



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

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004 • Phone: (575) 523-7444, Fax: (575) 527-0872

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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, 2014**

**TOWN OF SPRINGER HOUSING AUTHORITY**  
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**TOWN OF SPRINGER HOUSING AUTHORITY**  
**OFFICIAL ROSTER**  
**JUNE 30, 2014**

**Board of Commissioners**

<b><u>Name</u></b>	<b><u>Title</u></b>
<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>Harry Blatnik</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, 2014, 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, 2014 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  
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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 of Town of Springer Housing Authority as of June 30, 2014, and the respective changes in financial position and cash flows thereof 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, each non-major fund and 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, 2014, 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  
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*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 14, 2014 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 14, 2014

## 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, 2014

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, 2014. The information contained here in this MD&A should be considered in conjunction with the Authority's basic financial statements.

## Financial Highlights

- The Springer Housing Authority's total assets increased from \$764,805 to \$792,471 an increase of \$25,666 or 3.4%.
- The net position's balance increased from \$727,924 to \$749,057 at June 30, 2014. This represents an increase of \$21,133 or 2.9% from the previous year. The unrestricted net position balance decreased from \$217,489 to \$203,676, a decrease of \$13,813 or 6.4%.
- Revenues increased from \$304,196 to \$410,537, an increase of \$106,341 or 34.9% from the previous year.
- Total expenses decreased by \$21,905, from \$411,309 to \$389,404 for the current year. This represents a decrease of 5.3%.

## 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, 2014. 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, 2014

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, 2014 and June 30, 2013.

### Statement of Net Position-Condensed FYE June 30

<u>Category</u>	<u>FYE 2014</u>	<u>FYE 2013</u>	<u>Dollar Change</u>
Current Assets	\$231,476	\$241,251	(\$9,775)
Noncurrent Assets	13,614	13,119	495
Capital Assets (Net of Depreciation)	545,381	510,435	34,946
<i>Total Assets</i>	<i>790,471</i>	<i>764,805</i>	<i>25,666</i>
Current Liabilities	25,500	21,950	3,550
Long Term Liabilities	15,914	14,931	983
<i>Total Liabilities</i>	<i>41,414</i>	<i>36,881</i>	<i>4,533</i>
Restricted Net Position	0	0	0
Unrestricted Net Position	203,676	217,489	(13,813)
Investment in Net Capital Assets	545,381	510,435	34,946
<i>Total Net Position</i>	<i>\$749,057</i>	<i>\$727,924</i>	<i>\$21,133</i>

## Cash & Investments

Unrestricted cash and investments totaled \$206,741, a decrease of \$10,263 from the previous year.

# TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

## *Current Assets*

Current assets decreased 4.1% from \$241,251 to \$231,476 due primarily to a decrease in cash resulting from expenditures greater than the current year HUD subsidy and rent income.

## *Current Liabilities*

Current liabilities increased from \$21,950 to \$25,500 or 1.6%. This increase was primarily the result of an increase in accrued payroll, payroll taxes and utilities of \$2,465.

## *Net Position*

The total net position balance increased from \$727,924 to \$749,057 at June 30, 2014. The Authority's unrestricted net position totaled \$203,676, a decrease of \$13,813 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 2014</u>	<u>FYE 2013</u>	<u>Dollar Change</u>
Rental Revenue	\$140,803	\$133,325	\$7,478
HUD Operating Grants	130,550	119,427	11,123
Capital Grants	136,702	51,340	85,362
Interest Income	93	(196)	289
Other Revenue	2,389	300	2,089
<i>Total Revenue</i>	<i>410,537</i>	<i>304,196</i>	<i>106,341</i>
Personnel	177,373	187,883	(10,510)
Operating	138,008	131,837	6,171
Depreciation	74,023	91,589	(17,566)
<i>Total Expenses</i>	<i>389,404</i>	<i>411,309</i>	<i>(21,905)</i>
<i>Excess of Revenue over Expenses</i>	<i>\$21,133</i>	<i>(\$107,113)</i>	<i>\$128,246</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 \$106,341. Total expenses decreased by \$21,905 from the previous year. Revenues increased from the previous year principally due to the increased activity noted in the CFP Program and an increase in HUD operating grants. Expenses decreased from the previous year principally due to a decrease in depreciation expense and personnel costs.

**TOWN OF SPRINGER HOUSING AUTHORITY**  
 (A Component Unit of the Town of Springer)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 JUNE 30, 2014

*Budgets*

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

*Capital Assets*

As of June 30, 2014, the Springer Housing Authority's investment in capital assets was \$545,381. This investment includes land, construction in process, building, building improvements, office equipment, and maintenance equipment.

<u>Category</u>	<u>FYE 2014</u>	<u>FYE 2013</u>	<u>Dollar Change</u>
Land	\$41,101	\$41,101	\$0
Construction in process	0	4,000	(4,000)
Buildings	2,640,504	2,531,535	108,969
Equipment	131,929	129,929	4,000
Non-dwelling Structures	233,193	233,193	0
Accumulated Depreciation	(2,501,346)	(2,427,323)	(74,023)
<i>Total Net Fixed Assets</i>	\$545,381	\$510,435	\$34,946

Depreciation expense was \$74,023.

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, 2014

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$133,973	\$0	\$133,973
Investments	72,768	0	72,768
Prepaid insurance	11,850	0	11,850
Tenant receivable - net of allowance of \$1,370	1,754	0	1,754
Interest receivable	74	0	74
Inventory	11,057	0	11,057
<i>Total current assets</i>	231,476	0	231,476
<b>Noncurrent Assets:</b>			
Restricted cash	13,614	0	13,614
Net capital assets	398,332	147,049	545,381
<i>Total noncurrent assets</i>	411,946	147,049	558,995
<i>Total assets</i>	643,422	147,049	790,471
 <b>LIABILITIES AND NET POSITION</b>			
<b>Current Liabilities:</b>			
Accounts payable	1,077	0	1,077
Accrued payroll liabilities	15,217	0	15,217
Wages payable	4,550	0	4,550
Prepaid rent	85	0	85
Accrued compensated absences - current portion	4,571	0	4,571
<i>Total current liabilities</i>	25,500	0	25,500
<b>Long-term Liabilities:</b>			
Accrued compensated absences	2,300	0	2,300
Tenant security deposits	13,614	0	13,614
<i>Total long-term liabilities</i>	15,914	0	15,914
<i>Total liabilities</i>	41,414	0	41,414
<b>Net Position:</b>			
Net investment in capital assets	398,332	147,049	545,381
Unrestricted	203,676	0	203,676
<i>Total net position</i>	\$602,008	\$147,049	\$749,057

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, 2014

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>OPERATING REVENUES:</b>			
Rental income	\$140,803	\$0	\$140,803
HUD operating subsidy	130,550	0	130,550
Other revenue	2,389	0	2,389
<i>Total operating revenues</i>	273,742	0	273,742
<b>OPERATING EXPENSES:</b>			
Personnel	177,373	0	177,373
Operating	123,506	14,502	138,008
Depreciation	57,067	16,956	74,023
<i>Total operating expenses</i>	357,946	31,458	389,404
<i>Net operating income (loss)</i>	(84,204)	(31,458)	(115,662)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>			
HUD capital grants	0	136,702	136,702
Interest	93	0	93
Gain/loss on asset	0	0	0
<i>Total non-operating revenue and (expenses)</i>	93	136,702	136,795
<i>Income (loss) before transfers</i>	(84,111)	105,244	21,133
Transfers in (out)	13,231	(13,231)	0
Capital transfers in (out)	0	0	0
	13,231	(13,231)	0
<i>Change in net position</i>	(70,880)	92,013	21,133
Net position - beginning of year	672,888	55,036	727,924
<b><i>Total net position, June 30, 2013</i></b>	<b>\$602,008</b>	<b>\$147,049</b>	<b>\$749,057</b>

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, 2014

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$144,111	\$0	\$144,111
Cash subsidies - HUD	130,550	0	130,550
Cash paid to suppliers	(123,205)	(14,502)	(137,707)
Cash paid to employees (or on behalf of)	(174,548)	0	(174,548)
<i>Net cash provided (used) by operating activities</i>	<u>(23,092)</u>	<u>(14,502)</u>	<u>(37,594)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	13,231	(13,231)	0
<i>Net cash provided (used) by non capital financing activities</i>	<u>13,231</u>	<u>(13,231)</u>	<u>0</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital grant	0	136,702	136,702
Purchase of capital assets	0	(108,969)	(108,969)
Disposition of assets	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	<u>0</u>	<u>27,733</u>	<u>27,733</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of certificates of deposit	(93)	0	(93)
Interest received	93	0	93
<i>Net cash provided (used) by investing financing activities</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net increase (decrease) in pooled cash and cash equivalents</i>	<u>(9,861)</u>	<u>0</u>	<u>(9,861)</u>
Cash and cash equivalents, beginning of year	157,448	0	157,448
<b><i>Cash and cash equivalents, end of year</i></b>	<b><u>\$147,587</u></b>	<b><u>\$0</u></b>	<b><u>\$147,587</u></b>

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, 2014**

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	(\$84,204)	(\$31,458)	(\$115,662)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	57,067	16,956	74,023
Change in assets and liabilities:			
Accounts receivable	367	0	367
tenant prepaid rent	57	0	57
Inventory	(1,360)	0	(1,360)
Prepaid expenses	505	0	505
Tenants security deposits	495	0	495
Accounts and contracts payable	(784)	0	(784)
Accrued payroll and payroll taxes	2,559	0	2,559
Accrued compensated absences	2,206	0	2,206
<b>Total adjustments</b>	<b>61,112</b>	<b>16,956</b>	<b>78,068</b>
<b>Net cash provided (used) by operating activities</b>	<b>(\$23,092)</b>	<b>(\$14,502)</b>	<b>(\$37,594)</b>

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, 2014

## **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.

**TOWN OF SPRINGER HOUSING AUTHORITY**  
(A Component Unit of the Town of Springer)  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2014

**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, 2014

**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, 2014 is \$6,871.

**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 \$1,000 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:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
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, 2014

### 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, 2014, the Housing Authority held only short term certificates of deposit and therefore, they were shown as cash equivalents.

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

#### Cash on Deposit

	Bank Balance	Carrying Amounts
<b><u>Wells Fargo Bank</u></b>		
Public Fund – regular checking	\$134,848	\$133,973
Public Fund – interest checking	12,468	13,614
CFP – regular checking	0	0
Certificate of deposit – investments	39,462	39,462
Certificate of deposit – investments	33,306	33,306
<i>Total cash on deposit</i>	220,084	220,355
Less certificates of deposit – shown as investments	72,768	72,768
<b><i>Total cash</i></b>	<b>\$147,316</b>	<b>\$147,587</b>

<b><u>Investments</u></b>	WAM	Cost	Market Value
Certificates of deposit		\$39,462	\$39,462
Certificates of deposit		33,306	33,306
<b><i>Total investments</i></b>	<b>360 days</b>	<b>\$72,768</b>	<b>\$72,768</b>

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

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

	Wells Fargo Bank
Amount held in bank	\$220,088
Less F.D.I.C.	(220,088)
<b><i>Amount uninsured</i></b>	<b>\$0</b>
100% Collateral requirement	\$0

**TOWN OF SPRINGER HOUSING AUTHORITY**

(A Component Unit of the Town of Springer)

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2014

**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 \$1,370.

**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, 2013	Reclassifications	Additions	Disposals	Balance June 30, 2014
<b>Non Depreciable Assets:</b>					
Land	\$41,101	\$0	\$0	\$0	\$41,101
Construction in process	4,000	(4,000)	0	0	0
<b>Depreciable Assets:</b>					
Buildings	2,531,535	0	108,969	0	2,640,004
Non dwelling structures	233,193	0	0	0	233,193
Machinery and equipment	127,929	4,000	0	0	131,929
<i>Total</i>	<u>2,937,758</u>	<u>0</u>	<u>108,969</u>	<u>0</u>	<u>3,046,727</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(2,220,244)	0	(48,276)	0	(2,268,520)
Non dwelling structures	(118,753)	0	(11,598)	0	(130,351)
Machinery and equipment	(88,320)	0	(14,149)	0	(102,475)
<i>Total accumulated depreciation</i>	<u>(2,427,323)</u>	<u>0</u>	<u>(74,023)</u>	<u>0</u>	<u>(2,501,346)</u>
<b><i>Net capital assets</i></b>	<b><u>\$510,435</u></b>	<b><u>\$0</u></b>	<b><u>\$34,946</u></b>	<b><u>\$0</u></b>	<b><u>\$545,381</u></b>

Depreciation expense for the year was \$74,023.

**TOWN OF SPRINGER HOUSING AUTHORITY**  
(A Component Unit of the Town of Springer)  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2014

**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 is 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.	<b>Net Working Capital:</b> Proprietary Funds	<b>\$205,976</b>
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# TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### 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, 2014, 2013 and 2012 were \$10,264, \$11,862, and \$9,695, 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](http://www.nmrhca.state.nm.us).

**TOWN OF SPRINGER HOUSING AUTHORITY**

(A Component Unit of the Town of Springer)

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2014

**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, 2014, 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, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Housing Authority of the City of Raton’s contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$1,939, \$2,594, and \$1,943, respectively, which equal the required contributions for each year.

**NOTE 10. TRANSFERS AND DUE FROM/TO OTHER FUNDS**

Transfers between funds were as follows:

<b>Operating Transfers In:</b>	<u>Operating Transfers Out</u>		<b>Totals</b>
	<u>Low Rent</u>	<u>CFP</u>	
Low Rent	\$0	\$13,231	\$13,231
CFP	0	0	0
<b><i>Total</i></b>	<b>\$0</b>	<b>\$13,231</b>	<b>\$13,231</b>

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

<b>Capital Transfers In:</b>	<u>Capital Transfers Out</u>		<b>Totals</b>
	<u>Low Rent</u>	<u>CFP</u>	
Low Rent	\$0	\$0	\$0
CFP	0	0	0
<b><i>Total</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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, 2014

**NOTE 11. CHANGES IN ACCRUED COMPENSATED ABSENCES**

The following summarized the changes in accrued compensated absences during 2014:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Amount Due Within One Year
Accrued compensated absences	\$4,665	\$5,663	\$3,457	\$6,871	\$4,571

**NOTE 12. SUBSEQUENT EVENTS**

Subsequent events were evaluated through November 14, 2014, 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, 2014

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Rental income	\$143,250	\$143,250	\$143,222	(\$28)
Other	60	60	395	335
<i>Total revenues</i>	<u>143,310</u>	<u>143,310</u>	<u>143,617</u>	<u>307</u>
<b>OPERATING EXPENSES:</b>				
Tenant services	0	0	0	0
Personnel	174,910	174,910	180,212	(5,302)
Admin expenses	15,120	15,120	16,249	(1,129)
Operating and maintenance	48,730	48,730	43,141	5,589
Capital outlay	0	0	0	0
Utilities	63,480	63,480	59,247	4,233
<i>Total operating expenses</i>	<u>302,240</u>	<u>302,240</u>	<u>298,849</u>	<u>3,391</u> *
<i>Operating income (loss)</i>	<u>(158,930)</u>	<u>(158,930)</u>	<u>(155,232)</u>	<u>3,698</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	129,845	129,845	130,550	705
Interest	60	60	0	(60)
Transfers in	13,230	13,230	13,231	1
Sale of capital assets	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	<u>143,135</u>	<u>143,135</u>	<u>143,781</u>	<u>646</u>
<i>Net income</i>	<u>(\$15,795)</u>	<u>(\$15,795)</u>	<u>(\$11,451)</u>	<u>\$4,344</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, 2014, is presented below:

Net income (budgetary basis)	(\$11,451)
Adjustments for revenue accruals, transfers, earnings on investments	(332)
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(59,097)
<u>Change in net position (GAAP basis)</u>	<u>(\$70,880)</u>

\*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, 2014

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
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
<b>OPERATING EXPENSES:</b>				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	378	378	378	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	487	487	487	0
<i>Total operating expenses</i>	865	865	865	0
<i>Operating income (loss)</i>	(865)	(865)	(865)	0
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	865	865	865	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	865	865	865	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, 2014, 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	(8,928)
<b>Change in net position (GAAP basis)</b>	<b>(\$8,928)</b>

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, 2014

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
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
<b>OPERATING EXPENSES:</b>				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	25,550	25,550	25,550	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	25,550	25,550	25,550	0
<i>Operating income (loss)</i>	(25,550)	(25,550)	(25,550)	0
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	25,550	25,550	25,550	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	25,550	25,550	25,550	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, 2014, 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	24,374
<b>Change in net position (GAAP basis)</b>	<b>\$24,374</b>

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, 2014

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
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>
<b>OPERATING EXPENSES:</b>				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	56,371	56,371	56,371	0
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>56,371</u>	<u>0</u>
<i>Operating income (loss)</i>	<u>(56,371)</u>	<u>(56,371)</u>	<u>(56,371)</u>	<u>0</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	56,371	56,371	56,371	0
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>56,371</u>	<u>0</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, 2014, 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	54,492
<b>Change in net position (GAAP basis)</b>	<b>\$54,492</b>

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, 2014

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
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
<b>OPERATING EXPENSES:</b>				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	30,928	30,928	26,859	4,069
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	2,710	(2,710)
<i>Total operating expenses</i>	30,928	30,928	29,569	1,359
<i>Operating income (loss)</i>	(30,928)	(30,928)	(29,569)	1,359
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	30,928	30,928	29,569	(1,359)
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	30,928	30,928	29,569	(1,359)
<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, 2014, 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	22,075
<b>Change in net position (GAAP basis)</b>	<b>\$22,075</b>

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 - 2013

PROPRIETARY FUND

## STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
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
<b>OPERATING EXPENSES:</b>				
Operations	13,231	13,231	13,231	0
Audit costs	6,000	6,000	6,000	0
Capital outlay	46,925	46,925	5,116	41,809
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	66,156	66,156	24,347	41,809
<i>Operating income (loss)</i>	(66,156)	(66,156)	(24,347)	41,809
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	66,156	66,156	24,347	(41,809)
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	66,156	66,156	24,347	(41,809)
<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, 2014, 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
<b>Change in net position (GAAP basis)</b>	<b>\$0</b>

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				
6/30/2014				
Line		Low Rent	Public Housing	
Item #	Account Description	Public Housing	Capital Fund Program	Total
111	Cash - Unrestricted	133,973	-	133,973
113	Cash - Other Restricted	-	-	-
114	Cash - Tenant Security Deposits	13,614	-	13,614
100	Total Cash	147,587	-	147,587
121	Accounts Receivable - PHA Projects	-	-	-
122	Accounts Receivable - HUD other projects	-	-	-
124	Accounts Receivable - Other Government	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants	3,124	-	3,124
126.1	Allowance for Doubtful Accts - Tenants	(1,370)	-	(1,370)
126.2	Allowance for Doubtful Accts - Other	-	-	-
128	Fraud Recovery	-	-	-
128.1	Allowance for Doubtful Accts - Fraud	-	-	-
129	Accrued Interest Receivable	74	-	74
120	Total Receivables, Net of Allowance for Doubtful Accts	1,828	-	1,828
131	Investments - Unrestricted	72,768	-	72,768
132	Investments - Restricted	-	-	-
142	Prepaid Expenses and Other Assets	11,850	-	11,850
143	Inventories	12,285	-	12,285
143.1	Allowance for Obsolete Inventories	(1,228)	-	(1,228)
150	Total Current Assets	245,090	-	245,090
161	Land	41,101	-	41,101
162	Buildings	2,526,593	113,911	2,640,504
163	Furniture, Equipment & Machinery - Dwellings	218,192	15,000	233,192
164	Furniture, Equipment & Machinery - Administration	71,959	59,971	131,930
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(2,459,513)	(41,833)	(2,501,346)
167	Construction in Progress	-	-	-
168	Infrastructure	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	398,332	147,049	545,381
180	Total Non-Current Assets	398,332	147,049	545,381
190	<b>Total Assets</b>	<b>643,422</b>	<b>147,049</b>	<b>790,471</b>
311	Bank Overdraft	-	-	-
312	Accounts Payable <= 90 Days	1,078	-	1,078
322	Accrued Compensated Absences - Current Portion	4,571	-	4,571
341	Tenant Security Deposits	13,614	-	13,614
346	Accrued Liabilities - Other	19,851	-	19,851
310	Total Current Liabilities	39,114	-	39,114
354	Accrued Compensated Absences - Non Current	2,300	-	2,300
350	Total Noncurrent Liabilities	2,300	-	2,300
300	Total Liabilities	41,414	-	41,414
508.1	Invested in Capital Assets, Net of Related Debt	398,332	147,049	545,381
511.1	Restricted Net Assets	-	-	-
512.1	Unrestricted Net Assets	203,676	-	203,676
513	Total Equity/Net Assets	602,008	147,049	749,057
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>643,422</b>	<b>147,049</b>	<b>790,471</b>
70300	Net Tenant Rental Revenue	140,803	-	140,803
70400	Tenant Revenue - Other	2,389	-	2,389
70500	Total Tenant Revenue	143,192	-	143,192
70600	HUD PHA Operating Grants	130,550	-	130,550
70610	Capital Grants	-	136,702	136,702
70700	Total Fee Revenue	130,550	136,702	267,252
71100	Investment Income - Unrestricted	93	-	93
71400	Fraud Recovery	-	-	-

Housing Authority of the Town of Springer

Springer, NM

Financial Data Schedule

6/30/2014

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
71500	Other Revenue	-	-	-
70000	Total Revenue	273,835	136,702	410,537
91100	Administrative Salaries	60,128	-	60,128
91200	Auditing Fees	409	6,000	6,409
91300	Management Fees	-	-	-
91310	Bookkeeping Fee	2,803	-	2,803
91400	Advertising & Marketing	163	-	163
91500	Employee Benefit Contributions - Administrative	25,290	-	25,290
91600	Office Expenses	10,818	-	10,818
91700	Legal Expenses	430	-	430
91800	Travel	122	-	122
91900	Other	1,350	-	1,350
91000	Total Operating - Administrative	101,513	6,000	107,513
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	-	-	-
93100	Water	8,443	-	8,443
93200	Electricity	1,513	-	1,513
93300	Gas	38,686	-	38,686
93600	Sewer	11,510	-	11,510
93800	Other Utilities	-	-	-
93000	Total Utilities	60,152	-	60,152
94100	Ordinary Maintenance and Operations - Labor	67,667	-	67,667
94200	Ordinary Maintenance and Operations - Materials & Other	12,593	8,502	21,095
94300	Ordinary Maint and Operations - Contract Costs	2,449	-	2,449
94500	Employee Benefit Contributions - Ordinary Maintenance	24,288	-	24,288
94000	Total Maintenance	106,997	8,502	115,499
96110	Property Insurance	11,439	-	11,439
96120	Liability Insurance	823	-	823
96130	Workmen's Compensation	10,303	-	10,303
96140	All Other Insurance	4,079	-	4,079
96100	Total Insurance Premiums	26,644	-	26,644
96200	Other General Expenses	12	-	12
96210	Compensated Absences	5,662	-	5,662
96300	Payments in Lieu of Taxes	-	-	-
96400	Bad debt - Tenant Rents	(101)	-	(101)
96000	Total Other General Expenses	5,573	-	5,573
96900	Total Operating Expenses	300,879	14,502	315,381
97000	Excess Operating Revenue over Operating Expenses	(27,044)	122,200	95,156
97400	Depreciation Expense	57,067	16,956	74,023
90000	Total Expenses	357,946	31,458	389,404
10010	Operating Transfers In	13,231	-	13,231
10020	Operating Transfers Out	-	(13,231)	(13,231)
10100	Total Other Financing Sources (Uses)	13,231	(13,231)	-
<b>10000</b>	<b>Excess (Deficiency) of Total Rev Over (Under) Total Exp</b>	<b>(70,880)</b>	<b>92,013</b>	<b>21,133</b>
11030	Beginning Equity	\$ 672,888	\$ 55,036	\$ 727,924
11040	Prior Period Adj, Equity Transfers, Correction of Errors	\$ -	\$ -	\$ -
11050	Changes in Compensated Absence Balance	\$ (1,523)	\$ -	\$ (1,523)
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 (Authority), a component unit of the Town of Springer as of and for the year ended June 30, 2014, 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 14, 2014.

**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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 14, 2014

**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, 2014**

**CURRENT YEAR SIGNIFICANT DEFICIENCIES:**

None.

**CURRENT STATUS ON PRIOR YEAR FINDINGS:**

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

Resolved and not repeated.

# **TOWN OF SPRINGER HOUSING AUTHORITY**

(A Component Unit of the Town of Springer)

**EXIT CONFERENCE**

**JUNE 30, 2014**

## **EXIT CONFERENCE:**

The exit conference was held October 24, 2014 and was attended by the following:

### **From the Town of Springer Housing Authority:**

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.