audit reports for municipalities to be completed and submitted by December 1, 2014.

Cause – The Town has a component unit Housing Authority which is audited by other auditors. On November 12, 2014 the Town of Springer and the Auditor notified the Office of the State Auditor in writing as required by the State Auditor Rule, (2.2.2.9 A. (5)) that the audit report for the Town could not be submitted timely, because the Housing Authority audit had not been completed and the completion date was unknown. Because the Housing Authority audit was not completed within a reasonable time frame to enable the Town to include that audit report in its audit report, submission of the Town’s audit report which must include the report of other auditors on the Housing Authority was necessarily delayed.

Recommendation – I recommend management of the Town coordinate with the Housing authority for the timely completion of its audit for inclusion with the audit of the Town.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

CURRENT YEAR AUDIT FINDINGS (continued)

FINDING 2014-002 (Noncompliance), continued

Management Response - The Town of Springer management will coordinate audit efforts with the Housing Authority to insure timely audit process so the Town will not have this issue repeated.

FINDING 2014-003 (Material Weakness)

Utility Accounting

Condition – Meter deposits from customers have historically been reported as revenue and disbursements of meter deposits as expenses in the Joint Utility Fund.

The rate ordinance for the electric department of the Joint Utility Fund has not been updated since 1983. While rates for other utilities have been increased in recent years, the Joint Utility system only generated \$17,888 in cash, after payment of bond ordinances.

As a result of line losses and improper meter measurements in the electric distribution system, the Town was unable to bill 34% of the power purchased from the Springer Electric Co-Op for resale to its customers.

Criteria – Meter deposits secure customers payment for utility services and represent a liability to the customer, payable from restricted assets. Meter deposits do not represent revenue until forfeited by the customer for nonpayment. (Generally Accepted Accounting Principles)

Revenue bond ordinances require the Town to establish rates sufficient to pay the operating and maintenance costs, allowances for depreciation and retirement of the bonds.

Effect – Utility revenues are overstated by \$5,451, net of forfeitures by customers for nonpayment and expenses are overstated by \$3,138 by the amount of deposits returned to customers. Utility Fund net position is overstated and the liability to customers is understated. The amount held in the meter deposit bank account is \$47,670.

Cause – The Town has historically reported meter deposits as income when collected and expense when disbursed.

Rate studies have not been periodically conducted to ensure the adequacy of billing rates.

The electric distribution system is in generally poor operating condition, resulting in major line losses as well as improper meter measurements.

Recommendation – I recommend utility deposits be recorded as restricted assets and a liability to customers in accordance with Generally Accepted Accounting Principles. I concur with management's engagement of a utility consultant in fiscal year 2015 to perform a rate study for the purpose of determining a sufficient rate structure as required by the revenue bond ordinances.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

CURRENT YEAR AUDIT FINDINGS (continued)

FINDING 2014-003 (Material Weakness), continued

Management's Response - The Town of Springer is currently in the process of obtaining a rate assessment of the Electrical system to be implemented as soon as the assessment is complete. The electrical system currently has a substantial loss of electricity through the outdated distribution system. The Town Governing Body is working diligently to design a project which addresses the rate structure of the electrical system as well as the upgrade of the Infrastructure of the system. The Town will seek both NM State funding as well as Federal Funding for the upgrade of the system.

FINDING 2014-004 (Material Weakness)

Due From Other Funds

Condition - As reflected in the Government Funds and the Proprietary Funds Balance Sheet, the various funds have a total of \$1,041,653 in loans to other funds. The total loans exceed the total cash of the government of \$1,032,067. A substantial portion of the loans cannot be repaid.

Criteria – Each fund of the government is a separate legal entity, established for a purpose. Loans from one fund to another represent a temporary advance, until the borrowing fund receives revenues in which to pay the loan. Loans which cannot be repaid are essentially transfers of resources that have been recorded as loans. GASB Cod. 2300.126 require the disclosure of any interfund loans that are not expected to be repaid within one year.

Effect – The fund balances of the funds advancing the loans are overstated in the financial statements, if the borrowing fund cannot repay the loan. Overstating fund balances overstates the resources of the government which has the potential of misleading policy makers when making budget decisions.

Cause – As the government utilizes a pooled bank account for several of its funds and as the QuickBooks accounting system does not provide for fund accounting, it is not always apparent when a loan has actually been made to another fund. Additionally, expenditures have been made from capital project funds that were only partially funded by grants. Project costs in excess of the grant were actually paid with loans from other funds, leaving negative fund balances in the capital project funds.

Recommendation – I recommend management consider permanent transfers from the general fund to cover the negative fund balances of the Town's capital project and special revenue funds which have no revenue source to a make repayment.

Management's Response - The Town Management will work diligently with auditing firm,- Kelly McFarland and staff, to address these unsettled transfers so that each account is in balance and reported as requested. The Town of Springer has invested in new financial software for Government accounting needs of the Town. The conversion has started and all departments will be online in FY15. The new software will provide a better view of the transfers as well as those special revenue funds.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

CURRENT YEAR AUDIT FINDINGS (continued)

FINDING 2014-005 (Material Noncompliance)

Possible Misappropriation of Town Property, Abuse and Illegal Acts.

Condition – An inventory of the Police Department, in July 2014, identified the following equipment as missing to include: four (4) Glock .357 Sig semi-automatic pistols and a Police Patrol Bike. Other unspecified items of equipment of the Police Department were determined to be missing as well. In addition, certain equipment acquired by the Police Department is of questionable use by the Springer Police Department, to include: four (4) Apple I-Pads, three (3) Apple I Pod touches, six (6) I Pod Dock Cams, two (2) sound docks and other electronic equipment. All findings were presented in an “incident report”, submitted to the NM State Police and the District of Attorney. No action has been taken at this time by the State Police or the District Attorney for the Eighth Judicial District.

Criteria - NMAC 2.2.2.16 requires the reporting of instances of noncompliance, abuse and illegal acts. NMAC 2.20.1.8 requires governments to implement and establish systematic and well-documented methods of accounting for capital assets. Weapons used by the Police Department should be subject to special and specific inventory controls to establish accountability to those individuals issued a weapon or responsible for control of weapons.

Effect – Weapons of the Police Department are unaccounted for. Property may have been acquired for the Police Department, for which it does not effectively use to accomplish its mission, constituting abuse. Finally, the unaccounted for weapons, may constitute an illegal act.

Cause – Effective oversight was not exercised over the Police Department. Policies and procedures were not in place to account and fix responsibility for sensitive property (weapons) of the Police Department.

Recommendation – I recommend Management and the Elected Officials take an active role in oversight of the Police Department, particularly to require strict accountability for weapons. I also recommend Management and the Elected Officials carefully review the budget of the Police Department and require justification of equipment acquisitions as to how the equipment contributes to the mission of the Police Department. Finally, in coordination with Finding 2003-008, I recommend policies be drafted to require no less than annual inventories of Town equipment. Weapons should be subject to more frequent inventory. Any time a weapon is unaccounted for, the policy should require immediate reporting and notification of the proper officials.

Management's Response - Policy of control of the weapons and inventory policies and procedures are currently being reviewed and revised by the current Chief. The Governing Body is currently being kept informed of the proceedings of this issue and are willing to cooperate in the resolution of this finding. All Law Enforcement requests for purchases are reviewed to ensure budget funding is available and transfers are made accordingly to provide the department with equipment that is required for the safety of the department.

**STATE OF NEW MEXICO
TOWN OF SPRINGER**

Schedule of Findings and Responses
June 30, 2014

STATUS OF PRIOR YEAR AUDIT FINDINGS

(Note that prior year finding numbers have been revised. Previously used numbers are identified by [])

Finding 2003-008 [FS 03-08] Inadequate Capital Asset Records – Repeated.

Finding 2005-008 [FS 05-08] Actual Expenditures Exceed Budgeted Expenditures – Repeated

Finding 2006-005 [FS 06-05] Town Not Preparing Financial Statements – Repeated and modified.

Finding 2006-007 [FS 06-07] Deficiencies in Internal Control Structure Design, Operation, and Oversight. Partially resolved. Management developed a written internal control policy for initial control of cash receipts. The Town did not administer grants for fiscal year 2014. Management is now able to prepare age analysis of accounts receivable for purposes of determining the allowance for doubtful accounts.

Finding 2006-009 [FS 06-09] and 2011-001 [FS 11-01] Trial Balance. Repeated and modified.

Finding 2009-003 [FS 09-03] DFA Cash Report Does not Reconcile to the Town's Accounting Records. Repeated.

Finding 2009-006 [FS 09-06] Inadequate Documentation for Travel and Per Diem Expenditures – Resolved.

Finding 2010-003 [FS 10-03] Internal Control over Cash Disbursements. Resolved.

Finding 2011-001 [FS 11-01] (Included with Finding 2006-009) Fund Accounting. Repeated and modified.

Finding 2011-002 [FS 11-02] Late Submission of IPA Recommendation Form and Audit Contract. Repeated.

Finding 2013-001 [FS 13-01] Internal Control Deficiencies in Payroll. Repeated and Modified.

AUDITOR PREPARED FINANCIAL STATEMENTS

The financial statement of the Town of Springer as of and for the year ended June 30, 2014 was prepared by R Kelly McFarland, CPA, PC. Officials agree that the presentations are made with their knowledge and agreement.

EXIT CONFERENCE

An exit conference was held on January 9, 2014 at the Town of Springer pursuant to NMAC 2.2.2.10 J, with the following individuals in attendance:

Town of Springer
Fernando Garcia, Mayor
Boe Lopez, Mayor Pro Tem
Shawn Jeffrey, Clerk – Treasurer

R. Kelly McFarland, CPA, PC
R. Kelly McFarland - Auditor