

State of New Mexico

# TOWN OF SPRINGER



FOR YEAR ENDED JUNE 30, 2016

ANNUAL FINANCIAL REPORT

*RICE & ASSOCIATES*

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

TOWN OF SPRINGER

AUDIT REPORT

For The Year Ended June 30, 2016

(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
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Proprietary Funds:

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STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Official Roster  
Year Ended June 30, 2016

Town Council

| <u>Name</u>          | <u>Title</u>  |
|----------------------|---------------|
| Mr. Fernando Garcia  | Mayor         |
| Mr. Boe Lopez        | Mayor Pro-Tem |
| Ms. Jean Martinez    | Town Trustee  |
| Ms. Anna Phillips    | Town Trustee  |
| Mr. Timothy Trujillo | Town Trustee  |

Town Administration

|                    |                           |
|--------------------|---------------------------|
| Ms. Shawn Jeffrey  | Clerk/Treasurer           |
| Mr. Samuel Blea    | Deputy Clerk              |
| Mr. Anthony Abeyta | Utility Billings<br>Clerk |



*Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
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Albuquerque, NM 87112

TAX PLANNING  
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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, 2016, 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, 2016 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 \$616,980 as of June 30, 2016, and net operating revenues of \$(122,673) 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, 2016, 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, 2016, 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.

### 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 governmental and 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 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 comparison for the enterprise fund 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 June 19, 2017 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.

*Rid & Associates, CPA*

Albuquerque, New Mexico  
June 19, 2017

**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Statement of Net Position  
June 30, 2016

Statement 1  
Page 1 of 2

|   | Governmental<br>Activities | Business Type<br>Activities | Housing<br>Authority<br>Component<br>Unit |
|---|----------------------------|-----------------------------|---|
| <b>ASSETS</b>   |                            |                             |   |
| Current Assets  |                            |                             |   |
| Cash  | \$ 406,511                 | \$ 695,431                  | \$ 163,905                                |
| Accounts receivable (net of<br>uncollectible accounts)            | 35,042                     | 143,768                     | 743                                       |
| Prepaid insurance   | -                          | -                           | 10,957                                    |
| Inventory   | -                          | -                           | 11,520                                    |
| Due from other funds  | 32,409                     | -                           | -   |
| <b>Total current assets</b>                                       | <b>473,962</b>             | <b>839,199</b>              | <b>187,125</b>                            |
| Non-current assets  |                            |                             |   |
| Restricted assets (cash)  | -                          | 840                         | 12,077                                    |
| Customer Meter Deposits   | -                          | 51,250                      | -   |
| <b>Total non-current assets</b>                                   | <b>-</b>                   | <b>52,090</b>               | <b>12,077</b>                             |
| Land  | 119,375                    | -                           | 41,101                                    |
| Land improvements   | -                          | 34,622                      | -   |
| Buildings and improvements  | 1,358,002                  | 361,855                     | 2,876,934                                 |
| Vehicles/heavy equipment  | 1,607,338                  | 119,500                     | -   |
| Equipment   | 139,500                    | -                           | 143,465                                   |
| Plant/Infrastructure  | 8,250,160                  | 6,500,784                   | -   |
| <b>Total capital assets</b>                                       | <b>11,474,375</b>          | <b>7,016,761</b>            | <b>3,061,500</b>                          |
| Less accumulated depreciation                                     | (2,984,710)                | (3,900,631)                 | (2,643,722)                               |
| <b>Total capital assets (net of<br/>accumulated depreciation)</b> | <b>8,489,665</b>           | <b>3,116,130</b>            | <b>417,778</b>                            |
| Deferred outflows of resources                                    |                            |                             |   |
| Employer contributions subsequent to<br>measurement date          | 82,896                     | -                           | 10,062                                    |
| <b>Total assets</b>   | <b>\$ 9,046,523</b>        | <b>\$ 4,007,419</b>         | <b>\$ 627,042</b>                         |

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

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Statement of Net Position  
June 30, 2016

Statement 1  
Page 2 of 2

|   | Governmental<br>Activities | Business Type<br>Activities | Housing<br>Authority<br>Component<br>Unit |
|---|----------------------------|-----------------------------|---|
| <b>LIABILITIES AND NET ASSETS</b>                         |                            |                             |   |
| Current Liabilities                                       |                            |                             |   |
| Accounts payable  | \$ 40,417                  | \$ 53,857                   | \$ 18,655                                 |
| Current portion revenue bonds/<br>NMFA loans payable      | 64,081                     | 21,127                      | -   |
| Prepaid rent  | -                          | -                           | 811                                       |
| Current portion compensated absences                      | -                          | -                           | 5,429                                     |
| Customer meter deposits payable<br>from restricted assets | -                          | 51,250                      | -   |
| Security deposits   | -                          | -                           | 12,044                                    |
| Total current liabilities                                 | 104,498                    | 126,234                     | 36,939                                    |
| Non-Current Liabilities                                   |                            |                             |   |
| Compensated absences payable                              | 37,755                     | 49,146                      | 3,412                                     |
| Revenue bonds/NMFA loans payable                          | 235,728                    | 976,182                     | -   |
| Net pension liability                                     | 512,274                    | -                           | 126,429                                   |
| Total non-current liabilities                             | 785,757                    | 1,025,328                   | 129,841                                   |
| Total liabilities   | 890,255                    | 1,151,562                   | 166,780                                   |
| Deferred Inflows  |                            |                             |   |
| Change in assumptions                                     | 5,107                      | -                           | -   |
| Net difference between expected<br>and actual earnings    | 10,269                     | -                           | 6,228                                     |
| Total deferred inflows                                    | 15,376                     | -                           | 6,228                                     |
| Net Position  |                            |                             |   |
| Net investment in capital assets                          | 8,189,856                  | 2,118,821                   | 417,778                                   |
| Restricted for:   |                            |                             |   |
| State mandated cash balance                               | 56,292                     | -                           | -   |
| Special revenue fund                                      | 56,066                     | -                           | -   |
| Debt service  | 4,547                      | 840                         | -   |
| Unrestricted  | (165,869)                  | 736,196                     | 36,256                                    |
| Total net position  | 8,140,892                  | 2,855,857                   | 454,034                                   |
| Total liabilities and net position                        | \$ 9,046,523               | \$ 4,007,419                | \$ 627,042                                |

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, 2016

Statement 2

| Functions/Programs                          | Program Revenues           |                            |  |  | Net (Expenses) Revenue and<br>Changes in Net Position |                             |                             | Component<br>Unit        |
|---|----------------------------|----------------------------|--|--|---|-----------------------------|-----------------------------|--------------------------|
|   | Expenses                   | Charges for<br>Services    | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                            | Business-Type<br>Activities | Total                       |                          |
| <b>Primary government:</b>                  |                            |                            |  |  |   |                             |                             |                          |
| Governmental activities:                    |                            |                            |  |  |   |                             |                             |                          |
| General government                          | \$ 475,541                 | \$ 39,211                  | \$ 49,743                                | \$ 2,097,365                           | \$ 1,710,778  | \$ -                        | \$ 1,710,778                | \$ -                     |
| Highways and streets                        | 78,960                     | -                          | -  | -                                      | (78,960)  | -                           | (78,960)                    | -                        |
| Public safety                               | 247,370                    | -                          | 132,629                                  | -                                      | (114,741)   | -                           | (114,741)                   | -                        |
| Culture and recreation                      | 112,775                    | 519                        | 14,838                                   | 43,092                                 | (54,326)  | -                           | (54,326)                    | -                        |
| Interest                                    | 11,664                     | -                          | -  | -                                      | (11,664)  | -                           | (11,664)                    | -                        |
| Depreciation - unallocated                  | 389,073                    | -                          | -  | -                                      | (389,073)   | -                           | (389,073)                   | -                        |
| Total governmental activities               | <u>1,315,383</u>           | <u>39,730</u>              | <u>197,210</u>                           | <u>2,140,457</u>                       | <u>1,062,014</u>                                      | <u>-</u>                    | <u>1,062,014</u>            | <u>-</u>                 |
| Business-type activities:                   |                            |                            |  |  |   |                             |                             |                          |
| Joint utilities                             | <u>1,662,297</u>           | <u>1,362,156</u>           | <u>23,165</u>                            | <u>585,535</u>                         | <u>-</u>  | <u>308,559</u>              | <u>308,559</u>              | <u>-</u>                 |
| Total business-type activities              | <u>1,662,297</u>           | <u>1,362,156</u>           | <u>23,165</u>                            | <u>585,535</u>                         | <u>-</u>  | <u>308,559</u>              | <u>308,559</u>              | <u>-</u>                 |
| Total all activities                        | <u><b>\$ 2,977,680</b></u> | <u><b>\$ 1,401,886</b></u> | <u><b>\$ 220,375</b></u>                 | <u><b>\$ 2,725,992</b></u>             | <u>1,062,014</u>                                      | <u>308,559</u>              | <u>1,370,573</u>            | <u>-</u>                 |
| <b>Component Unit:</b>                      |                            |                            |  |  |   |                             |                             |                          |
| Housing Authority                           | <u>\$ 370,939</u>          | <u>\$ 127,820</u>          | <u>\$ 120,446</u>                        | <u>\$ 76,243</u>                       | <u>-</u>  | <u>-</u>                    | <u>-</u>                    | <u>(46,430)</u>          |
| General Revenues:                           |                            |                            |  |  |   |                             |                             |                          |
| Property taxes                              |                            |                            |  |  | 58,822  | -                           | 58,822                      | -                        |
| Gross receipts taxes                        |                            |                            |  |  | 461,263   | -                           | 461,263                     | -                        |
| Franchise taxes                             |                            |                            |  |  | 14,302  | -                           | 14,302                      | -                        |
| Gas tax                                     |                            |                            |  |  | 56,662  | -                           | 56,662                      | -                        |
| Lodgers taxes                               |                            |                            |  |  | 7,633   | -                           | 7,633                       | -                        |
| State aid not restricted to special purpose |                            |                            |  |  |   |                             |                             |                          |
| General                                     |                            |                            |  |  | 126,754   | -                           | 126,754                     | -                        |
| Transfers                                   |                            |                            |  |  | 549,980   | (549,980)                   | -                           | -                        |
| Investment earnings                         |                            |                            |  |  | 150   | -                           | 150                         | 149                      |
| Total general revenues and transfers        |                            |                            |  |  | <u>1,275,566</u>                                      | <u>(549,980)</u>            | <u>725,586</u>              | <u>149</u>               |
| Change in net position                      |                            |                            |  |  | 2,337,580   | (241,421)                   | 2,096,159                   | (46,281)                 |
| Net position - beginning of year            |                            |                            |  |  | <u>5,803,312</u>                                      | <u>3,097,278</u>            | <u>8,900,590</u>            | <u>500,315</u>           |
| Net assets - end of year                    |                            |                            |  |  | <u><b>\$ 8,140,892</b></u>                            | <u><b>\$ 2,855,857</b></u>  | <u><b>\$ 10,996,749</b></u> | <u><b>\$ 454,034</b></u> |

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

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Balance Sheet  
Governmental Funds  
June 30, 2016

Statement 3

|                                       | General<br>Fund   | Dam<br>Project<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------|-------------------|------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                         |                   |                        |                                |                                |
| Cash on deposit                       | \$ 350,966        | \$ -                   | \$ 55,545                      | \$ 406,511                     |
| Accounts receivable                   | 664               | 33,857                 | 521                            | 35,042                         |
| Due from other funds                  | 32,409            | -                      | -                              | 32,409                         |
| Total assets                          | <b>\$ 384,039</b> | <b>\$ 33,857</b>       | <b>\$ 56,066</b>               | <b>\$ 473,962</b>              |
| <b>LIABILITIES</b>                    |                   |                        |                                |                                |
| Accounts payable                      | \$ 6,560          | \$ 33,857              | \$ -                           | \$ 40,417                      |
| Total liabilities                     | 6,560             | 33,857                 | -                              | 40,417                         |
| <b>FUND BALANCE</b>                   |                   |                        |                                |                                |
| Restricted                            | 4,547             | -                      | 56,066                         | 60,613                         |
| Committed                             | -                 | -                      | -                              | -                              |
| Assigned                              | -                 | -                      | -                              | -                              |
| Unassigned                            | 372,932           | -                      | -                              | 372,932                        |
| Total fund balance                    | 377,479           | -                      | 56,066                         | 433,545                        |
| Total liabilities and<br>fund balance | <b>\$ 384,039</b> | <b>\$ 33,857</b>       | <b>\$ 56,066</b>               | <b>\$ 473,962</b>              |

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



## TOWN OF SPRINGER

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2016

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

|  |           |                         |
|--|-----------|-------------------------|
| Total fund balances - governmental funds   | \$        | 433,545                 |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds</p>   |           |                         |
| The cost of capital assets   |           | 11,474,375              |
| Accumulated depreciation   |           | <u>(2,984,710)</u>      |
|  |           | 8,489,665               |
| <p>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:</p> |           |                         |
| Compensated absences   |           | (37,755)                |
| Loans payable  |           | <u>(299,809)</u>        |
|  |           | (337,564)               |
| <p>Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds</p>   |           |                         |
| Net pension liability  |           | (512,274)               |
| <p>Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds</p>  |           |                         |
| Deferred outflows of resources related to employer contributions subsequent to the measurement date  |           | 82,896                  |
| Deferred inflows or resources related to investment experience   |           | (10,269)                |
| Deferred inflows of resources related to changes in proportion   |           | <u>(5,107)</u>          |
| Net position of governmental activities  | <b>\$</b> | <b><u>8,140,892</u></b> |

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, 2016

|   | General<br>Fund   | Dam<br>Project<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|------------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>                                   |                   |                        |                                |                                |
| Taxes   | \$ 58,822         | \$ -                   | \$ -                           | \$ 58,822                      |
| Franchise taxes                                   | 14,302            | -                      | -                              | 14,302                         |
| Gas taxes   | 56,662            | -                      | -                              | 56,662                         |
| Lodgers taxes                                     | -                 | -                      | 7,633                          | 7,633                          |
| MVD   | -                 | -                      | -                              | -                              |
| Charges for services                              | 39,211            | -                      | 519                            | 39,730                         |
| Licenses and permits                              | 4,300             | -                      | -                              | 4,300                          |
| Fines and forfeitures                             | 19,180            | -                      | 5,952                          | 25,132                         |
| Local sources                                     | 45,443            | -                      | 7,923                          | 53,366                         |
| State sources                                     | 88,590            | 2,135,529              | 127,162                        | 2,351,281                      |
| Federal sources                                   | -                 | -                      | 30,342                         | 30,342                         |
| State shared taxes                                | 461,263           | -                      | -                              | 461,263                        |
| Earnings from investments                         | 97                | -                      | 53                             | 150                            |
|   | <u>787,870</u>    | <u>2,135,529</u>       | <u>179,584</u>                 | <u>3,102,983</u>               |
| <b>Total revenues</b>                             |                   |                        |                                |                                |
| <b>EXPENDITURES</b>                               |                   |                        |                                |                                |
| Current:  |                   |                        |                                |                                |
| General government                                | 455,028           | -                      | -                              | 455,028                        |
| Highways and streets                              | 50,089            | -                      | 28,871                         | 78,960                         |
| Public safety                                     | 185,312           | -                      | 62,058                         | 247,370                        |
| Health & welfare                                  | -                 | -                      | -                              | -                              |
| Culture and recreation                            | 60,421            | -                      | 52,354                         | 112,775                        |
| Capital outlay                                    | 5,108             | 2,709,009              | 61,430                         | 2,775,547                      |
| NMFA principle                                    | 32,363            | -                      | 27,059                         | 59,422                         |
| NMFA interest                                     | 2,885             | -                      | 8,779                          | 11,664                         |
|   | <u>791,206</u>    | <u>2,709,009</u>       | <u>240,551</u>                 | <u>3,740,766</u>               |
| <b>Total expenditures</b>                         |                   |                        |                                |                                |
| Excess (deficiency) revenues<br>over expenditures | (3,336)           | (573,480)              | (60,967)                       | (637,783)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                   |                        |                                |                                |
| Operating transfers in                            | 48,969            | 573,480                | 30,000                         | 652,449                        |
| Operating transfers out                           | (53,500)          | -                      | (48,969)                       | (102,469)                      |
|   | <u>(4,531)</u>    | <u>573,480</u>         | <u>(18,969)</u>                | <u>549,980</u>                 |
| Net change in fund balances                       | (7,867)           | -                      | (79,936)                       | (87,803)                       |
| Fund balance beginning of year                    | 385,346           | -                      | 136,002                        | 521,348                        |
| Fund balance end of year                          | <u>\$ 377,479</u> | <u>\$ -</u>            | <u>\$ 56,066</u>               | <u>\$ 433,545</u>              |

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

STATE OF NEW MEXICO  
TOWN OF SPRINGER

Statement 6

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, 2016

Net change in fund balances - total governmental funds \$ (87,803)

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                                    | 2,775,547        |           |
| Depreciation expense                               | <u>(389,073)</u> |           |
| Excess of capital outlay over depreciation expense |                  | 2,386,474 |

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 |  | 39,475          |
| Pension expense       |  | <u>(52,710)</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:

|                              |  |         |
|------------------------------|--|---------|
| Compensated absences payable |  | (7,278) |
|------------------------------|--|---------|

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>59,422</u> |               |
|                             |               | <u>59,422</u> |

Change in net position of governmental activities \$ 2,337,580

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, 2016

|                                | Original<br>Budget | Final<br>Budget    | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------------|--------------------|--------------------|-------------------|--|
| <b>REVENUES</b>                |                    |                    |                   |  |
| Taxes                          | \$ 50,500          | \$ 50,500          | \$ 59,151         | \$ 8,651                               |
| Franchise taxes                | 20,000             | 20,000             | 14,302            | (5,698)                                |
| Gas taxes                      | 36,500             | 36,500             | 56,662            | 20,162                                 |
| Charges for services           | 38,000             | 38,000             | 39,211            | 1,211                                  |
| Licenses and permits           | 3,500              | 3,500              | 4,300             | 800                                    |
| Fines and forfeitures          | 5,500              | 5,500              | 3,736             | (1,764)                                |
| Local sources                  | 30,000             | 30,000             | 45,443            | 15,443                                 |
| State sources                  | 280,000            | 280,000            | 210,489           | (69,511)                               |
| Federal sources                | -                  | -                  | -                 | -                                      |
| State shared taxes             | 383,500            | 449,867            | 461,263           | 11,396                                 |
| Earnings from investments      | 100                | 100                | 97                | (3)                                    |
|                                | <u>847,600</u>     | <u>913,967</u>     | <u>894,654</u>    | <u>(19,313)</u>                        |
| Total revenues                 | <u>\$ 847,600</u>  | <u>\$ 913,967</u>  | <u>\$ 894,654</u> | <u>\$ (19,313)</u>                     |
| <b>EXPENDITURES</b>            |                    |                    |                   |  |
| Current:                       |                    |                    |                   |  |
| General government             | \$ 420,500         | \$ 486,867         | \$ 459,105        | \$ 27,762                              |
| Highways and streets           | 125,000            | 125,000            | 50,089            | 74,911                                 |
| Public safety                  | 200,000            | 200,000            | 185,312           | 14,688                                 |
| Health and welfare             | -                  | -                  | -                 | -                                      |
| Culture and recreation         | 30,000             | 30,000             | 60,421            | (30,421)                               |
| Capital outlay                 | -                  | -                  | 5,108             | (5,108)                                |
| NMFA Principle                 | -                  | -                  | 32,363            | (32,363)                               |
| NMFA Interest                  | -                  | -                  | 2,885             | (2,885)                                |
|                                | <u>775,500</u>     | <u>841,867</u>     | <u>795,283</u>    | <u>46,584</u>                          |
| Total expenditures             | <u>\$ 775,500</u>  | <u>\$ 841,867</u>  | <u>\$ 795,283</u> | <u>\$ 46,584</u>                       |
| <b>OTHER FINANCING SOURCES</b> |                    |                    |                   |  |
| Operating transfers in         | \$ -               | \$ -               | \$ 48,969         | \$ 48,969                              |
| Operating transfers out        | (64,968)           | (64,968)           | (53,500)          | 11,468                                 |
|                                | <u>(64,968)</u>    | <u>(64,968)</u>    | <u>(4,531)</u>    | <u>60,437</u>                          |
| Total other financing sources  | <u>\$ (64,968)</u> | <u>\$ (64,968)</u> | <u>\$ (4,531)</u> | <u>\$ 60,437</u>                       |
| <b>BUDGETED CASH BALANCE</b>   | <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, 2016

Statement 8  
Page 1 of 2

|                            | Water/Sewer<br>Fund        | Solid Waste<br>Fund     | Electric<br>Fund         | Other<br>Enterprise<br>Funds | Total                      |
|----------------------------|----------------------------|-------------------------|--------------------------|------------------------------|----------------------------|
| <b>ASSETS</b>              |                            |                         |                          |                              |                            |
| Current Assets             |                            |                         |                          |                              |                            |
| Cash on deposit            | \$ 85,854                  | \$ 9,994                | \$ 586,270               | \$ 13,313                    | \$ 695,431                 |
| Accounts receivable (net)  | <u>61,406</u>              | <u>10,012</u>           | <u>72,350</u>            | <u>-</u>                     | <u>143,768</u>             |
| Total Current Assets       | <u>147,260</u>             | <u>20,006</u>           | <u>658,620</u>           | <u>13,313</u>                | <u>839,199</u>             |
| Non-Current Assets         |                            |                         |                          |                              |                            |
| Restricted Assets (Cash)   | 840                        | -                       | -                        | -                            | 840                        |
| Customer meter deposits    | <u>51,250</u>              | <u>-</u>                | <u>-</u>                 | <u>-</u>                     | <u>51,250</u>              |
| Total Non-Current Assets   | <u>52,090</u>              | <u>-</u>                | <u>-</u>                 | <u>-</u>                     | <u>52,090</u>              |
| Capital Assets             |                            |                         |                          |                              |                            |
| Land                       | -                          | -                       | -                        | -                            | -                          |
| Land improvements          | -                          | -                       | -                        | 34,622                       | 34,622                     |
| Buildings and Improvements | 254,359                    | -                       | -                        | 107,496                      | 361,855                    |
| Equipment                  | -                          | -                       | -                        | -                            | -                          |
| Vehicles                   | -                          | -                       | -                        | -                            | -                          |
| Heavy equipment            | 59,000                     | 60,500                  | -                        | -                            | 119,500                    |
| Plant/infrastructure       | 6,500,784                  | -                       | -                        | -                            | 6,500,784                  |
| Accumulated depreciation   | <u>(3,770,231)</u>         | <u>(60,500)</u>         | <u>-</u>                 | <u>(69,900)</u>              | <u>(3,900,631)</u>         |
| Total Capital Assets       | <u>3,043,912</u>           | <u>-</u>                | <u>-</u>                 | <u>72,218</u>                | <u>3,116,130</u>           |
| Total Assets               | <u><b>\$ 3,243,262</b></u> | <u><b>\$ 20,006</b></u> | <u><b>\$ 658,620</b></u> | <u><b>\$ 85,531</b></u>      | <u><b>\$ 4,007,419</b></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, 2016

Statement 8  
Page 2 of 2

|   | Water/Sewer<br>Fund        | Solid Waste<br>Fund     | Electric<br>Fund         | Other<br>Enterprise<br>Funds | Total                      |
|---|----------------------------|-------------------------|--------------------------|------------------------------|----------------------------|
| <b>LIABILITIES</b>  |                            |                         |                          |                              |                            |
| Current Liabilities                                       |                            |                         |                          |                              |                            |
| Accounts payable  | \$ 7,838                   | \$ -                    | \$ 46,019                | \$ -                         | \$ 53,857                  |
| Current portion revenue bonds payable                     | 13,563                     | -                       | 6,000                    | -                            | 19,563                     |
| Current portion loan payable                              | 1,564                      | -                       | -                        | -                            | 1,564                      |
| Customer meter deposits<br>payable from Restricted Assets | <u>51,250</u>              | <u>-</u>                | <u>-</u>                 | <u>-</u>                     | <u>51,250</u>              |
| Total Current Liabilities                                 | <u>74,215</u>              | <u>-</u>                | <u>52,019</u>            | <u>-</u>                     | <u>126,234</u>             |
| Long-Term Liabilities                                     |                            |                         |                          |                              |                            |
| Compensated absences payable                              | 40,569                     | 8,577                   | -                        | -                            | 49,146                     |
| Revenue bonds payable                                     | 641,724                    | -                       | 307,267                  | -                            | 948,991                    |
| NMFA  | <u>27,191</u>              | <u>-</u>                | <u>-</u>                 | <u>-</u>                     | <u>27,191</u>              |
| Total Long-Term Liabilities                               | <u>709,484</u>             | <u>8,577</u>            | <u>307,267</u>           | <u>-</u>                     | <u>1,025,328</u>           |
| Total Liabilities   | <u>783,699</u>             | <u>8,577</u>            | <u>359,286</u>           | <u>-</u>                     | <u>1,151,562</u>           |
| <b>NET POSITION</b>                                       |                            |                         |                          |                              |                            |
| Net investment in capital assets                          | 2,359,870                  | -                       | (313,267)                | 72,218                       | 2,118,821                  |
| Restricted for debt service                               | 840                        | -                       | -                        | -                            | 840                        |
| Restricted for repair & replacement                       | -                          | -                       | -                        | -                            | -                          |
| Unrestricted  | <u>98,853</u>              | <u>11,429</u>           | <u>612,601</u>           | <u>13,313</u>                | <u>736,196</u>             |
| Total Net Position  | <u>2,459,563</u>           | <u>11,429</u>           | <u>299,334</u>           | <u>85,531</u>                | <u>2,855,857</u>           |
| Total Liabilities and<br>Net Position                     | <u><b>\$ 3,243,262</b></u> | <u><b>\$ 20,006</b></u> | <u><b>\$ 658,620</b></u> | <u><b>\$ 85,531</b></u>      | <u><b>\$ 4,007,419</b></u> |

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, 2016

|  | Water/Sewer<br>Fund | Solid Waste<br>Fund | Electric<br>Fund  | Other<br>Enterprise<br>Funds | Total               |
|--|---------------------|---------------------|-------------------|------------------------------|---------------------|
| <b>OPERATING REVENUES</b>                        |                     |                     |                   |                              |                     |
| Sales and services                               | \$ 474,987          | \$ 120,675          | \$ 763,469        | \$ 3,025                     | \$ 1,362,156        |
| Local sources                                    | -                   | -                   | 22,015            | 1,150                        | 23,165              |
| State sources                                    | 585,535             | -                   | -                 | -                            | 585,535             |
| Federal sources                                  | -                   | -                   | -                 | -                            | -                   |
| State shared taxes                               | -                   | -                   | -                 | -                            | -                   |
| <b>Total operating revenue</b>                   | <u>1,060,522</u>    | <u>120,675</u>      | <u>785,484</u>    | <u>4,175</u>                 | <u>1,970,856</u>    |
| <b>OPERATING EXPENSES</b>                        |                     |                     |                   |                              |                     |
| Cost of energy                                   | -                   | -                   | 490,570           | -                            | 490,570             |
| Personal services                                | 183,675             | 57,180              | -                 | 7,778                        | 248,633             |
| Maintenance and operations                       | 197,990             | 75,709              | 172,218           | 4,870                        | 450,787             |
| Depreciation                                     | 426,125             | -                   | -                 | 2,756                        | 428,881             |
| <b>Total operating expenses</b>                  | <u>807,790</u>      | <u>132,889</u>      | <u>662,788</u>    | <u>15,404</u>                | <u>1,618,871</u>    |
| Operating income (loss)                          | <u>252,732</u>      | <u>(12,214)</u>     | <u>122,696</u>    | <u>(11,229)</u>              | <u>351,985</u>      |
| <b>NON-OPERATING REVENUE (EXPENSE)</b>           |                     |                     |                   |                              |                     |
| Investment income                                | -                   | -                   | -                 | -                            | -                   |
| Investment expense                               | (28,192)            | -                   | (15,234)          | -                            | (43,426)            |
| Transfers in                                     | -                   | 10,000              | -                 | 13,500                       | 23,500              |
| Transfers out                                    | (573,480)           | -                   | -                 | -                            | (573,480)           |
| <b>Total Non-Operating Revenue<br/>(Expense)</b> | <u>(601,672)</u>    | <u>10,000</u>       | <u>(15,234)</u>   | <u>13,500</u>                | <u>(593,406)</u>    |
| Change in Net Position                           | (348,940)           | (2,214)             | 107,462           | 2,271                        | (241,421)           |
| Net position, beginning of year                  | <u>2,808,503</u>    | <u>13,643</u>       | <u>191,872</u>    | <u>83,260</u>                | <u>3,097,278</u>    |
| Net position, end of year                        | <u>\$ 2,459,563</u> | <u>\$ 11,429</u>    | <u>\$ 299,334</u> | <u>\$ 85,531</u>             | <u>\$ 2,855,857</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, 2016

Statement 10

|   | Water/Sewer<br>Fund      | Solid Waste<br>Fund      | Electric<br>Fund         | Other<br>Enterprise<br>Funds | Total                    |
|---|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                          |                          |                          |                              |                          |
| Cash received from customers  | \$ 466,500               | \$ 120,499               | \$ 732,532               | \$ 3,025                     | \$ 1,322,556             |
| Cash received from local sources  | -                        | -                        | 22,015                   | 1,150                        | 23,165                   |
| Cash received from state sources  | 585,535                  | -                        | -                        | -                            | 585,535                  |
| Cash received from state shared taxes   | -                        | -                        | -                        | -                            | -                        |
| Cash payments to employees and to suppliers for goods and services                      | <u>(374,997)</u>         | <u>(129,163)</u>         | <u>(653,197)</u>         | <u>(12,648)</u>              | <u>(1,170,005)</u>       |
| Net cash provided by operating activities   | <u>677,038</u>           | <u>(8,664)</u>           | <u>101,350</u>           | <u>(8,473)</u>               | <u>761,251</u>           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                        |                          |                          |                          |                              |                          |
| Loan proceeds   | -                        | -                        | -                        | -                            | -                        |
| Principal paid  | (14,454)                 | -                        | (6,000)                  | -                            | (20,454)                 |
| Acquisition of capital assets   | (57,408)                 | -                        | -                        | -                            | (57,408)                 |
| Investment expense  | <u>(26,899)</u>          | <u>-</u>                 | <u>(15,234)</u>          | <u>-</u>                     | <u>(42,133)</u>          |
| Net cash provided (used) by capital and related financing activities                    | <u>(98,761)</u>          | <u>-</u>                 | <u>(21,234)</u>          | <u>-</u>                     | <u>(119,995)</u>         |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                 |                          |                          |                          |                              |                          |
| Operating transfers from other funds  | -                        | 10,000                   | -                        | 13,500                       | 23,500                   |
| Operating transfers to other funds  | <u>(573,480)</u>         | <u>-</u>                 | <u>-</u>                 | <u>-</u>                     | <u>(573,480)</u>         |
| Net cash provided (used) by noncapital financing activities                             | <u>(573,480)</u>         | <u>10,000</u>            | <u>-</u>                 | <u>13,500</u>                | <u>(549,980)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                          |                          |                          |                              |                          |
| Investment income   | <u>-</u>                 | <u>-</u>                 | <u>-</u>                 | <u>-</u>                     | <u>-</u>                 |
| Net cash provided by investing activities   | <u>-</u>                 | <u>-</u>                 | <u>-</u>                 | <u>-</u>                     | <u>-</u>                 |
| Net increase (decrease) in cash   | 4,797                    | 1,336                    | 80,116                   | 5,027                        | 91,276                   |
| Cash, beginning of year   | <u>81,897</u>            | <u>8,658</u>             | <u>506,154</u>           | <u>8,286</u>                 | <u>604,995</u>           |
| Cash, end of year   | <u><b>\$ 86,694</b></u>  | <u><b>\$ 9,994</b></u>   | <u><b>\$ 586,270</b></u> | <u><b>\$ 13,313</b></u>      | <u><b>\$ 696,271</b></u> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b> |                          |                          |                          |                              |                          |
| Operating income (loss)   | \$ 252,732               | \$ (12,214)              | \$ 122,696               | \$ (11,229)                  | \$ 351,985               |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                          |                          |                          |                              |                          |
| Depreciation  | 426,125                  | -                        | -                        | 2,756                        | 428,881                  |
| Changes in assets and liabilities:  |                          |                          |                          |                              |                          |
| (Increase) decrease in receivables  | (8,487)                  | (176)                    | (30,937)                 | -                            | (39,600)                 |
| Increase (decrease) in accounts payable   | -                        | -                        | 1,941                    | -                            | 1,941                    |
| Increase (decrease) in compensated absences   | 842                      | 3,083                    | -                        | -                            | 3,925                    |
| Increase in allowance for doubtful accounts   | <u>5,826</u>             | <u>643</u>               | <u>7,650</u>             | <u>-</u>                     | <u>14,119</u>            |
| Net cash provided (used) by operating activities  | <u><b>\$ 677,038</b></u> | <u><b>\$ (8,664)</b></u> | <u><b>\$ 101,350</b></u> | <u><b>\$ (8,473)</b></u>     | <u><b>\$ 761,251</b></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, 2016

|                       | Agency<br>Funds         |
|-----------------------|-------------------------|
| <b>ASSETS</b>         |                         |
| Cash                  | \$ 38,800               |
| Total Assets          | <b><u>\$ 38,800</u></b> |
| <b>LIABILITIES</b>    |                         |
| Due to General Fund   | \$ 32,409               |
| Due to bond holders   | 529                     |
| Due to other agencies | <u>5,862</u>            |
| Total Liabilities     | <b><u>\$ 38,800</u></b> |

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, 2016

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.

Notes to Financial Statements (continued)

Proprietary Funds - Enterprise Funds

Water and Sewer Fund - To account for the provision of water and sewer services to the residents of Springer, New Mexico. All activities necessary to provide these services are accounted for in this fund.

Solid Waste Fund - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

Electric Fund - To account for revenue and expenditures for the maintenance of the electric operations. All activities necessary to provide these services are accounted for in this fund.

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.

## Notes to Financial Statements (continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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.

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

## Notes to Financial Statements (continued)

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 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

Notes to Financial Statements (continued)

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.

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



Notes to Financial Statements (continued)

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 2978 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.

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 Assets

The governmental activities and business-type activities financial statements utilize a net position presentation. Net assets 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 assets that have third party limitation on their use.

Unrestricted net position - This category reflects net assets 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:

Notes to Financial Statements (continued)

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 purposes specified by the legislation.

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.

## Notes to Financial Statements (continued)

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.

### 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.

Notes to Financial Statements (continued)

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   | \$ 840                    |
| International Bank             | Checking | Veterans account       | 4,521                     |
| Wells Fargo Bank               | Checking | Veterans account       | -                         |
| Wells Fargo Bank               | Checking | Cemetery               | 9,333                     |
| International Bank             | Checking | Recreation             | -                         |
| International Bank             | Checking | Court Bond Account     | 529                       |
| International Bank             | Checking | Municipal Court Escrow | 32,923                    |
| Wells Fargo Bank               | Checking | Construction Account   | -                         |
| International Bank             | Checking | Payroll                | -                         |
| Wells Fargo                    | Checking | General                | 1,089,765                 |
| International Bank             | Checking | Meter Deposit          | 51,416                    |
| XPress bill pay                | -        | -                      | <u>1,956</u>              |
|                                |          | Total                  | <u><u>\$1,191,283</u></u> |
| NM Finance Authority           |          |                        | <u><u>\$ 4,610</u></u>    |
| Total amount on deposit        |          |                        | \$1,195,893               |
| Deposit in transit             |          |                        | 5,146                     |
| Petty Cash                     |          |                        | -                         |
| Outstanding checks             |          |                        | <u>(8,207)</u>            |
| Total per financial statements |          |                        | <u><u>\$1,192,832</u></u> |

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

|   | Wells Fargo<br>Bank      | International<br>Bank |
|---|--------------------------|-----------------------|
| Cash on deposit at June 30  | \$ 1,099,938             | \$ 89,389             |
| Less FDIC   | <u>(250,000)</u>         | <u>(89,389)</u>       |
| Uninsured funds   | 849,938                  | -                     |
| Funds needing collateralization<br>at 50% (required by State Law) | 424,969                  | -                     |
| Pledged collateral at June 30                                     | <u>622,999</u>           | <u>-</u>              |
| Excess (deficiency)<br>of Pledged Collateral                      | <u><u>\$ 198,030</u></u> | <u><u>\$ -</u></u>    |

Notes to Financial Statements (continued)

*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, 2016, \$849,938 of the Town's bank balance of \$1,189,327 was exposed to custodial credit risk as follows:

|  |                          |
|--|--------------------------|
| A. Uninsured and uncollateralized  | \$ 226,939               |
| B. Uninsured and collateralized<br>with securities held by the<br>pledging banks trust department,<br>but not in the Town's name | <u>622,999</u>           |
| Total  | <u><b>\$ 849,938</b></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> |
|-------------------------|----------------------|--------------------------|
| FNMA #3138LX5M7         | 08-01-42             | \$ 620,459               |
| FNMA #31417DQ55         | 10-01-42             | <u>2,540</u>             |
|                         |                      | <u><b>\$ 622,999</b></u> |

The amount held at the New Mexico Finance Authority totaling \$4,610 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.

Notes to Financial Statements (continued)

3. RECEIVABLES

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

|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|--|------------------------------------|-------------------------------------|
| Receivables from customers                   | \$ -                               | \$ 179,208                          |
| Less allowance for<br>Uncollectible accounts | <u>-</u>                           | <u>(35,440)</u>                     |
| Subtotal                                     | -                                  | 143,768                             |
| Property taxes receivable                    | 664                                | -                                   |
| Lodgers tax receivable                       | 521                                | -                                   |
| Intergovernmental                            | <u>33,857</u>                      | <u>-</u>                            |
| Total  | <u>\$ 35,042</u>                   | <u>\$ 143,768</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 \$ 51,250

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>General Fund</u> | <u>Dam Project Fund</u> | <u>Non-Major Governmental</u> | <u>Proprietary Fund</u> |              |
| General Fund                  | \$ -                | \$ -                    | \$ 30,000                     | \$ 23,500               | \$ (53,500)  |
| Proprietary Fund              | -                   | 573,480                 | -                             | -                       | (573,480)    |
| <b>Total Transfers In/Out</b> | <b>\$ -</b>         | <b>\$ 573,480</b>       | <b>\$ 30,000</b>              | <b>\$ 23,500</b>        | <b>\$ -</b>  |

Balance of Transfers

|  |                          |                       |
|--|--------------------------|-----------------------|
| Transfer to Non-Major Governmental Fund  | \$ 30,000                | From General Fund     |
| Transfer to Dam Project Fund   | 573,480                  | From Proprietary Fund |
| Transfer to Proprietary Fund   | <u>23,500</u>            | From General Fund     |
| <b>Total Interfund Transfers Between Governmental and Business-Type Activities</b> | <b><u>\$ 626,980</u></b> |                       |

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><br><u>June 30, 2015</u> | <u>Additions</u>           | <u>Deletions</u>   | <u>Balance</u><br><u>June 30, 2016</u> |
|---------------------------------------|--|----------------------------|--------------------|--|
| Land                                  | \$ 119,375                             | \$ -                       | \$ -               | \$ 119,375                             |
| Buildings & improvements              | 1,358,002                              | -                          | -                  | 1,358,002                              |
| Airport                               | 569,068                                | 46,538                     | -                  | 615,606                                |
| Vehicles                              | 342,134                                | 20,000                     | -                  | 362,134                                |
| Equipment                             | 139,500                                | -                          | -                  | 139,500                                |
| Heavy equipment                       | 1,245,204                              | -                          | -                  | 1,245,204                              |
| Infrastructure                        | <u>4,925,545</u>                       | <u>2,709,009</u>           | <u>-</u>           | <u>7,634,554</u>                       |
| <b>Sub-total</b>                      | <b><u>8,698,828</u></b>                | <b><u>2,775,547</u></b>    | <b><u>-</u></b>    | <b><u>11,474,375</u></b>               |
| Buildings & improvements              | (707,826)                              | (24,007)                   | -                  | (731,833)                              |
| Airport                               | (69,637)                               | (24,624)                   | -                  | (94,261)                               |
| Vehicles                              | (253,943)                              | (18,058)                   | -                  | (272,001)                              |
| Equipment                             | (74,692)                               | (8,500)                    | -                  | (83,192)                               |
| Heavy equipment                       | (1,072,342)                            | (48,495)                   | -                  | (1,120,837)                            |
| Infrastructure                        | <u>(417,198)</u>                       | <u>(265,389)</u>           | <u>-</u>           | <u>(682,587)</u>                       |
| <b>Less: Accumulated Depreciation</b> | <b><u>(2,595,638)</u></b>              | <b><u>(389,073)</u></b>    | <b><u>-</u></b>    | <b><u>(2,984,711)</u></b>              |
| <b>Total Capital Assets</b>           | <b><u>\$ 6,103,190</u></b>             | <b><u>\$ 2,386,474</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 8,489,664</u></b>             |

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

|                                       | <u>Balance</u><br><u>June 30, 2015</u> | <u>Additions</u>           | <u>Deletions</u>   | <u>Balance</u><br><u>June 30, 2016</u> |
|---------------------------------------|--|----------------------------|--------------------|--|
| Land                                  | \$ 34,622                              | \$ -                       | \$ -               | \$ 34,622                              |
| Buildings                             | 361,855                                | -                          | -                  | 361,855                                |
| Heavy Equipment                       | 119,500                                | -                          | -                  | 119,500                                |
| Plant                                 | <u>6,435,539</u>                       | <u>65,245</u>              | <u>-</u>           | <u>6,500,784</u>                       |
| <b>Sub-total</b>                      | <b><u>6,951,516</u></b>                | <b><u>65,245</u></b>       | <b><u>-</u></b>    | <b><u>7,016,761</u></b>                |
| Land improvements                     | (34,622)                               | -                          | -                  | (34,622)                               |
| Buildings                             | (120,276)                              | (67,617)                   | -                  | (187,893)                              |
| Heavy Equipment                       | (66,400)                               | (5,900)                    | -                  | (72,300)                               |
| Plant                                 | <u>(3,250,452)</u>                     | <u>(355,364)</u>           | <u>-</u>           | <u>(3,605,816)</u>                     |
| <b>Less: Accumulated Depreciation</b> | <b><u>(3,471,750)</u></b>              | <b><u>(428,881)</u></b>    | <b><u>-</u></b>    | <b><u>(3,900,631)</u></b>              |
| <b>Total Capital Assets</b>           | <b><u>\$3,479,766</u></b>              | <b><u>\$ (363,636)</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 3,116,130</u></b>             |



Notes to Financial Statements (continued)

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:

|  | Balances<br>June 30, 2015 | Additions        | Deletions        | Balances<br>June 30, 2016 | Due Within<br>One Year |
|--|---------------------------|------------------|------------------|---------------------------|------------------------|
| Revenue bonds payable                              | \$ 956,800                | \$ -             | \$ 17,000        | \$ 939,800                | \$ 18,000              |
| Loan payable to<br>New Mexico Finance<br>Authority | 60,630                    | -                | 3,120            | 57,510                    | 3,127                  |
| Compensated absences<br>payable                    | <u>30,323</u>             | <u>18,823</u>    | <u>-</u>         | <u>49,146</u>             | <u>-</u>               |
| Total  | <u>\$ 1,047,753</u>       | <u>\$ 18,823</u> | <u>\$ 20,120</u> | <u>\$ 1,046,456</u>       | <u>\$ 21,127</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<br/>June 30, 2016</u> |
|---------------|----------------------|------------------------|----------------------|----------------------------------|
| 1997A         | 1/1/2038             | \$ 339,800             | 5.00%                | \$ 260,800                       |
| 2003          | 9/18/2043            | \$ 612,500             | 4.75%                | 529,500                          |
| 2007          | 5/7/2047             | \$ 167,500             | 4.75%                | 149,500                          |
| NMFA          | 6/1/2034             | \$ 63,720              | .250%                | <u>57,510</u>                    |
|               |                      |                        |                      | <u>\$ 997,310</u>                |

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

| <u>Due Year<br/>Ending June 30</u> | <u>Principal</u>  | <u>Interest</u>   | <u>Total</u>        |
|------------------------------------|-------------------|-------------------|---------------------|
| 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                               | 25,159            | 23,412            | 48,571              |
| 2022-2026                          | 142,915           | 108,443           | 251,358             |
| 2027-2031                          | 177,115           | 91,543            | 268,658             |
| 2032-2036                          | 210,765           | 70,249            | 281,014             |
| 2037-2041                          | 198,800           | 43,900            | 242,700             |
| 2042-2046                          | 142,500           | 10,800            | 153,300             |
| 2047                               | <u>7,500</u>      | <u>-</u>          | <u>7,500</u>        |
| Total                              | <u>\$ 997,310</u> | <u>\$ 446,975</u> | <u>\$ 1,444,285</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><br><u>June 30, 2015</u> | <u>Additions</u>       | <u>Deletions</u>        | <u>Balances</u><br><u>June 30, 2016</u> | <u>Due Within</u><br><u>One Year</u> |
|---|---|------------------------|-------------------------|---|--------------------------------------|
| Loans payable to<br>New Mexico Finance<br>Authority | \$ 300,231                              | \$ -                   | \$ 33,260               | \$ 266,971                              | \$ 33,846                            |
| Capital lease                                       | 59,000                                  | -                      | 26,162                  | 32,838                                  | 30,235                               |
| Compensated absences                                | <u>30,477</u>                           | <u>7,278</u>           | <u>-</u>                | <u>37,755</u>                           | <u>-</u>                             |
| <b>Total</b>  | <b><u>\$ 389,708</u></b>                | <b><u>\$ 7,278</u></b> | <b><u>\$ 59,422</u></b> | <b><u>\$ 337,564</u></b>                | <b><u>\$ 64,081</u></b>              |

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><br><u>Ending June 30</u> | <u>Principal</u>        | <u>Interest</u>      | <u>Total</u>            |
|--|-------------------------|----------------------|-------------------------|
| 2017                                     | \$ 6,269                | \$ 204               | \$ 6,473                |
| 2018                                     | <u>6,360</u>            | <u>114</u>           | <u>6,474</u>            |
| <b>Total</b>                             | <b><u>\$ 12,629</u></b> | <b><u>\$ 318</u></b> | <b><u>\$ 12,947</u></b> |

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><br><u>Ending June 30</u> | <u>Principal</u>        | <u>Interest</u>        | <u>Total</u>            |
|--|-------------------------|------------------------|-------------------------|
| 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>           |
| <b>Total</b>                             | <b><u>\$ 55,397</u></b> | <b><u>\$ 3,808</u></b> | <b><u>\$ 59,205</u></b> |

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</u><br><u>Ending June 30</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|--|-------------------|------------------|-------------------|
| 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                                     | 18,889            | 4,936            | 23,825            |
| 2022-2026                                | <u>109,725</u>    | <u>13,394</u>    | <u>123,119</u>    |
| Total                                    | <u>\$ 198,945</u> | <u>\$ 43,631</u> | <u>\$ 242,576</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</u><br><u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--|------------------|-----------------|------------------|
| 2017                                     | \$ 30,235        | \$ 1,154        | \$ 31,389        |
| 2018                                     | <u>2,603</u>     | <u>13</u>       | <u>2,616</u>     |
| Total                                    | <u>\$ 32,838</u> | <u>\$ 1,167</u> | <u>\$ 34,005</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.

Notes to Financial Statements (continued)

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        | -                   | -                       | 28,527                          | 28,527        |
| Public safety          | -                   | -                       | 21                              | 21            |
| Recreation services    | -                   | -                       | 15,964                          | 15,964        |
| Corrections            | -                   | -                       | 10,000                          | 10,000        |
| Capital outlay         | -                   | -                       | 1,554                           | 1,554         |
| Debt service           | 4,547               | -                       | -                               | 4,547         |
| Total restricted       | 4,547               | -                       | 56,066                          | 60,613        |
| <u>Committed to:</u>   |                     |                         |                                 |               |
| Other purposes         | -                   | -                       | -                               | -             |
| Total committed        | -                   | -                       | -                               | -             |
| <u>Unassigned:</u>     | 372,932             | -                       | -                               | 372,932       |
| Total Fund Balances    | \$ 377,479          | \$ -                    | \$ 56,066                       | \$ 433,545    |

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, 2015 available at: [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.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\\_2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.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 \$32,564 and \$6,911 and there were NO employer paid member benefits that were "picked up" by the employer for the year ended June 30, 2016.

**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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

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

Notes to Financial Statements (continued)

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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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, 2016, the Town of Springer reported a liability of \$392,541 for its proportionate share of the net pension liability. At June 30, 2015, the Town of Springer's proportion was 0.0385%, which was increased 0.0025% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town of Springer recognized PERA Fund Municipal General Division pension expense of \$26,429. At June 30, 2016, 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<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Changes of assumptions   | \$ -  | \$ 153                                       |
| Net difference between projected and actual earnings on pension plan investments | 14,892  | 9,937  |
| Town of Springer's contributions subsequent to the measurement date              | <u>32,564</u>                                 | <u>-</u>                                     |
| Total  | <u>\$ 47,456</u>                              | <u>\$ 10,090</u>                             |

\$32,564 reported as deferred outflows of resources related to pensions resulting from Town of Springer's contributions subsequent to the measurement date June 30, 2015 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:

|      |            |
|------|------------|
| 2017 | \$ (6,876) |
| 2018 | (6,876)    |
| 2019 | (6,876)    |
| 2020 | 24,622     |
| 2021 | 808        |

For PERA Fund Municipal Police Division, at June 30, 2016, the Town of Springer reported a liability of \$119,733 for its proportionate share of the net pension liability. At June 30, 2015, the Town of Springer's proportion was 0.0249%, which increased 0.0081% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town of Springer recognized PERA Fund Municipal Police Division pension expense of \$26,281. At June 30, 2016, the Town of Springer reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Changes of assumptions   | \$ -  | \$ 4,954                                     |
| Net difference between projected and actual earnings on pension plan investments                           | 8,366   | 332  |
| Changes in proportion and differences between Towns contributions and proportionate share of contributions | 20,163  | -  |
| Town of Springer's contributions subsequent to the measurement date  | <u>6,911</u>                                  | <u>-</u>                                     |
| Total  | <u>\$ 35,440</u>                              | <u>\$ 5,286</u>                              |

\$6,911 reported as deferred outflows of resources related to pensions resulting from Town of Springer's contributions subsequent to the measurement date June 30, 2015 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:

|      |          |
|------|----------|
| 2017 | \$ 3,747 |
| 2018 | 3,747    |
| 2019 | 3,747    |
| 2020 | 10,906   |
| 2021 | 1,095    |

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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

|                              |  |
|------------------------------|--|
| Actuarial valuation date     | June 30, 2014  |
| Actuarial cost method        | Entry age normal   |
| Amortization method          | Level percentage of pay, open  |
| 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  |
| - Projected benefit payment  | 100 years  |
| - Mortality assumption       | RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projections to 2018 using Scale AA. |
| - Experience study dates     | July 1, 2008 to June 30, 2013  |

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.

| <b>PERA Fund Municipal<br/>General Division</b>                              | <b>1% Decrease<br/>(6.75%)</b> | <b>Current<br/>Discount Rate<br/>(7.75%)</b> | <b>1% Increase<br/>(8.75%)</b> |
|--|--------------------------------|--|--------------------------------|
| Town of Springer's<br>proportionate share of<br>the net pension<br>liability | <u>\$ 668,341</u>              | <u>\$ 392,541</u>                            | <u>\$ 163,232</u>              |

| <b>PERA Fund Municipal<br/>Police Division</b>                               | <b>1% Decrease<br/>(6.75%)</b> | <b>Current<br/>Discount Rate<br/>(7.75%)</b> | <b>1% Increase<br/>(8.75%)</b> |
|--|--------------------------------|--|--------------------------------|
| Town of Springer's<br>proportionate share of<br>the net pension<br>liability | <u>\$ 197,732</u>              | <u>\$ 119,733</u>                            | <u>\$ 55,748</u>               |

**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>.

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

Notes to Financial Statements (continued)

(Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the 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 fo the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://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

Notes to Financial Statements (continued)

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 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, 2016, 2015 and 2014 were \$8,149, \$8,338 and \$7,478, respectively, which equal the required contributions for each year.

12. BUDGET VIOLATIONS

The Law Enforcement Protection Fund had an overall budget overrun of \$13,085. The Street Fund had an overall budget overrun of \$8,871. Water/Sewer Fund had an overall budget overrun of \$4,958. The Library Fund had an overall budget overrun of \$11,486. Also, the Solid Waste Fund had an overall budget overrun of \$425 and the Electric Fund by \$53,531.

13. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

| <u>Revenues</u>                       | <u>General<br/>Fund</u> | <u>Dam<br/>Project Fund</u> | <u>Other<br/>Governmental</u> |
|---------------------------------------|-------------------------|-----------------------------|-------------------------------|
| Accrual basis                         | \$ 787,870              | \$ 2,135,529                | \$ 179,584                    |
| Budget basis                          | <u>894,654</u>          | <u>2,907,725</u>            | <u>179,063</u>                |
| Increase (decrease)<br>in receivables | <u>\$ 106,784</u>       | <u>\$ (772,196)</u>         | <u>\$ 521</u>                 |
| <br><u>Expenditures</u>               |                         |                             |                               |
| Accrual basis                         | \$ 791,206              | \$ 2,709,009                | \$ 240,551                    |
| Budget basis                          | <u>795,283</u>          | <u>3,481,205</u>            | <u>240,551</u>                |
| Increase (decrease)<br>in payables    | <u>\$ (4,077)</u>       | <u>\$ (772,197)</u>         | <u>\$ -</u>                   |

Notes to Financial Statements (continued)

14. LEGISLATIVE APPROPRIATIONS

The following appropriations have been awarded to the Town.

| <u>Appropriation</u>                      | <u>Expenditures</u> | <u>Balance</u>    | <u>Reversion Date</u> |
|---|---------------------|-------------------|-----------------------|
| SEO Springer Dams                         | \$ 2,566,671        | \$ 133,329        | 6-30-17               |
| Springer Water Treatment Plant            | -                   | 75,000            | 6-30-17               |
| Springer Wastewater Sewer Lagoons         | 12,055              | 629,945           | 6-30-18               |
| Springer Water Treatment Plant Ionization | -                   | 150,000           | 6-30-18               |
| Springer Electrical Upgrades              | -                   | 35,000            | 6-30-19               |
| Springer Wastewater Plant Upgrades        | -                   | 20,000            | 6-30-19               |
|   | <u>\$ 2,578,726</u> | <u>\$ 476,274</u> |                       |

15. 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 \$32,004, 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.

16. 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.

Notes to Financial Statements (continued)

| <u>Cash on Deposit</u>                                 | <u>Bank Balance</u>     | <u>Carrying Amounts</u> |
|--|-------------------------|-------------------------|
| <b><u>Wells Fargo Bank</u></b>                         |                         |                         |
| Public Fund - regular checking                         | \$ 91,057               | \$ 90,688               |
| Public Fund - interest checking                        | 12,377                  | 12,077                  |
| CFP - regular checking                                 | 4,665                   | -                       |
| Certificate of deposit - investments                   | 39,716                  | 39,716                  |
| Certificate of deposit - investments                   | <u>33,501</u>           | <u>33,501</u>           |
| Total Cash on Deposit                                  | <u>181,316</u>          | <u>175,982</u>          |
| Less certificates of deposit -<br>shown as investments | <u>(73,217)</u>         | <u>(73,217)</u>         |
| Total Cash   | <b><u>\$108,099</u></b> | <b><u>\$102,765</u></b> |

| <u>Investments</u>      | <u>WAM</u> | <u>Cost</u>            | <u>Market Value</u>    |
|-------------------------|------------|------------------------|------------------------|
| Certificates of deposit |            | \$39,716               | \$39,716               |
| Certificates of deposit |            | <u>33,501</u>          | <u>33,501</u>          |
| Total investments       | 360 days   | <b><u>\$73,217</u></b> | <b><u>\$73,217</u></b> |

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         | \$ 181,316              |
| Less F.D.I.C.               | <u>(181,316)</u>        |
| Amount uninsured            | <u>\$ -</u>             |
| 100% Collateral requirement | <u>\$ -</u>             |

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 \$726.

Notes to Financial Statements (continued)

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:

|                                | <u>Balance</u><br><u>June 30, 2015</u> | <u>Additions</u>         | <u>Disposals</u>   | <u>Balance</u><br><u>June 30, 2016</u> |
|--------------------------------|--|--------------------------|--------------------|--|
| Land                           | \$ 41,101                              | \$ -                     | \$ -               | \$ 41,101                              |
| Fees and costs                 | -                                      | 3,237                    | -                  | 3,237                                  |
| Buildings                      | 2,640,505                              | -                        | -                  | 2,640,505                              |
| Non dwelling structures        | 233,192                                | -                        | -                  | 233,192                                |
| Machinery and equipment        | <u>131,929</u>                         | <u>11,536</u>            | <u>-</u>           | <u>143,465</u>                         |
| Sub-total                      | <u>3,046,727</u>                       | <u>14,773</u>            | <u>-</u>           | <u>3,061,500</u>                       |
| Buildings                      | (2,316,064)                            | (47,543)                 | -                  | (2,363,607)                            |
| Non dwelling structures        | (141,949)                              | (11,599)                 | -                  | (153,548)                              |
| Machinery and equipment        | <u>(116,624)</u>                       | <u>(9,943)</u>           | <u>-</u>           | <u>(126,567)</u>                       |
| Less: Accumulated Depreciation | <u>(2,574,637)</u>                     | <u>(69,085)</u>          | <u>-</u>           | <u>(2,643,722)</u>                     |
| <b>Total Capital Assets</b>    | <b><u>\$ 472,090</u></b>               | <b><u>\$(54,312)</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 417,778</u></b>               |

Depreciation expense for the year was \$69,085.

D. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Net Working Capital:

Proprietary Funds

**\$ 162,230**

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, 2015 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/i366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/i366_Public_Employees_Retirement_Association_2015.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 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\\_2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.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 \$10,062 for the year ended June 30, 2016.

***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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

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, 2015. Only employer contributions for the pay period end date that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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, 2016, the Town of Springer Housing Authority reported a liability of \$126,429 for its proportionate share of the net pension liability. At June 30, 2015, the Town of Springer Housing Authority's proportion was .0129 percent, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Town of Springer Housing Authority recognized PERA Fund Division Municipal General pension expense of \$3,916. At June 30, 2016, 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<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected<br>and actual experience  | \$ -  | \$ 2,800                                     |
| Changes of assumptions   | -   | 49   |
| Net difference between projected<br>and actual earnings on pension<br>plan investments   | -   | 400  |
| Changes in proportion and differences<br>between Town of Springer Housing<br>Authority contributions and<br>proportionate share of contributions | -   | 2,979  |
| Town of Springer Housing Authority<br>contributions subsequent to the<br>measurement date  | <u>10,062</u>                                 | <u>-</u>                                     |
| Total  | <u>\$ 10,062</u>                              | <u>\$ 6,228</u>                              |

\$10,062 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:

|      |                   |
|------|-------------------|
| 2017 | \$(3,349)         |
| 2018 | (3,349)           |
| 2019 | (3,349)           |
| 2020 | 6,798             |
| 2021 | <u>-</u>          |
|      | <u>\$ (3,249)</u> |

**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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for the use in the June 30, 2015 actuarial valuation.

Notes to Financial Statements (continued)

|                            |  |
|----------------------------|--|
| Actuarial valuation date   | June 30, 2014                                |
| 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:

| <u>ALL FUNDS -<br/>Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-term Expected<br/>Real Rate of<br/>Return</u> |
|------------------------------------|------------------------------|---|
| US Equity                          | 21.1%                        | 5.00%   |
| International Equity               | 24.8                         | 5.20  |
| Private Equity                     | 7.0                          | 8.20  |
| Core & Global                      |                              |   |
| Fixed Income                       | 26.1                         | 1.85  |
| Fixed Income Plus                  |                              |   |
| Sectors                            | 5.0                          | 4.80  |
| Real Estate                        | 5.0                          | 5.30  |
| Real Assets                        | 7.0                          | 5.70  |
| Absolute Return                    | <u>4.0</u>                   | 4.15  |
| Total                              | <u>100.0%</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 GAS BS 67. Therefore, the 7.75% assumed long-term 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 Housing Authority'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 Housing Authority's net pension liability in each PERA Fund Division that Town of Springer Housing Authority 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.

| <b>PERA FUND DIVISION</b>   | 1% Decrease       | Current<br>Discount Rate | 1% Increase      |
|---|-------------------|--------------------------|------------------|
| <b>MUNICIPAL GENERAL</b>  | <u>(6.75%)</u>    | <u>(7.75%)</u>           | <u>(8.75%)</u>   |
| Town of Springer<br>Housing Authority's<br>proportionate share<br>of the net pension<br>liability | <u>\$ 215,258</u> | <u>\$ 126,429</u>        | <u>\$ 52,573</u> |

**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.** The Authority is legally required to make defined contributions to the cost sharing pension plan on behalf of its' participant employees. At June 30, 2016, the Authority had paid all required contributions and therefore, there is no payable to the pension plan.

**F. POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN**

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

Notes to 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 employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Funding Policy.** The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100 of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://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, 2016, the statutes 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, 2016, 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-1 5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, 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 of Springer Housing Authority's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$2,107, \$2,068, and \$1,939, respectively, which equal the required contributions for each year.

**G. TRANSFERS AND DUE FROM/TO OTHER FUNDS**

Transfers between funds were as follows:

| <b>Operating Transfers In</b> | <u>Operating Transfers Out</u> |                 |                 |
|-------------------------------|--------------------------------|-----------------|-----------------|
|                               | <u>Low Rent</u>                | <u>CFP</u>      | <u>Totals</u>   |
| Low Rent                      | \$ -                           | \$14,707        | \$14,707        |
| CFP                           | <u>-</u>                       | <u>-</u>        | <u>-</u>        |
| Total                         | <u>\$ -</u>                    | <u>\$14,707</u> | <u>\$14,707</u> |

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

| <b>Capital Transfers In</b> | <u>Capital Transfers Out</u> |                  |                  |
|-----------------------------|------------------------------|------------------|------------------|
|                             | <u>Low Rent</u>              | <u>CFP</u>       | <u>Totals</u>    |
| Low Rent                    | \$ -                         | \$ 31,419        | \$ 31,419        |
| CFP                         | <u>-</u>                     | <u>-</u>         | <u>-</u>         |
| Total                       | <u>\$ -</u>                  | <u>\$ 31,419</u> | <u>\$ 31,419</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.

**H. CHANGES IN ACCRUED COMPENSATED ABSENCES**

The following summarized the changes in accrued compensation absences during 2016.

|                              | <u>Balance</u>       |                  |                  | <u>Balance</u>       | <u>Amount</u>     |
|------------------------------|----------------------|------------------|------------------|----------------------|-------------------|
|                              | <u>June 30, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2016</u> | <u>Due Within</u> |
|                              |                      |                  |                  |                      | <u>One Year</u>   |
| Accrued compensated absences | <u>\$ 6,691</u>      | <u>\$ 7,707</u>  | <u>\$ 5,557</u>  | <u>\$ 8,841</u>      | <u>\$ 5,429</u>   |

**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, 2016

|                               | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------|---------------------|---------------------|---------------------|--|
| REVENUES                      |                     |                     |                     |  |
| State sources                 | \$ 5,500,000        | \$ 5,500,000        | \$ 3,417,485        | \$ (2,082,515)                         |
| Total revenues                | <u>\$ 5,500,000</u> | <u>\$ 5,500,000</u> | <u>\$ 3,417,485</u> | <u>\$ (2,082,515)</u>                  |
| EXPENDITURES                  |                     |                     |                     |  |
| Capital outlay                | \$ 5,500,000        | \$ 5,500,000        | \$ 3,417,485        | \$ 2,082,515                           |
| Total expenditures            | <u>\$ 5,500,000</u> | <u>\$ 5,500,000</u> | <u>\$ 3,417,485</u> | <u>\$ 2,082,515</u>                    |
| OTHER FINANCINGS SOURCES      |                     |                     |                     |  |
| Loan Proceeds                 | \$ -                | \$ -                | \$ 63,720           | \$ (63,720)                            |
| Total Other Financing Sources | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 63,720</u>    | <u>\$ (63,720)</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, 2016

|   | Special<br>Revenue<br>Funds | Capital<br>Project<br>Funds | Totals                      |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | <u>          </u>           | <u>          </u>           | <u>          </u>           |
| <b>ASSETS</b>                             |                             |                             |                             |
| Cash on deposit                           | \$ 53,991                   | \$ 1,554                    | \$ 55,545                   |
| Accounts receivable                       | <u>521</u>                  | <u>-</u>                    | <u>521</u>                  |
| <br>Total assets                          | <br><u><b>\$ 54,512</b></u> | <br><u><b>\$ 1,554</b></u>  | <br><u><b>\$ 56,066</b></u> |
| <br><b>LIABILITIES</b>                    |                             |                             |                             |
| Accounts payable                          | <u>\$ -</u>                 | <u>\$ -</u>                 | <u>\$ -</u>                 |
| <br><b>FUND BALANCE</b>                   |                             |                             |                             |
| Nonspendable                              | -                           | -                           | -                           |
| Restricted                                | 54,512                      | 1,554                       | 56,066                      |
| Committed                                 | -                           | -                           | -                           |
| Unassigned                                | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    |
| <br>Total fund balance                    | <br><u>54,512</u>           | <br><u>1,554</u>            | <br><u>56,066</u>           |
| <br>Total liabilities<br>and fund balance | <br><u><b>\$ 54,512</b></u> | <br><u><b>\$ 1,554</b></u>  | <br><u><b>\$ 56,066</b></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, 2016

Statement A-2

|  | Special<br>Revenue<br>Funds | Capital<br>Project<br>Funds | Total            |
|--|-----------------------------|-----------------------------|------------------|
| <b>REVENUES</b>                                      |                             |                             |                  |
| Taxes  | \$ -                        | \$ -                        | \$ -             |
| Gas taxes  | -                           | -                           | -                |
| Lodger's tax   | 7,633                       | -                           | 7,633            |
| Charges for services                                 | 519                         | -                           | 519              |
| Licenses and permits                                 | -                           | -                           | -                |
| Fines and forfeitures                                | 5,952                       | -                           | 5,952            |
| Local sources  | 7,923                       | -                           | 7,923            |
| State sources  | 114,412                     | 12,750                      | 127,162          |
| Federal sources                                      | -                           | 30,342                      | 30,342           |
| State shared taxes                                   | -                           | -                           | -                |
| Earnings on investments                              | 53                          | -                           | 53               |
|  | <u>136,492</u>              | <u>43,092</u>               | <u>179,584</u>   |
| <b>EXPENDITURES</b>                                  |                             |                             |                  |
| Current:   |                             |                             |                  |
| General government                                   | -                           | -                           | -                |
| Highways and streets                                 | 28,871                      | -                           | 28,871           |
| Public safety  | 62,058                      | -                           | 62,058           |
| Culture and recreation                               | 52,354                      | -                           | 52,354           |
| Capital outlay                                       | 14,892                      | 46,538                      | 61,430           |
| Debt service   |                             |                             |                  |
| Principle  | 27,059                      | -                           | 27,059           |
| Interest   | 8,779                       | -                           | 8,779            |
|  | <u>194,013</u>              | <u>46,538</u>               | <u>240,551</u>   |
| Excess (deficiency) of revenues<br>over expenditures | (57,521)                    | (3,446)                     | (60,967)         |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                             |                             |                  |
| Transfers in   | 25,000                      | 5,000                       | 30,000           |
| Transfer out   | (48,969)                    | -                           | (48,969)         |
| Loan proceeds  | -                           | -                           | -                |
|  | <u>(23,969)</u>             | <u>5,000</u>                | <u>(18,969)</u>  |
| Net change in fund balance                           | (81,490)                    | 1,554                       | (79,936)         |
| Fund balance at beginning of year                    | 136,002                     | -                           | 136,002          |
| Fund balance at end of year                          | <u>\$ 54,512</u>            | <u>\$ 1,554</u>             | <u>\$ 56,066</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, 2016

|   | Original<br>Budget        | Final<br>Budget           | Actual                    | Variance<br>Favorable<br>(Unfavorable) |
|---|---------------------------|---------------------------|---------------------------|--|
| <b>REVENUES</b>                                 |                           |                           |                           |  |
| Taxes   | \$ 10,000                 | \$ 10,000                 | \$ 7,112                  | \$ (2,888)                             |
| Charges for services                            | -                         | -                         | 519                       | 519                                    |
| Licenses and permits                            | -                         | -                         | -                         | -                                      |
| Fines and forfeitures                           | 21,000                    | 21,000                    | 5,952                     | (15,048)                               |
| Local sources                                   | 18,000                    | 18,000                    | 7,923                     | (10,077)                               |
| State sources                                   | 101,760                   | 101,760                   | 114,412                   | 12,652                                 |
| Federal sources                                 | -                         | -                         | -                         | -                                      |
| State shared taxes                              | 20,000                    | 20,000                    | -                         | (20,000)                               |
| Earnings from investments                       | -                         | -                         | 53                        | 53                                     |
| <b>Total revenues</b>                           | <b><u>\$ 170,760</u></b>  | <b><u>\$ 170,760</u></b>  | <b><u>\$ 135,971</u></b>  | <b><u>\$ (34,789)</u></b>              |
| <b>EXPENDITURES</b>                             |                           |                           |                           |  |
| General government                              | \$ -                      | \$ -                      | \$ -                      | \$ -                                   |
| Highways and streets                            | 20,000                    | 20,000                    | 28,871                    | (8,871)                                |
| Public safety                                   | 122,797                   | 122,797                   | 112,788                   | 10,009                                 |
| Culture and recreation                          | 42,500                    | 42,500                    | 52,354                    | (9,854)                                |
| <b>Total expenditures</b>                       | <b><u>\$ 185,297</u></b>  | <b><u>\$ 185,297</u></b>  | <b><u>\$ 194,013</u></b>  | <b><u>\$ (8,716)</u></b>               |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                           |                           |                           |  |
| Transfers in                                    | \$ 40,000                 | \$ 40,000                 | \$ 25,000                 | \$ (15,000)                            |
| Transfers out                                   | (50,000)                  | (50,000)                  | (48,969)                  | 1,031                                  |
| Loan proceeds                                   | -                         | -                         | -                         | -                                      |
| <b>Total other financing<br/>sources (uses)</b> | <b><u>\$ (10,000)</u></b> | <b><u>\$ (10,000)</u></b> | <b><u>\$ (23,969)</u></b> | <b><u>\$ (13,969)</u></b>              |
| <b>BUDGETED CASH BALANCE</b>                    | <b><u>\$ 50,037</u></b>   | <b><u>\$ 50,037</u></b>   |                           |  |

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, 2016

|   | Original<br>Budget       | Final<br>Budget          | Actual                  | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------------|--------------------------|-------------------------|--|
| <b>REVENUES</b>                                 |                          |                          |                         |  |
| Charges for services                            | \$ -                     | \$ -                     | \$ -                    | \$ -                                   |
| State sources                                   | 50,000                   | 50,000                   | 12,750                  | (37,250)                               |
| Federal sources                                 | 300,000                  | 300,000                  | 30,342                  | (269,658)                              |
| Earnings on investments                         | -                        | -                        | -                       | -                                      |
| <b>Total revenues</b>                           | <b><u>\$ 350,000</u></b> | <b><u>\$ 350,000</u></b> | <b><u>\$ 43,092</u></b> | <b><u>\$ (306,908)</u></b>             |
| <b>EXPENDITURES</b>                             |                          |                          |                         |  |
| Capital outlay                                  | \$ 355,000               | \$ 355,000               | \$ 46,538               | \$ (308,462)                           |
| <b>Total expenditures</b>                       | <b><u>\$ 355,000</u></b> | <b><u>\$ 355,000</u></b> | <b><u>\$ 46,538</u></b> | <b><u>\$ (308,462)</u></b>             |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                          |                          |                         |  |
| Transfers in                                    | \$ 5,000                 | \$ 5,000                 | \$ 5,000                | \$ -                                   |
| <b>Total other financing<br/>sources (uses)</b> | <b><u>\$ 5,000</u></b>   | <b><u>\$ 5,000</u></b>   | <b><u>\$ 5,000</u></b>  | <b><u>\$ -</u></b>                     |
| <b>BUDGETED CASH BALANCE</b>                    | <b><u>\$ -</u></b>       | <b><u>\$ -</u></b>       |                         |  |

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, 2016

|                      | Fire<br>Discretionary<br>Fund | EMS<br>Fund        | Lodgers<br>Tax<br>Fund  | Library<br>Fund        |
|----------------------|-------------------------------|--------------------|-------------------------|------------------------|
| <b>ASSETS</b>        |                               |                    |                         |                        |
| Cash on deposit      | \$ 10,802                     | \$ -               | \$ 12,468               | \$ 2,975               |
| Accounts receivable  | -                             | -                  | 521                     | -                      |
| Due from other funds | -                             | -                  | -                       | -                      |
| Total assets         | <u><u>\$ 10,802</u></u>       | <u><u>\$ -</u></u> | <u><u>\$ 12,989</u></u> | <u><u>\$ 2,975</u></u> |
| <b>LIABILITIES</b>   |                               |                    |                         |                        |
| Accounts payable     | <u>\$ -</u>                   | <u>\$ -</u>        | <u>\$ -</u>             | <u>\$ -</u>            |
| Total Liabilities    | <u>-</u>                      | <u>-</u>           | <u>-</u>                | <u>-</u>               |
| <b>FUND BALANCE</b>  |                               |                    |                         |                        |
| Restricted           | <u>10,802</u>                 | <u>-</u>           | <u>12,989</u>           | <u>2,975</u>           |
| Total fund balance   | <u><u>\$ 10,802</u></u>       | <u><u>\$ -</u></u> | <u><u>\$ 12,989</u></u> | <u><u>\$ 2,975</u></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, 2016

|                      | Law<br>Enforcement<br>Protection<br>Fund | Street<br>Fund | Fire<br>Fund     | Corrections<br>Fund | Totals           |
|----------------------|--|----------------|------------------|---------------------|------------------|
| <b>ASSETS</b>        |  |                |                  |                     |                  |
| Cash on deposit      | \$ 21                                    | \$ -           | \$ 17,725        | \$ 10,000           | \$ 53,991        |
| Accounts receivable  | -  | -              | -                | -                   | 521              |
| Due from other funds | -  | -              | -                | -                   | -                |
| Total assets         | <u>\$ 21</u>                             | <u>\$ -</u>    | <u>\$ 17,725</u> | <u>\$ 10,000</u>    | <u>\$ 54,512</u> |
| <b>LIABILITIES</b>   |  |                |                  |                     |                  |
| Accounts payable     | <u>\$ -</u>                              | <u>\$ -</u>    | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ -</u>      |
| Total Liabilities    | -  | -              | -                | -                   | -                |
| <b>FUND BALANCE</b>  |  |                |                  |                     |                  |
| Restricted           | 21                                       | -              | 17,725           | 10,000              | 54,512           |
| Total fund balance   | <u>\$ 21</u>                             | <u>\$ -</u>    | <u>\$ 17,725</u> | <u>\$ 10,000</u>    | <u>\$ 54,512</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, 2016

|  | Fire<br>Discretionary<br>Fund | EMS<br>Fund  | Lodgers<br>Tax<br>Fund | Library<br>Fund |
|--|-------------------------------|--------------|------------------------|-----------------|
| <b>REVENUES</b>                                      |                               |              |                        |                 |
| Taxes  | \$ -                          | \$ -         | \$ -                   | \$ -            |
| Gas taxes  | -                             | -            | -                      | -               |
| Lodgers tax  | -                             | -            | 7,633                  | -               |
| Charges for services                                 | -                             | -            | -                      | 519             |
| Licenses and permits                                 | -                             | -            | -                      | -               |
| Fines and forfeitures                                | -                             | -            | -                      | -               |
| Local sources  | -                             | -            | -                      | 1,301           |
| State sources  | -                             | 6,915        | -                      | 13,537          |
| Federal sources                                      | -                             | -            | -                      | -               |
| Earnings on investments                              | -                             | -            | -                      | -               |
|  | <u>-</u>                      | <u>-</u>     | <u>-</u>               | <u>-</u>        |
| Total revenues                                       | <u>-</u>                      | <u>6,915</u> | <u>7,633</u>           | <u>15,357</u>   |
| <b>EXPENDITURES</b>                                  |                               |              |                        |                 |
| Current:   |                               |              |                        |                 |
| General government                                   | -                             | -            | -                      | -               |
| Highways and streets                                 | -                             | -            | -                      | -               |
| Public safety  | -                             | 6,915        | -                      | -               |
| Culture and recreation                               | -                             | -            | 6,868                  | 45,486          |
| Capital outlay                                       | -                             | -            | -                      | -               |
| Debt service:  |                               |              |                        |                 |
| Principle  | -                             | -            | -                      | -               |
| Interest   | -                             | -            | -                      | -               |
|  | <u>-</u>                      | <u>-</u>     | <u>-</u>               | <u>-</u>        |
| Total expenditures                                   | <u>-</u>                      | <u>6,915</u> | <u>6,868</u>           | <u>45,486</u>   |
| Excess (deficiency) of revenues<br>over expenditures | <u>-</u>                      | <u>-</u>     | <u>765</u>             | <u>(30,129)</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                               |              |                        |                 |
| Transfers in   | -                             | -            | -                      | 25,000          |
| Transfers out  | -                             | -            | -                      | -               |
|  | <u>-</u>                      | <u>-</u>     | <u>-</u>               | <u>-</u>        |
| Total other financing<br>sources (uses)              | <u>-</u>                      | <u>-</u>     | <u>-</u>               | <u>25,000</u>   |
| Net change in fund balance                           | -                             | -            | 765                    | (5,129)         |
| Fund balance, beginning of year                      | <u>10,802</u>                 | <u>-</u>     | <u>12,224</u>          | <u>8,104</u>    |
| Fund balance, end of year                            | <u>\$ 10,802</u>              | <u>\$ -</u>  | <u>\$ 12,989</u>       | <u>\$ 2,975</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, 2016

|  | Law<br>Enforcement<br>Protection<br>Fund | Streets<br>Fund | Fire<br>Fund     | Corrections<br>Fund | Totals           |
|--|--|-----------------|------------------|---------------------|------------------|
| <b>REVENUES</b>                                      |  |                 |                  |                     |                  |
| Taxes  | \$ -                                     | \$ -            | \$ -             | \$ -                | \$ -             |
| Gas taxes  | -  | -               | -                | -                   | -                |
| Lodgers taxes  | -  | -               | -                | -                   | 7,633            |
| Charges for services                                 | -  | -               | -                | -                   | 519              |
| Licenses and permits                                 | -  | -               | -                | -                   | -                |
| Fines and forfeitures                                | -  | -               | -                | 5,952               | 5,952            |
| Local sources  | 1,622                                    | -               | 5,000            | -                   | 7,923            |
| State sources  | 20,000                                   | -               | 73,960           | -                   | 114,412          |
| Federal sources                                      | -  | -               | -                | -                   | -                |
| Earnings on investments                              | 19                                       | -               | 34               | -                   | 53               |
|  | <u>21,641</u>                            | <u>-</u>        | <u>78,994</u>    | <u>5,952</u>        | <u>136,492</u>   |
| Total revenues                                       |  |                 |                  |                     |                  |
| <b>EXPENDITURES</b>                                  |  |                 |                  |                     |                  |
| Current:   |  |                 |                  |                     |                  |
| General government                                   | -  | -               | -                | -                   | -                |
| Highways and streets                                 | -  | 28,871          | -                | -                   | 28,871           |
| Public safety  | 6,952                                    | -               | 48,191           | -                   | 62,058           |
| Culture and recreation                               | -  | -               | -                | -                   | 52,354           |
| Capital outlay                                       | 14,892                                   | -               | -                | -                   | 14,892           |
| Debt service:  |  |                 |                  |                     |                  |
| Principle  | 10,577                                   | -               | 16,482           | -                   | 27,059           |
| Interest   | 1,264                                    | -               | 7,515            | -                   | 8,779            |
|  | <u>33,685</u>                            | <u>28,871</u>   | <u>72,188</u>    | <u>-</u>            | <u>194,013</u>   |
| Total expenditures                                   |  |                 |                  |                     |                  |
| Excess (deficiency) of revenues<br>over expenditures | <u>(12,044)</u>                          | <u>(28,871)</u> | <u>6,806</u>     | <u>5,952</u>        | <u>(57,521)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |  |                 |                  |                     |                  |
| Transfers in   | -  | -               | -                | -                   | 25,000           |
| Transfers out  | -  | -               | -                | (48,969)            | (48,969)         |
|  | <u>-</u>                                 | <u>-</u>        | <u>-</u>         | <u>(48,969)</u>     | <u>(23,969)</u>  |
| Total other financing<br>sources (uses)              |  |                 |                  |                     |                  |
| Net change in fund balance                           | (12,044)                                 | (28,871)        | 6,806            | (43,017)            | (81,490)         |
| Fund balance, beginning of year                      | <u>12,065</u>                            | <u>28,871</u>   | <u>10,919</u>    | <u>53,017</u>       | <u>136,002</u>   |
| Fund balance, end of year                            | <u>\$ 21</u>                             | <u>\$ -</u>     | <u>\$ 17,725</u> | <u>\$ 10,000</u>    | <u>\$ 54,512</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, 2016

|                         | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(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 - EMS Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

|                    | Original<br>Budget | Final<br>Budget | Actual          | Variance<br>Favorable<br>(Unfavorable) |
|--------------------|--------------------|-----------------|-----------------|--|
| REVENUES           |                    |                 |                 |  |
| State sources      | \$ 7,200           | \$ 7,200        | \$ 6,915        | \$ (285)                               |
| Total revenues     | <u>\$ 7,200</u>    | <u>\$ 7,200</u> | <u>\$ 6,915</u> | <u>\$ (285)</u>                        |
| EXPENDITURES       |                    |                 |                 |  |
| Public safety      | \$ 7,200           | \$ 7,200        | \$ 6,915        | \$ 285                                 |
| Total expenditures | <u>\$ 7,200</u>    | <u>\$ 7,200</u> | <u>\$ 6,915</u> | <u>\$ 285</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, 2016

|                                    | Original<br>Budget | Final<br>Budget  | Actual          | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------|--------------------|------------------|-----------------|--|
| REVENUES                           |                    |                  |                 |  |
| Lodgers taxes                      | \$ 10,000          | \$ 10,000        | \$ 7,112        | \$ (2,888)                             |
| Total revenues                     | <u>\$ 10,000</u>   | <u>\$ 10,000</u> | <u>\$ 7,112</u> | <u>\$ (2,888)</u>                      |
| EXPENDITURES                       |                    |                  |                 |  |
| Culture & recreation               | \$ 8,500           | \$ 8,500         | \$ 6,868        | \$ 1,632                               |
| Total expenditures                 | <u>\$ 8,500</u>    | <u>\$ 8,500</u>  | <u>\$ 6,868</u> | <u>\$ 1,632</u>                        |
| REVENUES                           |                    |                  |                 |  |
| Budgetary basis                    |                    |                  | \$ 7,112        |  |
| Increase in accounts<br>receivable |                    |                  | <u>521</u>      |  |
| Modified accrual basis             |                    |                  | <u>\$ 7,633</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, 2016

|  | Original<br>Budget      | Final<br>Budget         | Actual                  | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------------|-------------------------|-------------------------|--|
| <b>REVENUES</b>                          |                         |                         |                         |  |
| Charges for services                     | \$ -                    | \$ -                    | \$ 519                  | \$ 519                                 |
| Local sources                            | 18,000                  | 18,000                  | 1,301                   | (16,699)                               |
| State sources                            | -                       | -                       | 13,537                  | 13,537                                 |
| <b>Total revenues</b>                    | <b><u>\$ 18,000</u></b> | <b><u>\$ 18,000</u></b> | <b><u>\$ 15,357</u></b> | <b><u>\$ (2,643)</u></b>               |
| <b>EXPENDITURES</b>                      |                         |                         |                         |  |
| Culture & recreation                     | \$ 34,000               | \$ 34,000               | \$ 45,486               | \$ (11,486)                            |
| <b>Total expenditures</b>                | <b><u>\$ 34,000</u></b> | <b><u>\$ 34,000</u></b> | <b><u>\$ 45,486</u></b> | <b><u>\$ (11,486)</u></b>              |
| <b>OTHER FINANCING SOURCES</b>           |                         |                         |                         |  |
| Transfer in                              | \$ 40,000               | \$ 40,000               | \$ 25,000               | \$ 15,000                              |
| <b>Total other financing<br/>sources</b> | <b><u>\$ 40,000</u></b> | <b><u>\$ 40,000</u></b> | <b><u>\$ 25,000</u></b> | <b><u>\$ 15,000</u></b>                |

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, 2016

|                           | Original<br>Budget      | Final<br>Budget         | Actual                  | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------|-------------------------|-------------------------|-------------------------|--|
| <b>REVENUES</b>           |                         |                         |                         |  |
| Local sources             | \$ -                    | \$ -                    | \$ 1,622                | \$ 1,622                               |
| State sources             | 20,600                  | 20,600                  | 20,000                  | (600)                                  |
| Earnings on investments   | -                       | -                       | 19                      | 19                                     |
| <b>Total revenues</b>     | <b><u>\$ 20,600</u></b> | <b><u>\$ 20,600</u></b> | <b><u>\$ 21,641</u></b> | <b><u>\$ 1,041</u></b>                 |
| <b>EXPENDITURES</b>       |                         |                         |                         |  |
| Public safety             | \$ 20,600               | \$ 20,600               | \$ 33,685               | \$ (13,085)                            |
| <b>Total expenditures</b> | <b><u>\$ 20,600</u></b> | <b><u>\$ 20,600</u></b> | <b><u>\$ 33,685</u></b> | <b><u>\$ (13,085)</u></b>              |

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, 2016

|                      | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|----------------------|--------------------|------------------|------------------|--|
| REVENUES             |                    |                  |                  |  |
| Gas tax              | \$ 20,000          | \$ 20,000        | \$ -             | \$ (20,000)                            |
| Total revenues       | <u>\$ 20,000</u>   | <u>\$ 20,000</u> | <u>\$ -</u>      | <u>\$ (20,000)</u>                     |
| EXPENDITURES         |                    |                  |                  |  |
| Highways and streets | \$ 20,000          | \$ 20,000        | \$ 28,871        | \$ (8,871)                             |
| Total expenditures   | <u>\$ 20,000</u>   | <u>\$ 20,000</u> | <u>\$ 28,871</u> | <u>\$ (8,871)</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, 2016

|                              | Original<br>Budget      | Final<br>Budget         | Actual                  | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------|-------------------------|-------------------------|-------------------------|--|
| <b>REVENUES</b>              |                         |                         |                         |  |
| Local sources                | \$ -                    | \$ -                    | \$ 5,000                | \$ 5,000                               |
| State sources                | 73,960                  | 73,960                  | 73,960                  | -                                      |
| Earnings on investments      | -                       | -                       | 34                      | 34                                     |
| <b>Total revenues</b>        | <b><u>\$ 73,960</u></b> | <b><u>\$ 73,960</u></b> | <b><u>\$ 78,994</u></b> | <b><u>\$ 5,034</u></b>                 |
| <b>EXPENDITURES</b>          |                         |                         |                         |  |
| Public safety                | \$ 73,997               | \$ 73,997               | \$ 72,188               | \$ 1,809                               |
| <b>Total expenditures</b>    | <b><u>\$ 73,997</u></b> | <b><u>\$ 73,997</u></b> | <b><u>\$ 72,188</u></b> | <b><u>\$ 1,809</u></b>                 |
| <b>BUDGETED CASH BALANCE</b> | <b><u>\$ 37</u></b>     | <b><u>\$ 37</u></b>     |                         |  |

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, 2016

|                               | Original<br>Budget | Final<br>Budget    | Actual             | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------|--------------------|--------------------|--------------------|--|
| REVENUES                      |                    |                    |                    |  |
| Fines and forfeitures         | \$ 21,000          | \$ 21,000          | \$ 5,952           | \$ (15,048)                            |
| State sources                 | -                  | -                  | -                  | -                                      |
| Total revenues                | <u>\$ 21,000</u>   | <u>\$ 21,000</u>   | <u>\$ 5,952</u>    | <u>\$ (15,048)</u>                     |
| EXPENDITURES                  |                    |                    |                    |  |
| Public safety                 | \$ 21,000          | \$ 21,000          | -                  | \$ 21,000                              |
| Total expenditures            | <u>\$ 21,000</u>   | <u>\$ 21,000</u>   | <u>-</u>           | <u>\$ 21,000</u>                       |
| OTHER FINANCING USES          |                    |                    |                    |  |
| Transfer out                  | \$ (50,000)        | \$ (50,000)        | \$ (48,969)        | \$ 1,031                               |
| Total other financing<br>uses | <u>\$ (50,000)</u> | <u>\$ (50,000)</u> | <u>\$ (48,969)</u> | <u>\$ -</u>                            |
| BUDGETED CASH BALANCE         | <u>\$ 50,000</u>   | <u>\$ 50,000</u>   |                    |  |

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

**NON-MAJOR CAPITAL PROJECT FUNDS**

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

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Non-Major Capital Projects Fund  
Combining Balance Sheet  
June 30, 2016

Statement C-1

|  | Airport<br>Construction<br>Fund |
|--|---------------------------------|
| ASSETS                                 |                                 |
| Cash on deposit                        | \$ 1,554                        |
| Total assets                           | \$ -                            |
| LIABILITIES                            |                                 |
| Accounts payable                       | \$ -                            |
| Total liabilities                      | -                               |
| FUND BALANCES                          |                                 |
| Restricted                             | 1,554                           |
| Total fund balance                     | 1,554                           |
| Total liabilities and<br>fund balances | \$ 1,554                        |

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, 2016

|  | Airport<br>Construction<br>Fund |
|--|---------------------------------|
| <b>REVENUES</b>                                      |                                 |
| Charges for services                                 | \$ -                            |
| Local sources  | -                               |
| State sources  | 12,750                          |
| Federal sources                                      | 30,342                          |
| Earnings on investments                              | -                               |
| Total revenues                                       | 43,092                          |
| <b>EXPENDITURES</b>                                  |                                 |
| General government                                   | -                               |
| Capital outlay                                       | 46,538                          |
| Total expenditures                                   | 46,538                          |
| Excess (deficiency) of revenues over<br>expenditures | (3,446)                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                 |
| Transfers in   | 5,000                           |
| Transfers out  | -                               |
| Loan proceeds  | -                               |
| Total other financing<br>sources (uses)              | 5,000                           |
| Net change in fund balance                           | 1,554                           |
| Fund balance, beginning of year                      | -                               |
| Fund balance, end of year                            | <b>\$ 1,554</b>                 |

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, 2016

|                                | Original<br>Budget       | Final<br>Budget          | Actual                  | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------------|--------------------------|--------------------------|-------------------------|--|
| <b>REVENUES</b>                |                          |                          |                         |  |
| State sources                  | \$ 50,000                | \$ 50,000                | \$ 12,750               | \$ (37,250)                            |
| Federal sources                | <u>300,000</u>           | <u>300,000</u>           | <u>30,342</u>           | <u>(269,658)</u>                       |
| Total revenues                 | <b><u>\$ 350,000</u></b> | <b><u>\$ 350,000</u></b> | <b><u>\$ 43,092</u></b> | <b><u>\$ (306,908)</u></b>             |
| <b>EXPENDITURES</b>            |                          |                          |                         |  |
| Capital outlay                 | \$ 355,000               | \$ 355,000               | \$ 46,538               | \$ 308,462                             |
| Total expenditures             | <b><u>\$ 355,000</u></b> | <b><u>\$ 355,000</u></b> | <b><u>\$ 46,538</u></b> | <b><u>\$ 308,462</u></b>               |
| <b>OTHER FINANCING SOURCES</b> |                          |                          |                         |  |
| Transfer in                    | \$ 5,000                 | \$ 5,000                 | \$ 5,000                | \$ -                                   |
| Total other financing sources  | <b><u>\$ 5,000</u></b>   | <b><u>\$ 5,000</u></b>   | <b><u>\$ 5,000</u></b>  | <b><u>\$ -</u></b>                     |

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

**PROPRIETARY FUND DETAIL**

**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, 2016

Statement D-1

|  | Cemetery<br>Fund | Museum<br>Fund   | Total            |
|--|------------------|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |                  |
| Current Assets   |                  |                  |                  |
| Cash on deposit  | \$ 9,433         | \$ 3,880         | \$ 13,313        |
| Accounts receivable (net)                              | -                | -                | -                |
| Total Current Assets                                   | 9,433            | 3,880            | 13,313           |
| Capital Assets   |                  |                  |                  |
| Land   | -                | -                | -                |
| Land improvements                                      | 34,622           | -                | 34,622           |
| Buildings and Improvements                             | -                | 107,496          | 107,496          |
| Equipment  | -                | -                | -                |
| Vehicles   | -                | -                | -                |
| Plant/infrastructure                                   | -                | -                | -                |
| Accumulated depreciation                               | (34,622)         | (35,278)         | (69,900)         |
| Total Capital Assets                                   | -                | 72,218           | 72,218           |
| Total Assets   | <b>\$ 9,433</b>  | <b>\$ 76,098</b> | <b>\$ 85,531</b> |
| <b>LIABILITIES</b>                                     |                  |                  |                  |
| 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                                      | -                | -                | -                |
| <b>NET POSITION</b>                                    |                  |                  |                  |
| Net investment in capital assets                       | -                | 72,218           | 72,218           |
| Restricted for capital outlay                          | -                | -                | -                |
| Restricted for debt service                            | -                | -                | -                |
| Unrestricted   | 9,433            | 3,880            | 13,313           |
| Total Net Position                                     | 9,433            | 76,098           | 85,531           |
| Total Liabilities and Net Position                     | <b>\$ 9,433</b>  | <b>\$ 76,098</b> | <b>\$ 85,531</b> |

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, 2016

|  | Cemetery<br>Fund       | Museum<br>Fund          | Total                   |
|--|------------------------|-------------------------|-------------------------|
| OPERATING REVENUES                       |                        |                         |                         |
| Sales and services                       | \$ 3,025               | \$ -                    | \$ 3,025                |
| Local source                             | -                      | 1,150                   | 1,150                   |
| State shared taxes                       | -                      | -                       | -                       |
| Total operating revenue                  | <u>3,025</u>           | <u>1,150</u>            | <u>4,175</u>            |
| OPERATING EXPENSES                       |                        |                         |                         |
| Personal services                        | -                      | 7,778                   | 7,778                   |
| Maintenance and operations               | 388                    | 4,482                   | 4,870                   |
| Major contractual services               | -                      | -                       | -                       |
| Other operating expenses                 | -                      | -                       | -                       |
| Depreciation                             | -                      | 2,756                   | 2,756                   |
| Total operating expenses                 | <u>388</u>             | <u>15,016</u>           | <u>15,404</u>           |
| Operating income (loss)                  | <u>2,637</u>           | <u>(13,866)</u>         | <u>(11,229)</u>         |
| NON-OPERATING REVENUE (EXPENSE)          |                        |                         |                         |
| Investment income                        | -                      | -                       | -                       |
| Investment expense                       | -                      | -                       | -                       |
| Transfers in                             | -                      | 13,500                  | 13,500                  |
| Transfers out                            | -                      | -                       | -                       |
| State grant                              | -                      | -                       | -                       |
| Federal grant                            | -                      | -                       | -                       |
| Total Non-Operating Revenue<br>(Expense) | <u>-</u>               | <u>13,500</u>           | <u>13,500</u>           |
| Change in Net Position                   | 2,637                  | (366)                   | 2,271                   |
| Total net position, beginning of year    | <u>6,796</u>           | <u>76,464</u>           | <u>83,260</u>           |
| Total net position, end of year          | <u><b>\$ 9,433</b></u> | <u><b>\$ 76,098</b></u> | <u><b>\$ 85,531</b></u> |

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, 2016

Statement D-3

|   | Cemetery<br>Fund | Museum<br>Fund     | Total             |
|---|------------------|--------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                  |                    |                   |
| Cash received from customers  | \$ 3,025         | \$ -               | \$ 3,025          |
| Cash received from local sources  | -                | 1,150              | 1,150             |
| Cash received from state sources  | -                | -                  | -                 |
| Cash payments to employees and to<br>suppliers for goods and services                           | (388)            | (12,260)           | (12,648)          |
| Net cash provided by operating<br>activities  | 2,637            | (11,110)           | (8,473)           |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES:</b>                            |                  |                    |                   |
| Loan proceeds   | -                | -                  | -                 |
| Principal paid  | -                | -                  | -                 |
| Acquisition of capital assets   | -                | -                  | -                 |
| Investment expense  | -                | -                  | -                 |
| Net cash provided (used) by capital<br>and related financing activities                         | -                | -                  | -                 |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>                                     |                  |                    |                   |
| Cash received from state sources  | -                | -                  | -                 |
| Cash received from federal sources  | -                | -                  | -                 |
| Operating transfers from other funds  | -                | 13,500             | 13,500            |
| Operating transfers to other funds  | -                | -                  | -                 |
| Net cash provided (used) by<br>noncapital financing activities                                  | -                | 13,500             | 13,500            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                  |                    |                   |
| Investment income   | -                | -                  | -                 |
| Net cash provided by investing<br>activities  | -                | -                  | -                 |
| Net increase (decrease) in cash   | 2,637            | 2,390              | 5,027             |
| Cash, beginning of year   | 6,796            | 1,490              | 8,286             |
| Cash, end of year   | <b>\$ 9,433</b>  | <b>\$ 3,880</b>    | <b>\$ 13,313</b>  |
| <b>RECONCILIATION OF OPERATING<br/>INCOME TO NET CASH PROVIDED<br/>BY OPERATING ACTIVITIES:</b> |                  |                    |                   |
| Operating income (loss)   | \$ 2,637         | \$ (13,866)        | \$ (11,229)       |
| Adjustments to reconcile operating<br>income to net cash provided by<br>operating activities:   |                  |                    |                   |
| Depreciation  | -                | 2,756              | 2,756             |
| Changes in assets and liabilities:  |                  |                    |                   |
| (Increase) decrease in receivables  | -                | -                  | -                 |
| Increase (decrease) in accounts payable   | -                | -                  | -                 |
| Increase (decrease) in compensated<br>absences  | -                | -                  | -                 |
| Net cash provided (used) by operating activities  | <b>\$ 2,637</b>  | <b>\$ (11,110)</b> | <b>\$ (8,473)</b> |

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, 2016

|                            | Original<br>Budget     | Final<br>Budget        | Actual                 | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------|------------------------|------------------------|------------------------|--|
| <b>REVENUES</b>            |                        |                        |                        |  |
| Sales and services         | \$ 4,500               | \$ 4,500               | \$ 3,025               | \$ (1,475)                             |
| Local sources              | -                      | -                      | -                      | -                                      |
| State sources              | -                      | -                      | -                      | -                                      |
| Interest income            | -                      | -                      | -                      | -                                      |
|                            | <u>          </u>      | <u>          </u>      | <u>          </u>      | <u>          </u>                      |
| Total revenues             | <u><b>\$ 4,500</b></u> | <u><b>\$ 4,500</b></u> | <u><b>\$ 3,025</b></u> | <u><b>\$ (1,475)</b></u>               |
| <b>EXPENDITURES</b>        |                        |                        |                        |  |
| Personal services          | \$ -                   | \$ -                   | \$ -                   | \$ -                                   |
| Maintenance and operations | 1,100                  | 1,100                  | 388                    | 712                                    |
| Capital outlay             | -                      | -                      | -                      | -                                      |
|                            | <u>          </u>      | <u>          </u>      | <u>          </u>      | <u>          </u>                      |
| Total expenditures         | <u><b>\$ 1,100</b></u> | <u><b>\$ 1,100</b></u> | <u><b>\$ 388</b></u>   | <u><b>\$ 712</b></u>                   |

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, 2016

|                                  | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------------|--------------------|------------------|------------------|--|
| <b>REVENUES</b>                  |                    |                  |                  |  |
| Sales and services               | \$ 1,500           | \$ 1,500         | \$ -             | \$ (1,500)                             |
| Local sources                    | -                  | -                | 1,150            | 1,150                                  |
| Interest income                  | -                  | -                | -                | -                                      |
| Total revenues                   | <u>\$ 1,500</u>    | <u>\$ 1,500</u>  | <u>\$ 1,150</u>  | <u>\$ (350)</u>                        |
| <b>EXPENDITURES</b>              |                    |                  |                  |  |
| Personal services                | \$ -               | \$ -             | \$ -             | \$ -                                   |
| Maintenance and operations       | 15,000             | 15,000           | 12,260           | 2,740                                  |
| Contractual services             | -                  | -                | -                | -                                      |
| Capital outlay                   | -                  | -                | -                | -                                      |
| Total expenditures               | <u>\$ 15,000</u>   | <u>\$ 15,000</u> | <u>\$ 12,260</u> | <u>\$ 2,740</u>                        |
| <b>OTHER FINANCING SOURCES</b>   |                    |                  |                  |  |
| Tranfers in                      | \$ 13,500          | \$ 13,500        | \$ 13,500        | \$ -                                   |
| Total other financing sources    | <u>\$ 13,500</u>   | <u>\$ 13,500</u> | <u>\$ 13,500</u> | <u>\$ -</u>                            |
| <b>EXPENDITURES</b>              |                    |                  |                  |  |
| Budgetary basis                  |                    |                  | \$ 12,260        |  |
| Capital outlay                   |                    |                  | -                |  |
| Depreciation                     |                    |                  | 2,756            |  |
| (Decrease) in payables           |                    |                  | -                |  |
| Increase in compensated absences |                    |                  | -                |  |
| Modified accrual basis           |                    |                  | <u>\$ 15,016</u> |  |

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

### PROPRIETARY FUNDS

**WATER AND SEWER FUND** - To account for the provision of water and sewer services to the residents of Springer, New Mexico. All activities necessary to provide these services are accounted for in this fund.

**SOLID WASTE FUND** - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

**ELECTRIC FUND** - To account for revenue and expenditures for the maintenance of the electric operations. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Proprietary Funds  
Water/Sewer Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

|   | Original<br>Budget | Final<br>Budget   | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|---------------------|--|
| <b>REVENUES</b>                                       |                    |                   |                     |  |
| Sales and services                                    | \$ 427,000         | \$ 427,000        | \$ 466,500          | \$ 39,500                              |
| Local sources   | -                  | -                 | -                   | -                                      |
| State sources   | 75,000             | 75,000            | 585,535             | 510,535                                |
| Federal sources                                       | -                  | -                 | -                   | -                                      |
| Interest income                                       | -                  | -                 | -                   | -                                      |
|   | <b>\$ 502,000</b>  | <b>\$ 502,000</b> | <b>\$ 1,052,035</b> | <b>\$ 550,035</b>                      |
| <b>EXPENDITURES</b>                                   |                    |                   |                     |  |
| Personal services                                     | \$ -               | \$ -              | \$ -                | \$ -                                   |
| Maintenance and operations                            | 352,000            | 352,000           | 374,997             | (22,997)                               |
| Capital outlay  | 75,000             | 75,000            | 57,408              | 17,592                                 |
| Revenue bonds principle                               | 13,759             | 13,759            | 14,454              | (695)                                  |
| Interest expense                                      | 28,041             | 28,041            | 26,899              | 1,142                                  |
|   | <b>\$ 468,800</b>  | <b>\$ 468,800</b> | <b>\$ 473,758</b>   | <b>\$ (4,958)</b>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                    |                   |                     |  |
| Transfers in  | \$ -               | \$ -              | \$ -                | \$ -                                   |
| Transfers out   | -                  | -                 | (573,480)           | (573,480)                              |
|   | <b>\$ -</b>        | <b>\$ -</b>       | <b>\$ (573,480)</b> | <b>\$ (573,480)</b>                    |
| <b>BUDGETED CASH BALANCE</b>                          |                    |                   |                     |  |
|   | <b>\$ -</b>        | <b>\$ -</b>       |                     |  |
| <b>Revenues</b>                                       |                    |                   |                     |  |
| Budgetary basis                                       |                    |                   | \$ 1,052,035        |  |
| Increase in receivables                               |                    |                   | 8,487               |  |
|   |                    |                   | <b>\$ 1,060,522</b> |  |
| <b>Expenditures</b>                                   |                    |                   |                     |  |
| Budgetary basis                                       |                    |                   | \$ 473,758          |  |
| Capital acquisitions                                  |                    |                   | (57,408)            |  |
| Principal payments                                    |                    |                   | (14,454)            |  |
| Interest payments                                     |                    |                   | (26,899)            |  |
| Depreciation  |                    |                   | 426,125             |  |
| Increase in accounts payable/<br>compensated absences |                    |                   | 842                 |  |
| Increase in allowance for<br>doubtful accounts        |                    |                   | 5,826               |  |
|   |                    |                   | <b>\$ 807,790</b>   |  |

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

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Proprietary Funds  
Solid Waste Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

|  | Original<br>Budget       | Final<br>Budget          | Actual                   | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------------|--------------------------|--------------------------|--|
| <b>REVENUES</b>                                      |                          |                          |                          |  |
| Sales and services                                   | \$ 115,000               | \$ 125,000               | \$ 120,675               | \$ (4,325)                             |
| Local sources  | -                        | -                        | -                        | -                                      |
| Environmental gross receipts tax                     | -                        | -                        | -                        | -                                      |
| Interest income                                      | -                        | -                        | -                        | -                                      |
|  | <u>          </u>        | <u>          </u>        | <u>          </u>        | <u>          </u>                      |
| Total revenues                                       | <b><u>\$ 115,000</u></b> | <b><u>\$ 125,000</u></b> | <b><u>\$ 120,675</u></b> | <b><u>\$ (4,325)</u></b>               |
| <b>EXPENDITURES</b>                                  |                          |                          |                          |  |
| Personal services                                    | \$ 55,000                | \$ 55,000                | \$ 54,098                | \$ 902                                 |
| Maintenance and operations                           | 55,000                   | 75,000                   | 76,327                   | (1,327)                                |
| Capital outlay                                       | -                        | -                        | -                        | -                                      |
|  | <u>          </u>        | <u>          </u>        | <u>          </u>        | <u>          </u>                      |
| Total expenditures                                   | <b><u>\$ 110,000</u></b> | <b><u>\$ 130,000</u></b> | <b><u>\$ 130,425</u></b> | <b><u>\$ (425)</u></b>                 |
| <b>OPERATING TRANSFERS</b>                           |                          |                          |                          |  |
| Transfers in   | \$ -                     | \$ 10,000                | \$ 10,000                | \$ -                                   |
| Transfers out  | -                        | -                        | -                        | -                                      |
|  | <u>          </u>        | <u>          </u>        | <u>          </u>        | <u>          </u>                      |
| Total operating transfers                            | <b><u>\$ -</u></b>       | <b><u>\$ 10,000</u></b>  | <b><u>\$ 10,000</u></b>  | <b><u>\$ -</u></b>                     |
| <b>BUDGETED CASH BALANCE</b>                         | <b><u>\$ -</u></b>       | <b><u>\$ -</u></b>       |                          |  |
| <b>Expenditures</b>                                  |                          |                          |                          |  |
| Budgetary basis                                      |                          |                          | \$ 130,425               |  |
| Capital acquisitions                                 |                          |                          | -                        |  |
| Depreciation   |                          |                          | -                        |  |
| Changes in accounts payable/<br>compensated absences |                          |                          | 3,082                    |  |
| Increase in allowance for<br>doubtful accounts       |                          |                          | 1,050                    |  |
|  |                          |                          | <u>          </u>        |  |
| Modified accrual basis                               |                          |                          | <b><u>\$ 134,557</u></b> |  |

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

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Proprietary Funds  
Electric Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|-------------------|--|
| <b>REVENUES</b>                                       |                    |                   |                   |  |
| Sales and services                                    | \$ 750,000         | \$ 750,000        | \$ 732,532        | \$ (17,468)                            |
| Local sources   | -                  | -                 | 22,015            | 22,015                                 |
|   | -                  | -                 | -                 | -                                      |
| Total revenues  | <u>\$ 750,000</u>  | <u>\$ 750,000</u> | <u>\$ 754,547</u> | <u>\$ 4,547</u>                        |
| <b>EXPENDITURES</b>                                   |                    |                   |                   |  |
| Personal services                                     | \$ -               | \$ -              | \$ -              | \$ -                                   |
| Maintenance and operations                            | 620,900            | 620,900           | 653,197           | (32,297)                               |
| Capital outlay  | -                  | -                 | -                 | -                                      |
| Loan principle  | -                  | -                 | 6,000             | (6,000)                                |
| Investment expense                                    | -                  | -                 | 15,234            | (15,234)                               |
|   | -                  | -                 | -                 | -                                      |
| Total expenditures                                    | <u>\$ 620,900</u>  | <u>\$ 620,900</u> | <u>\$ 674,431</u> | <u>\$ (53,531)</u>                     |
| BUDGETED CASH BALANCE                                 | <u>\$ -</u>        | <u>\$ -</u>       |                   |  |
| <b>REVENUES</b>                                       |                    |                   |                   |  |
| Budgetary basis                                       |                    |                   | \$ 754,547        |  |
| Increase in accounts receivable                       |                    |                   | 30,937            |  |
|   |                    |                   | -                 |  |
| Modified accrual basis                                |                    |                   | <u>\$ 785,484</u> |  |
| <b>Expenditures</b>                                   |                    |                   |                   |  |
| Budgetary basis                                       |                    |                   | \$ 674,431        |  |
| Capital acquisitions                                  |                    |                   | -                 |  |
| Principal payments                                    |                    |                   | (6,000)           |  |
| Depreciation  |                    |                   | -                 |  |
| Increase in accounts payable/<br>compensated absences |                    |                   | 1,941             |  |
| Increase in allowance for<br>doubtful accounts        |                    |                   | 7,650             |  |
|   |                    |                   | -                 |  |
| Modified accrual basis                                |                    |                   | <u>\$ 678,022</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\*

|   | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|
| Town of Springer proportion of the net pension liability (asset)  | 0.0360%     | 0.0385%     |
| Town of Springer proportionate share of the net pension liability (asset)   | \$280,839   | \$392,541   |
| Town of Springer covered-employee payroll   | \$325,956   | \$340,988   |
| Town of Springer proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 67.08%      | 115%        |
| Plan fiduciary net position as a percentage of the total pension liability  | 81.29%      | 76.99%      |

\*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\*

|   | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|
| Town of Springer proportion of the net pension liability (asset)  | 0.0168%     | 0.0249%     |
| Town of Springer proportionate share of the net pension liability (asset)   | \$ 54,766   | \$ 119,733  |
| Town of Springer covered-employee payroll   | \$ 92,512   | \$ 66,451   |
| Town of Springer proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 67.08%      | 180%        |
| Plan fiduciary net position as a percentage of the total pension liability  | 81.29%      | 76.99%      |

\*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\*

|  | <u>2015</u>     | <u>2016</u>     |
|--|-----------------|-----------------|
| Contractually required contribution                                  | \$ 29,590       | \$ 32,564       |
| Contributions in relation to the contractually required contribution | <u>(29,590)</u> | <u>(32,564)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     |
| Town of Springer covered-employee payroll                            | \$325,956       | \$340,988       |
| Contributions as a percentage of covered-employee payroll            | 9.55%           | 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\*

|  | 2015      | 2016      |
|--|-----------|-----------|
| Contractually required contribution                                  | \$ 9,370  | \$ 6,911  |
| Contributions in relation to the contractually required contribution | (9,370)   | (6,911)   |
| Contribution deficiency (excess)                                     | \$ -      | \$ -      |
| Town of Springer covered-employee payroll                            | \$ 92,512 | \$ 66,451 |
| Contributions as a percentage of covered-employee payroll            | 10.40%    | 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\*

|   | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|
| Town of Springer Housing Authority proportion of the net pension liability (asset)  | 1.0129%     | 0.0124%     |
| Town of Springer Housing Authority proportionate share of the net pension liability (asset)   | \$ 100,634  | \$ 126,429  |
| Town of Springer Housing Authority covered-employee payroll   | \$ 104,480  | \$ 107,476  |
| Town of Springer Housing Authority proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 96.32%      | 121.01%     |
| Plan fiduciary net position as a percentage of the total pension liability  | 81.5%       | 76.99%      |

\*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\*

|  | <u>2015</u>    | <u>2016</u>     |
|--|----------------|-----------------|
| Contractually required contribution                                  | \$ 9,814       | \$ 10,062       |
| Contributions in relation to the contractually required contribution | <u>(9,184)</u> | <u>(10,062)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>     |
| Town of Springer Housing Authority covered-employee payroll          | \$ 104,480     | \$ 105,361      |
| Contributions as a percentage of covered-employee payroll            | 9.39%          | 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 Housing Authority will present information for those years for which information is available.

See Independent Auditor's Report

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\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf)

**Changes of assumptions.**

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

[http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%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.



**SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
TOWN OF SPRINGER  
Schedule of Changes in  
Assets and Liabilities -  
Agency Funds  
Year Ended June 30, 2016

Schedule VIII

|                         | Balance<br>June 30, 2015 | Additions        | Deletions        | Balance<br>June 30, 2016 |
|-------------------------|--------------------------|------------------|------------------|--------------------------|
| <b>ASSETS</b>           |                          |                  |                  |                          |
| Cash                    | \$ 29,905                | \$ 25,497        | \$ 16,602        | \$ 38,800                |
| Total assets            | <u>\$ 29,905</u>         | <u>\$ 25,497</u> | <u>\$ 16,602</u> | <u>\$ 38,800</u>         |
| <b>LIABILITIES</b>      |                          |                  |                  |                          |
| Due to General Fund     | \$ 16,965                | \$ 19,307        | \$ 3,863         | \$ 32,409                |
| Due to Corrections Fund | 8,781                    | 3,012            | 11,793           | -                        |
| Due to bond holders     | 529                      | -                | -                | 529                      |
| Due to other agencies   | <u>3,630</u>             | <u>3,610</u>     | <u>1,378</u>     | <u>5,862</u>             |
| Total liabilities       | <u>\$ 29,905</u>         | <u>\$ 25,929</u> | <u>\$ 17,034</u> | <u>\$ 38,800</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, 2016

Schedule IX

|   | Total              |
|---|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                    |
| Cash received from customers  | \$ 132,730         |
| Cash subsidies - HUD  | 116,471            |
| Cash paid to suppliers  | (134,456)          |
| Cash paid to employees (or on behalf of)  | (177,615)          |
| Net cash provided by operating activities   | (62,870)           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                       |                    |
| Legal settlement  | -                  |
| Transfers in (out)  | -                  |
| Net cash provided (used) by noncapital financing activities                                   | -                  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                              |                    |
| Capital grant   | 76,243             |
| Purchase of capital assets  | (14,773)           |
| Disposition of assets   | -                  |
| Net cash provided (used) by capital and related financing activities                          | 61,470             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                    |
| Purchases of certificates of deposit  | (229)              |
| Investment income   | 228                |
| Net cash provided (used) by investing activities  | (1)                |
| Net increase (decrease) in pooled cash and cash equivalents                                   | (1,401)            |
| Cash and cash equivalents, beginning of year  | 104,166            |
| Cash and cash equivalents, end of year  | <b>\$ 102,765</b>  |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                    |
| Operating income (loss)   | (122,673)          |
| Adjustments to reconcile operating income to net cash provided by operating activities:       |                    |
| Depreciation  | 69,085             |
| Change in assets and liabilities:   |                    |
| Accounts receivable   | (100)              |
| Tenant prepaid rent   | 760                |
| Inventory   | (4,358)            |
| Prepaid expenses  | 456                |
| Tenants security deposits   | 275                |
| Accounts and contracts payable  | (354)              |
| Accrued payroll and payroll taxes   | (447)              |
| Accrued compensated absences  | 2,150              |
| Net GASB 68 accrual   | (7,664)            |
| Net cash provided (used) by operating activities  | <b>\$ (62,870)</b> |

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, 2016

Prepared by (Agency Staff Name): Shawn Jeffrey

Title: Clerk

Date: June 19, 2017

| <i>RFB/RFP (if applicable)</i> | <i>Type of Procurement</i> | <i>Bidder/Vendor Name</i>     | <i>Did Bidder/Vendor Win Contract?</i> | <i>\$ Amount of Awarded Contract</i> | <i>\$ Amount of Amended Contract</i> | <i>Estimated Contract Value</i> | <i>Physical address of vendor (City, State)</i> | <i>Did the Vendor provide documentation of eligibility for in-state preference?</i> | <i>Did the Vendor provide documentation of eligibility for veterans' preference?</i> | <i>Brief Description of the Scope of Work</i> | <i>If the procurement is attributable to a Component Unit, Name of Component Unit</i> |
|--------------------------------|----------------------------|-------------------------------|--|--------------------------------------|--------------------------------------|---------------------------------|---|---|--|---|---|
| N/A                            | Competitive (RFP or RF)    | Archuleta Construction        | Winner                                 | \$ 138,485                           | \$ -                                 | -                               | PO Box 271<br>Maxwell, NM 87728                 | Yes   | No   | Backwash Project                              |   |
| 01-213                         | Competitive (RFP or RF)    | Forsgren Associates, Inc.     | Winner                                 | \$ 911,000                           | \$ 1,217,462                         | -                               | 370 E 500 S #102<br>Salt Lake City, UT 84111    | Yes   | No   | Dam Project Engineering                       |   |
| 01-213                         | Competitive (RFP or RF)    | Bohannon Huston               | Loser                                  | \$ -                                 | \$ -                                 | -                               | 7500 Jefferson St, NE<br>Albuquerque, NM 87109  | Yes   | No   | Dam Project Engineering                       |   |
| 01-213                         | Competitive (RFP or RF)    | Wilson & Company, Inc         | Loser                                  | \$ -                                 | \$ -                                 | -                               | 4900 Lang Ave, NE<br>Albuquerque, NM 87109      | Yes   | No   | Dam Project Engineering                       |   |
| N/A                            | Competitive (RFP or RF)    | RMC                           | Winner                                 | \$ 7,791,194                         | \$ 4,192,158                         | -                               | 6211 Chappell Rd NE<br>Albuquerque, NM 87199    | Yes   | No   | Dam Project Construction                      |   |
| N/A                            | Competitive (RFP or RF)    | Construction Reporter         | Loser                                  | \$ -                                 | \$ -                                 | -                               | 1609 2nd St NW<br>Albuquerque, NM 87199         | Yes   | No   | Dam Project Construction                      |   |
| N/A                            | Competitive (RFP or RF)    | Kiewit New Mexico             | Loser                                  | \$ -                                 | \$ -                                 | -                               | 5130 Masthead St NE<br>Albuquerque, NM 87109    | Yes   | No   | Dam Project Construction                      |   |
| N/A                            | Competitive (RFP or RF)    | Kirkland Construction         | Loser                                  | \$ -                                 | \$ -                                 | -                               | 2102 Main Street<br>Rye, CO 81069               | Yes   | No   | Dam Project Construction                      |   |
| N/A                            | Sole Source                | Springer Electric Cooperative | Winner                                 | \$ 641,182                           | \$ -                                 | -                               | PO Box 698<br>Springer, NM 87747                | Yes   | No   | Electricity for Resale                        |   |

*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

**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, 2016 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 June 19, 2017. 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), Water Meter Deposits (2015-005), 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), Court Fees Not Distributed Correctly (2015-015), Transactions Made by Third Parties not Recorded on Books of Record (2015-016), Incorrect Court Reports Compared to Deposits Made (2016-001), Court Reports Prepared and Submitted Late (2016-002), Repair and Replacement Funds Required (2016-003), Required Reserves (2016-004), Failure to Deposit Monies Timely (2016-005), Request for Documents (2016-006), Gross Receipts Taxes Not Remitted Correctly (2016-007), Tax Exempt Entities Unclear (2016-008), Waste of Public Monies (2016-009), Lapse of Grant Reimbursement (2016-010) and Late Audit Report (2016-011).

#### 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.

*Rod & Associates, LLP*

Albuquerque, New Mexico  
June 19, 2017

**STATUS OF FINDINGS AND RESPONSES**

Prior Year Town Audit Findings:

1. Budget Overruns (2005-008) - Repeated.
2. DFA Cash Report Incorrect (2009-003) - Repeated.
3. Utility Accounting (2014-003) - Resolved.
4. No Depreciation Policy (2015-001) - Resolved.
5. Purchase Orders Required (2015-002) - Resolved.
6. Receipts Issued Out of Sequence (2015-003) - Resolved.
7. Travel Policy (2015-004) - Resolved.
8. Water Meter Deposits (2015-005) - Repeated.
9. Sewer/Solid Waste Ordinance (2015-006) - Resolved.
10. Electric Power Service Ordinance (2015-007) - Resolved.
11. Late Fees for Late Deposits of IRS Taxes (2015-008) - Repeated.
12. New Hire Reporting (2015-009) - Repeated.
13. Employee Files Not Complete (2015-010) - Repeated.
14. Policy Regarding Use of Town Property (2015-011) - Repeated.
15. Incomplete 1099 Forms (2015-012) - Resolved.
16. Lodgers Tax Revenues not Received (2015-013) - Resolved.
17. Grant not Utilized (2015-014) - Resolved.
18. Court Fees Not Distributed Correctly (2015-015) - Repeated.
19. Transactions Made by Third Parties Not Recorded on Books of Record (2015-016) - Repeated.

Current Year Town Audit Findings:

1. Incorrect Court Reports Compared to Deposits Made - (2016-001)
2. Court Reports Prepared and Submitted Late - (2016-002)
3. Repair and Replacement Funds Required - (2016-003)
4. Required Reserves - (2016-004)



5. Failure to Deposit Monies Timely - (2016-005)
6. Request for Documents - (2016-006)
7. Gross Receipts Taxes not Remitted Correctly - (2016-007)
8. Tax Exempt Entities Unclear - (2016-008)
9. Waste of Public Monies - (2016-009)
10. Lapse of Grant Reimbursement - (2016-010)
11. Late Audit Report - (2016-011)

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: The Library Fund \$11,486, LEPF Fund \$13,085, Streets Fund \$8,871, Water/Sewer Fund \$4,958, Electric Fund \$53,531 and Solid Waste Fund \$425. Management has not made progress in this area.

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                    The Clerk is diligently making the effort to review the budget and quarterly reports to ensure there are no overruns and all adjustments are done within the required timeline. This process will be more effective with the new Caselle financial software the Town has acquired. Currently the financial system has been transitioned to the Caselle system in which the FY17 budget has been entered. This process has been implemented during the FY17 year.

DFA Report Incorrect - Other Matter  
(2009-003)

CONDITION                   An overhaul of all the funds was done with DFA personnel so complete, accurate financial statements could be used for the audit. This however, was done after the DFA quarterly report was prepared and submitted to DFA. So, because of the change in some funds, the DFA report does not properly reflect the cash balances as of June 30, 2016. Management has made progress in this area with a spreadsheet that can be used to upload all transactions for the quarter. Management has not made progress in this area.

CRITERIA                    Department of Finance and Administration regulations require all transactions and cash balances to be recorded on the DFA report.

CAUSE                        An overhaul of the books and records was done with the help of DFA personnel.

EFFECT                      DFA regulations concerning cognizant reporting were not followed.

RECOMMENDATION            All amounts reported on the DFA report should be adequately supported by the financial statements.

RESPONSE                   The Town Clerk is currently working more efficiently to record each transaction and transfer in the DFA report with the Caselle data. The prior cash balances will be implemented into the current budget to record accurate cash balances. This process has been implemented during the FY17 year.

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. Management has not made progress in this area.  |
| 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 Utility Clerk and Deputy Clerk are working diligently to create and maintain a water meter list that the Town Clerk can use to accurately reconcile with the bank account on a monthly basis. The monthly list of deposits will match the monthly meter deposits. The implementation of previous records of Meter deposits is still being processed however the current deposits received are being reconciled to the bank statements. |

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

|                |  |
|----------------|--|
| CONDITION      | The Town was assessed \$1,667 in penalties for failure to timely deposit payroll taxes (September, 2015). Management has not made progress in this area.   |
| CRITERIA       | Each 941 deposit must be filed with the IRS by the 15 <sup>th</sup> of the following month.  |
| CAUSE          | Management did not ensure these deposits were submitted timely. This occurred before Wells Fargo was contracted to prepare payroll.  |
| EFFECT         | The Town paid \$1,667 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 previous Clerks status of non-payment of the IRS taxes and of the payment schedule for federal taxes. The Town has obtained Wells Fargo Payroll service and the federal taxes are paid on a regular basis. The Town Clerk verified the reporting that are being filed by Wells Fargo Payroll service each pay period. This process has been implemented during the FY17 hear with the Wells Fargo Payroll service. |

New Hire Reporting - Other Matter  
(2015-009)

CONDITION                   The Town did not properly report newly hired or rehired employees to a State directory within 20 days of their hire date. Management has not made progress in this area.

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 was under the impression that when Wells Fargo prepared payroll, the reporting would be included as one of their duties.

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 continually reviews the payroll reports to ensure this process is being completed through Wells Fargo Payroll service. This reporting is part of the Wells Fargo Payroll service. This process has been implemented during the FY17.

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

CONDITION All ten employee files did not have wage rate approval documentation included. Management has not made progress in this area.

CRITERIA Employee files need to have complete wage rate documentation verifying wage increases during the year.

CAUSE The Board properly approved wage increases at the February 2016 meeting. However, management is not ensuring these documents are being obtained and included in the employee 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 Deputy Clerk has implemented a new form for recording all employee increases and this form will be included in each employment file as they are approved. Each increase that is approved a new form is filled out and the employee supervisor attests the correct amount and the form is filed in the personnel file. Each file is up to date and all forms filed in each employee file.

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. Management has not made progress in this area.  |
| CRITERIA       | There should be a written policy regarding personal and business use of Village property.   |
| CAUSE          | Neither management or the Board has required a written policy be put in place.  |
| 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       | In December, 2016 the Town adopted a vehicle and cell phone policy to insure controls are in place for all employees. Each employee and elected official that uses the vehicles has a form to fill out pre and post trip so all trips and mileage are accounted for and the cell phone policy is presented to each employee and the employee attests they are aware of this policy and agrees to adhere to the procedures. This process has been implemented during the FY17. |



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. Management has not made progress in this area.   |
| 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 did not have complete control over these transactions as the Judge and the Judges office had a separate bank account. This office also prepared the monthly reports. So management is unable to correctly distribute these revenues on a regular (monthly) basis.  |
| EFFECT         | The General Fund is owed \$32,409.  |
| RECOMMENDATION | These amounts need to be transferred as soon as possible.   |
| RESPONSE       | the Utility/Court Clerk is currently using the Caselle program which includes a Court module that is being utilized to record the tickets and also it divides the distributions as required. The previous financial software was not fund based which did not provide an accurate report to each fund. The bank account for this fund has been combined with the combined cash bank account. A monthly report is being generated and each distribution is paid at the end of each month by the Clerk. This process has been implemented during the FY17 year. |

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. Management has not made progress in this area.  |
| 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 Clerk is working with the new financial software (Caselle) to ensure all cash balances, interest earned, and capital assets are recorded separately as required by the State of New Mexico. The NMFA balances are being recorded in the Caselle program individually instead as a lump sum. This process has been implemented during the FY17 year. |

Incorrect Court Reports Compared to Deposits Made -  
Compliance Matter  
(2016-001)

CONDITION                   The September 2015 Court Reports had two items listed for \$69, however, in one instance only \$64 was deposited and in the other only \$65. Also, two citations received in December 2015 totaling \$114 and one received in March 2016 for \$119 were not reported on the State Court Report.

CRITERIA                    Court reports filed monthly are required to include all citations and the corresponding fine amount. This fine amount is also separated into the proper categories such as correction fee, automation fee and education fee.

CAUSE                        These reports are not being reconciled to the actual citations paid and the deposits made each month. The Judges office was responsible for preparing these reports for fiscal year 2016.

EFFECT                      The monthly court reports are not correct.

RECOMMENDATION            The citations should be received and deposited through the front office as are water payments. Management should obtain the Caselle Court module so the system can properly divide these payments among the various funds. Then each month when the Court report is prepared the actual citations paid and deposited should be reconciled and used to prepare the monthly report.

RESPONSE                   Currently the Town has acquired the Caselle Court module in which all citations are recorded in the system by the Utility/Court Clerk and all payments are receipted to the proper citation and reconciled to the report. The Caselle Program provides a monthly reporting that is filed each month with each distributed payment. This process has been implemented during the FY17 year.

Court Reports Prepared and Submitted Late -  
Compliance Matter  
(2016-002)

CONDITION                    The Court Reports for the months of April, May and June, 2016 were not submitted with payment until August 2, 2016. The total amount required for Automatic Fees and Education fees was \$1,341 for those three months.

CRITERIA                     All automation and education fees should be remitted to the State within 30 days after the end of each month.

CAUSE                         The business office was not preparing these reports. The Judges office was preparing them and then providing them to the business office.

EFFECT                        Management is not complying with the required filing deadline.

RECOMMENDATION            The Clerk/Treasurer should prepare these reports after obtaining the Casselle report providing a list of the citations that were paid and the separation of the amounts due for each required fee, ex: automation and education. Management also needs to ensure these reports and fees are remitted within 30 days of the end of each reporting month.

RESPONSE                    The Utility/Court Clerk is utilizing the Caselle program and is generating a monthly report. The Clerk is then checking the deposits and comparing them to the reports and all distributions are listed and fees paid monthly. This process has been implemented during the FY17 year.

Repair and Replacement Funds Required - Compliance Matter  
(2016-003)

|                |   |
|----------------|---|
| CONDITION      | A requirement in the approval and issuance of the Series 1970 Bonds and the Series 1988 Bonds is that a Repair and Replacement Fund be created and maintained for the duration of the Bonds. These requirements were continued and exist in the issuance of the Series 1997 Bonds and Series 2003 Bonds.  |
| CRITERIA       | The Town should have a Repair and Replacement Fund created, maintained and adequately funded per the Bond issuances.  |
| CAUSE          | The Town has not had the adequate "funds" to properly create and maintain a Repair and Replacement Fund.  |
| EFFECT         | Management is not complying with its own Ordinances.  |
| RECOMMENDATION | The Repair and Replacement Fund should be created and funded as soon as possible.   |
| RESPONSE       | This requirement is no longer required as the USDA bonds have been refinanced through New Mexico Finance Authority. The Town of Springer conscientiously is aware of the importance of reserving funds for repair and replacement. In due diligence repairs are made as the need arises and the Town relies on Capital Outlay and the loan/grant funding to acquire funds for repair and replacement of the Utility requirements. This finding has been resolved with the Bond refinance in FY17. |

Required Reserves - Compliance Matter  
(2016-004)

|                |  |
|----------------|--|
| CONDITION      | The 1997 Series Bonds, 2003 Series Bonds and the 2007 Series Bonds have a reserve requirement. The amount required at June 30, 2016 totals at least \$61,989. Management has not set aside this amount and created a separate Reserve Fund as required by the Bond Issues.   |
| CRITERIA       | The 1997 Series Bonds, 2003 Series Bonds and the 2007 Series Bonds each have a reserve requirement.  |
| CAUSE          | The Town has not had the adequate "funds" to properly create and maintain a Reserve Fund.  |
| EFFECT         | Management is not complying with the three Bond Issues.  |
| RECOMMENDATION | The Reserve Fund should be created and funded as soon as possible.   |
| RESPONSE       | The bonds have been refinanced with the New Mexico Finance Authority and the required reserves were part of the bond refinance and the New Mexico Finance Authority has the reserves encumbered in the loan. This finding has been resolved by the Bond refinance with NMFA. NMFA has the required reserves encumbered within the refinance. |

Failure to Deposit Monies Timely - Compliance Matter  
(2016-005)

|                |  |
|----------------|--|
| CONDITION      | Court Citations received June 11, 2016 to June 30, 2016 totaling \$899 were not deposited until July 5, 2016. Thus, these amounts were not deposited within 24 hours of receipt.   |
| CRITERIA       | Per DFA regulations, all receipts are to be deposited within a 24 hour period.   |
| CAUSE          | The cause for this delay is unknown.   |
| EFFECT         | The required 24 hours deadline is not being met.   |
| RECOMMENDATION | All receipts received by the Town are required to be deposited within 24 hours. Management needs to ensure that proper internal controls are followed to ensure these funds are deposited promptly.  |
| RESPONSE       | The part-time staff in the office accidentally misplaced a deposit and it was deposited as soon as it was found by the Utility Clerk. All cash and checks that are received are deposited on the current or next business day by the Utility Clerk and the Deputy Clerk attests to the deposit amount. All receipts are checked for the correct dates and are deposited within the required timeline with a two signature form of proof. This process has been implemented during the FY17 year. |

Request for Documents - Other Matter  
(2016-006)

CONDITION                    On October 11, 2016 a Board Trustee requested Management to furnish copies of all mileage and per diem to employees and elected officials from March 1, 2014 to October, 2016. Copies of these documents (totaling 967 pages) were produced and charged at the rate of \$0.35/page for a grand total of \$338. The Trustee reviewed the documents and selected only a portion and paid for only those documents. The time taken to prepare these documents by the Clerk/Treasurer totaled \$788 per the Clerks hourly rate times the hours used to obtain these documents from storage, copy and collate them. This Trustee still has not picked up and paid for the rest of the documents requested.

CRITERIA                    The Town's attorney has determined that Trustees cannot be held at a different level than any other individual requesting copies of documents. Thus, this amount is still owed to the Town by this Trustee.

CAUSE                        It is unknown at this time why this Trustee refuses to pay for and pick up the documents that were requested in writing.

EFFECT                      The Trustee has wasted valuable time of the Clerk/Treasurer amounting to \$788. The Trustee also still owes the Town approximately \$300 for documents requested.

RECOMMENDATION            The Trustee needs to pay for the documents requested. In the future Management of the Town should receive FULL payment or a sufficient deposit for any and all future requests.

RESPONSE                    A policy for all Inspection of Public Records Act (IPRA) requests has been drafted and approved which outlines and details IPRA requests which includes the language not to exclude elected officials. This policy was approved unanimously by the Governing Body. It includes the requirement that payment will be received in full for all IPRA requests, all IPRA requests will be charged the same price of 35¢ per page and it states that all requests will be treated the same for all requesters. The policy includes detail that cost will be implemented for all Information of Public Records Requests. "Copies are to include all (IPRA) Inspection of Public Records requests by the customer and/or elected official's" is the language on the service charges policy. The Trustee that requested this IPRA request has not paid for nor picked up the remaining documents. This policy was passed and approved in the July 2017 meeting by the entire Governing Body.



Gross Receipts Taxes not Remitted Correctly -  
Compliance Matter  
(2016-007)

|                |  |
|----------------|--|
| CONDITION      | Management of the Town under reported gross receipts taxes to Taxation and Revenue in the amount of \$3,070. Also, the Town was assessed \$450 in penalties and interest for late filing of CRS-1 reports.   |
| CRITERIA       | All gross receipts taxes received by the Town are required to be remitted to the Taxation and Revenue Department by the 25 <sup>th</sup> of the following month.   |
| CAUSE          | Management was not calculating the amount due correctly. Also, these reports were not being submitted in a timely manner.  |
| EFFECT         | The Town still owes Taxation and Revenue \$3,070 in gross receipts taxes. The penalties are not budgeted for or allowed under DFA regulations.   |
| RECOMMENDATION | All CRS-1 reports for the fiscal year 2016 should be amended and resubmitted as soon as possible to avoid further penalties and interest that will be charged. Also, management should take steps to ensure these CRS-1 reports are submitted timely.  |
| RESPONSE       | Management has obtained a new form for the formulation of these tax amounts due. Each month the taxes are paid before the due date. This error was due to the way the previous software program was presenting the information and this has been taken care of with the new (Caselle) software program. The Town Clerk files these taxes on a monthly basis using the new form that is formulated correctly. This process has been implemented during the FY17 year. |

Tax Exempt Entities Unclear - Compliance Matter  
(2016-008)

CONDITION                    The software system used to determine tax exempt entities cannot provide a tax exempt only report so management can reconcile it to actual exempt entities. Thus, management is unable to ensure all entities not being charged gross receipts taxes are correct and legally exempt. Also, management is charging gross receipts tax on themselves and the State Highway Department. The total amount overpaid for these entities is \$1,271.

CRITERIA                    According to Taxation and Revenue regulations certain entities are exempt from the 5% required gross receipts tax on water, sewer and solid waste services. Example is State Statute 7-9-54 that would exempt the Town of Springer and the State Highway Department.

CAUSE                        Management has not ensured that the business software be set up to provide the information so the CRS-1 reports can adequately reflect the correct legally exempt (entities) amounts.

EFFECT                      The CRS-1 reports submitted could be incorrect. Also, management may not be receiving gross receipts taxes owed because they have incorrectly classified them as exempt. Management has overpaid gross receipts taxes by \$1,271 for entities that are clearly exempt.

RECOMMENDATION            Management should require the business software to provide an exempt only report that can be reviewed to ensure it is correct.

RESPONSE                    After consulting with the software company they provided information for the retrieval of this information that will separate both tax exempt and non-exempt customers. The Town Clerk was unaware of the tax allowance as according to the NM State Statute 7-9-54. Currently all tax charges have been removed from the Town and NMDOT Utility accounts. This process is up-to-date for the FY17.

Waste of Public Monies - Other Matter  
(2016-009)

CONDITION A current Board Trustee has brought numerous allegations against current Board Trustees and employees of the Town. The Town's attorney has had to spend numerous hours defending these allegations. To date the Town has spent \$13,227 in legal and accounting fees. The Town Clerk has spent numerous hours obtaining documents for the attorneys, providing copies of documents to the Attorney Generals Office and to the 2016 auditors. None of these allegations to date have been substantiated.

CRITERIA According to the Governmental Conduct Act 10-16-3 C "at all times, reasonable efforts shall be made to avoid undue influence and abuse of office in public service."

CAUSE It appears that the Trustee is not concerned with the cost of defending these allegations. Especially, when they can easily be researched by the Trustee who has the same access to the records used by the attorneys and auditors.

EFFECT A Trustee has wasted at least (to date) \$5,500 of Town resources to defend allegations that have no merit.

RECOMMENDATION The Trustee should attend a seminar or receive training of some kind to obtain knowledge about ethics and of how a Trustee should avoid waste and/or abuse of public monies.

RESPONSE The Town Clerk is providing all documentation as requested in support of the allegations that have been brought forward from the complaints to the NM Attorney General's Office, New Mexico Secretary of State's Office and inquiries from the New Mexico State Auditor's Office. These documents are provided in an attempt to assist with reduction of the amount paid to the resources who are responding to these agencies. The Town Clerk has made every reasonable effort to avoid waste and abuse of public monies by taking extra time and effort to provide the documents as requested. The total of this cost for these allegations has reached up to over \$10,000 in public monies. To date: The NM Secretary of State Office has replied there is no violation of the NM Governmental Conduct Act and the Office for the NM State Auditor's office replied that the Clerk is currently and never has been under investigation, response has not been received nor a determination issued as of August 8, 2017. All documents have been provided to all agencies for vindication of all allegations.

Lapse of Grant Reimbursement - Compliance Matter  
(2016-010)

|                |  |
|----------------|--|
| CONDITION      | The Police Department received a Department of Transportation Grant, 100 Days and Nights of Summer. Although the Police Department did perform some saturations for the year, the information was not provided to the Clerk in time to receive reimbursement for the expenditures.   |
| CRITERIA       | All grants received are on a reimbursement basis. The Town is responsible for preparing and submitting the documents to obtain the reimbursement of expenditures.  |
| CAUSE          | The Police Department staff did not provide the Clerk with any information so the reimbursements could be submitted.   |
| EFFECT         | The Town lost \$2,266 in grant monies.   |
| RECOMMENDATION | All grants should be monitored periodically to ensure all monies are received and spent correctly.   |
| RESPONSE       | The Clerk is diligently working with the Police Department to ensure all grants are utilized and reimbursed within the time constraints of the grant. Due to an officer shortage in the Police Department the grant was not able to be fully utilized. The current chief has a full force on staff and will be utilizing the funds as they are awarded. This grant expired in September of 2016. |

Late Audit Report - Compliance Matter  
(2016-011)

|                |  |
|----------------|--|
| CONDITION      | The audit report was submitted to the State Auditors Office after the required deadline of December 15.  |
| CRITERIA       | Town audits are required to be submitted to the State Auditor by December 15, as required by NMAC 2.2.2.9.   |
| CAUSE          | Management implemented a new accounting software during the year. The implementation was not complete and did not generate adequate financial statements that could be audited.  |
| EFFECT         | NMAC 2.2.2.9 was not followed.   |
| RECOMMENDATION | Town management obtained help in correcting the software issues which then provided financial statements that could be audited. However, management should ensure that these procedures continue so correct financial statements can be presented for audit in the future. |
| RESPONSE       | The Clerk will continue to work with the Caselle software company to ensure adequate financial statements can be presented for future audits. Currently the system is up to date and current financials can be generated.  |

#### FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2016 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 Town on June 19, 2107 to discuss the current audit report. In attendance were Mr. Boe Lopez, Mayor Pro-Tem, Ms. Rebecca Ramirez, Board Trustee, Mr. Tim Trujillo, Board Trustee, Ms. Shawn Jeffrey, Clerk and Ms. Pamela A. Rice, CPA, Contract Auditor. A properly closed regular session was held.