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CERTIFIED PUBLIC ACCOUNTANTS
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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, 2017

TOWN OF SPRINGER HOUSING AUTHORITY

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TOWN OF SPRINGER HOUSING AUTHORITY

OFFICIAL ROSTER

JUNE 30, 2017

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>

Administrative Official

<i>Julie Martinez</i>	<i>Executive Director</i>
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INDEPENDENT AUDITORS' REPORT

Mr. Wayne Johnson, State Auditor and
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, 2017, 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, 2017 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Town of Springer Housing Authority
(A Component Unit of the Town of Springer)
Springer, New Mexico
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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 the Town of Springer Housing Authority as of June 30, 2017, 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.

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, 2017, 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 8 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. Wayne Johnson, State Auditor and
Board of Commissioners
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. 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 relate 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017 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 29, 2017

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, 2017

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, 2017. 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 and deferred outflows of resources increased from \$627,042 to \$731,965 an increase of \$104,923 or 16.7%.
- The net position's balance increased from \$454,034 to \$487,015 at June 30, 2017. This represents an increase of \$32,981 or 7.3% from the previous year. The unrestricted net position balance decreased from \$36,256 to (\$5,211), a decrease of \$41,467 or 114.4%.
- Revenues increased from \$324,658 to \$396,393, an increase of \$71,735 or 22.1% from the previous year.
- Total expenses decreased by \$7,527, from \$370,939 to \$363,412 for the current year. This represents a decrease of 2.0%.

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, 2017. 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, 2017

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 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 (HUD). 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, 2017 and June 30, 2016.

Statement of Net Position-Condensed As of June 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets	\$157,740	\$187,125
Noncurrent assets	13,177	12,077
Capital assets (net of depreciation)	492,226	417,778
<i>Total assets</i>	<u>663,143</u>	<u>616,980</u>
Deferred outflows of resources	<u>68,822</u>	<u>10,062</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$731,965</u>	<u>\$627,042</u>
LIABILITIES		
Current liabilities	\$27,707	\$24,895
Long-term liabilities	211,640	141,885
<i>Total liabilities</i>	<u>239,347</u>	<u>166,780</u>
Deferred inflows of resources	<u>5,603</u>	<u>6,228</u>
NET POSITION		
Unrestricted net position	(5,211)	36,256
Net investment in capital assets	492,226	417,778
<i>Total net position</i>	<u>487,015</u>	<u>454,034</u>
<i>Total liabilities, net position, and deferred inflows of resources</i>	<u>\$731,965</u>	<u>\$627,042</u>

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Cash & Investments

Unrestricted cash and investments totaled \$137,862, a decrease of \$26,043 from the previous year.

Current Assets

Current assets decreased 15.7% from \$187,125 to \$157,740 due primarily to a decrease in cash.

Current Liabilities

Current liabilities increased from \$24,895 to \$27,707 or 11.3%. This increase was primarily the result of an increase in accrued compensated absences.

Net Position

The total net position balance increased from \$454,034 to \$487,015 at June 30, 2017. The Authority's unrestricted net position totaled (\$5,211), a decrease of \$41,467 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, 2017

	<u>2017</u>	<u>2016</u>
REVENUE		
Rental revenue	\$144,750	\$127,820
HUD operating grants	98,143	116,471
Capital grants	141,823	76,243
Interest income	82	149
Other revenue	11,595	3,975
<i>Total revenue</i>	<u>396,393</u>	<u>324,658</u>
EXPENSES		
Personnel	202,454	171,654
Operating	91,060	130,200
Depreciation	69,898	69,085
<i>Total expenses</i>	<u>363,412</u>	<u>370,939</u>
<i>Excess of revenue over expenses</i>	<u>\$32,981</u>	<u>(\$46,281)</u>

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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 \$71,735. Total expenses decreased by \$7,527 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 maintenance materials.

Budgets

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

Capital Assets

As of June 30, 2017, the Springer Housing Authority's investment in capital assets was \$3,187,626. This investment includes land, construction in process, building, building improvements, office equipment, and maintenance equipment.

<u>Category</u>	<u>2017</u>	<u>2016</u>
Land	\$41,101	\$41,101
Fees and costs	124,944	3,237
Buildings	2,640,505	2,640,505
Equipment	147,884	143,465
Non-dwelling Structures	233,192	233,192
Accumulated Depreciation	(2,695,400)	(2,643,722)
<i>Total Net Fixed Assets</i>	<i>\$492,226</i>	<i>\$417,778</i>

Depreciation expense was \$69,898.

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2017.

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, 2017

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$137,862	\$0	\$137,862
Prepaid insurance	10,370	0	10,370
Tenant receivable - net of allowance of \$113	75	0	75
Interest receivable	1	0	1
Inventory	9,432	0	9,432
<i>Total current assets</i>	157,740	0	157,740
Noncurrent Assets:			
Restricted cash	13,177	0	13,177
Net capital assets	351,911	140,315	492,226
<i>Total noncurrent assets</i>	365,088	140,315	505,403
<i>Total assets</i>	522,828	140,315	663,143
Deferred outflows of resources	68,822	0	68,822
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	1,582	0	1,582
Accrued payroll liabilities	8,593	0	8,593
Wages payable	5,258	0	5,258
Other accrued liabilities	1,943	0	1,943
Prepaid rent	35	0	35
Accrued compensated absences - current portion	10,296	0	10,296
<i>Total current liabilities</i>	27,707	0	27,707
Long-term Liabilities:			
Accrued compensated absences	1,933	0	1,933
Tenant security deposits	13,194	0	13,194
Net pension liability	196,513	0	196,513
<i>Total long-term liabilities</i>	211,640	0	211,640
<i>Total liabilities</i>	239,347	0	239,347
Deferred inflows of resources	5,603	0	5,603
Net Position:			
Net investment in capital assets	351,911	140,315	492,226
Unrestricted	(5,211)	0	(5,211)
<i>Total net position</i>	\$346,700	\$140,315	\$487,015

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, 2017

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
OPERATING REVENUES:			
Rental income	\$144,750	\$0	\$144,750
HUD operating subsidy	98,143	0	98,143
Other revenue	595	0	595
<i>Total operating revenues</i>	243,488	0	243,488
OPERATING EXPENSES:			
Personnel	202,454	0	202,454
Operating	82,583	8,477	91,060
Depreciation	63,440	6,458	69,898
<i>Total operating expenses</i>	348,477	14,935	363,412
<i>Net operating income (loss)</i>	(104,989)	(14,935)	(119,924)
NON-OPERATING REVENUE AND (EXPENSES)			
HUD capital grants	0	141,823	141,823
Interest	82	0	82
Gain on disposal of fixed assets	11,000	0	11,000
<i>Total non-operating revenue and (expenses)</i>	11,082	141,823	152,905
<i>Income (loss) before transfers</i>	(93,907)	126,888	32,981
Transfers in (out)	0	0	0
Capital transfers in (out)	0	0	0
	0	0	0
<i>Change in net position</i>	(93,907)	126,888	32,981
Net position, beginning of year	440,607	13,427	454,034
<i>Net position, end of year</i>	\$346,700	\$140,315	\$487,015

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, 2017

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$146,345	\$0	\$146,345
Cash subsidies - HUD	98,143	0	98,143
Cash paid to suppliers	(80,903)	(8,477)	(89,380)
Cash paid to employees (or on behalf of)	(188,626)	0	(188,626)
<i>Net cash provided (used) by operating activities</i>	(25,041)	(8,477)	(33,518)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Legal settlement	0	0	0
Transfers in (out)	0	0	0
<i>Net cash provided (used) by non capital financing activities</i>	0	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grant	0	141,823	141,823
Purchase of capital assets	(11,000)	(133,346)	(144,346)
Disposition of assets	11,000	0	11,000
<i>Net cash provided (used) by capital and related financing activities</i>	0	8,477	8,477
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	98	0	98
<i>Net cash provided (used) by investing activities</i>	98	0	98
<i>Net increase (decrease) in pooled cash and cash equivalents</i>	(24,943)	0	(24,943)
Cash and cash equivalents, beginning of year	175,982	0	175,982
<i>Cash and cash equivalents, end of year</i>	\$151,039	\$0	\$151,039
Cash and cash equivalents, at June 30, 2016	\$102,765	\$0	\$102,765
Adjustment for certificate of deposit reclass	73,217	0	73,217
Cash and cash equivalents, beginning of year, as adjusted	\$175,982	\$0	\$175,982

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, 2017

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	Business-Type Activities		
	Low Rent	Nonmajor Fund	
		CFP	Total
Operating income (loss)	(\$104,989)	(\$14,935)	(\$119,924)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	63,440	6,458	69,898
Change in assets and liabilities:			
Accounts receivable	651	0	651
Tenant prepaid rent	(775)	0	(775)
Inventory	2,088	0	2,088
Prepaid expenses	587	0	587
Tenants security deposits	1,150	0	1,150
Accounts and contracts payable	(1,020)	0	(1,020)
Accrued payroll and payroll taxes	(260)	0	(260)
Accrued compensated absences	3,388	0	3,388
Net GASB 68 accrual	10,699	0	10,699
<i>Total adjustments</i>	79,948	6,458	86,406
<i>Net cash provided (used) by operating activities</i>	(\$25,041)	(\$8,477)	(\$33,518)

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, 2017

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, 2017

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.

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, 2017

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, 2017 is \$12,229.

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 2017 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, 2017

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, 2017, the Housing Authority held only short-term certificates of deposit and therefore, they were shown as cash equivalents.

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

Cash on Deposit

	Bank Balance	Carrying Amounts
<u>Wells Fargo Bank</u>		
Public Fund – regular checking	\$64,849	\$64,547
Public Fund – interest checking	12,948	13,177
CFP – regular checking	0	0
Certificate of deposit – investments	39,765	39,765
Certificate of deposit – investments	33,550	33,550
<i>Total cash on deposit</i>	\$151,112	\$151,039

<u>Investments</u>	WAM	Cost	Market Value
Certificates of deposit		\$39,765	\$39,765
Certificates of deposit		33,550	33,550
<i>Total investments</i>	60 days	\$73,315	\$73,515

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, 2017

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	\$151,112
Less F.D.I.C.	(151,112)
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 \$113.

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, 2016	Reclassifications	Additions	Disposals	Balance June 30, 2016
Non Depreciable Assets:					
Land	\$41,101	\$0	\$0	\$0	\$41,101
Fees and costs	3,237	0	121,707	0	124,944
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	143,465	0	22,639	(18,220)	147,884
Total	3,061,500	0	144,346	(18,220)	3,187,626
Less Accumulated Depreciation:					
Buildings	(2,363,607)	0	(47,543)	0	(2,411,150)
Non-dwelling structures	(153,548)	0	(11,265)	0	(164,813)
Machinery and equipment	(126,567)	0	(11,090)	18,220	(119,437)
Total accumulated depreciation	(2,643,722)	0	(69,898)	18,220	(2,695,400)
Net capital assets	\$417,778	\$0	\$74,448	\$0	\$492,226

Depreciation expense for the year was \$69,898.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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 Housing Authority 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 Housing Authority pays an annual premium to the Fund for its workers’ compensation liability, general liability, auto liability, auto physical damage, and property coverage. The Housing Authority’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	\$130,033

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2016 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2016.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202016.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 FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY16 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2016.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202016.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 \$11,322 for the year ended June 30, 2017.

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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 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, 2017, the Town of Springer Housing Authority reported a liability of \$196,513 for its proportionate share of the net pension liability. At June 30, 2016, the Town of Springer Housing Authority's proportion was .0123 percent, which was changed from its proportion measured as of June 30, 2015 of .0124 percent.

For the year ended June 30, 2017, the Town of Springer Housing Authority recognized PERA Fund Division Municipal General pension expense of \$22,021. At June 30, 2017, 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	\$9,819	\$1,918
Changes of assumptions	11,523	33
Net difference between projected and actual earnings on pension plan investments	36,158	0
Changes in proportion and differences between Town of Springer Housing Authority contributions and proportionate share of contributions	0	3,652
Town of Springer Housing Authority contributions subsequent to the measurement date	11,322	0
Total	\$68,822	\$5,603

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

\$11,322 reported as deferred outflows of resources related to pensions resulting from Town of Springer Housing Authority contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:	
2018	\$10,572
2019	10,572
2020	21,625
2021	9,128
2022	0
	\$51,897

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, 2015 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, 2016 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, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Open
Payroll growth rate	3.50%
Remaining amortization period	30 years
Asset valuation method	4-year Smoothed Market
Actuarial assumptions:	
Investment rate of return*	7.75%
Administrative expenses	0.45% of payroll
Projected salary increases*	4.00% - 14.25%
Post-retirement benefit increases	2.00% compounded annually (2.50% for certain retirees and disabled participants with annual benefits less than \$20,000)

* Includes inflation at 3.00%

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Client Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
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.

PERA Fund Division Municipal General	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Town of Springer Housing Authority’s proportionate share of the net pension liability	\$292,983	\$196,513	\$116,496

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY16 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, 2017, the Authority had paid all required contributions and therefore, there is no payable to the pension plan.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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 percent 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, 2017

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, 2017, the statutes required each participating employer to contribute 2.5 percent of each participating employee’s annual salary; and each participating employee was required to contribute 1.25 percent of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0 percent of each participating employee’s annual salary; each participating employee was required to contribute 1.0 percent 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, 2017, 2016 and 2015 were \$2,371, \$2,107, and \$2,068, 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	\$0	\$0
CFP	0	0	0
Total	\$0	\$0	\$0

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

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

Capital transfers arose from the purchase or construction of capital assets in one fund, which were then transferred to another fund where they are being utilized.

TOWN OF SPRINGER HOUSING AUTHORITY

(A Component Unit of the Town of Springer)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 11. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarized the changes in accrued compensated absences during 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due Within One Year
Accrued compensated absences	\$8,841	\$5,685	\$2,297	\$12,229	\$10,296

NOTE 12. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 29, 2017, 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, 2016	June 30, 2015	June 30, 2014
	2017	2016	2015
Town of Springer Housing Authority's proportion of the net pension liability (asset)	0.0123%	0.0124%	0.0129%
Town of Springer Housing Authority's proportionate share of the net pension liability (asset)	\$196,513	\$126,429	\$100,634
Town of Springer Housing Authority's covered-employee payroll (at measurement date)	\$105,361	\$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	186.51%	121.01%	93.63%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	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*

	2017	2016	2015
Contractually required contribution	\$11,322	\$10,062	\$9,814
Contributions in relation to the contractually required contribution	\$11,322	\$10,062	\$9,814
Contribution deficiency (excess)	\$0	\$0	\$0
Town of Springer Housing Authority's covered-employee payroll	\$118,560	\$105,361	\$104,480
Contributions as a percentage of covered-employee payroll	9.55%	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, 2017

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 FY16 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2016.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) provides summary information for each division.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SPRINGER HOUSING AUTHORITY
(A Component Unit of the Town of Springer)
Financial Data Schedule
June 30, 2017

Line Item #	Account Description	Public Housing Low Rent 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - Unrestricted	137,862	-	137,862
114	Cash - Tenant Security Deposits	13,177	-	13,177
100	Total Cash	<u>151,039</u>	-	<u>151,039</u>
126	Accounts Receivable - Tenants	188	-	188
126.1	Allowance for Doubtful Accts - Tenants	(113)	-	(113)
129	Accrued Interest Receivable	1	-	1
120	Total Receivables, Net of Allowance for Doubtful Accts	<u>76</u>	-	<u>76</u>
131	Investments - Unrestricted	-	-	-
142	Prepaid Expenses and Other Assets	10,370	-	10,370
143	Inventories	10,480	-	10,480
143.1	Allowance for Obsolete Inventories	(1,048)	-	(1,048)
150	Total Current Assets	<u>170,917</u>	-	<u>170,917</u>
161	Land	41,101	-	41,101
162	Buildings	2,873,696	-	2,873,696
164	Furniture, Equipment & Machinery - Administration	113,710	34,175	147,885
166	Accumulated Depreciation	(2,687,596)	(7,804)	(2,695,400)
167	Construction in progress	11,000	113,944	124,944
160	Total Capital Assets, Net of Accumulated Depreciation	<u>351,911</u>	<u>140,315</u>	<u>492,226</u>
180	Total Non-Current Assets	<u>351,911</u>	<u>140,315</u>	<u>492,226</u>
190	Total Assets	<u>522,828</u>	<u>140,315</u>	<u>663,143</u>
200	Deferred Outflow of Resources	<u>68,822</u>	-	<u>68,822</u>
290	Total Assets and Deferred Outflow of Resources	<u>591,650</u>	<u>140,315</u>	<u>731,965</u>
312	Accounts Payable <= 90 Days	1,582	-	1,582
321	Accrued Wage/Payroll Taxes Payable	13,851	-	13,851
322	Accrued Compensated Absences - Current Portion	10,296	-	10,296
341	Tenant Security Deposits	13,194	-	13,194
342	Unearned Revenue	35	-	35
346	Other current liabilities	1,943	-	1,943
310	Total Current Liabilities	<u>40,901</u>	-	<u>40,901</u>
354	Accrued compensated absences - non-current	1,933	-	1,933
357	Accrued Pension and OPEB Liabilities	196,513	-	196,513
350	Total Noncurrent Liabilities	<u>198,446</u>	-	<u>198,446</u>
300	Total Liabilities	<u>239,347</u>	-	<u>239,347</u>
400	Deferred Inflow of Resources	5,603	-	5,603
508.1	Net Investment of Capital Assets	351,911	140,315	492,226
511.4	Restricted Net Position	-	-	-
512.4	Unrestricted Net Position	(5,211)	-	(5,211)
513	Total Equity - Net Position	<u>346,700</u>	<u>140,315</u>	<u>487,015</u>
600	Total Liabilities, Deferred Inflows of Resources and	<u>591,650</u>	<u>140,315</u>	<u>731,965</u>
70300	Net Tenant Rental Revenue	144,750	-	144,750
70400	Tenant Revenue - Other	595	-	595
70500	Total Tenant Revenue	<u>145,345</u>	-	<u>145,345</u>
70600	HUD PHA Operating Grants	98,143	-	98,143
70610	Capital Grants	-	141,823	141,823
70700	Total Fee Revenue	<u>98,143</u>	<u>141,823</u>	<u>239,966</u>
71100	Investment Income - Unrestricted	82	-	82
71500	Other Revenue	11,000	-	11,000
70000	Total Revenue	<u>254,570</u>	<u>141,823</u>	<u>396,393</u>

TOWN OF SPRINGER HOUSING AUTHORITY
(A Component Unit of the Town of Springer)
Financial Data Schedule
June 30, 2017

Line Item #	Account Description	Public Housing Low Rent 14.850	Public Housing Capital Fund Program 14.872	Total
91100	Administrative Salaries	62,505	-	62,505
91200	Auditing Fees	1,714	6,000	7,714
91400	Advertising & Marketing	68	-	68
91500	Employee Benefit Contributions - Administrative	27,170	-	27,170
91600	Office Expenses	11,745	-	11,745
91900	Other	3,969	-	3,969
91000	Total Operating - Administrative	<u>107,171</u>	<u>6,000</u>	<u>113,171</u>
93100	Water	9,879	-	9,879
93200	Electricity	2,120	-	2,120
93300	Gas	2,354	-	2,354
93600	Sewer	11,596	-	11,596
93000	Total Utilities	<u>25,949</u>	<u>-</u>	<u>25,949</u>
94100	Ordinary Maintenance and Operations - Labor	69,637	-	69,637
94200	Ordinary Maintenance and Operations - Materials & Other	14,622	2,477	17,099
94300	Ordinary Maintenance and Operations Contracts	3,598	-	3,598
94500	Employee Benefit Contributions - Ordinary Maintenance	37,456	-	37,456
94000	Total Maintenance	<u>125,313</u>	<u>2,477</u>	<u>127,790</u>
96110	Property Insurance	10,548	-	10,548
96120	Liability Insurance	1,712	-	1,712
96130	Workmen's Compensation	4,751	-	4,751
96140	All other insurance	2,910	-	2,910
96100	Total Insurance Premiums	<u>19,921</u>	<u>-</u>	<u>19,921</u>
96200	Other General Expenses	971	-	971
96210	Compensated Absences	5,686	-	5,686
93400	Bad debt-tenant rents	26	-	26
96000	Total Other General Expenses	<u>6,683</u>	<u>-</u>	<u>6,683</u>
96900	Total Operating Expenses	<u>285,037</u>	<u>8,477</u>	<u>293,514</u>
97000	Excess Revenue over Operating Expenses	(30,467)	133,346	102,879
97400	Depreciation Expense	63,440	6,458	69,898
90000	Total Expenses	<u>348,477</u>	<u>14,935</u>	<u>363,412</u>
10010	Operating Transfers In	-	-	-
10020	Operating Transfers Out	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess (Deficiency) of Total Rev Over (Under) Total Exp	<u>(93,907)</u>	<u>126,888</u>	<u>32,981</u>
11030	Beginning Equity	\$ 440,607	\$ 13,427	\$ 454,034
11040	Prior Period Adj, Equity Transfers, Correction of Errors	\$ -	\$ -	\$ -
11190	Unit Months Available	672	-	672
11210	Number of Unit Months Leased	646	-	646

**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. Wayne Johnson, 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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 29, 2017.

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. Wayne Johnson, 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 29, 2017

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, 2017**

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, 2017

EXIT CONFERENCE:

The exit conference was held October 19, 2017 and was attended by the following:

Representing Town of Springer Housing Authority:

Samuel W. Roy, Sr., Commissioner

Rodney Hood, Commissioner

Julie Martinez, Executive Director

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

Ken Shaw, CPA/Shareholder

FINANCIAL STATEMENT PREPARATION

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