



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, 2011

TOWN OF SPRINGER HOUSING AUTHORITY

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TOWN OF SPRINGER HOUSING AUTHORITY
OFFICIAL ROSTER
JUNE 30, 2011

Board of Commissioners

<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>
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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, 2011, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We have also audited the financial statements of the nonmajor enterprise fund and 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, 2011 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, 2011, 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, 2011 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and combining and individual fund financial statements. The Financial Data Schedule listed as "other supplementary information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

November 22, 2011

TOWN OF SPRINGER HOUSING AUTHORITY
(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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, 2011. 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 decreased from \$1,015,802 to \$975,607 a decrease of \$40,195 or 3.96%.
- The net asset's balance decreased from \$985,563 to \$946,551 at June 30, 2011. This represents a decrease of \$39,012 or 3.96% from the previous year. The unrestricted net asset balance decreased from \$293,284 to \$271,515, a decrease of \$21,769 or 7.42%.
- Revenues decreased from \$569,507 to \$398,746 a decrease of \$170,761 or 29.98% from the previous year.
- Total expenses increased by \$70,206, from \$367,553 to \$437,759 for the current year. This represents an increase of 19.10%.

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, 2011. 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, 2011

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 56 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, 2011 and June 30, 2010.

Statement of Net Assets-Condensed FYE June 30

<u>Category</u>	<u>FYE 2011</u>	<u>FYE 2010</u>	<u>Dollar Change</u>
Current Assets	\$288,402	\$314,024	(\$25,622)
Noncurrent Assets	12,169	9,499	2,670
Capital Assets (Net of Depreciation)	675,036	692,279	(17,243)
<i>Total Assets</i>	<i>975,607</i>	<i>1,015,802</i>	<i>(40,195)</i>
Current Liabilities	14,859	16,748	(1,889)
Long Term Liabilities	14,197	13,491	706
<i>Total Liabilities</i>	<i>29,056</i>	<i>30,239</i>	<i>(1,183)</i>
Restricted Net assets	0	0	0
Unrestricted Net Assets	271,515	293,284	(21,769)
Investment in Net Capital Assets	675,036	692,279	(17,243)
<i>Total Net Assets</i>	<i>\$946,551</i>	<i>\$985,563</i>	<i>(\$39,012)</i>

Cash & Investments

Unrestricted cash and investments totaled \$237,160, a decrease of \$56,711 from the previous year.

Current Assets

Current assets decreased 8.16% from \$314,024 to \$288,402 due primarily to a decrease 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, 2011

Current Liabilities

Current liabilities decreased from \$16,748 to \$14,859 or 11.28%. This decrease was primarily the result of a decrease in wages payable of \$7,822 offset by increases in accounts payable of \$2,518 and the current portion of accrued compensated absences of \$3,445.

Net Assets

The total net asset balance decreased from \$985,563 to \$946,551 at June 30, 2011. 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 \$271,515, a decrease of \$21,768 from the previous year.

Statement of Revenues & Expenses FYE June 30

<u>Category</u>	<u>FYE 2011</u>	<u>FYE 2010</u>	<u>Dollar Change</u>
Rental Revenue	\$124,567	\$111,661	12,906
HUD Operating Grants	142,791	163,544	(20,753)
Capital Grants	127,913	287,013	(159,100)
Interest Income	189	449	(260)
Other Revenue	3,286	6,840	(3,554)
<i>Total Revenue</i>	<i>398,746</i>	<i>569,507</i>	<i>(170,761)</i>
Personnel	186,914	130,838	56,076
Operating	159,688	142,037	17,651
Depreciation	91,157	94,678	(3,521)
<i>Total Expenses</i>	<i>437,759</i>	<i>367,553</i>	<i>70,206</i>
<i>Excess of Revenue over Expenses</i>	<i>(\$39,013)</i>	<i>\$201,954</i>	<i>(\$240,967)</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 decreased by \$170,761. Total expenses increased by \$70,206 from the previous year. Revenues decreased from the previous year principally due to the decreased activity noted in the CFP Program, as well as a decrease in HUD operating grants. Expenses increased from the previous year principally due to an increase in personnel and 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, 2011

Capital Assets

As of June 30, 2011, the Springer Housing Authority's investment in capital assets was \$675,036. This investment includes land, building, building improvements, office equipment, and maintenance equipment.

<u>Category</u>	<u>FYE 2011</u>	<u>FYE 2010</u>	<u>Dollar Change</u>
Land	\$41,101	\$41,101	\$0
Construction in process	0	0	0
Buildings	2,531,535	2,520,210	11,325
Equipment	117,601	70,012	47,589
Non-dwelling Structures	233,193	218,193	15,000
Accumulated Depreciation	(2,248,394)	(2,157,237)	(91,157)
<i>Total Net Fixed Assets</i>	<i>\$675,036</i>	<i>\$692,279</i>	<i>(\$17,243)</i>

Depreciation expense was \$91,157.

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2011.

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, 2011

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$164,555	\$0	\$164,555
Investments	72,605	0	72,605
Prepaid insurance	7,063	0	7,063
Tenant receivable - net of allowance	154	0	154
Interest receivable	79	0	79
Inventory	9,231	0	9,231
Due from HUD	34,715	0	34,715
Due from other funds	0	0	0
<i>Total current assets</i>	288,402	0	288,402
Noncurrent Assets:			
Restricted cash	12,169	0	12,169
Net capital assets	418,523	256,513	675,036
<i>Total noncurrent assets</i>	430,692	256,513	687,205
<i>Total assets</i>	\$719,094	\$256,513	\$975,607
 LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$1,929	\$0	1,929
Accrued Liabilities	5,864	0	5,864
Wages payable	3,188	0	3,188
Prepaid rent	433	0	433
Accrued compensated absences - current portion	3,445	0	3,445
<i>Total current liabilities</i>	14,859	0	14,859
Long-term Liabilities:			
Accrued compensated absences	2,028	0	2,028
Tenant security deposits	12,169	0	12,169
<i>Total liabilities</i>	29,056	0	29,056
Net Assets:			
Invested in capital assets	418,523	256,513	675,036
Restricted net assets	0	0	0
Unrestricted	271,515	0	271,515
<i>Total net assets</i>	690,038	256,513	946,551
<i>Total liabilities and net assets</i>	\$719,094	\$256,513	\$975,607

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, 2011

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
OPERATING REVENUES:			
Rental income	\$124,567	\$0	\$124,567
Other revenue	3,286	0	3,286
<i>Total operating revenues</i>	127,853	0	127,853
OPERATING EXPENSES:			
Personnel	186,914	0	186,914
Operating	123,856	35,831	159,687
Depreciation	54,312	36,845	91,157
<i>Total operating expenses</i>	365,082	72,676	437,758
<i>Net operating income (loss)</i>	(237,229)	(72,676)	(309,905)
NON-OPERATING REVENUE AND (EXPENSES)			
HUD operating subsidy/capital grants	142,791	127,913	270,704
Interest	189	0	189
Gain/loss on asset	0		0
<i>Total non-operating revenue and (expenses)</i>	142,980	127,913	270,893
<i>Income (loss) before transfers</i>	(94,249)	55,237	(39,012)
Transfers in (out)	18,339	(18,339)	0
Capital transfers in (out)	180,988	(180,988)	0
	199,327	(199,327)	0
<i>Change in net assets</i>	105,078	(144,090)	(39,012)
Net assets - beginning of year	584,960	400,603	985,563
<i>Total net assets, June 30, 2011</i>	\$690,038	\$256,513	\$946,551

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, 2011

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers (including other funds)	\$131,003	\$0	\$131,003
Cash paid to suppliers	(118,338)	(35,832)	(154,170)
Cash paid to employees	(193,255)	0	(193,255)
<i>Net cash provided (used) by operating activities</i>	<i>(180,590)</i>	<i>(35,832)</i>	<i>(216,422)</i>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Grants - subsidies	108,076	0	108,076
Transfers in (out)	18,339	(18,339)	0
Advances to (from) other funds	0	0	0
<i>Net cash provided (used) by non capital financing activities</i>	<i>126,415</i>	<i>(18,339)</i>	<i>108,076</i>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grant	0	127,913	127,913
Purchase of capital assets	(172)	(73,742)	(73,914)
Book value of assets deleted	0	0	0
Disposition of assets	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	<i>(172)</i>	<i>54,171</i>	<i>53,999</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Certificates of Deposit	0	0	0
Interest received	305	0	305
<i>Net cash provided (used) by investing financing activities</i>	<i>305</i>	<i>0</i>	<i>305</i>
<i>Net increase (decrease) in pooled cash and investments</i>	<i>(54,042)</i>	<i>0</i>	<i>(54,042)</i>
Pooled cash and investments, beginning of year	303,371	0	303,371
<i>Pooled cash and investments, end of year</i>	<i>\$249,329</i>	<i>\$0</i>	<i>\$249,329</i>

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, 2011

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(\$237,229)	(\$72,677)	(\$309,906)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	54,312	36,845	91,157
Change in assets and liabilities:			
Accounts receivable	1,129	0	1,129
Deferred revenue		0	-
Inventory	2,124	0	2,124
Prepaid expenses	257	0	257
Tenants prepaid rent	(30)	0	(30)
Accounts and contracts payable	2,518	0	2,518
Accrued payroll	(7,822)	0	(7,822)
Accrued compensated absences	1,481	0	1,481
Customer deposits	2,670	0	2,670
<i>Total adjustments</i>	56,639	36,845	93,484
<i>Net cash provided (used) by operating activities</i>	(\$180,590)	(\$35,832)	(\$216,422)

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, 2011

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, 2011

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, 2011

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, 2011 is \$5,473.

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, 2011

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, 2011, 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

	<u>Bank Balance</u>	<u>Carrying Amounts</u>
<u>Wells Fargo Bank</u>		
Public Fund – regular checking	\$164,735	\$164,555
Public Fund – interest checking	12,269	12,169
CFP – regular checking	(7)	0
Certificate of deposit – investments	39,422	39,422
Certificate of deposit – investments	33,183	33,183
<i>Total cash on deposit</i>	\$249,602	\$249,329
Petty cash		0
<i>Total cash</i>		\$249,329

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

	<u>Wells Fargo Bank</u>
Amount held in bank	\$249,602
Less F.D.I.C.	249,602
<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 \$8.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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, 2010	Additions	Disposals	Balance June 30, 2011
Non Depreciable Assets:				
Land	\$41,101	\$0	\$0	\$41,101
Depreciable Assets:				
Buildings	2,520,210	11,325	0	2,531,535
Non dwelling structures	218,193	15,000	0	233,193
Machinery and equipment	70,012	47,589	0	117,601
<i>Total</i>	<i>2,849,516</i>	<i>73,914</i>		<i>2,923,430</i>
Less Accumulated Depreciation:				
Buildings	(2,002,849)	(74,423)	0	(2,077,272)
Non dwelling structures	(84,376)	(11,181)	0	(95,557)
Machinery and equipment	(70,012)	(5,553)	0	(75,565)
<i>Total accumulated depreciation</i>	<i>(2,157,237)</i>	<i>(91,157)</i>	<i>0</i>	<i>(2,248,394)</i>
<i>Net capital assets</i>	<i>\$692,279</i>	<i>(\$17,243)</i>	<i>\$0</i>	<i>\$675,036</i>

Depreciation expense for the year was \$91,157.

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, 2011

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	\$273,543
		<hr/>

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, 2011

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	\$18,339	\$18,339
CFP	0	0	0
Total	\$0	\$18,339	\$18,339

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	\$180,988	\$180,988
CFP	0	0	0
Total	\$0	\$180,988	\$180,988

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.

NOTE 10. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarized the changes in accrued compensated absences during 2011:

	Balance			Balance	Amount
	June 30, 2010	Additions	Deletions	June 30, 2011	Due Within
					One Year
Accrued compensated absences	\$3,992	\$4,702	\$3,221	\$5,473	\$3,445

NOTE 11. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 22, 2011, 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, 2011

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Rental income	\$136,620	\$136,621	\$128,876	(\$7,745)
Other	2,700	2,701	2,127	(574)
<i>Total revenues</i>	<u>139,320</u>	<u>139,322</u>	<u>131,003</u>	<u>(8,319)</u>
OPERATING EXPENSES:				
Tenant services	1,330	1,330	0	1,330
Personnel	181,770	181,770	153,235	28,535
Admin expenses	18,280	18,280	19,350	(1,070)
Operating and maintenance	51,140	51,140	80,176	(29,036)
Capital outlay	180	180	172	8
Utilities	66,380	66,380	58,831	7,549
<i>Total operating expenses</i>	<u>319,080</u>	<u>319,080</u>	<u>311,764</u>	<u>7,316</u>
<i>Operating income (loss)</i>	<u>(179,760)</u>	<u>(179,758)</u>	<u>(180,761)</u>	<u>(1,003)</u>
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	152,266	152,266	108,076	(44,190)
Interest	370	370	305	(65)
Transfers in	18,340	18,340	18,339	(1)
<i>Total non-operating revenue (expenses)</i>	<u>170,976</u>	<u>170,976</u>	<u>126,720</u>	<u>(44,256)</u>
<i>Net income</i>	<u>(\$8,784)</u>	<u>(\$8,782)</u>	<u>(\$54,041)</u>	<u>(\$45,259)</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, 2011, is presented below:

Net income (budgetary basis)	(\$54,041)
Adjustments for revenue accruals, transfers, earnings on investments	31,448
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	127,671
Change in net assets (GAAP basis)	\$105,078

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, 2011

	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	0	0	0	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	0	0	0	0
<i>Operating income (loss)</i>	0	0	0	0
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	0	0	0	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	0	0	0	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, 2011, 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	(90,151)
Change in net assets (GAAP basis)	(\$90,151)

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, 2011

	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	0	0	0	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	0	0	0	0
<i>Operating income (loss)</i>	0	0	0	0
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	0	0	0	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	0	0	0	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, 2011, 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	(39,281)
Change in net assets (GAAP basis)	(\$39,281)

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, 2011

	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	2,499	2,499	2,499	0
Audit costs	0	0	0	0
Capital outlay	0	0	0	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	2,499	2,499	2,499	0
<i>Operating income (loss)</i>	(2,499)	(2,499)	(2,499)	0
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	2,499	2,499	2,499	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	2,499	2,499	2,499	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, 2011, 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	(3,368)
Change in net assets (GAAP basis)	(\$3,368)

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, 2011

	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	3,361	3,361	3,361	0
Audit costs	0	0	0	0
Capital outlay	10,604	10,604	10,604	0
Management improvements				0
Administration				0
Fees and costs				0
<i>Total operating expenses</i>	13,965	13,965	13,965	0
<i>Operating income (loss)</i>	(13,965)	(13,965)	(13,965)	0
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	13,965	13,965	13,965	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	13,965	13,965	13,965	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, 2011, 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	5,913
Change in net assets (GAAP basis)	\$5,913

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, 2011

	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	0	0	0	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	0	0	0	0
<i>Operating income (loss)</i>	0	0	0	0
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	0	0	0	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	0	0	0	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, 2011, 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	(67,951)
Change in net assets (GAAP basis)	(\$67,951)

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, 2011

	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	3,671	(3,671)
Audit costs	0	0	0	0
Capital outlay	63,983	63,983	51,814	12,169
Management improvements	2,000	2,000	2,000	0
Administration	0	0	0	0
Fees and costs	930	930	0	930
<i>Total operating expenses</i>	66,913	66,913	57,485	9,428
<i>Operating income (loss)</i>	(66,913)	(66,913)	(57,485)	(9,428)
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	66,913	66,913	57,485	9,428
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	66,913	66,913	57,485	9,428
<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, 2011, 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	46,931
Change in net assets (GAAP basis)	\$46,931

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, 2011

	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	6,453	6,453	6,453	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	6,453	6,453	6,453	0
<i>Operating income (loss)</i>	(6,453)	(6,453)	(6,453)	0
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	6,453	6,453	6,453	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	6,453	6,453	6,453	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, 2011, 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	(1,002)
Change in net assets (GAAP basis)	(\$1,002)

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 - 2010

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	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	18,301	18,301
Audit costs	0	0	6,000	6,000
Capital outlay			4,872	4,872
Management improvements				0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	0	0	29,173	(29,173)
<i>Operating income (loss)</i>	0	0	(29,173)	(29,173)
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy			47,512	47,512
Interest	0	0	0	0
Transfers (out)	0	0	(18,339)	(18,339)
<i>Total non-operating revenue (expenses)</i>	0	0	29,173	29,173
<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, 2011, 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	4,818
Change in net assets (GAAP basis)	\$4,818

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

OTHER SUPPLEMENTARY INFORMATION

Housing Authority of the Town of Springer
Springer, NM
Financial Data Schedule
6/30/2011

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	164,555	-	164,555
113	Cash - Other Restricted	-	-	-
114	Cash - Tenant Security Deposits	12,169	-	12,169
100	Total Cash	176,724	-	176,724
121	Accounts Receivable - PHA Projects	34,715	-	34,715
124	Accounts Receivable - Other Government	-	-	-
125	Accounts Receivable - Miscellaneous	79	-	79
126	Accounts Receivable - Tenants	162	-	162
126.1	Allowance for Doubtful Accts - Tenants	(8)	-	(8)
126.2	Allowance for Doubtful Accts - Other	-	-	-
128	Fraud Recovery	-	-	-
128.1	Allowance for Doubtful Accts - Fraud	-	-	-
120	Total Receivables, Net of Allowance for Doubtfull Accts	34,948	-	34,948
131	Investments - Unrestricted	72,605	-	72,605
132	Investments - Restricted	-	-	-
142	Prepaid Expenses and Other Assets	7,063	-	7,063
143	Inventories	10,257	-	10,257
143.1	Allowance for Obsolete Inventories	(1,026)	-	(1,026)
150	Total Current Assets	300,571	-	300,571
161	Land	41,101	-	41,101
162	Buildings	2,307,073	224,462	2,531,535
163	Furniture, Equipment & Machinery - Dwellings	218,193	15,000	233,193
164	Furniture, Equipment & Machinery - Administration	70,183	47,418	117,601
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(2,218,027)	(30,367)	(2,248,394)
167	Construction in Progress	-	-	-
168	Infrastructure	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	418,523	256,513	675,036
180	Total Non-Current Assets	418,523	256,513	675,036
190	Total Assets	719,094	256,513	975,607
311	Bank Overdraft	-	-	-
312	Accounts Payable <= 90 Days	1,929	-	1,929
322	Accrued Compensated Absences - Current Portion	3,445	-	3,445
341	Tenant Security Deposits	12,169	-	12,169
346	Accrued Liabilities - Other	9,485	-	9,485
310	Total Current Liabilities	27,028	-	27,028
354	Accrued Compensated Absences - Non Current	2,028	-	2,028
350	Total Noncurrent Liabilities	2,028	-	2,028
300	Total Liabilities	29,056	-	29,056
508.1	Invested in Capital Assets, Net of Related Debt	418,523	256,513	675,036
511.1	Restricted Net Assets	-	-	-
512.1	Unrestricted Net Assets	271,515	-	271,515
513	Total Equity/Net Assets	690,038	256,513	946,551
600	Total Liabilities and Equity/Net Assets	719,094	256,513	975,607
70300	Net Tenant Rental Revenue	124,567	-	124,567
70400	Tenant Revenue - Other	3,286	-	3,286
70500	Total Tenant Revenue	127,853	-	127,853
70600	HUD PHA Operating Grants	142,791	-	142,791
70610	Capital Grants	-	127,913	127,913
70700	Total Fee Revenue	142,791	127,913	270,704
71100	Investment Income - Unrestricted	189	-	189
71400	Fraud Recovery	-	-	-
71500	Other Revenue	-	-	-
70000	Total Revenue	270,833	127,913	398,746

Housing Authority of the Town of Springer
Springer, NM
Financial Data Schedule
6/30/2011

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
91100	Administrative Salaries	50,955	-	50,955
91200	Auditing Fees	409	6,000	6,409
91300	Management Fees	-	-	-
91310	Bookkeeping Fee	2,300	-	2,300
91400	Advertising & Marketing	-	-	-
91500	Employee Benefit Contributions - Administrative	17,182	-	17,182
91600	Office Expenses	13,986	2,000	15,986
91700	Legal Expenses	-	-	-
91800	Travel	215	-	215
91900	Other	2,376	-	2,376
91000	Total Operating - Administrative	<u>87,423</u>	<u>8,000</u>	<u>95,423</u>
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	-	-	-
93100	Water	12,363	-	12,363
93200	Electricity	1,401	-	1,401
93300	Gas	37,328	-	37,328
93600	Sewer	10,387	-	10,387
93800	Other Utilities	-	-	-
93000	Total Utilities	<u>61,479</u>	<u>-</u>	<u>61,479</u>
94100	Ordinary Maintenance and Operations - Labor	91,237	-	91,237
94200	Ordinary Maintenance and Operations - Materials & Other	18,726	27,832	46,558
94300	Ordinary Maint and Operations - Contract Costs	374	-	374
94500	Employee Benefit Contributions - Ordinary Maintenance	22,838	-	22,838
94000	Total Maintenance	<u>133,175</u>	<u>27,832</u>	<u>161,007</u>
96110	Property Insurance	1,555	-	1,555
96120	Liability Insurance	7,101	-	7,101
96130	Workmen's Compensation	8,687	-	8,687
96140	All Other Insurance	4,329	-	4,329
96100	Total Insurance Premiums	<u>21,672</u>	<u>-</u>	<u>21,672</u>
96200	Other General Expenses	1,701	-	1,701
96210	Compensated Absences	4,702	-	4,702
96300	Payments in Lieu of Taxes	-	-	-
96400	Bad debt - Tenant Rents	618	-	618
96000	Total Other General Expenses	<u>7,021</u>	<u>-</u>	<u>7,021</u>
96900	Total Operating Expenses	<u>310,770</u>	<u>35,832</u>	<u>346,602</u>
97000	Excess Operating Revenue over Operating Expenses	(39,937)	92,081	52,144
97400	Depreciation Expense	54,312	36,845	91,157
90000	Total Expenses	<u>365,082</u>	<u>72,677</u>	<u>437,759</u>
10010	Operating Transfers In	18,339	-	18,339
10020	Operating Transfers Out	-	(18,339)	(18,339)
10100	Total Other Financing Sources (Uses)	18,339	(18,339)	-
10000	<i>Excess (Deficiency) of Total Rev Over (Under) Total Exp</i>	<u>(75,910)</u>	<u>36,897</u>	<u>(39,013)</u>
11030	Beginning Equity	\$ 584,960	\$ 400,603	\$ 985,563
11040	Prior Period Adj, Equity Transfers, Correction of Errors	-	-	-
11050	Changes in Compensated Absence Balance	\$ 1,481	\$ -	\$ 1,481
11190	Unit Months Available	672	-	672
11210	Number of Unit Months Leased	637	-	637

**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, 2011, and have issued our report thereon dated November 22, 2011. 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.

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*.

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, 2011

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, 2011**

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

None.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2010-01 – Unable to Locate Petty Cash Fund

Resolved and not repeated.