



KRIEGEL/GRAY/SHAW & CO., P.C.

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**STATE OF NEW MEXICO
TOWN OF SPRINGER HOUSING AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SPRINGER)**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2010

TOWN OF SPRINGER HOUSING AUTHORITY

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TOWN OF SPRINGER HOUSING AUTHORITY
OFFICIAL ROSTER
JUNE 30, 2010

Board of Directors

| <u>Name</u> | <u>Title</u> |
|---------------------------|----------------------|
| <i>James Angel</i> | <i>Chairman</i> |
| <i>Samuel W. Roy, Sr.</i> | <i>Vice-Chairman</i> |
| <i>Rodney Hood</i> | <i>Commissioner</i> |
| <i>Joseph Reinel</i> | <i>Commissioner</i> |
| <i>Dora Tompkins</i> | <i>Commissioner</i> |

Administrative Official

| | |
|-----------------------|---------------------------|
| <i>Julie Martinez</i> | <i>Executive Director</i> |
|-----------------------|---------------------------|



INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Town of Springer Housing Authority
(A Component Unit of the Town of Springer)
Springer, New Mexico

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Town of Springer Housing Authority (a component unit of the Town of Springer), as of and for the year ended June 30, 2010, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons of the Housing Authority presented as supplementary information in the individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. These financial statements are the responsibility of Town of Springer Housing Authority's management. 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 *Governmental 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town of Springer Housing Authority, as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly the budgetary comparisons of the major and non-major funds in accordance with the budgetary basis described in Note. 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010 on our consideration of the Town of Springer Housing Authority'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* and should be considered in conjunction with this report in considering the results of our audit.

To the Board of Directors
Town of Springer Housing Authority
(A Component Unit of the Town of Springer)
Springer, New Mexico
Page Two

The management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Kriegel/Gray/Shaw & Co., P.C.
Kriegel/Gray/Shaw & Co., P.C.

November 22, 2010

TOWN OF SPRINGER HOUSING AUTHORITY
(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The following is an analysis for the Springer Housing Authority's financial performance. It is to provide the reader with an overview to the Authority's financial activities for the fiscal year ended June 30, 2010. The information contained here in this MD&A should be considered in conjunction with the Authority's basic financial statements.

Financial Highlights

- The Springer Housing Authority's total assets increased from \$808,255 to \$1,015,802 an increase of \$207,547 or 25.68%.
- The net asset's balance increased from \$783,609 to \$985,563 at June 30, 2010. This represents an increase of \$201,954 or 25.77% from the previous year. The unrestricted net asset balance increased from \$222,182 to \$293,284, an increase of \$71,102 or 32.00%.
- Revenues increased from \$333,508 to \$569,507 an increase of \$235,999 or 70.76% from the previous year.
- Total expenses decreased by \$52,334, from \$419,887 to \$367,553 for the current year. This represents a decrease of 12.46%.

Using this Annual Report

This annual report consists of basic financial statements and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended June 30, 2010. The basic statements provide readers with a broad overview of the Authority's finances. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

1. The Statement of Net Assets provides information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statement of Activities presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
3. The Statement of Cash Flows presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The agency has two individual programs. These include the Low Rent Housing Program and the Capital Fund Program.

- The Low Rent Housing Program consists of the 21 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. Tenants typically pay dwelling rent, which is based on a formula that equates to 30 percent of the tenant's adjusted gross income.
- The Capital Fund program is also funded from HUD based on a formula. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the years ended June 30, 2010 and June 30, 2009.

Statement of Net Assets-Condensed FYE June 30

| <u>Category</u> | <u>FYE 2010</u> | <u>FYE 2009</u> | <u>Dollar Change</u> |
|--------------------------------------|------------------|-----------------|--------------------------|
| Current Assets | \$314,024 | \$246,828 | 67,196 |
| Noncurrent Assets | 9,499 | 12,835 | (3,336) |
| Capital Assets (Net of Depreciation) | 692,279 | 548,592 | 143,687 |
| <i>Total Assets</i> | <i>1,015,802</i> | <i>808,255</i> | <i>207,547</i> |
| Current Liabilities | 16,748 | 12,591 | 4,157 |
| Long Term Liabilities | 13,491 | 12,055 | 1,436 |
| <i>Total Liabilities</i> | <i>30,239</i> | <i>24,646</i> | <i>5,593</i> |
| Restricted Net assets | 0 | 12,835 | (12,835) |
| Unrestricted Net Assets | 293,284 | 222,182 | 71,102 |
| Investment in Net Capital Assets | 692,279 | 548,592 | 143,687 |
| <i>Total Net Assets</i> | <i>985,563</i> | <i>783,609</i> | <i>201,954</i> |

Cash & Investments

Unrestricted cash and investments totaled \$293,871, an increase of \$69,562 from the previous year.

Current Assets

Current assets increased 27.22% from \$246,828 to \$314,024 due primarily to an increase in cash at year end.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Current Liabilities

Current liabilities increased from \$12,591 to \$16,748 or 33.02%. This increase was primarily the result of an increase in wages payable of \$11,010 offset by decreases in accounts payable of \$4,165, deferred revenue of \$954, prepaid rent of \$821, and due to other funds of \$913.

Net Assets

The total net asset balance increased from \$783,609 to \$985,563 at June 30, 2010. Unrestricted net assets are the amount of available funds for future appropriations. These funds are reserved for expenditures of the actual program. The Authority's unrestricted net assets total \$293,284, an increase of \$71,102 from the previous year.

Statement of Revenues & Expenses FYE June 30

| <u>Category</u> | <u>FYE 2010</u> | <u>FYE 2009</u> | <u>Dollar Change</u> |
|--|-----------------|-----------------|--------------------------|
| Rental Revenue | 111,661 | 111,687 | (26) |
| HUD Operating Grants | 163,544 | 151,155 | 12,389 |
| Capital Grants | 287,013 | 66,300 | 220,713 |
| Interest Income | 449 | 1,713 | (1,264) |
| Other Revenue | 6,840 | 2,653 | 4187 |
| <i>Total Revenue</i> | <i>569,507</i> | <i>333,508</i> | <i>235,999</i> |
| Personnel | 130,838 | 116,455 | 14,383 |
| Operating | 142,037 | 186,309 | (44,272) |
| Depreciation | 94,678 | 117,123 | (22,445) |
| <i>Total Expenses</i> | <i>367,553</i> | <i>419,887</i> | <i>(52,334)</i> |
| <i>Excess of Revenue over Expenses</i> | <i>201,954</i> | <i>(86,379)</i> | <i>288,333</i> |

Results of Operations

Operating revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenues increased by \$235,999. Total expenses decreased by \$52,334 from the previous year. Revenues increased from the previous year principally due to the increased activity noted in the CFP Program, as well as an increase in HUD operating grants. Expenses decreased from the previous year principally due to a decrease in operating costs.

Budgets

There were no budget adjustments during the year consistent with the HUD budgeting process.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Capital Assets

As of June 30, 2010, the Springer Housing Authority's investment in capital assets was \$692,279. This investment includes land, building, building improvements, office equipment, and maintenance equipment.

| <u>Category</u> | <u>FYE 2010</u> | <u>FYE 2009</u> | <u>Dollar Change</u> |
|-------------------------------|------------------|------------------|--------------------------|
| Land | \$41,101 | \$41,101 | \$0 |
| Construction in process | 0 | 0 | 0 |
| Buildings | 2,520,210 | 2,327,556 | 192,654 |
| Equipment | 70,012 | 70,012 | 0 |
| Non-dwelling Structures | 218,193 | 172,482 | 45,711 |
| Accumulated Depreciation | (2,157,237) | (2,062,559) | (94,678) |
| <i>Total Net Fixed Assets</i> | <i>\$692,279</i> | <i>\$548,592</i> | <i>\$143,687</i> |

Depreciation expense was \$94,678.

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2010.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Springer Housing Authority
Julie Martinez, Executive Director
P.O. Box 207
Springer, New Mexico 87747

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

PROPRIETARY FUNDS

STATEMENTS OF NET ASSETS

JUNE 30, 2010

| | Business-Type Activities | | |
|---|--------------------------|------------------|--------------------|
| | Low Rent | Nonmajor Fund | |
| | | CFP | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$221,571 | \$0 | \$221,571 |
| Investments | 72,300 | 0 | 72,300 |
| Prepaid insurance | 7,320 | 0 | 7,320 |
| Tenant receivable - net of allowance | 1,283 | 0 | 1,283 |
| Interest receivable | 195 | 0 | 195 |
| Inventory | 11,355 | 0 | 11,355 |
| Due from HUD | 0 | 0 | 0 |
| Due from other funds | 0 | 0 | 0 |
| <i>Total current assets</i> | <i>314,024</i> | <i>0</i> | <i>314,024</i> |
| Noncurrent Assets: | | | |
| Restricted cash | 9,499 | 0 | 9,499 |
| Net capital assets | 291,676 | 400,603 | 692,279 |
| <i>Total noncurrent assets</i> | <i>301,175</i> | <i>400,603</i> | <i>701,778</i> |
| Total assets | \$615,199 | \$400,603 | \$1,015,802 |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities: | | | |
| Accounts payable | \$5,275 | \$0 | \$5,275 |
| Deferred revenue | 0 | 0 | 0 |
| Wages payable | 11,010 | 0 | 11,010 |
| Prepaid rent | 463 | 0 | 463 |
| Due to other funds | 0 | 0 | 0 |
| <i>Total current liabilities</i> | <i>16,748</i> | <i>0</i> | <i>16,748</i> |
| Long-term Liabilities: | | | |
| Accrued compensated absences | 3,992 | 0 | 3,992 |
| Tenant security deposits | 9,499 | 0 | 9,499 |
| <i>Total liabilities</i> | <i>30,239</i> | <i>0</i> | <i>30,239</i> |
| Net Assets: | | | |
| Invested in capital assets | 291,676 | 400,603 | 692,279 |
| Restricted net assets | 0 | 0 | 0 |
| Unrestricted | 293,284 | 0 | 293,284 |
| <i>Total net assets</i> | <i>584,960</i> | <i>400,603</i> | <i>985,563</i> |
| Total liabilities and net assets | \$615,199 | \$400,603 | \$1,015,802 |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Business-Type Activities | | |
|---|--------------------------|----------------------|------------------|
| | Low Rent | Nonmajor Fund CFP | Total |
| OPERATING REVENUES: | | | |
| Rental income | \$111,661 | \$0 | \$111,661 |
| Other revenue | 2,340 | 0 | 2,340 |
| <i>Total operating revenues</i> | 114,001 | 0 | 114,001 |
| OPERATING EXPENSES: | | | |
| Personnel | 130,838 | 0 | 130,838 |
| Operating | 116,247 | 25,790 | 142,037 |
| Depreciation | 73,247 | 21,431 | 94,678 |
| <i>Total operating expenses</i> | 320,332 | 47,221 | 367,553 |
| <i>Net operating income (loss)</i> | (206,331) | (47,221) | (253,552) |
| NON-OPERATING REVENUE AND (EXPENSES) | | | |
| HUD operating subsidy/capital grants | 163,544 | 287,013 | 450,557 |
| Interest | 449 | 0 | 449 |
| Gain/loss on asset | 4,500 | 0 | 4,500 |
| <i>Total non-operating revenue and (expenses)</i> | 168,493 | 287,013 | 455,506 |
| <i>Income (loss) before transfers</i> | (37,838) | 239,792 | 201,954 |
| Transfers in (out) | 25,188 | (25,188) | 0 |
| Capital transfers in (out) | 0 | 0 | 0 |
| | 25,188 | (25,188) | 0 |
| <i>Change in net assets</i> | (12,650) | 214,604 | 201,954 |
| Net assets - beginning as previously stated | 597,610 | 185,999 | 783,609 |
| Net assets - beginning as restated | 597,610 | 185,999 | 783,609 |
| <i>Total net assets, June 30, 2010</i> | \$584,960 | \$400,603 | \$985,563 |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Business-Type Activities | | |
|---|--------------------------|----------------------|------------------|
| | Low Rent | Nonmajor Fund CFP | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers (including other funds) | \$114,344 | \$0 | \$114,344 |
| Cash paid to suppliers | (121,251) | (26,744) | (147,995) |
| Cash paid to employees | (119,828) | 0 | (119,828) |
| <i>Net cash provided (used) by operating activities</i> | (126,735) | (26,744) | (153,479) |
| CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES | | | |
| Accrued compensation | 1,964 | 0 | 1,964 |
| Tenant security deposits | (529) | 0 | (529) |
| Grants - subsidies | 163,544 | 287,054 | 450,598 |
| Transfers in (out) | 25,188 | (25,188) | 0 |
| Advances to (from) other funds | (913) | 913 | 0 |
| <i>Net cash provided (used) by non capital financing activities</i> | 189,254 | 262,779 | 452,033 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital grant | 0 | 0 | 0 |
| Purchase of capital assets | (2,329) | (236,035) | (238,364) |
| Book value of assets deleted | 0 | 0 | 0 |
| Disposition of assets | 4,500 | 0 | 4,500 |
| <i>Net cash provided (used) by capital and related financing activities</i> | 2,171 | (236,035) | (233,864) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of Certificates of Deposit | (1,536) | 0 | (1,536) |
| Interest received | 1,536 | 0 | 1,536 |
| <i>Net cash provided (used) by investing financing activities</i> | 0 | 0 | 0 |
| <i>Net increase (decrease) in pooled cash and investments</i> | 64,690 | 0 | 64,690 |
| Pooled cash and investments, beginning of year | 166,380 | 0 | 166,380 |
| <i>Pooled cash and investments, end of year</i> | \$231,070 | \$0 | \$231,070 |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Business-Type Activities | | |
|---|--------------------------|----------------------|--------------------|
| | Low Rent | Nonmajor Fund CFP | Total |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | (\$206,331) | (\$47,221) | (\$253,552) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 73,247 | 21,431 | 94,678 |
| Change in assets and liabilities: | | | |
| Accounts receivable | 343 | 0 | 343 |
| Deferred revenue | 0 | (954) | (954) |
| Inventory | (774) | 0 | (774) |
| Prepaid expenses | 756 | 0 | 756 |
| Tenants prepaid rent | (821) | 0 | (821) |
| Accounts and contracts payable | (4,165) | 0 | (4,165) |
| Accrued payroll | 11,010 | 0 | 11,010 |
| Customer deposits | 0 | 0 | 0 |
| Due to other funds | 0 | 0 | 0 |
| <i>Total adjustments</i> | 79,596 | 20,477 | 100,073 |
| <i>Net cash provided (used) by operating activities</i> | (\$126,735) | (\$26,744) | (\$153,479) |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY
(A Component Unit of the Town of Springer)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The function of the Town of Springer Housing Authority is to administer the Housing and Urban Development (HUD) programs to provide housing for qualified individuals in the Town of Springer Area.

This funding is provided through various grant programs.

The financial statements of the Town of Springer Housing Authority (Housing Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town of Springer Housing Authority's most significant accounting policies are described below.

Reporting Entity

The Housing Authority is a component unit of the Town of Springer. The accompanying financial statements present only the Town of Springer Housing Authority's financial information.

The Town of Springer Housing Authority is a Town organization created by Town Ordinance to provide housing for qualified Town residents. The Town has the ability to appoint management, influence operations, and influence the disposition of funds.

The Town of Springer Housing Authority has no component units.

Basis of Presentation

For financial reporting purposes, the accounts of the Town of Springer Housing Authority are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, retained earnings, revenues and expenses as appropriate. The various funds are summarized by type in the financial statements. All programs have been accounted for as proprietary funds under the HUD UFRS guidelines.

Proprietary Fund Type

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including amortization and depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary activities have applied all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB statements and Interpretations, APB opinions, and ARB's of Committee on Accounting Procedure. FASB statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, have also been applied.

TOWN OF SPRINGER HOUSING AUTHORITY
(A Component Unit of the Town of Springer)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Proprietary Funds are as follows:

Low Income Housing Project – To account for the rental activities of the Town-owned low income housing project.

Public Housing Capital Fund Program – To account for HUD’s Public Housing Capital Fund Program, which replaces CIAP and CGP. Provides funds for capital improvements for Housing Authority-owned housing.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The financial statements of the Town of Springer Housing Authority are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary fund types are reported on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Budgets and Budgetary Accounting

The Housing Authority adopts budgets for Proprietary Funds in accordance with the Housing and Urban Development program agreements.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments – Budget increases and decreases can only be accomplished by Commission resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the Town’s budget be prepared on the basis of cash receipts and cash expenses. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenses with a cash basis budget as amended.

Income Taxes

As a local government entity, the Town is not subject to federal or state income taxes.

TOWN OF SPRINGER HOUSING AUTHORITY
 (A Component Unit of the Town of Springer)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

The Town allows employees to accrue annual leave based on years of service. Upon termination, accrued annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave up to 240 hours upon termination.

The accrual for compensated absences made as of June 30, 2010 is \$3,992

Cash and Cash Equivalents

For the purpose of the statement of cash flows the proprietary fund considers all highly liquid investments to be cash equivalents.

Interfund Transactions

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

Capital Assets

Purchase or constructed capital assets are reported at cost or estimated historical cost. The Housing Authority defines capital assets as assets with lives of greater than one-year and a cost or donated value of \$5,000 or greater.

Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------|-------------------------------|
| Buildings | 40 |
| Non Dwelling Structures | 15 |
| Machinery and Equipment | 5 – 7 |

Software is capitalized in the machinery and equipment category.

Inventory

Inventory is valued at cost, which approximates market using the first-in/first-out (FIFO) method. Inventory is recorded as expenditures when consumed rather than when purchased.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 2. CASH

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, 2010, 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.

Cash on Deposit

| | Bank Balance | Carrying Amounts |
|--------------------------------------|------------------|---------------------|
| <u>Wells Fargo Bank</u> | | |
| Public Fund – regular checking | \$221,563 | \$221,471 |
| Public Fund – interest checking | 9,407 | 9,499 |
| CFP – regular checking | 0 | 0 |
| CFP – regular checking | (7) | 0 |
| CFP – regular checking | (7) | 0 |
| Certificate of deposit – investments | 39,167 | 39,167 |
| Certificate of deposit – investments | 33,133 | 33,133 |
| <i>Total cash on deposit</i> | 303,256 | 303,270 |
| Petty cash | | 100 |
| <i>Total cash</i> | \$303,256 | \$303,370 |

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

| | Wells Fargo Bank |
|-----------------------------|------------------|
| Amount held in bank | \$303,256 |
| Less F.D.I.C. | 303,256 |
| <i>Amount uninsured</i> | \$0 |
| 100% Collateral requirement | \$0 |

NOTE 3. 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 \$1,010.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 4. CHANGES IN CAPITAL ASSETS

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

| | Balance June 30, 2009 | Additions | Transfers | Balance June 30, 2010 |
|---------------------------------------|--------------------------|------------------|------------|--------------------------|
| Non Depreciable Assets: | | | | |
| Land | \$41,101 | \$0 | \$0 | \$41,101 |
| Depreciable Assets: | | | | |
| Buildings | 2,327,556 | 192,654 | 0 | 2,520,210 |
| Non dwelling structures | 172,482 | 45,711 | 0 | 218,193 |
| Machinery and equipment | 70,012 | 0 | 0 | 70,012 |
| <i>Total</i> | <i>2,611,151</i> | <i>238,365</i> | <i>0</i> | <i>2,849,516</i> |
| Less Accumulated Depreciation: | | | | |
| Buildings | (1,922,386) | (80,463) | 0 | (2,002,849) |
| Non dwelling structures | (74,025) | (10,351) | 0 | (84,376) |
| Machinery and equipment | (66,148) | (3,864) | 0 | (70,012) |
| <i>Total accumulated depreciation</i> | <i>(2,062,559)</i> | <i>(94,678)</i> | <i>0</i> | <i>(2,157,237)</i> |
| <i>Net capital assets</i> | <i>\$548,592</i> | <i>\$143,687</i> | <i>\$0</i> | <i>\$692,279</i> |

Depreciation expense for the year was \$94,678.

NOTE 5. NET ASSETS

The unrestricted net assets represent the amounts available for budgeting future operations (i.e., current).

Net Assets

Net assets are displayed in three components:

Invested in Capital Assets, net of related debt – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – Net assets are reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – Net assets that do not meet the definition of “restricted” and “Invested in capital assets, net of related debt.”

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 6. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Town is a member of the New Mexico Self-Insurers' Fund (the "Fund"). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund's membership, obtain lower costs for insurance coverage, and develop a comprehensive loss control program. The Town pays an annual premium to the Fund for its workers' compensation liability, general liability, auto liability, auto physical damage, and property coverage. The Town's agreement with the Fund provides that the Fund will be self-sustaining through member premiums, and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member cities.

NOTE 7. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

| | | |
|----|-----------------------------|-----------|
| A. | Net Working Capital: | |
| | Proprietary Funds | \$297,276 |

NOTE 8. PERA PENSION PLAN

The Housing Authority employees participate in a public employee retirement system through the Town of Springer. For further disclosures, see the Town of Springer's financial statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 9. TRANSFERS AND DUE FROM/TO OTHER FUNDS

Transfers between funds were as follows:

| Operating Transfers In: | Operating Transfers Out | | Totals |
|--------------------------------|--------------------------------|-----------------|-----------------|
| | Low Rent | CFP | |
| Low Rent | \$0 | \$25,188 | \$25,188 |
| CFP | 0 | 0 | 0 |
| Total | \$0 | \$25,188 | \$25,188 |

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

| Capital Transfers In: | Capital Transfers Out | | Totals |
|------------------------------|------------------------------|------------|---------------|
| | Low Rent | CFP | |
| Low Rent | \$0 | \$0 | \$0 |
| CFP | 0 | 0 | 0 |
| Total | \$0 | \$0 | \$0 |

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.

| Due from Other Funds: | Due to other funds | | Totals |
|------------------------------|---------------------------|------------|---------------|
| | Low Rent | CFP | |
| Low Rent | \$0 | \$0 | \$0 |
| CFP | 0 | 0 | 0 |
| Total | \$0 | \$0 | \$0 |

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds." All balances are expected to be paid within one year.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 10. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarized the changes in accrued compensated absences during 2010:

| | Balance | | | Balance | Amount |
|------------------------------|---------------|-----------|-----------|---------------|------------|
| | June 30, 2009 | Additions | Deletions | June 30, 2010 | Due Within |
| | | | | | One Year |
| Accrued compensated absences | \$2,027 | \$5,110 | \$3,145 | \$3,992 | \$0 |

NOTE 11. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 22, 2010, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

LOW RENT

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Rental income | \$109,650 | \$109,650 | \$110,470 | \$820 |
| Other | 7,240 | 7,240 | 7,240 | 0 |
| <i>Total revenues</i> | <u>116,890</u> | <u>116,890</u> | <u>117,710</u> | <u>820</u> |
| OPERATING EXPENSES: | | | | |
| Tenant services | 900 | 900 | 609 | 291 |
| Personnel | 142,330 | 142,330 | 117,863 | 24,467 |
| Admin expenses | 20,060 | 20,060 | 21,174 | (1,114) |
| Operating and maintenance | 35,580 | 35,580 | 30,069 | 5,511 |
| Capital outlay | 2,330 | 2,330 | 2,329 | 1 |
| Utilities | 71,460 | 71,460 | 68,265 | 3,195 |
| <i>Total operating expenses</i> | <u>272,660</u> | <u>272,660</u> | <u>240,309</u> | <u>32,351</u> |
| <i>Operating income (loss)</i> | <u>(155,770)</u> | <u>(155,770)</u> | <u>(122,599)</u> | <u>(33,171)</u> |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 163,543 | 163,543 | 163,544 | 1 |
| Interest | 1,680 | 1,680 | 1,536 | (144) |
| Transfers in | 25,190 | 25,190 | 25,188 | (2) |
| <i>Total non-operating revenue (expenses)</i> | <u>190,413</u> | <u>190,413</u> | <u>190,268</u> | <u>(145)</u> |
| <i>Net income</i> | <u>\$34,643</u> | <u>\$34,643</u> | <u>\$67,669</u> | <u>(\$33,316)</u> |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2010, is presented below:

| | |
|--|-------------------|
| Net income (budgetary basis) | \$67,669 |
| Adjustments for revenue accruals, transfers, earnings on investments | (296) |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | (80,023) |
| Change in net assets (GAAP basis) | (\$12,650) |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

CFP FUND - 2004

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Operations | 0 | 0 | 0 | 0 |
| Audit costs | 0 | 0 | 0 | 0 |
| Capital outlay | 381 | 381 | 381 | 0 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 0 | 0 | 0 | 0 |
| <i>Total operating expenses</i> | 381 | 381 | 381 | 0 |
| <i>Operating income (loss)</i> | | | | |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 381 | 381 | 381 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | 0 | 0 | 0 | 0 |
| <i>Total non-operating revenue (expenses)</i> | 381 | 381 | 381 | 0 |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2010, is presented below:

| | |
|--|-------------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | (10,433) |
| Change in net assets (GAAP basis) | (\$10,433) |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

CFP FUND - 2005

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Operations | 0 | 0 | 0 | 0 |
| Audit costs | 0 | 0 | 0 | 0 |
| Capital outlay | 6,449 | 6,449 | 6,449 | 0 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 637 | 637 | 637 | 0 |
| <i>Total operating expenses</i> | 7,086 | 7,086 | 7,086 | 0 |
| <i>Operating income (loss)</i> | | | | |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 7,086 | 7,086 | 7,086 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | 0 | 0 | 0 | 0 |
| <i>Total non-operating revenue (expenses)</i> | 7,086 | 7,086 | 7,086 | 0 |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2010, is presented below:

| | |
|--|------------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | (2,462) |
| Change in net assets (GAAP basis) | (\$2,462) |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

CFP FUND - 2006

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Operations | 0 | 0 | 0 | 0 |
| Audit costs | 0 | 0 | 0 | 0 |
| Capital outlay | 5,701 | 5,701 | 5,701 | 0 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 2,000 | 2,000 | 2,000 | 0 |
| <i>Total operating expenses</i> | 7,701 | 7,701 | 7,701 | 0 |
| <i>Operating income (loss)</i> | | | | |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 16,394 | 16,394 | 16,394 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | (8,693) | (8,693) | (8,693) | 0 |
| <i>Total non-operating revenue (expenses)</i> | 7,701 | 7,701 | 7,701 | 0 |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2010, is presented below:

| | |
|--|------------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | (1,257) |
| Change in net assets (GAAP basis) | (\$1,257) |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

CFP FUND - 2007

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Operations | 0 | 0 | 0 | 0 |
| Audit costs | 0 | 0 | 0 | 0 |
| Capital outlay | 52,440 | 52,440 | 52,440 | 0 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 4,000 | 4,000 | 4,000 | 0 |
| <i>Total operating expenses</i> | 56,440 | 56,440 | 56,440 | 0 |
| <i>Operating income (loss)</i> | | | | |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 56,440 | 56,440 | 56,440 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | 0 | 0 | 0 | 0 |
| <i>Total non-operating revenue (expenses)</i> | 56,440 | 56,440 | 56,440 | 0 |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2010, is presented below:

| | |
|--|-----------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | 51,225 |
| Change in net assets (GAAP basis) | \$51,225 |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

CFP FUND - 2008

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Operations | 0 | 0 | 0 | 0 |
| Audit costs | 0 | 0 | 0 | 0 |
| Capital outlay | 70,405 | 70,405 | 70,405 | 0 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 0 | 0 | 0 | 0 |
| <i>Total operating expenses</i> | 70,405 | 70,405 | 70,405 | 0 |
| <i>Operating income (loss)</i> | | | | |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 70,405 | 70,405 | 70,405 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | 0 | 0 | 0 | 0 |
| <i>Total non-operating revenue (expenses)</i> | 70,405 | 70,405 | 70,405 | 0 |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2010, is presented below:

| | |
|--|-----------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | 67,950 |
| Change in net assets (GAAP basis) | \$67,950 |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

CFP FUND - 2009

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Operations | 0 | 0 | 0 | 0 |
| Audit costs | 6,000 | 6,000 | 6,000 | 0 |
| Capital outlay | 3,000 | 3,000 | 3,000 | 0 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 70 | 70 | 70 | 0 |
| <i>Total operating expenses</i> | 9,070 | 9,070 | 9,070 | 0 |
| <i>Operating income (loss)</i> | | | | |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 25,565 | 25,565 | 25,565 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | (16,495) | (16,495) | (16,495) | 0 |
| <i>Total non-operating revenue (expenses)</i> | 9,070 | 9,070 | 9,070 | 0 |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2010, is presented below:

| | |
|--|-------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | 70 |
| Change in net assets (GAAP basis) | \$70 |

The Notes to Financial Statements are an integral part of these statements.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

CFP FUND - ARRA GRANT

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Operations | 0 | 0 | 0 | 0 |
| Audit costs | 0 | 0 | 0 | 0 |
| Capital outlay | 110,741 | 110,741 | 110,741 | 0 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 0 | 0 | 0 | 0 |
| <i>Total operating expenses</i> | 110,741 | 110,741 | 110,741 | 0 |
| <i>Operating income (loss)</i> | | | | |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 110,741 | 110,741 | 110,741 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | 0 | 0 | 0 | 0 |
| <i>Total non-operating revenue (expenses)</i> | 110,741 | 110,741 | 110,741 | 0 |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2010, is presented below:

| | |
|--|------------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | 109,511 |
| Change in net assets (GAAP basis) | \$109,511 |

The Notes to Financial Statements are an integral part of these statements.



**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***

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Town of Springer Housing Authority
(A Component Unit of the Town of Springer)
Springer, New Mexico

We have audited the financial statements of each major fund and the aggregate remaining fund information and the related budgetary comparisons presented as supplementary information of Town of Springer Housing Authority (a component unit of the Town of Springer), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Springer Housing Authority's internal control over financial reporting as a basis for designating 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 Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Springer Housing Authority'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. Finding 2010-01. 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.

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Town of Springer Housing Authority
(A Component Unit of the Town of Springer)
Springer, New Mexico
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Springer Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Springer Housing Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Housing Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Town of Springer, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kriegel/Gray/Shaw & Co., P.C.
Kriegel/Gray/Shaw & Co., P.C.

November 22, 2010

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2010-01 – Unable to Locate Petty Cash Fund

Statement of Condition – The accounting records identify a \$100 petty cash fund that Housing Authority personnel were unable to produce.

Criteria – Good internal controls require procedures to be in place to track all petty cash transactions, i.e. imprest account.

Cause – Change in personnel.

Effect – The Housing Authority has incurred a loss of \$100 due to missing petty cash fund.

Recommendation – The Housing Authority Board should implement periodic review procedures over the petty cash fund to insure accountability at all times.

Management's Response – The Springer Housing Authority's Board of Commissioners will review the need for a petty cash fund and, if one is necessary, ensure at every Board Meeting that the petty cash fund is accounted for and expenditures are proper.

TOWN OF SPRINGER HOUSING AUTHORITY
(A Component Unit of the Town of Springer)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CURRENT STATUS ON PRIOR YEAR FINDINGS:

FS 06-02 – Security Deposits Not Matching the Restricted Cash Accounts

Resolved.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

EXIT CONFERENCE

JUNE 30, 2010

EXIT CONFERENCE:

The exit conference was held November 10, 2010 and was attended by the following:

From the Town of Springer Housing Authority:

James Angel, Chairman

Julie Martinez, Executive Director

From Kriegel/Gray/Shaw & Co., P.C.:

Ken Shaw, CPA/Shareholder

Kristi Granados, CPA, Staff Auditor

FINANCIAL STATEMENTS PREPARATION

The financial statements were prepared by Kriegel/Gray/Shaw & Co., P.C.