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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, 2016

TOWN OF SPRINGER HOUSING AUTHORITY

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TOWN OF SPRINGER HOUSING AUTHORITY

OFFICIAL ROSTER

JUNE 30, 2016

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>Dora Tompkins</i> | <i>Commissioner</i> |

Administrative Official

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

INDEPENDENT AUDITORS' REPORT

Mr. Tim Keller, State Auditor and
To the Board of Commissioners
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, 2016, 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, 2016 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. Tim Keller, State Auditor and
To the Board of Commissioners
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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, 2016, 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, 2016, 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 through 10 and the pension liability schedules on pages 26 and 27 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. Tim Keller, State Auditor and
To the Board of Commissioners
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(A Component Unit of the Town of Springer)
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Other Information

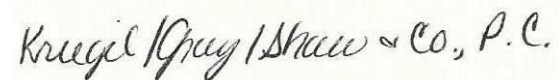
Our audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparisons. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Financial Data Schedule and *other schedules required by 2.2.2 NMAC* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 and *other schedules required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of vendor information on page 34 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 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.
Las Cruces, New Mexico
November 28, 2016

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, 2016

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, 2016. 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 \$668,541 to \$616,980 a decrease of \$51,561 or 7.7%.
- The net position's balance decreased from \$500,315 to \$454,034 at June 30, 2016. This represents a decrease of \$46,281 or 9.3% from the previous year. The unrestricted net position balance increased from \$28,225 to \$36,256, an increase of \$8,031 or 28.5%.
- Revenues increased from \$304,615 to \$324,658, an increase of \$20,043 or 6.6% from the previous year.
- Total expenses decreased by \$47,226, from \$418,165 to \$370,939 for the current year. This represents a decrease of 11.3%.

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, 2016. 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, 2016

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, 2016 and June 30, 2015.

Statement of Net Position-Condensed As of June 30, 2016

| | <u>2016</u> | <u>2015</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Current assets | \$187,125 | \$183,999 |
| Noncurrent assets | 12,077 | 12,452 |
| Capital assets (net of depreciation) | 417,778 | 472,090 |
| <i>Total assets</i> | <u>616,980</u> | <u>668,541</u> |
| Deferred outflows of resources | <u>10,062</u> | <u>9,814</u> |
| <i>Total assets and deferred outflows of resources</i> | <u>\$627,042</u> | <u>\$678,355</u> |
| LIABILITIES | | |
| Current liabilities | \$24,895 | \$23,500 |
| Long-term liabilities | 141,885 | 115,101 |
| <i>Total liabilities</i> | <u>166,780</u> | <u>138,601</u> |
| Deferred inflows of resources | <u>6,228</u> | <u>39,439</u> |
| NET POSITION | | |
| Unrestricted net position | 36,256 | 28,225 |
| Net investment in capital assets | 417,778 | 472,090 |
| <i>Total net position</i> | <u>454,034</u> | <u>500,315</u> |
| <i>Total liabilities, net position, and deferred inflows of resources</i> | <u>\$627,042</u> | <u>\$678,355</u> |

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Cash & Investments

Unrestricted cash and investments totaled \$163,905, a decrease of \$797 from the previous year.

Current Assets

Current assets increased 1.7% from \$183,999 to \$187,125 due primarily to an increase in inventory.

Current Liabilities

Current liabilities increased from \$23,500 to \$24,895 or 5.9%. This increase was primarily the result of an increase in accrued payroll and related payroll benefits.

Net Position

The total net position balance decreased from \$500,315 to \$454,034 at June 30, 2016. The Authority's unrestricted net position totaled \$36,256, an increase of \$8,031 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 - Condensed For the Fiscal Year Ended June 30, 2016

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|--------------------|
| REVENUE | | |
| Rental revenue | \$127,820 | \$136,791 |
| HUD operating grants | 116,471 | 132,047 |
| Capital grants | 76,243 | 31,981 |
| Interest income | 149 | 243 |
| Other revenue | 3,975 | 3,553 |
| <i>Total revenue</i> | <u>324,658</u> | <u>304,615</u> |
| EXPENSES | | |
| Personnel | 171,654 | 169,703 |
| Operating | 130,200 | 130,171 |
| Non-operating | 0 | 45,000 |
| Depreciation | 69,085 | 73,291 |
| <i>Total expenses</i> | <u>370,939</u> | <u>418,165</u> |
| <i>Excess of revenue over expenses</i> | <u>(\$46,281)</u> | <u>(\$113,550)</u> |

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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 \$20,043. Total expenses decreased by \$47,226 from the previous year. Revenues increased from the previous year principally due to the increased activity noted in the CFP Program. Expenses from the previous year decreased principally due to a decrease in employee benefits.

Budgets

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

Capital Assets

As of June 30, 2016, the Springer Housing Authority's investment in capital assets was \$417,778. This investment includes land, construction in process, building, building improvements, office equipment, and maintenance equipment.

| Category | 2016 | 2015 |
|-------------------------------|------------------|------------------|
| Land | \$41,101 | \$41,101 |
| Fees and costs | 3,237 | 0 |
| Buildings | 2,640,505 | 2,640,505 |
| Equipment | 143,465 | 131,929 |
| Non-dwelling Structures | 233,192 | 233,192 |
| Accumulated Depreciation | (2,643,722) | (2,574,637) |
| Total Net Fixed Assets | \$417,778 | \$472,090 |

Depreciation expense was \$69,085.

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2016.

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, 2016

| | Business-Type Activities | | |
|--|--------------------------|----------------------|-----------|
| | Low Rent | Nonmajor Fund CFP | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$90,688 | \$0 | \$90,688 |
| Investments | 73,217 | 0 | 73,217 |
| Prepaid insurance | 10,957 | 0 | 10,957 |
| Tenant receivable - net of allowance of \$87 | 726 | 0 | 726 |
| Interest receivable | 17 | 0 | 17 |
| Inventory | 11,520 | 0 | 11,520 |
| <i>Total current assets</i> | 187,125 | 0 | 187,125 |
| Noncurrent Assets: | | | |
| Restricted cash | 12,077 | 0 | 12,077 |
| Net capital assets | 404,351 | 13,427 | 417,778 |
| <i>Total noncurrent assets</i> | 416,428 | 13,427 | 429,855 |
| <i>Total assets</i> | 603,553 | 13,427 | 616,980 |
| Deferred outflows of resources | 10,062 | 0 | 10,062 |
| LIABILITIES AND NET POSITION | | | |
| Current Liabilities: | | | |
| Accounts payable | 2,402 | 0 | 2,402 |
| Accrued payroll liabilities | 8,234 | 0 | 8,234 |
| Wages payable | 5,876 | 0 | 5,876 |
| Other accrued liabilities | 2,143 | 0 | 2,143 |
| Prepaid rent | 811 | 0 | 811 |
| Accrued compensated absences - current portion | 5,429 | 0 | 5,429 |
| <i>Total current liabilities</i> | 24,895 | 0 | 24,895 |
| Long-term Liabilities: | | | |
| Accrued compensated absences | 3,412 | 0 | 3,412 |
| Tenant security deposits | 12,044 | 0 | 12,044 |
| Net pension liability | 126,429 | 0 | 126,429 |
| <i>Total long-term liabilities</i> | 141,885 | 0 | 141,885 |
| <i>Total liabilities</i> | 166,780 | 0 | 166,780 |
| Deferred inflows of resources | 6,228 | 0 | 6,228 |
| Net Position: | | | |
| Net investment in capital assets | 404,351 | 13,427 | 417,778 |
| Unrestricted | 36,256 | 0 | 36,256 |
| <i>Total net position</i> | \$440,607 | \$13,427 | \$454,034 |

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, 2016

| | Business-Type Activities | | |
|---|--------------------------|----------------------|------------------|
| | Low Rent | Nonmajor Fund CFP | Total |
| OPERATING REVENUES: | | | |
| Rental income | \$127,820 | \$0 | \$127,820 |
| HUD operating subsidy | 116,471 | 0 | 116,471 |
| Other revenue | 3,975 | 0 | 3,975 |
| <i>Total operating revenues</i> | 248,266 | 0 | 248,266 |
| OPERATING EXPENSES: | | | |
| Personnel | 171,654 | 0 | 171,654 |
| Operating | 83,437 | 46,763 | 130,200 |
| Depreciation | 67,739 | 1,346 | 69,085 |
| <i>Total operating expenses</i> | 322,830 | 48,109 | 370,939 |
| <i>Net operating income (loss)</i> | (74,564) | (48,109) | (122,673) |
| NON-OPERATING REVENUE AND (EXPENSES) | | | |
| HUD capital grants | 0 | 76,243 | 76,243 |
| Interest | 149 | 0 | 149 |
| Legal settlement | 0 | 0 | 0 |
| <i>Total non-operating revenue and (expenses)</i> | 149 | 76,243 | 76,392 |
| <i>Income (loss) before transfers</i> | (74,415) | 28,134 | (46,281) |
| Transfers in (out) | 14,707 | (14,707) | 0 |
| Capital transfers in (out) | 31,419 | (31,419) | 0 |
| | 46,126 | (46,126) | 0 |
| <i>Change in net position</i> | (28,289) | (17,992) | (46,281) |
| Net position, beginning of year | 468,896 | 31,419 | 500,315 |
| <i>Net position, end of year</i> | \$440,607 | \$13,427 | \$454,034 |

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, 2016

| | Business-Type Activities | | |
|---|--------------------------|-------------------|-------------------------|
| | Low Rent | Nonmajor Fund | |
| | | CFP | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$132,730 | \$0 | \$132,730 |
| Cash subsidies - HUD | 116,471 | 0 | 116,471 |
| Cash paid to suppliers | (87,693) | (46,763) | (134,456) |
| Cash paid to employees (or on behalf of) | (177,615) | 0 | (177,615) |
| <i>Net cash provided (used) by operating activities</i> | <i>(16,107)</i> | <i>(46,763)</i> | <i>(62,870)</i> |
| CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES | | | |
| Legal settlement | 0 | 0 | 0 |
| Transfers in (out) | 14,707 | (14,707) | 0 |
| <i>Net cash provided (used) by non capital financing activities</i> | <i>14,707</i> | <i>(14,707)</i> | <i>0</i> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital grant | 0 | 76,243 | 76,243 |
| Purchase of capital assets | 0 | (14,773) | (14,773) |
| Disposition of assets | 0 | 0 | 0 |
| <i>Net cash provided (used) by capital and related financing activities</i> | <i>0</i> | <i>61,470</i> | <i>61,470</i> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of certificates of deposit | (229) | 0 | (229) |
| Interest received | 228 | 0 | 228 |
| <i>Net cash provided (used) by investing financing activities</i> | <i>(1)</i> | <i>0</i> | <i>(1)</i> |
| <i>Net increase (decrease) in pooled cash and cash equivalents</i> | <i>(1,401)</i> | <i>0</i> | <i>(1,401)</i> |
| Cash and cash equivalents, beginning of year | 104,166 | 0 | 104,166 |
| <i>Cash and cash equivalents, end of year</i> | <i>\$102,765</i> | <i>\$0</i> | <i>\$102,765</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, 2016

| | Business-Type Activities | | |
|---|--------------------------|-------------------|-------------------|
| | Low Rent | Nonmajor Fund | |
| | | CFP | Total |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | (\$74,564) | (\$48,109) | (\$122,673) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 67,739 | 1,346 | 69,085 |
| Change in assets and liabilities: | | | |
| Accounts receivable | (100) | 0 | (100) |
| Tenant prepaid rent | 760 | 0 | 760 |
| Inventory | (4,358) | 0 | (4,358) |
| Prepaid expenses | 456 | 0 | 456 |
| Tenants security deposits | 275 | 0 | 275 |
| Accounts and contracts payable | (354) | 0 | (354) |
| Accrued payroll and payroll taxes | (447) | 0 | (447) |
| Accrued compensated absences | 2,150 | 0 | 2,150 |
| Net GASB 68 accrual | (7,664) | 0 | (7,664) |
| <i>Total adjustments</i> | 58,457 | 1,346 | 59,803 |
| <i>Net cash provided (used) by operating activities</i> | (\$16,107) | (\$46,763) | (\$62,870) |

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, 2016

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 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.

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.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016 is \$8,841.

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:

| <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.

Deferred Outflows and Inflows of Resources

The Authority has recognized deferred outflows of resources for 2016 pension contributions paid after the actuarial measurement date. The Authority has also recognized deferred inflows of resources for change in assumptions and the difference between projected and actual earnings on pension plan investments.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2016, 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 | \$91,057 | \$90,688 |
| Public Fund – interest checking | 12,377 | 12,077 |
| CFP – regular checking | 4,665 | 0 |
| Certificate of deposit – investments | 39,716 | 39,716 |
| Certificate of deposit – investments | 33,501 | 33,501 |
| <i>Total cash on deposit</i> | 181,316 | 175,982 |
| Less certificates of deposit – shown as investments | 73,217 | 73,217 |
| <i>Total cash</i> | \$108,099 | \$102,765 |

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

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.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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

| | Wells Fargo Bank |
|-----------------------------|------------------|
| Amount held in bank | \$181,316 |
| Less F.D.I.C. | (181,316) |
| Amount uninsured | \$0 |
| 100% Collateral requirement | \$0 |

NOTE 3. ACCOUNTS RECEIVABLE AND MORTGAGES RECEIVABLE

Accounts receivable are reported at their gross value. Those amounts considered doubtful have been recorded as allowance for doubtful accounts in the amount of \$726.

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, 2015 | Reclassifications | Additions | Disposals | Balance June 30, 2016 |
|---------------------------------------|--------------------------|-------------------|-------------------|------------|--------------------------|
| Non Depreciable Assets: | | | | | |
| Land | \$41,101 | \$0 | \$0 | \$0 | \$41,101 |
| Fees and costs | 0 | 0 | 3,237 | 0 | 3,237 |
| Depreciable Assets: | | | | | |
| Buildings | 2,640,505 | 0 | 0 | 0 | 2,640,505 |
| Non dwelling structures | 233,192 | 0 | 0 | 0 | 233,192 |
| Machinery and equipment | 131,929 | 0 | 11,536 | 0 | 143,465 |
| Total | 3,046,727 | 0 | 14,773 | 0 | 3,061,500 |
| Less Accumulated Depreciation: | | | | | |
| Buildings | (2,316,064) | 0 | (47,543) | 0 | (2,363,607) |
| Non dwelling structures | (141,949) | 0 | (11,599) | 0 | (153,548) |
| Machinery and equipment | (116,624) | 0 | (9,943) | 0 | (126,567) |
| Total accumulated depreciation | (2,574,637) | 0 | (69,085) | 0 | (2,643,722) |
| Net capital assets | \$472,090 | \$0 | (\$54,312) | \$0 | \$417,778 |

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

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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. | Net Working Capital: | |
| | Proprietary Funds | \$162,230 |

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Town of Springer Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that apply to Town of Springer Housing Authority is Municipal General. Statutorily required contributions to the pension plan from the Town of Springer Housing Authority were \$10,062 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town of Springer Housing Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2016, the Town of Springer Housing Authority reported a liability of \$126,429 for its proportionate share of the net pension liability. At June 30, 2015, the Town of Springer Housing Authority's proportion was .0129 percent, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Town of Springer Housing Authority recognized PERA Fund Division Municipal General pension expense of \$3,916. At June 30, 2016, the Town of Springer Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$0 | \$2,800 |
| Changes of assumptions | 0 | 49 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 400 |
| Changes in proportion and differences between Town of Springer Housing Authority contributions and proportionate share of contributions | 0 | 2,979 |
| Town of Springer Housing Authority contributions subsequent to the measurement date | 10,062 | 0 |
| Total | \$10,062 | \$6,228 |

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$10,062 reported as deferred outflows of resources related to pensions resulting from Town of Springer Housing Authority contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|-----------|
| Year ended June 30: | |
| 2017 | (\$3,349) |
| 2018 | (3,349) |
| 2019 | (3,349) |
| 2020 | 6,798 |
| 2021 | 0 |
| | (\$3,249) |

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

| | |
|------------------------------|--|
| Actuarial valuation date | June 30, 2014 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of pay |
| Amortization period | Solved for based on statutory rates |
| Asset valuation method | Fair value |
| Actuarial assumptions: | |
| • Investment rate of return | 7.75% annual rate, net of investment expense |
| • Payroll growth | 3.50% annual rate |
| • Projected salary increases | 3.50% to 14.25% annual rate |
| • Includes inflation at | 3.00% annual rate |

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| ALL FUNDS – Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------|-------------------|---|
| US Equity | 21.1% | 5.00% |
| International Equity | 24.8 | 5.20 |
| Private Equity | 7.0 | 8.20 |
| Core and Global Fixed Income | 26.1 | 1.85 |
| Fixed Income Plus Sectors | 5.0 | 4.80 |
| Real Estate | 5.0 | 5.30 |
| Real Assets | 7.0 | 5.70 |
| Absolute Return | 4.0 | 4.15 |
| Total | 100.0% | |

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town of Springer Housing Authority’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Town of Springer Housing Authority’s net pension liability in each PERA Fund Division that Town of Springer Housing Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|------------------------|-------------------------------------|------------------------|
| PERA Fund Division Municipal General | | | |
| Town of Springer Housing Authority’s proportionate share of the net pension liability | \$215,258 | \$126,429 | \$52,573 |

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

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

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

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

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.

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.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statutes required each participating employer to contribute 2.5 of each participating employee’s annual salary; and each participating employee was required to contribute 1.25 of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0 of each participating employee’s annual salary; each participating employee was required to contribute 1.0 of their salary. In addition, pursuant to Section 10-7C-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 Town of Springer Housing Authority’s contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$2,107, \$2,068, and \$1,939, respectively, which equal the required contributions for each year.

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 | \$14,707 | \$14,707 |
| CFP | 0 | 0 | 0 |
| Total | \$0 | \$14,707 | \$14,707 |

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 | \$31,419 | \$31,419 |
| CFP | 0 | 0 | 0 |
| Total | \$0 | \$31,419 | \$31,419 |

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, 2016

NOTE 11. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarized the changes in accrued compensated absences during 2016:

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

NOTE 12. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 26, 2016, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE TOWN OF SPRINGER
HOUSING AUTHORITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

| | As of Measurement Date | |
|---|---------------------------|---------------|
| | June 30, 2015 | June 30, 2014 |
| | 2016 | 2015 |
| Town of Springer Housing Authority's proportion of the net pension liability (asset) | 0.0124% | 0.0129% |
| Town of Springer Housing Authority's proportionate share of the net pension liability (asset) | \$126,429 | \$100,634 |
| Town of Springer Housing Authority's covered-employee payroll (at measurement date) | \$104,480 | \$107,476 |
| Town of Springer Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 121.01% | 93.63% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.99% | 81.50% |

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town of Springer Housing Authority will present information for those years for which information is available.

**SCHEDULE OF THE TOWN OF SPRINGER
HOUSING AUTHORITY'S CONTRIBUTIONS**
Public Employees Retirement Association (PERA) Plan
PERA FUND DIVISION - MUNICIPAL GENERAL
Last 10 Fiscal Years*

| | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Contractually required contribution | \$10,062 | \$9,814 |
| Contributions in relation to the contractually required contribution | \$10,062 | \$9,814 |
| Contribution deficiency (excess) | \$0 | \$0 |
| Town of Springer Housing Authority's covered-employee payroll | \$105,361 | \$104,480 |
| Contributions as a percentage of covered-employee payroll | 9.55% | 9.39% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town of Springer Housing Authority will present information for those years for which information is available.

TOWN OF SPRINGER HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation.

SUPPLEMENTARY INFORMATION

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, 2016

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Rental income | \$125,740 | \$125,740 | \$128,478 | \$2,738 |
| Other | 4,180 | 4,180 | 3,975 | (205) |
| <i>Total revenues</i> | <u>129,920</u> | <u>129,920</u> | <u>132,453</u> | <u>2,533</u> |
| OPERATING EXPENSES: | | | | |
| Tenant services | 0 | 0 | 0 | 0 |
| Personnel | 170,290 | 170,290 | 177,614 | (7,324) |
| Admin expenses | 15,660 | 15,660 | 20,426 | (4,766) |
| Operating and maintenance | 46,860 | 46,860 | 34,818 | 12,042 |
| Capital outlay | 0 | 0 | 0 | 0 |
| Utilities | 24,000 | 24,000 | 23,733 | 267 |
| <i>Total operating expenses</i> | <u>256,810</u> | <u>256,810</u> | <u>256,591</u> | <u>219</u> * |
| <i>Operating income (loss)</i> | (126,890) | (126,890) | (124,138) | 2,752 |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 116,471 | 116,471 | 116,471 | 0 |
| Interest | 190 | 190 | 229 | 39 |
| Transfers in | 0 | 0 | 14,707 | 14,707 |
| <i>Total non-operating revenue (expenses)</i> | <u>116,661</u> | <u>116,661</u> | <u>131,407</u> | <u>14,746</u> |
| <i>Net income</i> | <u>(\$10,229)</u> | <u>(\$10,229)</u> | <u>\$7,269</u> | <u>\$17,498</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, 2016, is presented below:

| | |
|--|-------------------|
| Net income (budgetary basis) | \$7,269 |
| Adjustments for revenue accruals, transfers, earnings on investments | (738) |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | (34,820) |
| <u>Change in net position (GAAP basis)</u> | <u>(\$28,289)</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 - 2012

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2016, 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 | (31,419) |
| Change in net position (GAAP basis) | (\$31,419) |

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, 2016

| | 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 | 13,586 | (13,586) |
| Audit costs | 0 | 0 | 0 | 0 |
| Capital outlay | 34,882 | 34,882 | 11,536 | 23,346 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 5,006 | (5,006) |
| Fees and costs | 0 | 0 | 0 | 0 |
| <i>Total operating expenses</i> | 34,882 | 34,882 | 30,128 | 4,754 |
| <i>Operating income (loss)</i> | (34,882) | (34,882) | (30,128) | 4,754 |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 34,882 | 34,882 | 30,128 | (4,754) |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | 0 | 0 | 0 | 0 |
| <i>Total non-operating revenue (expenses)</i> | 34,882 | 34,882 | 30,128 | (4,754) |
| <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, 2016, is presented below:

| | |
|--|-----------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | 10,190 |
| Change in net position (GAAP basis) | \$10,190 |

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 - 2014

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | 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 | 21,721 | (21,721) |
| Audit costs | 0 | 0 | 0 | 0 |
| Capital outlay | 45,826 | 45,826 | 0 | 45,826 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 2,000 | 2,000 | 3,237 | (1,237) |
| <i>Total operating expenses</i> | 47,826 | 47,826 | 24,958 | 22,868 |
| <i>Operating income (loss)</i> | (47,826) | (47,826) | (24,958) | 22,868 |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 47,826 | 47,826 | 24,958 | (22,868) |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | 0 | 0 | 0 | 0 |
| <i>Total non-operating revenue (expenses)</i> | 47,826 | 47,826 | 24,958 | (22,868) |
| <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, 2016, is presented below:

| | |
|--|----------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation | 3,237 |
| Change in net position (GAAP basis) | \$3,237 |

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 - 2015

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | 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 | 14,707 | 14,707 | 450 | 14,257 |
| Audit costs | 6,000 | 6,000 | 6,000 | 0 |
| Capital outlay | 52,832 | 52,832 | 0 | 52,832 |
| Management improvements | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fees and costs | 0 | 0 | 0 | 0 |
| <i>Total operating expenses</i> | 73,539 | 73,539 | 6,450 | 67,089 |
| <i>Operating income (loss)</i> | (73,539) | (73,539) | (6,450) | 67,089 |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 73,539 | 73,539 | 21,157 | (52,382) |
| Interest | 0 | 0 | 0 | 0 |
| Transfers (out) | 0 | 0 | (14,707) | (14,707) |
| <i>Total non-operating revenue (expenses)</i> | 73,539 | 73,539 | 6,450 | (67,089) |
| <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, 2016, 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

SCHEDULE OF VENDOR INFORMATION

for Purchases Exceeding \$60,000 (excluding GRT)

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by Agency Staff Name: Julie Martinez

Title: Executive Director

Date: November 15, 2016

| Agency Number | Agency Name | Agency Type | RFB#/RFP# (if applicable) | Type of Procurement | Vendor Name | Did Vendor win contract? |
|---------------|------------------|----------------|---------------------------|---------------------|-------------|--------------------------|
| 6168-A | Town Of Springer | Municipalities | None | | | |
| | | | | | | |
| | | | | | | |
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TOWN OF SPRINGER HOUSING AUTHORITY
SCHEDULE OF VENDOR INFORMATION
for Purchases Exceeding \$60,000 (excluding GRT) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by Agency Staff Name: Julie Martinez

Title: Executive Director

Date: November 15, 2016

| \$ Amount of Awarded Contract | \$ Amount of Amended Contract | Physical address of Vendor (City, State) | Did the Vendor provide documentation of eligibility for in-state preference? | Did the Vendor provide documentation of eligibility for veterans' preference? | Brief Description of the Scope of Work | If the procurement is attributable to a Component Unit, Name of Component Unit |
|-------------------------------|-------------------------------|--|--|---|--|--|
| | | | | | | Town of Springer Housing Authority |
| | | | | | | |
| | | | | | | |
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| | | | | | | |
| | | | | | | |

OTHER SUPPLEMENTARY INFORMATION

| HOUSING AUTHORITY OF THE TOWN OF SPRINGER | | | | |
|---|--|-----------------|-----------------------------|----------------|
| Springer New Mexico | | | | |
| Financial Data Schedule | | | | |
| June 30, 2016 | | | | |
| | | Public Housing | Public Housing Capital Fund | |
| Line Item # | Account Description | Low Rent 14.850 | Program 14.872 | Total |
| 111 | Cash - Unrestricted | 90,688 | | 90,688 |
| 114 | Cash - Tenant Security Deposits | 12,077 | | 12,077 |
| 100 | Total Cash | 102,765 | - | 102,765 |
| 126 | Accounts Receivable - Tenants | 813 | | 813 |
| 126.1 | Allowance for Doubtful Accts - Tenants | (87) | | (87) |
| 129 | Accrued Interest Receivable | 17 | | 17 |
| 120 | Total Receivables, Net of Allowance for Doubtful Accts | 743 | - | 743 |
| 131 | Investments - Unrestricted | 73,217 | | 73,217 |
| 142 | Prepaid Expenses and Other Assets | 10,957 | | 10,957 |
| 143 | Inventories | 12,800 | | 12,800 |
| 143.1 | Allowance for Obsolete Inventories | (1,280) | | (1,280) |
| 150 | Total Current Assets | 199,202 | - | 199,202 |
| 161 | Land | 41,101 | | 41,101 |
| 162 | Buildings | 2,873,696 | - | 2,873,696 |
| 164 | Furniture, Equipment & Machinery - Administration | 131,930 | 14,773 | 146,703 |
| 166 | Accumulated Depreciation | (2,642,376) | (1,346) | (2,643,722) |
| 160 | Total Capital Assets, Net of Accumulated Depreciation | 404,351 | 13,427 | 417,778 |
| 180 | Total Non-Current Assets | 404,351 | 13,427 | 417,778 |
| 190 | Total Assets | 603,553 | 13,427 | 616,980 |
| 200 | Deferred Outflow of Resources | 10,062 | | 10,062 |
| 290 | Total Assets and Deferred Outflow of Resources | 613,615 | 13,427 | 627,042 |
| 312 | Accounts Payable <= 90 Days | 2,402 | | 2,402 |
| 321 | Accrued Wage/Payroll Taxes Payable | 14,110 | | 14,110 |
| 322 | Accrued Compensated Absences - Current Portion | 5,429 | | 5,429 |
| 341 | Tenant Security Deposits | 12,044 | | 12,044 |
| 342 | Unearned Revenue | 811 | | 811 |
| 346 | Other current liabilities | 2,143 | | 2,143 |
| 310 | Total Current Liabilities | 36,939 | - | 36,939 |
| 354 | Accrued compensated absences - non-current | 3,412 | | 3,412 |
| 357 | Accrued Pension and OPEB Liabilities | 126,429 | | 126,429 |
| 350 | Total Noncurrent Liabilities | 129,841 | - | 129,841 |
| 300 | Total Liabilities | 166,780 | - | 166,780 |
| 400 | Deferred Inflow of Resources | 6,228 | - | 6,228 |
| 508.1 | Net Investment of Capital Assets | 404,351 | 13,427 | 417,778 |
| 511.4 | Restricted Net Position | - | | - |
| 512.4 | Unrestricted Net Position | 36,256 | | 36,256 |
| 513 | Total Equity - Net Position | 440,607 | 13,427 | 454,034 |
| 600 | Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position | 613,615 | 13,427 | 627,042 |
| 70300 | Net Tenant Rental Revenue | 130,820 | | 130,820 |
| 70400 | Tenant Revenue - Other | 90 | | 90 |
| 70500 | Total Tenant Revenue | 130,910 | - | 130,910 |
| 70600 | HUD PHA Operating Grants | 116,471 | - | 116,471 |
| 70610 | Capital Grants | - | 76,243 | 76,243 |
| 70700 | Total Fee Revenue | 116,471 | 76,243 | 192,714 |
| 71100 | Investment Income - Unrestricted | 149 | - | 149 |
| 71500 | Other Revenue | 885 | - | 885 |
| 70000 | Total Revenue | 248,415 | 76,243 | 324,658 |

| HOUSING AUTHORITY OF THE TOWN OF SPRINGER | | | | |
|---|--|-----------------|-----------------------------|-----------------|
| Springer New Mexico | | | | |
| Financial Data Schedule | | | | |
| June 30, 2016 | | | | |
| | | Public Housing | Public Housing Capital Fund | |
| Line Item # | Account Description | Low Rent 14.850 | Program 14.872 | Total |
| 91100 | Administrative Salaries | 61,907 | | 61,907 |
| 91200 | Auditing Fees | 964 | 6,000 | 6,964 |
| 91400 | Advertising & Marketing | - | | - |
| 91500 | Employee Benefit Contributions - Administrative | 18,319 | | 18,319 |
| 91600 | Office Expenses | 13,383 | 5,006 | 18,389 |
| 91700 | Legal Expenses | - | | - |
| 91800 | Travel | 2,128 | | 2,128 |
| 91900 | Other | 3,939 | | 3,939 |
| 91000 | Total Operating - Administrative | 100,640 | 11,006 | 111,646 |
| 93100 | Water | 7,374 | - | 7,374 |
| 93200 | Electricity | 2,227 | - | 2,227 |
| 93300 | Gas | 2,626 | - | 2,626 |
| 93600 | Sewer | 11,594 | - | 11,594 |
| 93800 | Other Utilities | - | - | - |
| 93000 | Total Utilities | 23,821 | - | 23,821 |
| 94100 | Ordinary Maintenance and Operations - Labor | 62,267 | | 62,267 |
| 94200 | Ordinary Maintenance and Operations - Materials & Other | 12,257 | 35,757 | 48,014 |
| 94300 | Ordinary Maintenance and Operations Contracts | 4,218 | | 4,218 |
| 94500 | Employee Benefit Contributions - Ordinary Maintenance | 21,454 | | 21,454 |
| 94000 | Total Maintenance | 100,196 | 35,757 | 135,953 |
| 96110 | Property Insurance | 10,909 | - | 10,909 |
| 96120 | Liability Insurance | 1,958 | - | 1,958 |
| 96130 | Workmen's Compensation | 6,835 | - | 6,835 |
| 96140 | All other insurance | 2,381 | | 2,381 |
| 96100 | Total Insurance Premiums | 22,083 | - | 22,083 |
| 96200 | Other General Expenses | 148 | - | 148 |
| 96210 | Compensated Absences | 7,707 | - | 7,707 |
| 93400 | Bad debt-tenant rents | 496 | | 496 |
| 96000 | Total Other General Expenses | 8,351 | - | 8,351 |
| 96900 | Total Operating Expenses | 255,091 | 46,763 | 301,854 |
| 97000 | Excess Revenue over Operating Expenses | (6,676) | 29,480 | 22,804 |
| 97400 | Depreciation Expense | 67,739 | 1,346 | 69,085 |
| 90000 | Total Expenses | 322,830 | 48,109 | 370,939 |
| 10010 | Operating Transfers In | 14,707 | - | 14,707 |
| 10020 | Operating Transfers Out | - | (14,707) | (14,707) |
| 10070 | Extraordinary items, net gain/loss | - | - | - |
| 10100 | Total Other Financing Sources (Uses) | 14,707 | (14,707) | - |
| 10000 | Excess (Deficiency) of Total Rev Over (Under) Total Exp | (59,708) | 13,427 | (46,281) |
| 11030 | Beginning Equity | \$ 468,296 | \$ 31,419 | \$ 499,715 |
| 11040 | Prior Period Adj, Equity Transfers, Correction of Errors | \$ 31,419 | \$ (31,419) | \$ - |
| 11190 | Unit Months Available | 672 | - | 672 |
| 11210 | Number of Unit Months Leased | 604 | - | 604 |

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

Independent Auditor's Report

Mr. Tim Keller, 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, 2016, 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 28, 2016.

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. Tim Keller, 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.
Las Cruces, New Mexico
November 28, 2016

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, 2016**

CURRENT YEAR FINDINGS:

None.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

None.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

EXIT CONFERENCE

JUNE 30, 2016

EXIT CONFERENCE:

The exit conference was held November 15, 2016 and was attended by the following:

From the Town of Springer Housing Authority:

James Angel, Chairman
Rodney Hood, Commissioner
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.