



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, 2013

TOWN OF SPRINGER HOUSING AUTHORITY

TABLE OF CONTENTS

JUNE 30, 2013

	<u>Page</u>
OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
Proprietary Funds:	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Fund Net Position	10
Statements of Cash Flows	11
NOTES TO FINANCIAL STATEMENTS	13
SUPPLEMENTARY INFORMATION	
Statement of Revenues and Expenses – Budget (Non-GAAP Basis) and Actual (Cash Basis):	
Low Rent	
CFP Funds – 2009	22
CFP Funds – 2010	23
CFP Funds – 2011	24
CFP Funds – 2012	25
	26
OTHER SUPPLEMENTARY INFORMATION	
Financial Data Schedule	27
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	29
Schedule of Findings and Responses	31
Exit Conference	32

TOWN OF SPRINGER HOUSING AUTHORITY
OFFICIAL ROSTER
JUNE 30, 2013

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Town of Springer Housing Authority (Authority), a component unit of the Town of Springer (Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons presented as supplementary information, as defined by the Government Accounting Standards Board for the year ended June 30, 2013 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities as of June 30, 2013, and the respective changes in financial position and cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with budgetary basis required by the U.S. Department of Housing and Urban Development that is more fully described in Note 1 which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America..

Other Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and changes in its financial position and cash flows of only that portion of the Town that is attributable to the Authority. They do not purport to, and do not present fairly the financial position of the Town as of June 30, 2013, and the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Three

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparisons. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Financial Data Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013 on our consideration of the 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* in considering the Authority's internal control over financial reporting and compliance.

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

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 18, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF SPRINGER HOUSING AUTHORITY
(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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, 2013. 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 \$863,425 to \$764,805 a decrease of \$98,620 or 11.4%.
- The net position's balance decreased from \$835,037 to \$727,924 at June 30, 2013. This represents a decrease of \$107,113 or 12.8% from the previous year. The unrestricted net position balance decreased from \$256,170 to \$217,489, a decrease of \$38,681 or 15.1%.
- Revenues increased from \$302,440 to \$304,196, an increase of \$1,756 or .6% from the previous year.
- Total expenses decreased by \$2,645, from \$413,954 to \$411,309 for the current year. This represents a decrease of .6%.

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, 2013. 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 Statements of Net Position provides information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statements of Revenue, Expenses, and Changes in Fund Net Position present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position 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, 2013

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 from the Department of Housing & Urban Development. 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 by 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, 2013 and June 30, 2012.

Statement of Net Position-Condensed FYE June 30

<u>Category</u>	<u>FYE 2013</u>	<u>FYE 2012</u>	<u>Dollar Change</u>
Current Assets	\$241,251	\$272,064	(\$30,813)
Noncurrent Assets	13,119	12,494	625
Capital Assets (Net of Depreciation)	510,435	578,867	(68,432)
<i>Total Assets</i>	<i>764,805</i>	<i>863,425</i>	<i>(98,620)</i>
Current Liabilities	21,950	14,013	7,937
Long Term Liabilities	14,931	14,375	556
<i>Total Liabilities</i>	<i>36,881</i>	<i>28,388</i>	<i>8,493</i>
Restricted Net Position	0	0	0
Unrestricted Net Position	217,489	256,170	(38,681)
Investment in Net Capital Assets	510,435	578,867	(68,432)
<i>Total Net Position</i>	<i>\$727,924</i>	<i>\$835,037</i>	<i>(\$107,113)</i>

Cash & Investments

Unrestricted cash and investments totaled \$217,004, a decrease of \$36,347 from the previous year.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Current Assets

Current assets decreased 11.3% from \$272,064 to \$241,251 due primarily to a decrease in cash received from HUD operating grants.

Current Liabilities

Current liabilities increased from \$14,013 to \$21,950 or 56.6%. This increase was primarily the result of an increase in payroll taxes payable of \$10,213 offset by decreases in all other current liabilities.

Net Position

The total net position balance decreased from \$835,037 to \$727,924 at June 30, 2013. The Authority's unrestricted net position totaled \$217,489, a decrease of \$38,681 from the previous year. Unrestricted net position is the amount of available funds for future appropriations. These funds are reserved for expenditures of the actual program.

Statement of Revenues & Expenses FYE June 30

<u>Category</u>	<u>FYE 2013</u>	<u>FYE 2012</u>	<u>Dollar Change</u>
Rental Revenue	\$133,325	\$135,216	(\$1,891)
HUD Operating Grants	119,427	131,427	(12,000)
Capital Grants	51,340	35,180	16,160
Interest Income	(196)	261	(457)
Other Revenue	300	356	(56)
<i>Total Revenue</i>	<i>304,196</i>	<i>302,440</i>	<i>1,756</i>
Personnel	187,883	175,139	12,744
Operating	131,837	142,646	(10,809)
Depreciation	91,589	96,169	(4,580)
<i>Total Expenses</i>	<i>411,309</i>	<i>413,954</i>	<i>(2,645)</i>
<i>Excess of Revenue over Expenses</i>	<i>(\$107,113)</i>	<i>(\$111,514)</i>	<i>\$4,401</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 \$1,756. Total expenses decreased by \$2,645 from the previous year. Revenues increased from the previous year principally due to the increased activity noted in the CFP Program offset by a decrease in HUD operating grants. Expenses decreased from the previous year principally due to a decrease in depreciation expense and maintenance costs.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Budgets

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

Capital Assets

As of June 30, 2013, the Springer Housing Authority's investment in capital assets was \$510,435. This investment includes land, construction in process, building, building improvements, office equipment, and maintenance equipment.

<u>Category</u>	<u>FYE 2013</u>	<u>FYE 2012</u>	<u>Dollar Change</u>
Land	\$41,101	\$41,101	\$0
Construction in process	4,000	0	4,000
Buildings	2,531,535	2,531,535	0
Equipment	127,929	117,601	10,328
Non-dwelling Structures	233,193	233,193	0
Accumulated Depreciation	(2,427,323)	(2,344,563)	(82,760)
<i>Total Net Fixed Assets</i>	<i>\$510,435</i>	<i>\$578,867</i>	<i>(\$68,432)</i>

Depreciation expense was \$91,589.

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2014.

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

BASIC FINANCIAL STATEMENTS

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

JUNE 30, 2013

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$144,329	\$0	\$144,329
Investments	72,675	0	72,675
Prepaid insurance	12,355	0	12,355
Tenant receivable - net of allowance of \$1,471	2,121	0	2,121
Interest receivable	74	0	74
Inventory	9,697	0	9,697
<i>Total current assets</i>	241,251	0	241,251
Noncurrent Assets:			
Restricted cash	13,119	0	13,119
Net capital assets	455,399	55,036	510,435
<i>Total noncurrent assets</i>	468,518	55,036	523,554
<i>Total assets</i>	709,769	55,036	764,805
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	1,861	0	1,861
Accrued liabilities	13,277	0	13,277
Wages payable	3,931	0	3,931
Prepaid rent	28	0	28
Accrued compensated absences - current portion	2,853	0	2,853
<i>Total current liabilities</i>	21,950	0	21,950
Long-term Liabilities:			
Accrued compensated absences	1,812	0	1,812
Tenant security deposits	13,119	0	13,119
<i>Total long-term liabilities</i>	14,931	0	14,931
<i>Total liabilities</i>	36,881	0	36,881
Net Position:			
Net investment in capital assets	455,399	55,036	510,435
Unrestricted	217,489	0	217,489
<i>Total net position</i>	\$672,888	\$55,036	\$727,924

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 POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
OPERATING REVENUES:			
Rental income	\$133,325	\$0	\$133,325
HUD operating subsidy	119,427	0	119,427
Other revenue	16	0	16
<i>Total operating revenues</i>	<i>252,768</i>	<i>0</i>	<i>252,768</i>
OPERATING EXPENSES:			
Personnel	187,883	0	187,883
Operating	117,386	14,451	131,837
Depreciation	80,342	11,247	91,589
<i>Total operating expenses</i>	<i>385,611</i>	<i>25,698</i>	<i>411,309</i>
<i>Net operating income (loss)</i>	<i>(132,843)</i>	<i>(25,698)</i>	<i>(158,541)</i>
NON-OPERATING REVENUE AND (EXPENSES)			
HUD capital grants	0	51,340	51,340
Interest	(196)	0	(196)
Gain/loss on asset	284	0	284
<i>Total non-operating revenue and (expenses)</i>	<i>88</i>	<i>51,340</i>	<i>51,428</i>
<i>Income (loss) before transfers</i>	<i>(132,755)</i>	<i>25,642</i>	<i>(107,113)</i>
Transfers in (out)	13,732	(13,732)	0
Capital transfers in (out)	0	0	0
	<i>13,732</i>	<i>(13,732)</i>	<i>0</i>
<i>Change in net position</i>	<i>(119,023)</i>	<i>11,910</i>	<i>(107,113)</i>
Net position - beginning of year	791,911	43,126	835,037
<i>Total net position, June 30, 2013</i>	<i>\$672,888</i>	<i>\$55,036</i>	<i>\$727,924</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, 2013

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$132,052	\$0	\$132,052
Cash subsidies - HUD	119,427	0	119,427
Cash paid to suppliers	(122,626)	(15,866)	(138,492)
Cash paid to employees (or on behalf of)	(178,628)	0	(178,628)
<i>Net cash provided (used) by operating activities</i>	<i>(49,775)</i>	<i>(15,866)</i>	<i>(65,641)</i>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers in (out)	13,732	(13,732)	0
<i>Net cash provided (used) by non capital financing activities</i>	<i>13,732</i>	<i>(13,732)</i>	<i>0</i>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grant	0	52,755	52,755
Purchase of capital assets	0	(23,157)	(23,157)
Disposition of assets	284	0	284
<i>Net cash provided (used) by capital and related financing activities</i>	<i>284</i>	<i>29,598</i>	<i>29,882</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of certificates of deposit	0	0	0
Interest received	0	0	0
<i>Net cash provided (used) by investing financing activities</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Net increase (decrease) in pooled cash and cash equivalents</i>	<i>(35,759)</i>	<i>0</i>	<i>(35,759)</i>
Cash and cash equivalents, beginning of year	193,207	0	193,207
<i>Cash and cash equivalents, end of year</i>	<i>\$157,448</i>	<i>\$0</i>	<i>\$157,448</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, 2013

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(\$132,843)	(\$25,698)	(\$158,541)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	80,342	11,247	91,589
Change in assets and liabilities:			
Accounts receivable	(1,373)	0	(1,373)
Deferred revenue	0	0	0
Inventory	(356)	0	(356)
Prepaid expenses	(4,039)	0	(4,039)
Tenants prepaid rent	(23)	0	(23)
Accounts and contracts payable	(737)	(1,415)	(2,152)
Accrued payroll and payroll taxes	9,412	0	9,412
Accrued compensated absences	(158)	0	(158)
Total adjustments	83,068	9,832	92,900
Net cash provided (used) by operating activities	(\$49,775)	(\$15,866)	(\$65,641)

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, 2013

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 Authority is a component unit of the Town of Springer.

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. All assets, all liabilities and deferred outflows and inflows of resources associated with the operations are included on the statement of net position. 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.

FASB statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, have been applied.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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.

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. It is the Housing Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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, 2013

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, 2013 is \$4,665.

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, 2013

NOTE 2. CASH AND INVESTMENTS

Cash consists of United States currency and financial institution checking accounts. The Housing Authority follows state law in regard to deposits and investments. At June 30, 2013, 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	\$145,810	\$145,015
Public Fund – interest checking	12,440	12,440
CFP – regular checking	(7)	(7)
Certificate of deposit – investments	33,233	33,233
Certificate of deposit – investments	39,442	39,442
<i>Total cash on deposit</i>	230,918	230,123
Less certificates of deposit – shown as investments	72,675	72,675
<i>Total cash</i>	\$158,243	\$157,448

<u>Investments</u>	<u>WAM</u>	<u>Cost</u>	<u>Market Value</u>
Certificates of deposit		\$33,216	\$33,233
Certificates of deposit		39,422	39,442
<i>Total investments</i>	360 days	\$72,638	\$72,675

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

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

	<u>Wells Fargo Bank</u>
Amount held in bank	\$230,918
Less F.D.I.C.	(230,918)
<i>Amount uninsured</i>	\$0
100% Collateral requirement	\$0

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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 \$1,471.

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, 2012	Additions	Disposals	Balance June 30, 2013
Non Depreciable Assets:				
Land	\$41,101	\$0	\$0	\$41,101
Construction in process	0	4,000	0	4,000
Depreciable Assets:				
Buildings	2,531,535	0	0	2,531,535
Non dwelling structures	233,193	0	0	233,193
Machinery and equipment	117,601	19,157	(8,829)	127,929
Total	2,923,430	23,157	(8,829)	2,937,758
Less Accumulated Depreciation:				
Buildings	(2,152,325)	(67,919)	0	(2,220,244)
Non dwelling structures	(107,155)	(11,598)	0	(118,753)
Machinery and equipment	(85,083)	(12,072)	8,829	(88,326)
Total accumulated depreciation	(2,344,563)	(91,589)	8,829	(2,427,323)
Net capital assets	\$578,867	(\$68,432)	\$0	\$510,435

Depreciation expense for the year was \$91,589.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 5. NET POSITION

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

Net Position

Net position is displayed in three components:

Net Investment in Capital Assets – 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 Position – Net position are reported as restricted when constraints placed on net position 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 Position – Net position that does not meet the definition of “restricted” and “Net investment in capital assets.”

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	\$219,301

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

Funding Policy. Plan members are required to contribute 9.15% of their gross salary. The Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$11,862, \$9,695, and \$9,532, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 9. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 9. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN CONTINUED)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee’s annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Housing Authority of the City of Raton’s contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$2,594, 1,943, and 1,736, respectively, which equal the required contributions for each year.

NOTE 10. 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	\$13,732	\$13,732
CFP	0	0	0
Total	\$0	\$13,732	\$13,732

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.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 11. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarized the changes in accrued compensated absences during 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due Within One Year
Accrued compensated absences	\$4,823	\$7,185	\$7,343	\$4,665	\$2,853

NOTE 12. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 18, 2013, 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, 2013

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Rental income	\$0	\$130,870	\$132,036	\$1,166
Other	0	350	16	(334)
<i>Total revenues</i>	0	131,220	132,052	832
OPERATING EXPENSES:				
Tenant services	0	1,380	596	784
Personnel	0	194,230	178,628	15,602
Admin expenses	0	14,520	14,848	(328)
Operating and maintenance	0	40,750	46,839	(6,089)
Capital outlay	0	0	0	0
Utilities	0	63,980	60,344	3,636
<i>Total operating expenses</i>	0	314,860	301,255	13,605 *
<i>Operating income (loss)</i>	0	(183,640)	(169,203)	14,437
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	0	119,427	119,427	0
Interest	0	0	36	36
Transfers in	0	13,740	13,732	(8)
Sale of capital assets	0	0	284	284
<i>Total non-operating revenue (expenses)</i>	0	133,167	133,479	312
<i>Net income</i>	\$0	(\$50,473)	(\$35,724)	\$14,749

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, 2013, is presented below:

Net income (budgetary basis)	(\$35,724)
Adjustments for revenue accruals, transfers, earnings on investments	1,057
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(84,356)
Change in net position (GAAP basis)	(\$119,023)

*The Housing Authority adopts budgets in accordance with the Housing and Urban Development program agreements. The budget serves only as a guideline.

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, 2013

	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	2,599	2,599	2,599	0
Audit costs	0	0	0	0
Capital outlay	5,093	5,093	4,715	378
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	929	929	442	487
<i>Total operating expenses</i>	8,621	8,621	7,756	865
<i>Operating income (loss)</i>	(8,621)	(8,621)	(7,756)	865
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	8,621	8,621	7,756	(865)
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	8,621	8,621	7,756	(865)
<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, 2013, is presented below:

Net income (budgetary basis)	\$0
Adjustments for revenue accruals, transfers, earnings on investments	(189)
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(3,176)
Change in net position (GAAP basis)	(3,365)

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, 2013

	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	32,818	32,818	7,268	25,550
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	32,818	32,818	7,268	25,550
<i>Operating income (loss)</i>	(32,818)	(32,818)	(7,268)	25,550
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	32,818	32,818	7,268	(25,550)
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	32,818	32,818	7,268	(25,550)
<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, 2013, is presented below:

Net income (budgetary basis)	\$0
Adjustments for revenue accruals, transfers, earnings on investments	(1,226)
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	901
Change in net position (GAAP basis)	(\$325)

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 - 2011

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	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>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OPERATING EXPENSES:				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	56,371	56,371	0	56,371
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	<u>56,371</u>	<u>56,371</u>	<u>0</u>	<u>56,371</u>
<i>Operating income (loss)</i>	(56,371)	(56,371)	0	56,371
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	56,371	56,371	0	(56,371)
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	<u>56,371</u>	<u>56,371</u>	<u>0</u>	<u>(56,371)</u>
<i>Net income</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2013, 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	0
Change in net position (GAAP basis)	\$0

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 - 2012

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	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	13,732	13,732	0	13,732
Audit costs	6,000	6,000	6,000	0
Capital outlay	48,928	48,928	18,000	30,928
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	68,660	68,660	24,000	44,660
<i>Operating income (loss)</i>	(68,660)	(68,660)	(24,000)	44,660
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	68,660	68,660	37,732	(30,928)
Interest	0	0	0	0
Transfers (out)	0	0	(13,732)	(13,732)
<i>Total non-operating revenue (expenses)</i>	68,660	68,660	24,000	(44,660)
<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, 2013, 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	15,600
Change in net position (GAAP basis)	\$15,600

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

OTHER SUPPLEMENTARY INFORMATION

Town of Springer Housing Authority
Springer, NM
Financial Data Schedule
6/30/2013

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	144,329	-	144,329
114	Cash - Tenant Security Deposits	13,119	-	13,119
100	Total Cash	<u>157,448</u>	-	<u>157,448</u>
126	Accounts Receivable - Tenants	3,592	-	3,592
126.1	Allowance for Doubtful Accts - Tenants	(1,471)	-	(1,471)
129	Accrued interest receivable	74	-	74
120	Total Receivables, Net of Allowance for Doubtfull Accts	<u>2,195</u>	-	<u>2,195</u>
131	Investments - Unrestricted	72,675	-	72,675
142	Prepaid Expenses and Other Assets	12,355	-	12,355
143	Inventories	10,774	-	10,774
143.1	Allowance for Obsolete Inventories	(1,077)	-	(1,077)
150	Total Current Assets	<u>254,370</u>	-	<u>254,370</u>
161	Land	41,101	-	41,101
162	Buildings	2,744,785	19,942	2,764,727
164	Furniture, Equipment & Machinery - Administration	71,959	55,971	127,930
166	Accumulated Depreciatlon	(2,402,446)	(24,877)	(2,427,323)
167	Construction in Progress	-	4,000	4,000
160	Total Capital Assets, Net of Accumulated Depreciation	<u>455,399</u>	<u>55,036</u>	<u>510,435</u>
180	Total Non-Current Assets	<u>455,399</u>	<u>55,036</u>	<u>510,435</u>
190	Total Assets	<u>709,769</u>	<u>55,036</u>	<u>764,805</u>
312	Accounts Payable <= 90 Days	1,861	-	1,861
321	Accrued wage/payroll taxes payable	14,144	-	14,144
322	Accrued Compensated Absences - Current Portlon	2,853	-	2,853
341	Tenant Security Deposits	13,119	-	13,119
342	Deferred revenue	28	-	28
346	Accrued Liabilities - Olher	3,064	-	3,064
310	Total Current Liabilities	<u>35,069</u>	-	<u>20,925</u>
354	Accrued Compensated Absences - Non Current	1,812	-	1,812
350	Total Noncurrent Liabilities	<u>1,812</u>	-	<u>1,812</u>
300	Total Liabilities	<u>36,881</u>	-	<u>22,737</u>
508.1	Invested in Capital Assets, Net of Related Debt	455,399	55,036	510,435
512.1	Unrestricted Net Assets	217,489	-	217,489
513	Total Equity/Net Assets	<u>672,888</u>	<u>55,036</u>	<u>727,924</u>
600	Total Liabilities and Equity/Net Assets	<u>709,769</u>	<u>55,036</u>	<u>750,661</u>
70300	Net Tenant Rental Revenue	133,325	-	133,325
70400	Tenant Revenue - Other	16	-	16
70500	Total Tenant Revenue	<u>133,341</u>	-	<u>133,341</u>
70600	HUD PHA Operating Grants	119,427	-	119,427
70610	Capital Grants	-	51,340	51,340
70700	Total Fee Revenue	<u>119,427</u>	<u>51,340</u>	<u>170,767</u>
71100	Investment Income - Unrestricted	(196)	-	(196)
71600	Gain or loss on sale of capital assets	284	-	284
70000	Total Revenue	<u>252,856</u>	<u>51,340</u>	<u>304,196</u>
91100	Administrative Salaries	60,421	-	60,421
91200	Auditing Fees	409	6,000	6,409
91500	Employee Benefit Contributions - Administrative	14,510	-	14,510
91600	Office Expenses	8,924	392	9,316
91700	Legal Expenses	25	-	25
91800	Travel	257	-	257
91900	Other	5,622	-	5,622
91000	Total Operating - Administrative	<u>90,168</u>	<u>6,392</u>	<u>96,560</u>

Town of Springer Housing Authority
Springer, NM
Financial Data Schedule
6/30/2013

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
92400	Tenant Services - Other	596	-	596
92500	Total Tenant Services	596	-	596
93100	Water	10,191		10,191
93200	Electricity	1,610		1,610
93300	Gas	36,293		36,293
93600	Sewer	11,423		11,423
93000	Total Utilities	59,517	-	59,517
94100	Ordinary Maintenance and Operations - Labor	88,600		88,600
94200	Ordinary Maintenance and Operations - Materials & Other	15,240	8,059	23,299
94300	Ordinary Maint and Operations - Contract Costs	4,162		4,162
94500	Employee Benefil Contributions - Ordinary Maintenance	17,165		17,165
94000	Total Maintenance	125,167	8,059	133,226
96110	Property Insurance	5,149		5,149
96120	Liability Insurance	2,240		2,240
96130	Workmen's Compensation	9,957		9,957
96140	All Other Insurance	4,773		4,773
96100	Total Insurance Premiums	22,119	-	22,119
96210	Compensated Absences	7,185		7,185
96400	Bad debt - Tenant Rents	517		517
96000	Total Other General Expenses	7,702	-	7,702
96900	Total Operating Expenses	305,269	14,451	319,720
97000	Excess Operating Revenue over Operating Expenses	(52,413)	36,889	(15,524)
97400	Depreciation Expense	80,342	11,247	91,589
90000	Total Expenses	385,611	25,698	411,309
10010	Operating Transfers In	13,732		13,732
10020	Operating Transfers Out		(13,732)	(13,732)
10100	Total Other Financing Sources (Uses)	13,732	(13,732)	-
10000	Excess (Deficiency) of Total Rev Over (Under) Total Exp	(119,023)	11,910	(107,113)
11030	Beginning Equity	\$ 791,911	\$ 43,126	\$ 835,037
11190	Unit Months Available	672	-	672
11210	Number of Unit Months Leased	653	-	653

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Town of Springer Housing Authority, a component unit of the Town of Springer as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the related budgetary comparisons of the Authority, presented as supplemental information, and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Mr. Hector H. Balderas, State Auditor and
Board of Commissioners
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 the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2013-01.

The Authority's Responses to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 18, 2013

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, 2013**

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2013-01-Late Independent Public Accountant Recommendation – Non Compliance

Statement of Condition – The State Auditor received the IPA Recommendation Form and Audit Contract on June 24, 2013 after the required due date of May 15, 2013.

Criteria – Paragraph (6)(c) of Subsection G of 2.2.2.8 NMAC requires that component units of municipalities submit a completed IPA Recommendation Form and Audit Contract to the State Auditor by May 15.

Effect – The Housing Authority is not in compliance with state statute regarding submission of IPA Recommendation Form and Audit Contract.

Cause – The Housing Authority does not have a procedure to ensure that the IPA Recommendation Form and Audit Contracts are delivered to the State Auditor by the deadline.

Recommendation – We recommend that the Housing Authority implement a procedure to ensure that future Recommendation Forms and Audit Contracts are delivered to the State Auditor by the prescribed deadline.

Management's Response – The Housing Authority will implement a procedure to ensure that future State Auditor deadlines regarding Recommendation Forms and Audit Contracts are met.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

None.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

EXIT CONFERENCE

JUNE 30, 2013

EXIT CONFERENCE:

The exit conference was held October 28, 2013 and was attended by the following:

From the Town of Springer Housing Authority:

James Angel, Chairman
Samuel W. Roy, Sr., Vice-Chairman
Julie Martinez, Executive Director

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

Ken Shaw, CPA/Shareholder
Kristi Granados, CPA, Staff Auditor

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the Housing Authority of the Town of Springer's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.