

State of New Mexico

TOWN OF SPRINGER



FOR YEAR ENDED JUNE 30, 2015
(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

TOWN OF SPRINGER

AUDIT REPORT

For The Year Ended June 30, 2015

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
TOWN OF SPRINGER
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STATE OF NEW MEXICO
TOWN OF SPRINGER
Official Roster
Year Ended June 30, 2015

Town Council

<u>Name</u>	<u>Title</u>
Mr. Fernando Garcia	Mayor
Mr. Boe Lopez	Mayor Pro-Tem
Ms. Jean Martinez	Town Trustee
Mr. Johnny Caldwell	Town Trustee
Mrs. Timothy Trujillo	Town Trustee

Town Administration

Ms. Shawn Jeffrey	Clerk/Treasurer
Mr. Samuel Blea	Deputy Clerk
Mr. Anthony Abeyta	Utility Billings Clerk

FINANCIAL STATEMENTS

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Town Council
Town of Springer
Springer, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General and Dam Project Funds of the Town of Springer, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Town of Springer's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town of Springer's non-major governmental funds and non-major enterprise funds and the budgetary comparisons for the non-major governmental and enterprise 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, 2015 as listed in the table of contents. We did not audit the financial statements of the Town of Springer Housing Authority, a component unit of the Town of Springer which statements reflect total assets of \$678,355 as of June 20, 2015, and net operating revenues of \$(12,776) for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Town of Springer, is based solely on the report of the other auditors. These financial statements are the responsibility of the Town of Springer's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Springer, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Dam Project Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and non-major enterprise funds of the Town of Springer, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the non-major governmental and non-major enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 10 to the financial statements, effective July 1, 2014, the Town adopted Governmental Accounting Standards Board Statement (GASB) No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require the Schedules I, II, III, IV, V and VI and the notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Town of Springer's financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparison for the non-major governmental and non-major enterprise funds are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparisons for the non-major governmental and enterprise funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the Untied States of America. In our opinion, the budgetary comparisons for the non-major governmental and non-major enterprise funds fairly states, in all material respects, in relation to the basic financial statements as a whole.

Schedule X, the Schedule of Vendor Information, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 on our consideration of the Town of Springer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 internal control over financial reporting and compliance.



Albuquerque, New Mexico
December 15, 2015

STATE OF NEW MEXICO
TOWN OF SPRINGER
Statement of Net Position
June 30, 2015

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Housing Authority Component Unit
ASSETS			
Current Assets			
Cash	\$ 383,345	\$ 604,996	\$ 164,702
Accounts receivable (net of uncollectible accounts)	928,946	104,168	722
Prepaid insurance	-	-	11,413
Inventory	-	-	7,162
Due from other funds	25,746	-	-
Total current assets	1,338,037	709,164	183,999
Non-current assets			
Restricted assets (cash)	-	-	12,452
Customer Meter Deposits	-	49,563	-
Total non-current assets	-	49,563	12,452
Land	119,375	-	41,101
Land improvements	-	34,622	-
Buildings and improvements	1,358,002	361,855	2,873,697
Vehicles/heavy equipment	1,587,338	119,500	-
Equipment	139,500	-	131,929
Plant/Infrastructure	5,494,614	6,435,539	-
Total capital assets	8,698,829	6,951,516	3,046,727
Less accumulated depreciation	(2,595,637)	(3,471,749)	(2,574,637)
Total capital assets (net of accumulated depreciation)	6,103,192	3,479,767	472,090
Deferred outflows of resources			
Employer contributions subsequent to measurement date	38,960	-	9,814
Total assets	\$ 7,480,189	\$ 4,238,494	\$ 678,355

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Statement of Net Position
June 30, 2015

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Housing Authority Component Unit
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 816,690	\$ 43,901	\$ 19,456
Current portion revenue bonds/ NMFA loans payable	59,422	20,120	-
Prepaid rent	-	-	51
Current portion compensated absences	-	-	3,993
Customer meter deposits payable from restricted assets	-	49,563	-
Security deposits	-	-	11,769
Total current liabilities	876,112	113,584	35,269
Non-Current Liabilities			
Compensated absences payable	30,477	30,323	2,698
Revenue bonds/NMFA loans payable	299,809	997,310	-
Net pension liability	335,605	-	100,634
Total non-current liabilities	665,891	1,027,633	103,332
Total liabilities	1,542,003	1,141,217	138,601
Deferred Inflows			
Change in assumptions	4,639	-	-
Net difference between expected and actual earnings	130,235	-	39,439
Total deferred inflows	134,874	-	39,439
Net Position			
Net investment in capital assets	5,743,961	2,462,337	472,090
Restricted for:			
State mandated cash balance	54,346	-	-
Special revenue fund	136,001	-	-
Debt service	-	-	-
Unrestricted	(130,996)	634,940	28,225
Total net position	5,803,312	3,097,277	500,315
Total liabilities and net position	\$ 7,480,189	\$ 4,238,494	\$ 678,355

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Program Revenues					Net (Expenses) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Primary Government:									
Governmental activities:									
General government	\$ 398,589	\$ 75,604	\$ -	\$ 4,702,509	\$ 4,379,524	\$ -	\$ 4,379,524	\$ -	
Highways and streets	10,190	-	-	-	(10,190)	-	(10,190)	-	
Public safety	262,243	56,019	114,804	-	(89,420)	-	(89,420)	-	
Culture and recreation	103,338	654	12,880	-	(89,804)	-	(89,804)	-	
Interest	8,561	-	-	-	(8,561)	-	(8,561)	-	
Depreciation - unallocated	211,992	-	-	-	(211,992)	-	(211,992)	-	
Total governmental activities	994,913	134,277	127,684	4,702,509	3,969,557	-	3,969,557	-	
Business-type activities:									
Joint utilities	1,299,909	1,368,682	-	-	-	68,773	68,773	-	
Other enterprise	16,336	1,447	1,036	-	-	(13,853)	(13,853)	-	
Total business-type activities	1,316,245	1,370,129	1,036	-	-	54,920	54,920	-	
Total all activities	\$ 2,311,158	\$ 1,504,406	\$ 128,720	\$ 4,702,509	\$ 3,969,557	\$ 54,920	\$ 4,024,477	\$ -	
Component Unit:									
Housing Authority	\$ 418,165	\$ 136,791	\$ 135,600	\$ 31,981	-	-	-	(113,793)	
General Revenues:									
Property taxes					56,904	-	56,904	-	
Gross receipts taxes					401,610	-	401,610	-	
Franchise taxes					14,292	-	14,292	-	
Gas tax					57,581	-	57,581	-	
MVD fees					1,307	-	1,307	-	
Lodgers taxes					7,716	-	7,716	-	
State aid not restricted to special purpose					-	-	-	-	
General					154,916	-	154,916	-	
Transfers					(48,167)	48,167	-	-	
Investment earnings					90	-	90	243	
Total general revenues and transfers					646,249	48,167	694,416	243	
Change in net position					4,615,806	103,087	4,718,893	(113,550)	
Net position - beginning of year					3,732,604	1,947,393	5,679,997	749,057	
Restatement					(2,545,098)	1,046,797	(1,498,301)	(135,192)	
Net position - beginning of year restated					1,187,506	2,994,190	4,181,696	613,865	
Net position - end of year					\$ 5,803,312	\$ 3,097,277	\$ 8,900,589	\$ 500,315	

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Balance Sheet
Governmental Funds
June 30, 2015

Statement 3

	General Fund	Dam Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 256,125	\$ -	\$ 127,220	\$ 383,345
Accounts receivable	122,892	806,054	-	928,946
Due from other funds	16,965	-	8,781	25,746
Total assets	<u>\$ 395,982</u>	<u>\$ 806,054</u>	<u>\$ 136,001</u>	<u>\$ 1,338,037</u>
LIABILITIES				
Accounts payable	\$ 10,636	\$ 806,054	-	\$ 816,690
Total liabilities	10,636	806,054	-	816,690
FUND BALANCE				
Restricted	54,346	-	136,001	190,347
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	331,000	-	-	331,000
Total fund balance	385,346	-	136,001	521,347
Total liabilities and fund balance	<u>\$ 395,982</u>	<u>\$ 806,054</u>	<u>\$ 136,001</u>	<u>\$ 1,338,037</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2015

Statement 4

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

Total fund balances - governmental funds		\$ 521,347
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets	8,698,829	
Accumulated depreciation	<u>(2,595,637)</u>	
		6,103,192
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:		
Compensated absences	(30,477)	
Loans payable	<u>(359,231)</u>	
		<u>(389,708)</u>
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds		
Net pension liability		(335,605)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds		
Deferred outflows of resources related to employer contributions subsequent to the measurement date		38,960
Deferred inflows or resources related to investment experience		(130,235)
Deferred inflows of resources related to changes in proportion		<u>(4,639)</u>
Net position of governmental activities		<u>\$ 5,803,312</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

	General Fund	Dam Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 56,904	\$ -	\$ -	\$ 56,904
Franchise taxes	14,292	-	-	14,292
Gas taxes	35,347	-	-	35,347
Lodgers taxes	-	-	22,234	22,234
MVD	1,307	-	7,716	9,023
Charges for services	16,802	-	-	16,802
Licenses and permits	3,034	-	16,597	19,631
Fines and forfeitures	24,518	-	-	24,518
Local sources	55,768	-	10,100	65,868
State sources	357,473	4,414,659	200,744	4,972,876
Federal sources	2,133	-	-	2,133
State shared taxes	401,610	-	-	401,610
Earnings from investments	88	-	2	90
Total revenues	969,276	4,414,659	274,951	5,658,886
EXPENDITURES				
Current:				
General government	400,713	-	-	400,713
Highways and streets	-	-	10,190	10,190
Public safety	219,932	-	42,311	262,243
Health & welfare	-	-	-	-
Culture and recreation	-	-	103,338	103,338
Capital outlay	134,982	4,414,659	150,006	4,699,647
NMFA principal	6,157	-	25,721	31,878
NMFA interest	316	-	10,144	10,460
Total expenditures	762,100	4,414,659	341,710	5,518,469
Excess (deficiency) revenues over expenditures	207,176	-	(66,759)	140,417
OTHER FINANCING SOURCES (USES)				
Operating transfers in	5,000	-	45,033	50,033
Operating transfers out	(93,200)	-	(5,000)	(98,200)
	(88,200)	-	40,033	(48,167)
Net change in fund balances	118,976	-	(26,726)	92,250
Fund balance beginning of year	1,033,134	-	(329,543)	703,591
Restatement	(766,764)	-	492,270	(274,494)
Fund balance beginning of year, restated	266,370	-	162,727	429,097
Fund balance end of year	\$ 385,346	\$ -	\$ 136,001	\$ 521,347

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Statement 6

Net change in fund balances - total governmental funds \$ 92,250

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

Capital outlays to purchase or build capital
assets are reported in governmental funds as
expenditures. However, for governmental
activities those costs are shown in the statement
of net assets and allocated over their estimated
useful lives as annual depreciation expenses in the
statement of activities. This is the amount by which
capital outlays exceeds depreciation expense in the period.

Capital outlays	4,699,647	
Depreciation expense	<u>(211,992)</u>	
Excess of capital outlay over depreciation expense		4,487,655

Governmental funds report pension contributions as
expenditures. However, in the Statement of Activities,
the cost of pension benefits earned net of employee
contributions is reported as pension expense.

Pension contributions		38,960
Pension expense		<u>(15,395)</u>

In the Statement of Activities, certain operating
expenses are measured by the amount incurred
during the year. In the fund financial statements
however, expenditures are measured by the amount
of financial resources used (essentially the amounts
actually paid). The (increase) decrease in the
liabilities for the year were:

Bond issue costs		(3,777)
Compensated absences payable		(17,664)
Accrued interest payable		<u>1,899</u>

The issuance of long-term debt (e.g. loans) 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.

Loan proceeds		
Repayment of long-term debt	<u>31,878</u>	
		<u>31,878</u>

Change in net position of governmental activities \$ 4,615,806

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
General Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 46,500	\$ 46,500	\$ 56,601	\$ 10,101
Franchise taxes	18,000	23,000	14,292	(8,708)
Gas taxes	28,000	28,000	35,347	7,347
MVD	1,200	1,200	1,307	107
Charges for services	15,000	15,000	16,802	1,802
Licenses and permits	3,000	3,000	3,034	34
Fines and forfeitures	29,000	5,000	7,553	2,553
Local sources	28,000	58,000	55,768	(2,232)
State sources	150,000	150,000	273,738	123,738
Federal sources	-	-	1,683	1,683
State shared taxes	334,800	381,300	391,556	10,256
Earnings from investments	100	100	88	(12)
	<u>\$ 653,600</u>	<u>\$ 711,100</u>	<u>\$ 857,769</u>	<u>\$ 146,669</u>
EXPENDITURES				
Current:				
General government	\$ 416,500	\$ 416,500	\$ 406,473	\$ 10,027
Highways and streets	35,000	-	-	-
Public safety	153,000	188,000	219,932	(31,932)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	134,982	(134,982)
NMFA Principle	-	-	6,157	(6,157)
NMFA Interest	-	-	316	(316)
	<u>\$ 604,500</u>	<u>\$ 604,500</u>	<u>\$ 767,860</u>	<u>\$ (163,360)</u>
OTHER FINANCING SOURCES				
Operating transfers in	\$ 25,000	\$ 25,000	\$ 5,000	\$ (20,000)
Operating transfers out	(31,965)	(103,794)	(93,200)	10,594
	<u>\$ (6,965)</u>	<u>\$ (78,794)</u>	<u>\$ (88,200)</u>	<u>\$ (9,406)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Proprietary Funds
Statement of Net Position
June 30, 2015

Statement 8

	Joint Utilities Fund	Other Enterprise Funds	Total
ASSETS			
Current Assets			
Cash on deposit	\$ 596,709	\$ 8,287	\$ 604,996
Accounts receivable (net)	104,168	-	104,168
Total Current Assets	700,877	8,287	709,164
Non-Current Assets			
Customer meter deposits	49,563	-	49,563
Total Non-Current Assets	49,563	-	49,563
Capital Assets			
Land	-	-	-
Land improvements	-	34,622	34,622
Buildings and Improvements	254,359	107,496	361,855
Heavy Equipment	119,500	-	119,500
Vehicles	-	-	-
Plant/infrastructure	6,435,539	-	6,435,539
Accumulated depreciation	(3,404,605)	(67,144)	(3,471,749)
Total Capital Assets	3,404,793	74,974	3,479,767
Total Assets	\$ 4,155,233	\$ 83,261	\$ 4,238,494
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 43,901	\$ -	\$ 43,901
Current portion loan payable	20,120	-	20,120
Customer meter deposits payable from Restricted Assets	49,563	-	49,563
Total Current Liabilities	113,584	-	113,584
Long-Term Liabilities			
Compensated absences payable	30,323	-	30,323
NMFA loan payable	997,310	-	997,310
Total Long-Term Liabilities	1,027,633	-	1,027,633
Total Liabilities	1,141,217	-	1,141,217
NET POSITION			
Net investment in capital assets	2,387,363	74,974	2,462,337
Restricted for capital outlay	-	-	-
Restricted for debt service	-	-	-
Unrestricted	626,653	8,287	634,940
Total Net Position	3,014,016	83,261	3,097,277
Total Liabilities and Net Position	\$ 4,155,233	\$ 83,261	\$ 4,238,494

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

	Joint Utility Fund	Other Enterprise Funds	Total
OPERATING REVENUES			
Sales and services	\$ 1,368,682	\$ 1,447	\$ 1,370,129
Local sources	<u>-</u>	<u>1,036</u>	<u>1,036</u>
Total operating revenue	<u>1,368,682</u>	<u>2,483</u>	<u>1,371,165</u>
OPERATING EXPENSES			
Maintenance and operations	1,194,175	13,580	1,207,755
Depreciation	<u>89,380</u>	<u>2,756</u>	<u>92,136</u>
Total operating expenses	<u>1,283,555</u>	<u>16,336</u>	<u>1,299,891</u>
Operating income (loss)	<u>85,127</u>	<u>(13,853)</u>	<u>71,274</u>
NON-OPERATING REVENUE (EXPENSE)			
Investment income	-	-	-
Investment expense	(16,354)	-	(16,354)
Transfers in	35,000	13,167	48,167
Transfers out	-	-	-
State grant	-	-	-
Federal grant	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenue (Expense)	<u>18,646</u>	<u>13,167</u>	<u>31,813</u>
Change in Net Position	<u>103,773</u>	<u>(686)</u>	<u>103,087</u>
Total net position, beginning of year	1,929,166	18,227	1,947,393
Restatement	<u>981,077</u>	<u>65,720</u>	<u>1,046,797</u>
Total net position, beginning of year,	<u>2,910,243</u>	<u>83,947</u>	<u>2,994,190</u>
Total net position, end of year	<u>\$ 3,014,016</u>	<u>\$ 83,261</u>	<u>\$ 3,097,277</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

Statement 10

	Joint Utility Fund	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,307,938	\$ 1,447	\$ 1,309,385
Cash received from local sources	-	1,036	1,036
Cash payments to employees and to suppliers for goods and services	<u>(1,291,383)</u>	<u>(13,809)</u>	<u>(1,305,192)</u>
Net cash provided by operating activities	<u>16,555</u>	<u>(11,326)</u>	<u>5,229</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Loan proceeds	63,719	-	63,719
Principal paid	(19,090)	-	(19,090)
Acquisition of capital assets	(59,000)	-	(59,000)
Investment expense	<u>(45,590)</u>	<u>-</u>	<u>(45,590)</u>
Net cash provided (used) by capital and related financing activities	<u>(59,961)</u>	<u>-</u>	<u>(59,961)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from state sources	-	-	-
Cash received from federal sources	-	-	-
Operating transfers from other funds	35,000	13,167	48,167
Operating transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>35,000</u>	<u>13,167</u>	<u>48,167</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(8,406)	1,841	(6,565)
Cash, beginning of year	<u>605,115</u>	<u>6,446</u>	<u>611,561</u>
Cash, end of year	<u>\$ 596,709</u>	<u>\$ 8,287</u>	<u>\$ 604,996</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 85,127	\$ (13,853)	\$ 71,274
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	89,380	2,756	92,136
Changes in assets and liabilities:			
(Increase) decrease in receivables	(60,744)	-	(60,744)
Increase (decrease) in accounts payable	(35,733)	(229)	(35,962)
Increase (decrease) in compensated absences	19,525	-	19,525
(Decrease) in inventory	(37,240)	-	(37,240)
(Decrease) in bond issue costs	(5,621)	-	(5,621)
(Decrease) in interest payable	(29,417)	-	(29,417)
(Decrease) in other deposits	<u>(8,722)</u>	<u>-</u>	<u>(8,722)</u>
Net cash provided (used) by operating activities	<u>\$ 16,555</u>	<u>\$ (11,326)</u>	<u>\$ 5,229</u>

The accompanying financial statements 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, 2015

	Agency Funds
ASSETS	
Cash	\$ 29,905
Total Assets	\$ 29,905
LIABILITIES	
Due to General Fund	\$ 16,965
Due to Corrections Fund	8,781
Due to bond holders	529
Due to other agencies	3,630
Total Liabilities	\$ 29,905

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Notes to Financial Statements
Year Ended June 30, 2015

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Springer was incorporated under the provisions of the Municipal Code of the State of New Mexico (Sec. 14-2-1 et-Seq. 1953 Comp.) The Town operates under a mayor-council form of government and provides the following services: public safety (police, emergency and fire), public works (highway and streets), community services (culture and recreation), judicial, development, legal, engineering and general administrative services.

The summary of significant accounting policies of the Town of Springer is presented to assist in the understanding of the Town of Springer's financial statements. The financial statements and notes are the representation of the Town of Springer's management who is responsible for their integrity and objectivity. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government

Notes to Financial Statements (continued)

and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the following is a brief review of the potential component unit addressed in defining the government's reporting entity. The Town has one discretely presented component unit.

Town of Springer Housing Authority (Authority): this component unit has a 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 assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which is normally 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 activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 30 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 judgements, are recorded only when payment is due.

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

The government 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.

Dam Project Fund (Capital Project Fund) - To account for resources from State Grants (and state appropriations) to rehabilitate dams located within the Town limits.

The Town reports the following as Proprietary Funds.

Proprietary Funds - Enterprise Funds

Enterprise Fund - Joint Utility Fund - To account for the operations of the Town's Water, Sewer, Solid Waste and

Notes to Financial Statements (continued)

Electric Department, for meter deposits and payment of Joint Utility Revenue Bonds.

Non-Major Enterprise Fund - Cemetery Fund - To account for the operations of the Cemetery Fund.

Non-Major Enterprise Fund - Museum Fund - To account for the operations of the Museum Fund.

The Town also reports additional Governmental funds as non-major.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds - These funds are used to account for the acquisition of capital assets or construction of major capital projects.

Agency Funds - To account for assets held by the Town as an agent for other funds or agencies.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific capital grants and contributions including special assessments.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Notes to Financial Statements (continued)

When both restricted and unrestricted resources are available for use it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Information

The original reporting budget is coordinated and prepared by the Town Manager and staff. The budget is brought before the Town Council for approval. The approved budget is then presented to the State of New Mexico, Department of Finance and Administration for approval. Amendments to the budget, including operating transfers, must follow the same process as the original budget. Adjustments and other amendments made to the original budget have been included in the budgetary comparison statements of this report. The Department of Finance and Administration exercises budget control at the fund level. The budgets of all individual funds may not be legally over expended. All appropriations lapse at year end. The Town does not use encumbrance accounting.

Budgets, and amendments to the budgets, for all governmental and proprietary type funds are adopted in a legally permissible manner. The budgets presented in the financial statements are considered to be adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for these funds are on a NON-GAAP (cash) budgetary basis.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Town. The pledged securities remain in the name of the financial institution.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

G. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This

Notes to Financial Statements (continued)

separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The Town has two types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Town has two types of items that qualify for reporting in this category. Accordingly, the items, change in proportion and employer contributions subsequent to measurement date, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

I. 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. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Notes to Financial Statements (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvements	39
Public domain infrastructure	30
System infrastructure	30
Vehicles	7
Equipment	7

The Town does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

J. Compensated Absences

Vested or accumulated vacation and compensation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

L. Taxes

Franchise Taxes - By authority of Chapter 3, Article 42, NMSA 1978 and various ordinances, the Town imposes a franchise tax on certain public utilities operating within the municipality.

Motor Vehicle Registration Fees - Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies with the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 1978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Gasoline Tax - The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Notes to Financial Statements (continued)

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the Town adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the Village after deducting certain administrative costs.

State Gross Receipts Tax - Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

M. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as "deposits held in trust for others".

N. Net Position

The governmental activities and business-type activities financial statements utilize a net position presentation. Net position are categorized as follows:

Net investment in capital assets - This category reflects the portion of net assets that are associates with capital assets less outstanding capital asset related debt.

Restricted net position - This category reflects the portion of net position that have third party limitation on their use.

Unrestricted net position - This category reflects net position of the Town not restricted for any project or other purposes.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Town ordinances). Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposed specified by the legislation.

Notes to Financial Statements (continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Town Council. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a Town official delegated that authority by the Town Council or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. 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.

Q. 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 carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

Notes to Financial Statements (continued)

R. Pensions

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

2. DEPOSITORY COLLATERAL

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage (for each financial institution).

The following is the Cash on Deposit at each financial institution.

Wells Fargo Bank	Checking	Revenue Bond Account	\$	-
International Bank	Checking	Veterans account		3,427
Wells Fargo Bank	Checking	Veterans account		104
Wells Fargo Bank	Checking	Cemetery		6,796
International Bank	Checking	Recreation		16,286
International Bank	Checking	Court Bond Account		1,587
International Bank	Checking	Municipal Court Escrow		25,846
Wells Fargo Bank	Checking	Construction Account		810
International Bank	Checking	Payroll		4,083
Wells Fargo	Checking	General		1,011,219
International Bank	Checking	Meter Deposit		<u>49,594</u>
		Total		<u>\$ 1,119,752</u>
NM Finance Authority				<u>\$ 4,542</u>
Total amount on deposit				\$1,124,294
Deposit in transit				-
Petty Cash				-
Outstanding checks				<u>(56,485)</u>
Total per financial statements				<u>\$1,067,809</u>

Notes to Financial Statements (continued)

The following schedule details the public money held at each Bank and the pledged collateral provided for the Town follows:

	Wells Fargo <u>Bank</u>	International <u>Bank</u>
Cash on deposit at June 30	\$ 1,018,929	\$ 100,823
Less FDIC	<u>(250,000)</u>	<u>(100,823)</u>
Uninsured funds	768,929	-
Funds needing collateralization		
at 50% (required by State Law)	384,465	-
Pledged collateral at June 30	<u>519,370</u>	<u>-</u>
Excess (deficiency) of Pledged Collateral	<u>\$ 134,905</u>	<u>\$ -</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$768,929 of the Town's bank balance of \$1,119,752 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$ 249,559
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Town's name	<u>519,370</u>
Total	<u>\$ 768,929</u>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued to the Town for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Wells Fargo Bank</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FG #312942FF7	9-01-40	\$ 5,227
FN #3138AD5Q4	12-01-41	89,064
FN #3138E67L4	2-01-42	96,684
FN #3138EKSD8	2-01-43	37,510
FN #3138LS6W5	8-01-42	7,392
FN #3138MJUN7	2-01-43	12,294
FN #3138WPG21	4-01-43	83,225
FN #31417EKT7	1-01-43	128,414
FN #31419AG27	8-01-40	<u>59,560</u>
		<u>\$ 519,370</u>

Notes to Financial Statements (continued)

The amount held at the New Mexico Finance Authority totaling \$4,542 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

3. RECEIVABLES

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 124,607
Less allowance for Uncollectible accounts	<u>-</u>	<u>(20,440)</u>
Subtotal	-	104,167
Property taxes receivable	993	-
Gross receipts taxes receivable	37,419	-
Intergovernmental	<u>890,534</u>	<u>-</u>
Total	<u>\$ 928,946</u>	<u>\$ 104,167</u>

4. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the Town by the County Treasurer, and are remitted to the Town in the month following collection. Because the Treasurer for the county in which the Town is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Town.

The Town is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Town is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Town.

The Town accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Town has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Town's financial records.

Notes to Financial Statements (continued)

5. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

Deposits in the Water and Wastewater Utility Enterprise Fund consist of the following:

Hydrant Meter deposits \$ 49,563

Water meter deposits are charged to new customers and consist of the following:

Residential properties \$ 100
Commercial properties \$ 200

6. TRANSFERS

The composition of interfund transfers for Governmental Activities during the year are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>Airport Fund</u>	<u>General Fund</u>	<u>Non-Major Governmental</u>	<u>Proprietary Fund</u>	
General Fund	\$ 10,033	\$ -	\$ 35,000	\$ 48,167	\$ (93,200)
Non-Major Governmental Fund	-	5,000	-	-	(5,000)
Total Transfers In/Out	<u>\$ 10,033</u>	<u>\$ 5,000</u>	<u>\$ 35,000</u>	<u>\$ 48,167</u>	<u>\$ -</u>

Balance of Transfers

Transfer to Airport Fund	\$ 10,033	From General Fund
Transfer to Non-Major Governmental Fund	35,000	From General Fund
Transfer to General Fund	5,000	From Non-Major Governmental Fund
Transfer to Proprietary Fund	<u>48,167</u>	From General Fund
Total Interfund Transfers Between Governmental and Business-Type Activities	<u>\$ 98,200</u>	

Notes to Financial Statements (continued)

7. CAPITAL ASSETS

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following:

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>June 30, 2015</u>
Land	\$ 119,375	\$ -	\$ -	\$ -	\$ 119,375
Buildings & improvements	1,458,150	-	-	(100,148)	1,358,002
Airport	-	100,326	-	468,742	569,068
Vehicles	628,058	21,160	-	(307,084)	342,134
Equipment	647,768	49,680	-	(557,948)	139,500
Heavy equipment	-	-	-	1,245,204	1,245,204
Infrastructure	<u>2,200,523</u>	<u>4,528,481</u>	<u>-</u>	<u>(1,803,459)</u>	<u>4,925,545</u>
Sub-total	<u>5,053,874</u>	<u>4,699,647</u>	<u>-</u>	<u>(1,054,693)</u>	<u>8,698,828</u>
Buildings & improvements	(407,752)	(24,007)	-	(276,067)	(707,826)
Airport	-	(22,763)	-	(46,874)	(69,637)
Vehicles	(606,398)	(15,558)	-	368,013	(253,943)
Equipment	(602,822)	(11,150)	-	539,280	(74,692)
Heavy equipment	-	(48,494)	-	(1,023,848)	(1,072,342)
Infrastructure	<u>(68,509)</u>	<u>(90,020)</u>	<u>-</u>	<u>(258,669)</u>	<u>(417,198)</u>
Less: Accumulated Depreciation	<u>(1,685,481)</u>	<u>(211,992)</u>	<u>-</u>	<u>(698,165)</u>	<u>(2,595,638)</u>
Total Capital Assets	<u>\$ 3,368,393</u>	<u>\$ 4,487,655</u>	<u>\$ -</u>	<u>\$(1,752,858)</u>	<u>\$ 6,103,190</u>

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>June 30, 2015</u>
Land	\$ -	\$ -	\$ -	\$ 34,622	\$ 34,622
Buildings	279,978	-	-	81,877	361,855
Equipment	2,795,546	-	-	(2,795,546)	-
Heavy Equipment	-	59,000	-	60,500	119,500
Vehicles	28,148	-	-	(28,148)	-
Plant	<u>3,629,403</u>	<u>-</u>	<u>-</u>	<u>2,806,136</u>	<u>6,435,538</u>
Sub-total	<u>6,733,075</u>	<u>59,000</u>	<u>-</u>	<u>159,441</u>	<u>6,951,516</u>
Land improvements	-	-	-	(34,622)	(34,622)
Buildings	(185,777)	(7,843)	-	73,344	(120,276)
Equipment	(2,792,975)	-	-	2,792,975	-
Heavy Equipment	-	(5,900)	-	(60,500)	(66,400)
Vehicles	(28,460)	-	-	28,460	-
Plant	<u>(1,066,048)</u>	<u>(78,393)</u>	<u>-</u>	<u>(2,106,011)</u>	<u>(3,250,452)</u>
Less: Accumulated Depreciation	<u>(4,073,260)</u>	<u>(92,136)</u>	<u>-</u>	<u>693,646</u>	<u>(3,471,750)</u>
Total Capital Assets	<u>\$ 2,659,815</u>	<u>\$(33,136)</u>	<u>\$ -</u>	<u>\$ 853,087</u>	<u>\$ 3,479,766</u>

8. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Enterprise Fund

During the fiscal year ended June 30, the following changes occurred in certain long-term liabilities reported in the Enterprise Fund:

	<u>Balances</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds payable	\$ 972,800	\$ -	\$ 16,000	\$ 956,800	\$ 17,000
Loan payable to New Mexico Finance Authority	-	63,720	3,090	60,630	3,120
Compensated absences payable	<u>10,798</u>	<u>19,525</u>	<u>-</u>	<u>30,323</u>	<u>-</u>
Total	<u>\$ 983,598</u>	<u>\$ 83,245</u>	<u>\$ 19,090</u>	<u>\$ 1,047,753</u>	<u>\$ 20,120</u>

The Joint Utility Enterprise Fund has several Revenue Bond Issues. These bonds were issued for the purpose of constructing and renovating the Town's water and sewer system. Following details the various bonds owed by the Town:

<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u> <u>June 30, 2015</u>
1997A	1/1/2038	\$ 339,800	5.00%	\$ 266,800
2003	9/18/2043	\$ 612,500	4.75%	538,500
2007	5/7/2047	\$ 167,500	4.75%	151,500
NMFA	6/1/2034	\$ 63,720	250%	<u>60,630</u>
				<u>\$ 1,017,430</u>

The annual requirements to amortize the business-type bonds as of June 30 including interest payments are as follows:

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 20,120	\$ 25,752	\$ 45,872
2017	21,127	25,344	46,471
2018	23,135	24,936	48,071
2019	23,143	24,428	47,571
2020	25,151	23,920	49,071
2021-2025	136,875	111,383	248,258
2026-2030	170,075	95,283	265,358
2031-2035	205,004	74,881	279,885
2036-2040	207,800	49,700	257,500
2041-2045	169,500	17,100	186,600
2046-2050	<u>15,500</u>	<u>-</u>	<u>15,500</u>
Total	<u>\$ 1,017,430</u>	<u>\$ 472,727</u>	<u>\$ 1,490,157</u>

Notes to Financial Statements (continued)

The debt service requirement to maturity is as follows:

Governmental Funds

During the fiscal year ended June 30, the following changes occurred in certain long-term liabilities reported in the Governmental Fund:

	<u>Balances</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Loans payable to New Mexico Finance Authority	\$ 332,109	\$ -	\$ 31,878	\$ 300,231	\$ 33,260
Capital lease	-	59,000	-	59,000	26,162
Compensated absences	<u>12,813</u>	<u>17,664</u>	<u>-</u>	<u>30,477</u>	<u>-</u>
Total	<u>\$ 344,922</u>	<u>\$ 76,664</u>	<u>\$ 31,878</u>	<u>\$ 389,708</u>	<u>\$ 59,422</u>

The Town entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Town to pay a principal amount of \$29,220 and interest for the purpose of defraying the cost of acquiring a Utility Truck for the Town's use. The yearly payments are to be redirected from the Town's share of the State gross receipt tax revenues to NMFA. The interest rate is 0.300% to 1.790%. The maturity date is May 1, 2018.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,201	\$ 273	\$ 6,474
2017	6,269	204	6,473
2017	<u>6,360</u>	<u>114</u>	<u>6,474</u>
Total	<u>\$ 18,830</u>	<u>\$ 591</u>	<u>\$ 19,421</u>

The Town entered into a loan agreement with the New Mexico Finance Authority evidencing another special limited obligation of the Town to pay a principal amount of \$75,567 and interest for the purposes of defraying the cost of acquiring two police vehicles for the Town. The yearly payments are to be redirected from the Town's share of the Law Enforcement Protection Fund allotment to NMFA. The interest rate is 0.700% to 2.630%. The maturity date is May 1, 2021.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 10,577	\$ 1,264	\$ 11,841
2017	10,695	1,146	11,841
2018	10,849	992	11,841
2019	11,043	798	11,841
2020	11,272	569	11,841
2021	<u>11,538</u>	<u>303</u>	<u>11,841</u>
Total	<u>\$ 65,974</u>	<u>\$ 5,072</u>	<u>\$ 71,046</u>

Notes to Financial Statements (continued)

The Town also entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Town to pay a principal amount of \$267,960 and interest for the purpose of defraying the cost of acquiring a fire tanker. The yearly payments are to be redirected from the Town's share of the State Fire Fund revenues to NMFA. Variable interest rates range from 1.90% to 4.110%. The maturity date is May 1, 2026.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 16,482	\$ 7,515	\$ 23,997
2017	16,882	7,081	23,963
2018	17,323	6,602	23,925
2019	17,804	6,087	23,891
2020	18,322	5,531	23,853
2021-2025	105,127	17,365	122,492
2026	<u>23,487</u>	<u>965</u>	<u>24,452</u>
Total	<u>\$ 215,427</u>	<u>\$ 51,146</u>	<u>\$ 266,573</u>

The Town entered into a Capital lease agreement to purchase a backhoe for \$59,000. The interest rate is .01%. The maturity date is July 1, 2017.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 26,162	\$ 2,612	\$ 28,774
2017	30,235	1,154	31,389
2018	<u>2,603</u>	<u>13</u>	<u>2,616</u>
Total	<u>\$ 59,000</u>	<u>\$ 3,779</u>	<u>\$ 62,779</u>

B. Short-Term Liabilities

The Town did not have any short-term liabilities during the fiscal year.

C. Operating Leases

The Town did not have any leases during the fiscal year.

9. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Dam Project Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<u>Nonspendable:</u>				
Inventory	\$ -	\$ -	\$ -	\$ -
Total nonspendable	-	-	-	-
<u>Restricted for:</u>				
Fire protection	-	-	21,721	21,721
Public safety	-	-	12,064	12,064
Recreation services	-	-	20,328	20,328
Corrections	-	-	53,017	53,017
Streets	-	-	28,871	28,871
State mandated cash reserves	54,346	-	-	54,346
Total restricted	54,346	-	136,001	190,347
<u>Committed to:</u>				
Other purposes	-	-	-	-
Total committed	-	-	-	-
<u>Unassigned:</u>	314,035	-	-	314,035
Total Fund Balances	<u>\$ 368,381</u>	<u>\$ -</u>	<u>\$ 136,001</u>	<u>\$ 504,382</u>

10. RETIREMENT PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated

may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

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

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf.

The PERA coverage options that apply to the Town of Springer are: Municipal General Division. Statutorily required contributions to the pension plan from the Town of Springer were \$29,590 and \$9,370 and there were NO employer paid member benefits that were "picked up" by the employer for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978.

Notes to Financial Statements (continued)

Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town of Springer's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the un-remitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2015, the Town of Springer reported a liability of \$280,839 for its proportionate share of the net pension liability. At June 30, 2014, the Town of Springer's proportion was 0.0360%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town of Springer recognized PERA Fund Municipal General Division pension expense of \$11,717. At June 30, 2015, the Town of Springer reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 190
Net difference between projected and actual earnings on pension plan investments	-	109,871
Town of Springer's contributions subsequent to the measurement date	<u>29,590</u>	<u>-</u>
Total	<u>\$ 29,590</u>	<u>\$ 110,061</u>

\$29,590 reported as deferred outflows of resources related to pensions resulting from Town of Springer's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Notes to Financial Statements (continued)

Year ended June 30:

2016	\$ (27,515)
2017	(27,515)
2018	(27,515)
2019	(27,515)
2020	(1)
Thereafter	-

For PERA Fund Municipal Police Division, at June 30, 2015, the Town of Springer reported a liability of \$54,766 for its proportionate share of the net pension liability. At June 30, 2014, the Town of Springer's proportion was 0.0168%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town of Springer recognized PERA Fund Municipal General Division pension expense of \$3,678. At June 30, 2015, the Town of Springer reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 4,449
Net difference between projected and actual earnings on pension plan investments	-	20,364
Town of Springer's contributions subsequent to the measurement date	<u>9,370</u>	<u>-</u>
Total	<u>\$ 9,370</u>	<u>\$ 24,813</u>

\$9,370 reported as deferred outflows of resources related to pensions resulting from Town of Springer's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (6,198)
2017	(6,198)
2018	(6,198)
2019	(6,198)
2020	(22)
Thereafter	-

Notes to Financial Statements (continued)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
- Investment rate of return	7.75% annual rate, net of investment expense
- Payroll growth	3.50% annual rate
- Projected salary increases	3.50% to 14.25% annual rate
- Includes inflation at	3.00% annual rate

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expeted Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20
Private Equity	7.00%	8.20
Core and Global Fixed Income	26.10%	1.85
Fixed Income Plus Sectors	5.00%	4.80
Real Estate	5.00%	5.30
Real Assets	7.00%	5.70
Absolute Return	<u>4.00%</u>	4.15
Total	<u>100.00%</u>	

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

pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Springer's proportionate share of the net pension liability	\$ 529,444	\$ 280,839	\$ 88,779
PERA Fund Municipal Police Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Springer's proportionate share of the net pension liability	\$ 104,439	\$ 54,766	\$ 17,676

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

11. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

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

Notes to Financial Statements (continued)

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 employers 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. The report and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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 for the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

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

Notes to Financial Statements (continued)

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 contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$8,338, \$7,478 and \$8,950, respectively, which equal the required contributions for each year.

12. BUDGET VIOLATIONS

The Law Enforcement Protection Fund had an overall budget overrun of \$9,621. The Street Fund had an overall budget overrun of \$8,695. Airport Construction Fund had an overall budget overrun of \$326. The Cemetery Fund had an overall budget overrun of \$1,085. Also, the General Fund had an overall budget overrun of \$163,360 and the Library Fund by \$430.

13. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Dam Project Fund</u>	<u>Other Governmental</u>
Accrual basis	\$ 952,311	\$ 4,414,659	\$ 274,951
Budget basis	<u>857,769</u>	<u>3,608,606</u>	<u>274,949</u>
Increase (decrease) in receivables	<u>\$ 94,542</u>	<u>\$ 806,053</u>	<u>\$ 2</u>
 <u>Expenditures</u>			
Accrual basis	\$ 762,100	\$ 4,414,659	\$ 341,710
Budget basis	767,860	3,608,606	344,353
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in payables	<u>\$ (5,760)</u>	<u>\$ 806,053</u>	<u>\$ -</u>

14. NET POSITION RESTATEMENT

The Town had a prior period adjustment of \$455,079 of which was required for the implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of \$487,811 and a beginning deferred outflow of resources - employer contributions subsequent to the measurement date of \$32,732.

15. RESTATEMENT OF FUND BALANCE

The Co-op Grant had a restatement of \$37,609 to eliminate the fund. The Rehab Dams Fund had a restatement of \$26,848 to eliminate the fund. The RUS Water Improvements Fund had a restatement of \$40,889. The Sewer Lagoon Fund had a restatement of \$47,538 to eliminate the fund. The Legislative Appropriation Fund had a restatement of \$173,729 to eliminate the fund. The CDBG Water Siphon Fund had a restatement of

Notes to Financial Statements (continued)

\$90,299 to eliminate the fund. The CDBG Sewer System had a restatement of \$1,160 to eliminate the fund. The Scenic Byways Fund had a restatement of \$2,431 to eliminate the fund. The Airport Construction had a restatement of \$75,963 to eliminate a due to other funds and a due from other funds account. The Recreation Fund had a restatement of \$153,417 to close out the fund. The EMS fund had a restatement to eliminate a due to other funds account of \$72,331. The Library Fund had a restatement of \$40,774 to eliminate a due to other funds account. The Streets Fund had a restatement of \$45,848 to eliminate a due to other funds account. The Fire Fund had a restatement of \$64,494 to eliminate the due to other funds account. The Cemetery Fund had a restatement of \$3,013 to eliminate a due from other funds account. The Museum had a restatement of \$68,733 to eliminate a due to other funds account. The Joint Utility Fund had a restatement of \$981,077 to restate the Capital Assets, Accumulated Depreciation and beginning cash balances. The General Fund had a restatement of \$766,764 to eliminate the due to and due from accounts and to restate cash balances at the beginning of the year.

16. LEGISLATIVE APPROPRIATIONS

The following appropriations have been awarded to the Town.

<u>Appropriation</u>	<u>Expenditures</u>	<u>Balance</u>	<u>Reversion Date</u>
Springer Dams 1&2	\$ 3,993,070	\$ -	6-30-15
SEO Springer Dams	421,589	2,278,411	6-30-17
Springer Water Treatment Plant	-	75,000	6-30-17
Springer Wastewater Sewer Lagoons	-	75,000	6-30-18
Springer Water Treatment Plant Ionization	-	150,000	6-30-18
	<u>\$ 4,414,659</u>	<u>\$2,578,411</u>	

17. 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.

Notes to Financial Statements (continued)

18. COMPONENT UNIT - HOUSING AUTHORITY

A. CASH AND INVESTMENTS

Cash consists of United States currency and financial institution checking accounts. The Housing Authority follows state law in regard to deposits and investments. At June 30, 2015, the Housing Authority held only short term certificates of deposit and therefore, they were shown as cash equivalents.

All Financial institutions in which the Housing Authority has an account are covered by Federal Deposit Insurance Corporation (FDIC) insurance.

<u>Cash on Deposit</u>	<u>Bank Balance</u>	<u>Carrying Amounts</u>
<u>Wells Fargo Bank</u>		
Public Fund - regular checking	\$ 92,592	\$ 91,714
Public Fund - interest checking	12,452	12,452
CFP - regular checking	-	-
Certificate of deposit - investments	39,560	39,560
Certificate of deposit - investments	<u>33,428</u>	<u>33,428</u>
Total Cash on Deposit	<u>178,032</u>	<u>177,154</u>
Less certificates of deposit - shown as investments	<u>(72,988)</u>	<u>(72,988)</u>
Total Cash	<u>\$105,044</u>	<u>\$104,166</u>

<u>Investments</u>	<u>WAM</u>	<u>Cost</u>	<u>Market Value</u>
Certificates of deposit		\$39,560	\$39,560
Certificates of deposit		<u>33,428</u>	<u>33,428</u>
Total investments	360 days	<u>\$72,988</u>	<u>\$72,988</u>

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned to it.

There were no uninsured bank deposits (not covered by F.D.I.C)

	<u>Wells Fargo Bank</u>
Amount held in bank	\$ 178,032
Less F.D.I.C.	<u>(178,032)</u>
Amount uninsured	<u>\$ -</u>
100% Collateral requirement	<u>\$ -</u>

Notes to Financial Statements (continued)

B. ACCOUNTS RECEIVABLE AND MORTGAGES RECEIVABLE

Accounts receivable are reported at their gross value. Those amounts considered doubtful have been recorded as allowance for doubtful accounts in the amount of \$714.

C. CHANGES IN CAPITAL ASSETS

Capital Assets are stated at historical cost. The following is a summary of changes in Capital Assets for the fiscal year in the proprietary funds:

	Balance June 30, 2014	Reclassification	Additions	Disposals	Balance June 30, 2015
Land	\$ 41,101	\$ -	\$ -	\$ -	\$ 41,101
Buildings	2,640,504	1		-	2,640,505
Non dwelling structures	233,193	(1)	-	-	233,192
Machinery and equipment	<u>131,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,929</u>
Sub-total	<u>3,046,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,046,727</u>
Buildings	(2,268,520)	-	(47,544)	-	(2,316,064)
Non dwelling structures	(130,351)	-	(11,598)	-	(141,949)
Machinery and equipment	<u>(102,475)</u>	<u>-</u>	<u>(14,149)</u>	<u>-</u>	<u>(116,624)</u>
Less: Accumulated Depreciation	<u>(2,501,346)</u>	<u>-</u>	<u>(73,291)</u>	<u>-</u>	<u>(2,574,637)</u>
Total Capital Assets	<u>\$ 545,381</u>	<u>\$ -</u>	<u>\$(73,291)</u>	<u>\$ -</u>	<u>\$ 472,090</u>

Depreciation expense for the year was \$73,291.

D. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Net Working Capital:

Proprietary Funds \$ 160,499

E. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 294-1 through 294-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note I in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/i366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Town of Springer Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FYI 4 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/mediaaudits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Town of Springer Housing Authority is Municipal General. Statutorily required contributions to the pension plan from the Town of Springer Housing Authority were \$9,814 for the year ended June 30, 2015.

Notes to Financial Statements (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town of Springer Housing Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end date that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to protect the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2015, the Town of Springer Housing Authority reported a liability of \$100,634 for its proportionate share of the net pension liability. At June 30, 2014, the Town of Springer Housing Authority's proportion was .0129 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town of Springer Housing Authority recognized PERA Fund Division Municipal General pension expense of \$4,198. At June 30, 2015, the Town of Springer Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Notes to Financial Statements (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	68
Net difference between projected and actual earnings on pension plan investments	-	39,371
Changes in proportion and differences between Town of Springer Housing Authority contributions and proportionate share of contributions	-	-
Town of Springer Housing Authority contributions subsequent to the measurement date	<u>9,814</u>	<u>-</u>
Total	<u>\$ 9,814</u>	<u>\$ 39,439</u>

\$9,814 reported as deferred outflows of resources related to pensions resulting from Town of Springer Housing Authority contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 9,860
2017	9,860
2018	9,860
2019	9,859
2020	<u>-</u>

Thereafter \$39,439

F. TRANSFERS AND DUE FROM/TO OTHER FUNDS

Transfers between funds were as follows:

Operating Transfers In	<u>Operating Transfers Out</u>		
	<u>Low Rent</u>	<u>CFP</u>	<u>Totals</u>
Low Rent	\$ -	\$14,304	\$14,304
CFP	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$14,304</u>	<u>\$14,304</u>

Notes to Financial Statements (continued)

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

Capital Transfers In	<u>Capital Transfers Out</u>		<u>Totals</u>
	<u>Low Rent</u>	<u>CFP</u>	
Low Rent	\$ -	\$109,374	\$109,374
CFP	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$109,374</u>	<u>\$109,374</u>

Capital transfers arose from the purchase or construction of capital assets in one fund, which were then transferred to another fund where they are being utilized.

G. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarized the changes in accrued compensation absences during 2015.

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Accrued compensated absences	\$ <u>6,871</u>	\$ <u>4,881</u>	\$ <u>5,061</u>	\$ <u>6,691</u>	\$ <u>3,993</u>

H. RESTATEMENTS

The Authority has restated Net Position at June 30, 2014 for the following:

Net Pension Liability \$ 135,192

This restatement is due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions.

OTHER MAJOR FUNDS BUDGETS

STATE OF NEW MEXICO
TOWN OF SPRINGER
Dam Project Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 7,425,000	\$ 7,425,000	\$ 3,608,606	\$ (3,816,394)
Total revenues	<u>\$ 7,425,000</u>	<u>\$ 7,425,000</u>	<u>\$ 3,608,606</u>	<u>\$ (3,816,394)</u>
EXPENDITURES				
Capital outlay	\$ 7,425,000	\$ 7,425,000	\$ 3,608,606	\$ 3,816,394
Total expenditures	<u>\$ 7,425,000</u>	<u>\$ 7,425,000</u>	<u>\$ 3,608,606</u>	<u>\$ 3,816,394</u>

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

NON-MAJOR FUNDS

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Governmental Funds
Combining Balance Sheet - By Fund Type
June 30, 2015

	Special Revenue Funds	Capital Project Funds	Totals
ASSETS			
Cash on deposit	\$ 127,220	\$ -	\$ 127,220
Accounts receivable	-	-	-
Due from other funds	8,781	-	8,781
Total assets	<u>\$ 136,001</u>	<u>\$ -</u>	<u>\$ 136,001</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
FUND BALANCE			
Nonspendable	-	-	-
Restricted	136,001	-	136,001
Committed	-	-	-
Unassigned	-	-	-
Total fund balance	<u>136,001</u>	<u>-</u>	<u>136,001</u>
Total liabilities and fund balance	<u>\$ 136,001</u>	<u>\$ -</u>	<u>\$ 136,001</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - By Fund Type
Year Ended June 30, 2015

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Gas taxes	22,234	-	22,234
Lodger's tax	7,716	-	7,716
Charges for services	16,597	-	16,597
Licenses and permits	-	-	-
Fines and forfeitures	17,558	-	17,558
Local sources	10,100	-	10,100
State sources	110,451	90,293	200,744
Federal sources	-	-	-
State shared taxes	-	-	-
Earnings on investments	<u>2</u>	<u>-</u>	<u>2</u>
 Total revenues	 <u>184,658</u>	 <u>90,293</u>	 <u>274,951</u>
 EXPENDITURES			
Current:			
General government	-	-	-
Highways and streets	10,190	-	10,190
Public safety	42,311	-	42,311
Culture and recreation	103,338	-	103,338
Capital outlay	49,680	100,326	150,006
Debt service			
Principle	25,721	-	25,721
Interest	<u>10,144</u>	<u>-</u>	<u>10,144</u>
 Total expenditures	 <u>241,384</u>	 <u>100,326</u>	 <u>341,710</u>
 Excess (deficiency) of revenues over expenditures	 (56,726)	 (10,033)	 (66,759)
 OTHER FINANCING SOURCES (USES)			
Transfers in	35,000	10,033	45,033
Transfer out	(5,000)	-	(5,000)
Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>30,000</u>	 <u>10,033</u>	 <u>40,033</u>
 Net change in fund balance	 (26,726)	 -	 (26,726)
 Fund balance at beginning of year	 <u>(85,149)</u>	 <u>(244,394)</u>	 <u>(329,543)</u>
 Restatement	 247,876	 244,394	 492,270
 Fund balance at beginning of year restated	 <u>162,727</u>	 <u>-</u>	 <u>162,727</u>
 Fund balance at end of year	 <u>\$ 136,001</u>	 <u>\$ -</u>	 <u>\$ 136,001</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Governmental Fund Types - Non-Major
Special Revenue Funds
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 8,000	\$ 8,000	\$ 7,716	\$ (284)
Charges for services	40,000	40,000	16,597	(23,403)
Licenses and permits	-	-	-	-
Fines and forfeitures	20,000	20,500	17,558	(2,942)
Local sources	15,000	15,000	10,100	(4,900)
State sources	84,017	84,017	110,451	26,434
Federal sources	-	-	-	-
State shared taxes	20,000	20,000	22,234	2,234
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 187,017</u>	<u>\$ 187,517</u>	<u>\$ 184,656</u>	<u>\$ (2,861)</u>
EXPENDITURES				
General government	\$ -	\$ -	\$ -	\$ -
Highways and streets	1,500	1,500	10,195	(8,695)
Public safety	184,855	185,005	193,191	(8,186)
Culture and recreation	42,000	42,000	40,641	1,359
Total expenditures	<u>\$ 228,355</u>	<u>\$ 228,505</u>	<u>\$ 244,027</u>	<u>\$ (15,522)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 37,000	\$ 37,000	\$ 35,000	\$ (2,000)
Transfers out	(5,000)	(5,000)	(5,000)	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 30,000</u>	<u>\$ (2,000)</u>
BUDGETED CASH BALANCE	<u>\$ 46,838</u>	<u>\$ 46,838</u>		

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Capital Projects Funds
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
State sources	100,000	100,000	90,293	(9,707)
Federal sources	-	-	-	-
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 90,293</u>	<u>\$ (9,707)</u>
EXPENDITURES				
Capital outlay	\$ 100,000	\$ 100,000	\$ 100,326	\$ (326)
Total expenditures	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,326</u>	<u>\$ (326)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 25,000	\$ 25,000	\$ 10,033	\$ (14,967)
Total other financing sources (uses)	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 10,033</u>	<u>\$ (14,967)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by management directive.

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.

RECREATION FUND - To account for the operation and maintenance of recreation facilities in the Town. Financing is provided by a specific annual cigarette tax levy. (Authority is NMSA 7-12-15).

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 is NMSA 24-10A-1).

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 charted on all transient lodging in the Town (Authority is NMSA 3-38-13).

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

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.

STREETS FUND - To account for the receipts and expenditures of cooperative grant agreement projects to include the Town of Springer's match of 15%.

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 is NMSA 59A-53-1).

CORRECTIONS FUND - To account for the provisions of a local correction fee collected with local fines (Authority is NMSA 35-14-11)

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	Fire Discretionary Fund	Recreation Fund	EMS Fund	Lodgers Tax Fund	Library Fund
ASSETS					
Cash on deposit	\$ 10,802	\$ -	\$ -	\$ 12,224	\$ 8,104
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 10,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,224</u>	<u>\$ 8,104</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
FUND BALANCE					
Restricted	10,802	-	-	12,224	8,104
Total fund balance	<u>\$ 10,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,224</u>	<u>\$ 8,104</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	Law Enforcement Protection Fund	Street Fund	Fire Fund	Corrections Fund	Totals
ASSETS					
Cash on deposit	\$ 12,064	\$ 28,871	\$ 10,919	\$ 44,236	\$ 127,220
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	8,781	8,781
Total assets	<u>\$ 12,064</u>	<u>\$ 28,871</u>	<u>\$ 10,919</u>	<u>\$ 53,017</u>	<u>\$ 136,001</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted	12,064	28,871	10,919	53,017	136,001
Total fund balance	<u>\$ 12,064</u>	<u>\$ 28,871</u>	<u>\$ 10,919</u>	<u>\$ 53,017</u>	<u>\$ 136,001</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2015

Statement B-2
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	Fire Discretionary Fund	Recreation Fund	EMS Fund	Lodgers Tax Fund	Library Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-
Lodgers tax	-	-	-	7,716	-
Charges for services	-	-	15,943	-	654
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Local sources	-	-	5,000	-	100
State sources	-	-	7,200	-	7,780
Federal sources	-	-	-	-	-
Earnings on investments	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>28,143</u>	<u>7,716</u>	<u>8,534</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public safety	-	-	25,505	-	-
Culture and recreation	-	-	-	5,211	35,430
Capital outlay	-	-	-	-	-
Debt service:					
Principle	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>25,505</u>	<u>5,211</u>	<u>35,430</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,638</u>	<u>2,505</u>	<u>(26,896)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	35,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>2,638</u>	<u>2,505</u>	<u>8,104</u>
Fund balance, beginning of year	10,802	(153,417)	(74,969)	9,719	(40,774)
Restatement	<u>-</u>	<u>153,417</u>	<u>72,331</u>	<u>-</u>	<u>40,774</u>
Fund balance, beginning of year - restated	<u>10,802</u>	<u>-</u>	<u>(2,638)</u>	<u>9,719</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,224</u>	<u>\$ 8,104</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2015

Statement B-2
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	Law Enforcement Protection Fund	Streets Fund	Fire Fund	Corrections Fund	Totals
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	22,234	-	-	22,234
Lodgers taxes	-	-	-	-	7,716
Charges for services	-	-	-	-	16,597
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	17,558	17,558
Local sources	-	-	5,000	-	10,100
State sources	21,489	-	73,982	-	110,451
Federal sources	-	-	-	-	-
Earnings on investments	-	-	2	-	2
Total revenues	<u>21,489</u>	<u>22,234</u>	<u>78,984</u>	<u>17,558</u>	<u>184,658</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Highways and streets	-	10,190	-	-	10,190
Public safety	9,639	-	-	7,167	42,311
Culture and recreation	-	-	62,697	-	103,338
Capital outlay	-	-	49,680	-	49,680
Debt service:					
Principle	9,593	-	16,128	-	25,721
Interest	2,248	-	7,896	-	10,144
Total expenditures	<u>21,480</u>	<u>10,190</u>	<u>136,401</u>	<u>7,167</u>	<u>241,384</u>
Excess (deficiency) of revenues over expenditures	<u>9</u>	<u>12,044</u>	<u>(57,417)</u>	<u>10,391</u>	<u>(56,728)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	35,000
Transfers out	-	-	-	(5,000)	(5,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>30,000</u>
Net change in fund balance	<u>9</u>	<u>12,044</u>	<u>(57,417)</u>	<u>5,391</u>	<u>(26,726)</u>
Fund balance, beginning of year	12,055	(29,021)	132,830	47,626	(85,149)
Restatement	-	45,848	(64,494)	-	247,876
Fund balance, beginning of year - restated	<u>12,055</u>	<u>16,827</u>	<u>68,336</u>	<u>47,626</u>	<u>162,727</u>
Fund balance, end of year	<u>\$ 12,064</u>	<u>\$ 28,871</u>	<u>\$ 10,919</u>	<u>\$ 53,017</u>	<u>\$ 136,001</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - Fire Discretionary Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - Recreation Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Culture and recreation	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - EMS Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 40,000	\$ 40,000	\$ 15,943	\$ (24,057)
Local sources	7,200	7,200	7,200	-
State sources	5,000	5,000	5,000	-
	<u>52,200</u>	<u>52,200</u>	<u>28,143</u>	<u>(24,057)</u>
Total revenues	<u>\$ 52,200</u>	<u>\$ 52,200</u>	<u>\$ 28,143</u>	<u>\$ (24,057)</u>
EXPENDITURES				
Public safety	\$ 52,200	\$ 52,200	\$ 28,143	\$ 24,057
	<u>52,200</u>	<u>52,200</u>	<u>28,143</u>	<u>24,057</u>
Total expenditures	<u>\$ 52,200</u>	<u>\$ 52,200</u>	<u>\$ 28,143</u>	<u>\$ 24,057</u>
EXPENDITURES				
Budgetary basis			\$ 28,143	
(Decrease) in payables			<u>(2,638)</u>	
Modified accrual basis			<u>\$ 25,505</u>	

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - Lodgers Tax Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Lodgers taxes	\$ 8,000	\$ 8,000	\$ 7,716	\$ (284)
Total revenues	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 7,716</u>	<u>\$ (284)</u>
EXPENDITURES				
Culture & recreation	\$ 7,000	\$ 7,000	\$ 5,211	\$ 1,789
Total expenditures	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 5,211</u>	<u>\$ 1,789</u>
BUDGETED CASH BALANCE	<u>\$ 1,000</u>	<u>\$ 1,000</u>		

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - Library Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 100	\$ 100
Local sources	15,000	15,000	7,780	(7,220)
State sources	-	-	654	654
Total revenues	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 8,534</u>	<u>\$ (6,466)</u>
EXPENDITURES				
Culture & recreation	\$ 35,000	\$ 35,000	\$ 35,430	\$ (430)
Total expenditures	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 35,430</u>	<u>\$ (430)</u>
OTHER FINANCING SOURCES				
Transfer in	\$ 37,000	\$ 37,000	\$ 35,000	\$ (2,000)
Total other financing sources	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ 35,000</u>	<u>\$ (2,000)</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - Law Enforcement Protection Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 11,859	\$ 11,859	\$ 21,489	\$ 9,630
Federal sources	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total revenues	<u>\$ 11,859</u>	<u>\$ 11,859</u>	<u>\$ 21,489</u>	<u>\$ 9,630</u>
EXPENDITURES				
Public safety	<u>\$ 11,859</u>	<u>\$ 11,859</u>	<u>\$ 21,480</u>	<u>\$ (9,621)</u>
Total expenditures	<u>\$ 11,859</u>	<u>\$ 11,859</u>	<u>\$ 21,480</u>	<u>\$ (9,621)</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - Street Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Gas tax	\$ 20,000	\$ 20,000	\$ 22,234	\$ 2,234
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 22,234</u>	<u>\$ 2,234</u>
EXPENDITURES				
Highways and streets	\$ 1,500	\$ 1,500	\$ 10,195	\$ (8,695)
Total expenditures	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 10,195</u>	<u>\$ (8,695)</u>
EXPENDITURES				
Budgetary basis			\$ 10,195	
(Decrease) in payable			<u>(5)</u>	
Modified accrual basis			<u>\$ 10,190</u>	

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - Fire Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 10,000	\$ 10,000	\$ 5,000	\$ (5,000)
State sources	49,958	49,958	73,982	24,024
Total revenues	<u>\$ 59,958</u>	<u>\$ 59,958</u>	<u>\$ 78,982</u>	<u>\$ 19,024</u>
EXPENDITURES				
Public safety	\$ 100,796	\$ 100,796	\$ 136,401	\$ (35,605)
Total expenditures	<u>\$ 100,796</u>	<u>\$ 100,796</u>	<u>\$ 136,401</u>	<u>\$ (35,605)</u>
BUDGETED CASH BALANCE	<u>\$ 40,838</u>	<u>\$ 40,838</u>		

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Special Revenue - Corrections Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 20,000	\$ 20,500	\$ 17,558	\$ (2,942)
State sources	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total revenues	<u>\$ 20,000</u>	<u>\$ 20,500</u>	<u>\$ 17,558</u>	<u>\$ (2,942)</u>
EXPENDITURES				
Public safety	\$ 20,000	\$ 20,150	\$ 7,167	\$ 12,983
Total expenditures	<u>\$ 20,000</u>	<u>\$ 20,150</u>	<u>\$ 7,167</u>	<u>\$ 12,983</u>
OTHER FINANCING USES				
Transfer out	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ -
Total other financing uses	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 5,000</u>	<u>\$ 5,000</u>		

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

NON-MAJOR CAPITAL PROJECT FUNDS

CO-OP GRANT FUND - To account for State appropriations received from the State Co-op grant.

REHAB OF DAMS 1 AND 2 FUND - To account for State appropriations used to rehabilitate dams.

RUS - WATER IMPROVEMENTS FUND - To account for federal grants and bond proceeds used for water system improvements.

SEWER LAGOON FUND - To account for the revenues and expenditures of the waste/wastewater sewer lagoon project.

LEGISLATIVE APPROPRIATION WATER CAPITAL PROJECTS FUND - To account for State appropriations used for water system improvements.

CDBG WATER SIPHON PROJECT FUND - To account for the disbursements made to the Town from CDBG and NMED grants to complete the project of the Water Siphon Project.

CDBG SEWER SYSTEM IMPROVEMENTS FUNDS - To account for a federal grant for sewer system improvements.

SCENIC BYWAYS - To account for the revenues and expenditures related to the scenic byway project.

AIRPORT CONSTRUCTION FUND - To account for the rehabilitation to the Town Airport for re-striping and resurfacing.

	Co-op Grant Fund	Rehab Dams Fund	RUS Water Improvements Fund	Sewer Lagoon Fund	Legislative Appropriation Fund
ASSETS					
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -
Total fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
 TOWN OF SPRINGER
 Non-Major Capital Projects Fund
 Combining Balance Sheet
 June 30, 2015

	CDBG Water Siphon Fund	CDBG Sewer System Fund	Scenic Byways Fund	Airport Construction Fund	Total
ASSETS					
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -
Total fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
TOWN OF SPRINGER

Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2015

Statement C-2
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	Co-op Grant Fund	Rehab Dams Fund	RUS Water Improvements Fund	Sewer Lagoon Fund	Legislative Appropriation Fund
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Earnings on investments	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES					
General government	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	-	-
Fund balance, beginning of year	37,609	(26,848)	40,889	47,538	(173,729)
Restatement	(37,609)	26,848	(40,889)	(47,538)	173,729
Fund balance, beginning of year, restated	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
TOWN OF SPRINGER

Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2015

Statement C-2
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	CDBG Water Siphon Fund	CDBG Sewer System Fund	Scenic Byways Fund	Airport Construction Fund	Total
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-
State sources	-	-	-	90,293	90,293
Federal sources	-	-	-	-	-
Earnings on investments	-	-	-	-	-
Total revenues	-	-	-	90,293	90,293
EXPENDITURES					
General government	-	-	-	-	-
Capital outlay	-	-	-	100,326	100,326
Total expenditures	-	-	-	100,326	100,326
Excess (deficiency) of revenues over expenditures	-	-	-	(10,033)	(10,033)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	10,033	10,033
Transfers out	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	10,033	10,033
Net change in fund balance	-	-	-	-	-
Fund balance, beginning of year	(90,299)	(1,160)	(2,431)	(75,963)	(244,394)
Restatement	90,299	1,160	2,431	75,963	244,394
Fund balance, beginning of year, restated	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - Co-op Grant
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - Rehab Dams Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
BUDGETED CASH BALANCE	\$ -	\$ -		

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - RUS Water Improvements Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - Sewer Lagoon Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - Legislative Appropriation Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - CDBG Water Siphon Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - CDBG Sewer System Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - Scenic Byways Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Capital Projects Fund - Airport Construction Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 100,000	\$ 100,000	\$ 90,293	\$ (9,707)
Total revenues	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 90,293</u>	<u>\$ (9,707)</u>
EXPENDITURES				
Capital outlay	\$ 100,000	\$ 100,000	\$ 100,326	\$ (326)
Total expenditures	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,326</u>	<u>\$ (326)</u>
OTHER FINANCING SOURCES				
Transfer in	\$ 25,000	\$ 25,000	\$ 10,033	\$ (14,967)
Total other financing sources	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 10,033</u>	<u>\$ (14,967)</u>

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

NON-MAJOR PROPRIETARY FUNDS

CEMETERY FUND - To account for the operations of the cemetery.

MUSEUM FUND - To account for the operations of the museum.

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Proprietary Funds
Statement of Net Position
June 30, 2015

Statement D-1

	Cemetery Fund	Museum Fund	Total
ASSETS			
Current Assets			
Cash on deposit	\$ 6,796	\$ 1,491	\$ 8,287
Accounts receivable (net)	-	-	-
Total Current Assets	6,796	1,491	8,287
Capital Assets			
Land	-	-	-
Land improvements	34,622	-	34,622
Buildings and Improvements	-	107,496	107,496
Equipment	-	-	-
Vehicles	-	-	-
Plant/infrastructure	-	-	-
Accumulated depreciation	(34,622)	(32,522)	(67,144)
Total Capital Assets	-	74,974	74,974
Total Assets	\$ 6,796	\$ 76,465	\$ 83,261
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Current portion loan payable	-	-	-
Customer meter deposits payable from Restricted Assets	-	-	-
Total Current Liabilities	-	-	-
Long-Term Liabilities			
Compensated absences payable	-	-	-
NMFA loan payable	-	-	-
Total Long-Term Liabilities	-	-	-
Total Liabilities	-	-	-
NET POSITION			
Net investment in capital assets	-	74,974	74,974
Restricted for capital outlay	-	-	-
Restricted for debt service	-	-	-
Unrestricted	6,796	1,491	8,287
Total Net Position	6,796	76,465	83,261
Total Liabilities and Net Position	\$ 6,796	\$ 76,465	\$ 83,261

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

	Cemetary Fund	Museum Fund	Total
OPERATING REVENUES			
Sales and services	\$ 1,185	\$ 262	\$ 1,447
Local source	250	786	1,036
State shared taxes	-	-	-
Total operating revenue	1,435	1,048	2,483
OPERATING EXPENSES			
Personal services	-	8,435	8,435
Maintenance and operations	1,085	4,060	5,145
Major contractual services	-	-	-
Other operating expenses	-	-	-
Depreciation	-	2,756	2,756
Total operating expenses	1,085	15,251	16,336
Operating income (loss)	350	(14,203)	(13,853)
NON-OPERATING REVENUE (EXPENSE)			
Investment income	-	-	-
Investment expense	-	-	-
Transfers in	-	13,167	13,167
Transfers out	-	-	-
State grant	-	-	-
Federal grant	-	-	-
Total Non-Operating Revenue (Expense)	-	13,167	13,167
Change in Net Position	350	(1,036)	(686)
Total net position, beginning of year	9,459	8,768	18,227
Restatement	(3,013)	68,733	65,720
Total net position, beginning of year	6,446	77,501	83,947
Total net position, end of year	\$ 6,796	\$ 76,465	\$ 83,261

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

Statement D-3

	Cemetery Fund	Museum Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,185	\$ 262	\$ 1,447
Cash received from local sources	250	786	1,036
Cash received from state sources	-	-	-
Cash payments to employees and to suppliers for goods and services	(1,085)	(12,724)	(13,809)
Net cash provided by operating activities	350	(11,676)	(11,326)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Loan proceeds	-	-	-
Principal paid	-	-	-
Acquisition of capital assets	-	-	-
Investment expense	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from state sources	-	-	-
Cash received from federal sources	-	-	-
Operating transfers from other funds	-	13,167	13,167
Operating transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	-	13,167	13,167
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash	350	1,491	1,841
Cash, beginning of year	6,446	-	6,446
Cash, end of year	\$ 6,796	\$ 1,491	\$ 8,287
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 350	\$ (14,203)	\$ (13,853)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	2,756	2,756
Changes in assets and liabilities:			
(Increase) decrease in receivables	-	-	-
Increase (decrease) in accounts payable	-	(229)	(229)
Increase (decrease) in compensated absences	-	-	-
Net cash provided (used) by operating activities	\$ 350	\$ (11,676)	\$ (11,326)

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Proprietary Funds
Cemetery Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 4,500	\$ 4,500	\$ 1,185	\$ (3,315)
Local sources	-	-	250	250
State sources	-	-	-	-
Interest income	-	-	-	-
Total revenues	\$ 4,500	\$ 4,500	\$ 1,435	\$ (3,065)
EXPENDITURES				
Personal services	-	-	-	-
Maintenance and operations	-	-	1,085	(1,085)
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 1,085	\$ -

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

STATE OF NEW MEXICO
TOWN OF SPRINGER
Non-Major Proprietary Funds
Museum Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 1,500	\$ 1,500	\$ 262	\$ (1,238)
Local sources	-	-	786	786
Interest income	-	-	-	-
Total revenues	\$ 1,500	\$ 1,500	\$ 1,048	\$ (452)
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	15,000	15,000	12,724	2,276
Contractual services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	\$ 15,000	\$ 15,000	\$ 12,724	\$ 2,276
OTHER FINANCING SOURCES				
Transfers in	\$ 20,000	\$ 20,000	\$ 13,167	\$ 6,833
Total other financing sources	\$ 20,000	\$ 20,000	\$ 13,167	\$ 6,833
EXPENDITURES				
Budgetary basis			\$ 12,724	
Capital outlay			-	
Depreciation			2,756	
(Decrease) in payables			(229)	
Increase in compensated absences			-	
Modified accrual basis			\$ 15,251	

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

PROPRIETARY FUND DETAIL

PROPRIETARY FUNDS

JOINT UTILITY FUND - To account for the joint water, sewer, solid waste and electrical services provided to the residents of the Springer, NM.

STATE OF NEW MEXICO
TOWN OF SPRINGER
Proprietary Funds
Joint Utility Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 1,112,000	\$ 1,292,000	\$ 1,307,938	\$ 15,938
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 1,112,000</u>	<u>\$ 1,292,000</u>	<u>\$ 1,307,938</u>	<u>\$ 15,938</u>
EXPENDITURES				
Maintenance and operations	\$ 1,017,000	\$ 1,324,781	\$ 1,232,383	\$ 92,398
Capital outlay	-	-	59,000	(59,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 1,017,000</u>	<u>\$ 1,324,781</u>	<u>\$ 1,291,383</u>	<u>\$ 33,398</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 35,000	\$ 35,000	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 27,646</u>		
REVENUES				
Budgetary basis			\$ 1,307,938	
Increase in receivables			60,744	
			<u> </u>	
Modified accrual basis			<u>\$ 1,368,682</u>	
EXPENDITURES				
Budgetary basis			\$ 1,291,383	
Capital outlay			(59,000)	
Depreciation			89,380	
Principle paid			(19,090)	
Increase in compensated absences			19,525	
(Decrease) in accounts payable			(35,733)	
(Decrease) in interest payable			(29,417)	
Decrease in inventory			37,240	
Decrease in Bond issue costs			5,621	
			<u> </u>	
Modified accrual basis			<u>\$ 1,299,909</u>	

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
TOWN OF SPRINGER
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND MUNICIPAL GENERAL DIVISION
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2015
Town of Springer proportion of the net pension liability (asset)	0.0360%
Town of Springer proportionate share of the net pension liability (asset)	\$ 280,839
Town of Springer covered-employee payroll	\$ 325,956
Town of Springer proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.08%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

See Independent Auditor's Report
See notes to required supplementary information

STATE OF NEW MEXICO
TOWN OF SPRINGER
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND MUNICIPAL POLICE DIVISION
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2015
Town of Springer proportion of the net pension liability (asset)	0.0168%
Town of Springer proportionate share of the net pension liability (asset)	\$ 54,766
Town of Springer covered-employee payroll	\$ 92,512
Town of Springer proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.08%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

See Independent Auditor's Report
See notes to required supplementary information

STATE OF NEW MEXICO
TOWN OF SPRINGER
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

	2015
Contractually required contribution	\$ 29,590
Contributions in relation to the contractually required contribution	(29,590)
Contribution deficiency (excess)	\$ -
Town of Springer covered-employee payroll	\$ 325,956
Contributions as a percentage of covered-employee payroll	9.55%

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

See Independent Auditor's Report
See notes to required supplementary information

STATE OF NEW MEXICO
TOWN OF SPRINGER
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 9,370
Contributions in relation to the contractually required contribution	<u>(9,370)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town of Springer covered-employee payroll	\$ 92,512
Contributions as a percentage of covered-employee payroll	10.40%

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

See Independent Auditor's Report
See notes to required supplementary information

STATE OF NEW MEXICO
TOWN OF SPRINGER
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND MUNICIPAL GENERAL DIVISION
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2015
Town of Springer Housing Authority proportion of the net pension liability (asset)	0.0129%
Town of Springer Housing Authority proportionate share of the net pension liability (asset)	\$ 100,634
Town of Springer Housing Authority covered-employee payroll	\$ 104,480
Town of Springer Housing Authority proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.32%
Plan fiduciary net position as a percentage of the total pension liability	81.5%

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

See Independent Auditor's Report
See notes to required supplementary information

STATE OF NEW MEXICO
TOWN OF SPRINGER
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal General
Last 10 Fiscal Years*

	2015
Contractually required contribution	\$ 9,814
Contributions in relation to the contractually required contribution	(9,814)
Contribution deficiency (excess)	\$ -
Town of Springer Housing Authority covered-employee payroll	\$ 104,480
Contributions as a percentage of covered-employee payroll	9.39%

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

See Independent Auditor's Report
See notes to required supplementary information

STATE OF NEW MEXICO
TOWN OF SPRINGER
Notes to Required Supplementary Information
June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf

The summary of Key Findings for the PERA Fund (on page 2 of the report) states "Based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

See Independent Auditor's Report
See notes to required supplementary information

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
TOWN OF SPRINGER
Schedule of Changes in
Assets and Liabilities -
Agency Funds
Year Ended June 30, 2015

Schedule VIII

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash	\$ 20,551	\$ 20,089	\$ 10,735	\$ 29,905
Total assets	<u>\$ 20,551</u>	<u>\$ 20,089</u>	<u>\$ 10,735</u>	<u>\$ 29,905</u>
LIABILITIES				
Due to General Fund	\$ -	\$ 16,965	\$ -	\$ 16,965
Due to Corrections Fund	-	8,781	-	8,781
Due to bond holders	-	2,116	1,587	529
Due to other agencies	<u>20,551</u>	<u>-</u>	<u>16,921</u>	<u>3,630</u>
Total liabilities	<u>\$ 20,551</u>	<u>\$ 27,862</u>	<u>\$ 18,508</u>	<u>\$ 29,905</u>

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

STATE OF NEW MEXICO
TOWN OF SPRINGER HOUSING AUTHORITY
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

Schedule IX

	Total
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 140,249
Cash subsidies - HUD	132,047
Cash paid to suppliers	(124,761)
Cash paid to employees (or on behalf of)	(177,937)
Net cash provided by operating activities	(30,402)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Legal settlement	(45,000)
Transfers in (out)	-
Net cash provided (used) by noncapital financing activities	(45,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital grant	31,981
Purchase of capital assets	-
Disposition of assets	-
Net cash provided (used) by capital and related financing activities	31,981
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of certificates of deposit	(221)
Investment income	221
Net cash provided (used) by investing activities	-
Net increase (decrease) in pooled cash and cash equivalents	(43,421)
Cash and cash equivalents, beginning of year	147,587
Cash and cash equivalents, end of year	\$ 104,166
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	(100,774)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	73,291
Change in assets and liabilities:	
Accounts receivable	1,128
Tenant prepaid rent	(34)
Inventory	3,894
Prepaid expenses	437
Tenants security deposits	(1,845)
Accounts and contracts payable	1,734
Accrued payroll and payroll taxes	(3,121)
Accrued compensated absences	(179)
Net GASB 68 accrual	(4,933)
Net cash provided (used) by operating activities	\$ (30,402)

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

Town of Springer
SCHEDULE OF VENDOR INFORMATION
 (for Purchases Exceeding \$60,000 excluding GRT)
 For the Year Ended June 30, 2015

Prepared by (Agency Staff Name) **Shawn Jeffrey**

Title: Clerk Date: December 10, 2015

RFP#/RFP#/State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address of ALL Vendor(s) that responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
N/A	Contract Services	Armstrong Consultants	\$ 104,344	\$ -	Armstrong Consultants 2385 Renard Place SE, Ste 210 Albuquerque, NM 87106	In-State	N	Airport Project
N/A	Purchase	Artesia Fire Equipment	\$ -	\$ -	Artesia Fire Equipment 1014 S 1st Street Artesia, NM 88210	In-State	N	Fire Supplies
RFP #01-213	Construction	Forsgren Associates, Inc.	\$ 911,000	\$ 1,217,462	Forsgren Associates, Inc. 4110 Cutler Avenue NE, Ste 100 Albuquerque, NM 87110 Bohannon Huston 7500 Jefferson Street, NE Albuquerque, NM 87109 Wilson & Company, Inc 4900 Lang Ave, NE Albuquerque, NM 87109	In-State	N	Power Dam Project
N/A	Construction	RMCI Construction	\$ 7,791,194	\$ 4,192,158	RMCI Construction 6211 Chappell Rd NE Albuquerque, NM 87199 Construction Reporter 1609 2nd St NW Albuquerque, NM 87109 Kiewit New Mexico 5130 Masthead St NE Albuquerque, NM 87109 Kirkland Construction 2102 Main Street Rye, CO 81069 Springer Electric Maxwell Ave Springer, NM 87747	In-State	N	Power Dam Project
N/A	Purchase	Springer Electric	\$ -	\$ -	USDA Rural Development 6200 Jefferson St NE Albuquerque, NM 87109 PO Box 1192 Raton, NM 87740	In-State	N	Electricity
N/A	Bond Debt	USDA Rural Development	\$ -	\$ -		In-State	N	Revenue Bond
N/A	Construction	W.M. Serazio Company	\$ -	\$ -		In-State	N	Road Project

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

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TAX PREPARATION
FAX (505) 294-8904

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. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Town Council
Town of Springer
Springer, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General and Dam Funds of the Town of Springer, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Town of Springer's basic financial statements, and the related budgetary comparison of the enterprise fund, presented as supplemental information, and have issued our report thereon dated December 15, 2015. Other auditors audited the financial statements of the Town of Springer Housing Authority, as described in our report on the Town's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Springer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which is described in the accompanying Status of Findings and Responses as Budget Overruns (2005-008), DFA Cash Report Incorrect (2009-003), Utility Accounting (2014-003), No Depreciation Policy (2015-001), Purchase Orders Required (2015-002), Receipts Issued out of Sequence (2015-003), Travel Policy (2015-004), Water Meter Deposits (2015-005), Sewer/Solid Waste Ordinance (2015-006), Electric Power Service Ordinance (2015-007), Late Fees for Late Deposits of IRS Taxes (2015-008), New Hire Reporting (2015-009), Employee Files Not Complete (2015-010), Policy Regarding Use of Town Property (2015-011), Incomplete 1099 Forms (2015-012), Lodgers Tax Revenues not Received (2015-013), Grant not Utilized (2015-014), Court Fees not Distributed Correctly (2015-015) and Transactions Made by Third Parties not Recorded on Books of Record (2015-016).

Town of Springer's Response to Findings

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

Purpose of this Report

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

Reda Associates, LLP

Albuquerque, New Mexico
December 15, 2015

STATUS OF FINDINGS AND RESPONSES

Prior Year Town Audit Findings:

1. Inadequate Capital Asset Records (2003-008) - Resolved.
2. Budget Overruns (2005-008) - Repeat.
3. Town not Preparing Financial Statements (2006-005) - Resolved.
4. Deficiencies in Internal Control (2006-007) - Resolved.
5. Trial Balance (2006-009) and (2011-001) - Resolved.
6. DFA Cash Report Incorrect (2009-003) - Repeated.
7. Late Submission of IPA Recommendation Form (2011-002) - Resolved.
8. Internal Control Deficiencies in Payroll (2013-001) - Resolved.
9. Revenue Bond Ordinance (2014-001) - Resolved.
10. Late Submission of Audit Report (2014-002) - Resolved.
11. Utility Accounting (2014-003) - Repeated.
12. Due from other Funds (2014-004) - Resolved.
13. Possible Misappropriation of Town Property, Abuse and Illegal Accounts (2014-005) - Resolved.

Current Year Town Audit Findings:

1. No Depreciation Policy (2015-001)
2. Purchase Orders Required (2015-002)
3. Receipts Issued Out of Sequence (2015-003)
4. Travel Policy (2015-004)
5. Water Meter Deposits (2015-005)
6. Sewer/Solid Waste Ordinance (2015-006)
7. Electric Power Service Ordinance (2015-007)
8. Late Fees for Late Deposits of IRS Taxes (2015-008)
9. New Hire Reporting (2015-009)
10. Employee Files Not Complete (2015-010)

11. Policy Regarding Use of Town Property (2015-011)
12. Incomplete 1099 Forms (2015-012)
13. Lodgers Tax Revenues not Received (2015-013)
14. Grant not Utilized (2015-014)
15. Court Fees Not Distributed Correctly (2015-015)
16. Transactions Made by Third Parties Not Recorded on Books of Record (2015-016)

Component Unit Audit Findings

Prior Year

NONE

Current Year

NONE

Budget Overruns - Compliance Matter
(2005-008)

CONDITION The following budget overruns occurred during the year: Operational Fund \$163,360, Library Fund \$430, LEPP Fund \$9,621, Street Fund \$8,695, Fire Fund \$35,605, Airport Construction Fund \$326 and the Cemetery Fund by \$1,085. Management has not made any progress with this requirement.

CRITERIA NMSA 1978 Section 22-8-11 B requires all funds to be spent within the established guidelines set for budgets.

CAUSE Management did not ensure budget adjustment requests were obtained from DFA by the required deadline.

EFFECT The Town had the adequate cash to pay the overruns but not the required budget authority from DFA.

RECOMMENDATION Management should review its budget quarterly and request all budget adjustments at that time to ensure budget overruns do not occur.

RESPONSE Management is diligently making the effort to review the budget and quarter reports to ensure there are no overruns. This process will be more effective with the new Caselle financial software the Town has acquired.

DFA Report Incorrect - Other Matter
(2009-003)

CONDITION	The Town has cash balances per the prior audit report that are not reflected on the DFA report. Also, transfers shown on the books of record do not match those recorded on the DFA report. Management has made progress in this area with a spreadsheet that can be used to upload all transactions for the quarter.
CRITERIA	Department of Finance and Administration regulations require all transactions and cash balances to be recorded on the DFA report.
CAUSE	The budget analyst for the Town requested changes to the DFA report. Some of these changes were not supported adequately.
EFFECT	DFA regulations concerning cognizant reporting were not followed.
RECOMMENDATION	All amounts reported on the DFA should be adequately supported by the DFA report.
RESPONSE	The Town will work more efficiently to record each transaction and transfer in the DFA report. The prior cash balances will be implemented into the current budget to record accurate cash balances.

Utility Accounting - Other Matter
(2014-003)

CONDITION	The rate ordinance for the electric department of the Joint Utility Fund has not been updated since 1983. Rates for Water, Sewer and solid waste have been increased in recent years however not the electric department. Management of the Town has not made any progress with this rate increase as of the date of this audit report.
CRITERIA	Rates should be adjusted accordingly to keep up with the costs of supplying those services.
CAUSE	Rate studies have not been periodically conducted to ensure adequacy of billing rates.
EFFECT	Current rates do not cover the cost of operations.
RECOMMENDATION	The Town Council should approve a rate increase as soon as possible.
RESPONSE	The Town of Springer is in the process of implementing a new rate Ordinance for the Electrical System. The increase will be for the maintenance and operations of the Electrical System. A rate assessment has been created by T&D Distributions and this assessment has been sent to the Town legal department for approval and implementation of process of approving the new rate structure.

No Depreciation Policy - Other Matter
(2015-001)

CONDITION The Town has not approved a depreciation policy so depreciation can be charged to capital assets according to Board approval.

CRITERIA The Town needs a depreciation policy so capital assets can be depreciated according to Board policy. This is due to the implementation of GASB 34.

CAUSE The Town has not approved a policy for management to follow.

EFFECT Depreciation may be charged incorrectly because no set policy is in place.

RECOMMENDATION The Town should approve a policy as soon as possible. Management should then implement that policy as soon as possible.

RESPONSE The Town of Springer will adopt a depreciation policy by June 30, 2016 to ensure that all future depreciation is entered into the system as required by GASB 34. The depreciation of all fixed assets will be done by the Town Clerk.

Purchase Orders Required - Other Matter
(2015-002)

CONDITION	The Town is not using Purchase Orders for all purchases made.
CRITERIA	DFA regulations require a purchase order to initiate a purchase. This document is used to ensure the Town not only has budget or budget authority but cash to purchase the item. This document is also used to provide guidance as to which fund and account can and will be used.
CAUSE	Management was not aware of this requirement.
EFFECT	DFA regulations are not being followed.
RECOMMENDATION	Purchase orders should be used for all transactions as soon as possible.
RESPONSE	The Town will work diligently to ensure every purchase has a Purchase Order issued before any transaction is approved. This will be done by the purchasing clerk by June 30, 2016.

Receipts Issued Out of Sequence - Other Matter
(2015-003)

CONDITION	Management is issuing receipts out of sequence. This circumvents the internal control provided by receipts being pre-numbered and issued in a sequence.
CRITERIA	The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with managements assertions embodied in the financial statements.
CAUSE	Management was not aware of this requirement.
EFFECT	Management is not ensuring proper internal control procedures are being used.
RECOMMENDATION	Management should ensure all receipts are pre-numbered and issued (written) in sequence.
RESPONSE	The Town will order customized receipts books to ensure all receipts are in sequence and properly recorded. This will be done by the receipting clerk by June 30, 2016.

Travel Policy - Other Matter
(2015-004)

CONDITION The Town is providing 100% of travel expenses to employees before the travel is taken.

CRITERIA The employee travel forms state that only 80% be provided before the travel date.

CAUSE Management is not following its own travel policy vouchers.

EFFECT Twenty percent of travel expenses are being paid before the travel is taken.

RECOMMENDATION Management should follow their travel policy vouchers from now on.

RESPONSE The Town of Springer will issue only the allotted amount for travel and will review the travel policy yearly to ensure all procedures are being followed. The Town Clerk will ensure this is done by June 30, 2016.

Water Meter Deposits - Other Matter
(2015-005)

CONDITION	The Town is not reconciling their monthly water meter deposit to the restricted bank account each month.
CRITERIA	The monthly meter deposit list should be reconciled and agreed to the reconciled bank account each month. This complies with good accounting practices.
CAUSE	Management is aware of this situation but has not completed an accurate meter deposit list and reconciled it to the reconciled bank account on a monthly basis.
EFFECT	Available resources could not be budgeted for and used in the Water Fund.
RECOMMENDATION	Management should designate an employee to perform this duty each month, identify differences and resolve those differences.
RESPONSE	The Town of Springer will diligently work to create and maintain a water meter list that accurately reconciles with the bank account. This will be done by the Town Clerk by June 30, 2016.

Sewer/Solid Waste Ordinance - Significant Deficiency
(2015-006)

CONDITION	The Town did not have a Sewer/Solid Waste Ordinance until May 2015.
CRITERIA	An Ordinance must be passed by the Town Council to ensure the correct amount is charged for the services provided and can be enforced legally.
CAUSE	Management was unaware of this oversight.
EFFECT	These charges cannot be enforced legally.
RECOMMENDATION	The Town adopted a Sewer/Solid Waste Ordinance in May 2015 so this comment should be eliminated for the 2016 Audit.
RESPONSE	The Town has a current Ordinance for the Sewer and Solid Waste Utility Services.

Electric Power Service Ordinance - Other Matter
(2015-007)

CONDITION The Town is charging customers an \$8 monthly service fee for electricity which was not adopted in the Electric Power Service Ordinance.

CRITERIA All electric charges/billings should comply with the most recent Electric Power Service Ordinance.

CAUSE Management has always charged a monthly service fee that was never adopted.

EFFECT These charges cannot be enforced legally.

RECOMMENDATION The Town should amend the Electric Power Service Ordinance to include the \$8 monthly service fee immediately.

RESPONSE Currently the Town of Springer is in the process of adopting a new rate structure for the electrical system which includes the service charge. This will be done by June 30, 2016.

Late Fees for Late Deposits of IRS Taxes - Other Matter
(2015-008)

CONDITION	The Town was assessed \$5,192 in penalties for failure to timely deposit payroll taxes.
CRITERIA	Each 941 deposit must be filed with the IRS by the 15 th of the following month.
CAUSE	Management did not ensure these deposits were submitted timely.
EFFECT	The Town paid \$5,192 for penalties that were not budgeted for or allowed under DFA regulations.
RECOMMENDATION	Management should ensure these tax deposits are timely made to ensure penalties are avoided.
RESPONSE	The Town Clerk was unaware of the IRS regulation of reporting when the payroll taxes are over \$20,000. The Town has obtained Wells Fargo Payroll Service to ensure the proper reporting of the payroll requirements and taxes.

New Hire Reporting - Other Matter
(2015-009)

CONDITION The Town did not properly report newly hired employees to a State directory within 20 days of their hire date.

CRITERIA New Mexico law (50-13-1 to 50-13-4 NMSA) and the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, 42. U.S.C. 653A, requires all employers to report newly hired employees to a State directory within 20 days of their hire.

CAUSE Management did not know of this requirement.

EFFECT The Town did not comply with New Mexico State Statute 50-13-1 or the PRWORA of 1996.

RECOMMENDATION The Town is now complying with this law, however, management should have a system in place to ensure all future reports are submitted on time.

RESPONSE The Town of Springer will diligently work to record all new employees on the New Hire Website within the time line required. This will be done by the Town Clerk by June 30, 2016.

Employee Files Not Complete - Other Matter
(2015-010)

CONDITION	The employee files did not have wage rate approval documentation and five of the I-9 forms were incomplete or incorrect.
CRITERIA	Employee files need to have complete I-9 forms and wage rate documentation.
CAUSE	Management is not ensuring these documents are being obtained and included in their files.
EFFECT	Good internal controls are not being followed.
RECOMMENDATION	Management needs to ensure these forms are completed and included in each employee's file.
RESPONSE	The Town of Springer will work to ensure each employee has the proper documentation of wage rates and that all I-9 forms are filed out correctly. This will be done by the Town Clerk by June 30, 2016.

Policy Regarding Use of Town Property - Other Matter
(2015-011)

CONDITION	The Town has no stated (printed) policy regarding the business and/or personal use of vehicles and cell phones.
CRITERIA	There should be a written policy regarding personal and business use of Village property.
CAUSE	Management has not required a written policy.
EFFECT	Improper use of Town property could result in imposition of taxes for personal use.
RECOMMENDATION	The Town should adopt a policy regarding business and/or personal use of Town property immediately.
RESPONSE	The Town will obtain and adopt a policy regarding the controls and limitations of all Town Property and cell phones. This will be done by June 30, 2016.

Incomplete 1099 Forms - Other Matter
(2015-012)

CONDITION	Twelve of the twenty-six 1099 forms did not contain the recipient's tax identification number.
CRITERIA	The Town should obtain accurate and complete information needed to prepare the 1099 forms.
CAUSE	The Town is not requiring suppliers and providers to complete the W-9 forms before any work is started by the supplier/provider.
EFFECT	The filing of inaccurate or incomplete 1099 forms could result in the imposition of penalties by the IRS.
RECOMMENDATION	The Town should request W-9 forms for all suppliers/providers prior to utilizing services.
RESPONSE	The Town will work diligently to ensure all vendors are recorded correctly for the 1099 forms. The Town Clerk will ensure this is resolved by June 30, 2016.

Lodgers Tax Revenues- Other Matter
(2015-013)

CONDITION	Management of the Town does not currently have a system in place to track Lodgers Tax revenues. Also, there is no system in place to collect any missing payments.
CRITERIA	Management should properly safeguard all assets. This includes a system of collecting revenues to ensure these amounts are received.
CAUSE	Management has not implemented a system to ensure these amounts are received.
EFFECT	Revenues owed to the Town are never received.
RECOMMENDATION	Management should implement a system to receive these revenues immediately.
RESPONSE	The Town will create a spreadsheet that will be monitored on a monthly basis to ensure proper payment by all businesses who are required to submit payment on a monthly basis. The Town Clerk will ensure this is resolved by June 30, 2016.

Grant Not Utilized - Other Matter
(2015-014)

CONDITION	The Town received a Department of Transportation grant in the amount of \$25,000. The Town did not use this grant and let it lapse. Thus, the \$25,000 reverted back to the State.
CRITERIA	All grant monies received should be spent correctly according to the grant agreement.
CAUSE	The Town had a change of Staff and this grant was not a priority in the transition.
EFFECT	The Town lost \$25,000 in grant money.
RECOMMENDATION	Management should utilize all grant monies.
RESPONSE	This funding was unknown to current staff. The current grant funding is utilized and administered as required by the agreement and the regulations of the State of New Mexico.

Court Fees Not Distributed Correctly - Other Matter
(2015-015)

CONDITION	Management of the Town is not distributing revenues from tickets correctly to the Corrections and General Funds.
CRITERIA	All amounts owed to the Corrections and General Fund should be distributed each month after all Automation and Education Fees are reconciled and submitted to the State.
CAUSE	Management is not ensuring this is done correctly and timely.
EFFECT	The Corrections Fund is owed \$8,781 and the General Fund \$17,640.
RECOMMENDATION	These amounts need to be transferred as soon as possible.
RESPONSE	The Town staff is currently working to ensure the proper reporting of the monthly reports and the distribution of the funds as required by the State of New Mexico. This will be done by the Town Clerk by June 30, 2016.

Transactions Made by Third Parties
Not Recorded on Books of Record - Other Matter
(2015-016)

CONDITION	Funds held at New Mexico Finance Authority were never recorded on the Town's books of record. These included cash balances, interest earned and capital assets purchased.
CRITERIA	All transactions whether actually made by management or outside parties needs to be posted/recorded to the entity's books of record.
CAUSE	Management did not ensure these transactions were booked.
EFFECT	Cash balances, fixed assets and interest income were understated on the Town's books of record. Adjustments had to be made to adjust certain trial balances so these amounts were included.
RECOMMENDATION	Management should ensure all amounts/ transactions are posted/recorded to the entity's books of record.
RESPONSE	The Town of Springer will work in conjunction with the new financial software to ensure all cash balances, interest earned, and capital assets are recorded as required by the State of New Mexico. This will be done by the Town Clerk by June 30, 2016.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2015 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An exit conference was held at the City on December 15, 2015 to discuss the current audit report. In attendance were Mr. Mayor Fernando Garcia, Mr. Boe Lopez, Mayor Pro-Tem, Ms. Shawn Jeffrey, Clerk, Mr. Samuel Blea, Deputy Clerk and Ms. Pamela A. Rice, CPA, Contract Auditor.