STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2019

FIERRO & FIERRO, P.A.
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TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
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June 30, 2019

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
Directory of Officials
June 30, 2019

Board of Commissioners

James P. Angel... Chairperson

Samuel Roy, Sr.…... Vice-Chairperson

Patricia White.. Commissioner

Administrative Staff

Julie Martinez.. Executive Director

FIERRO & FIERRO, P.A. CERTIFIED PUBLIC ACCOUNTANTS

Ed Fierro, CPA • Rose Fierro, CPA

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Independent Auditors' Report

Brian S. Colón, State Auditor
and
Board of Commissioners
Town of Springer Public Housing Authority
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 Public Housing Authority (Authority) of the Town of Springer, New Mexico, a component unit of the Town of Springer, New Mexico, as of and for the year ended June 30, 2019, 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 comparison for the low rent major enterprise fund presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2019, 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 misstatement, whether due to fraud or error.

Auditors' 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.

Auditors' Responsibility (continued)

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 and each major fund, of the Authority, as of June 30, 2019, and the respective changes in financial position and cash flows thereof, and the budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of the Authority's proportionate share of the net pension and other post-employment benefit liabilities and the schedules of the Authority's contributions on pages thirty-one through thirty-five 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparison. The financial data schedule and other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial data schedule and other schedule 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 the other schedule 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 22, 2019 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.

Fierro + Fierro, P.A.

Fierro & Fierro, P.A.
Las Cruces, New Mexico

November 22, 2019

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Low Rent Fund	Capital Fund Program Fund	Total
Assets:			
Current assets:			
Cash	$ 166,484	$ -	$ 166,484
Receivables, net	1,100	-	1,100
Prepaid expenses	10,300	-	10,300
Inventory	10,813	-	10,813
Total current assets	188,697	-	188,697
Noncurrent assets:			
Restricted cash	12,827	-	12,827
Capital assets, not being depreciated	41,101	-	41,101
Other capital assets, net of accumulated depreciation	338,360	5,250	343,610
Total noncurrent assets	392,288	5,250	397,538
Deferred Outflows of Resources:			
Pension related	63,330	-	63,330
OPEB related	3,378	-	3,378
Total deferred outflows of resources	66,708	-	66,708
Total assets and deferred outflows of resources	$ 647,693	$ 5,250	$ 652,943
Liabilities:			
Current liabilities:			
Accounts payable	$ 3,287	$ -	$ 3,287
Accrued salaries	5,792	-	5,792
Accrued payroll liabilities	2,750	-	2,750
Tenant deposits	12,869	-	12,869
Unearned revenues	673	-	673
Current maturities of liabilities:			
Compensated absences	4,899	-	4,899
Total current liabilities	30,270	-	30,270
Noncurrent liabilities:			
Compensated absences	8,830	-	8,830
Net pension liability	215,240	-	215,240
Net OPEB liability	120,884	-	120,884
Total noncurrent liabilities	344,954	-	344,954
Total liabilities	375,224	-	375,224
Deferred Inflows of Resources:			
Pension related	12,071	-	12,071
OPEB related	31,235	-	31,235
Total deferred inflows of resources	43,306	-	43,306
Net Position:			
Net investment in capital assets	379,461	5,250	384,711
Unrestricted	(150,298)	-	(150,298)
Total net position	229,163	5,250	234,413
Total liabilities, deferred inflows of resources and net position	$ 647,693	$ 5,250	$ 652,943

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Low Rent Fund	Capital Fund Program Fund	Total
Operating Revenues:			
Charges for services	$ 148,945	$ -	$ 148,945
Operating Expenses:			
Personnel services	142,420	-	142,420
Employee benefits	56,573	-	56,573
Repairs and maintenance	18,234	12,732	30,966
Professional services	5,571	6,282	11,853
Utilities	22,306	-	22,306
Insurance	19,507	-	19,507
General operating	12,221	-	12,221
Depreciation	58,075	1,750	59,825
Total operating expenses	334,907	20,764	355,671
Operating (loss)	(185,962)	(20,764)	(206,726)
Non-Operating Revenues (Expenses):			
Intergovernmental	113,164	40,152	153,316
Interest income	1,696	-	1,696
Total non-operating revenues (expenses)	114,860	40,152	155,012
Income (loss) before capital contributions and transfers	(71,102)	19,388	(51,714)
Capital Contributions and Transfers:			
Capital contributions	-	7,000	7,000
Capital transfers in	90,097	-	90,097
Operating transfers in	21,138	-	21,138
Capital transfers (out)	-	(90,097)	(90,097)
Operating transfers (out)	-	(21,138)	(21,138)
Total capital contributions and transfers	111,235	(104,235)	7,000
Change in net position	40,133	(84,847)	(44,714)
Net position, beginning of year	189,030	90,097	279,127
Net position, end of year	$ 229,163	$ 5,250	$ 234,413

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Low Rent Fund	Capital Fund Program Fund	Total
Cash Flows from Operating Activities:			
Cash received from tenants	$ 149,283	$ -	$ 149,283
Cash payments to suppliers for goods and services	(78,875)	(19,014)	(97,889)
Cash payments to employees for services	(202,386)	-	(202,386)
Net cash (used) by operating activities	(131,978)	(19,014)	(150,992)
Cash Flows from Non-Capital and Related Financing Activities:			
Cash received from intergovernmental sources	113,164	40,152	153,316
Net change in tenant deposits	50	-	50
Net transfers in (out)	21,138	(21,138)	-
Net cash provided by non-capital and related financing activities	134,352	19,014	153,366
Cash Flows from Capital and Related Financing Activities:			
Cash received from intergovernmental sources	-	7,000	7,000
Acquisition and construction of capital assets	(295)	(7,000)	(7,295)
Net cash provided by capital and related financing activities	(295)	-	(295)
Cash Flows from Investing Activities:			
Proceeds from maturities of investments	73,914	-	73,914
Purchase of investments	(60,863)	-	(60,863)
Interest income	1,596	-	1,596
Net cash provided by investing activities	14,647	-	14,647
Net increase in cash	16,726	-	16,726
Cash and cash equivalents, beginning of year	162,585	-	162,585
Cash and cash equivalents, end of year	$ 179,311	$ -	$ 179,311
Displayed as:			
Cash	$ 166,484	$ -	$ 166,484
Restricted cash	12,827	-	12,827
	$ 179,311	$ -	$ 179,311

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2019

	Low Rent Fund	Capital Fund Program Fund	Total
Reconciliation of Operating (Loss) to Net Cash			
Used by Operating Activities:			
Operating (loss)	$ (185,962)	$ (20,764)	$ (206,726)
Adjustments to Reconcile Operating (Loss) to Net			
Cash Used by Operating Activities:			
Depreciation	58,075	1,750	59,825
Change in Assets and Liabilities:			
(Increase) in accounts receivable	(732)	-	(732)
(Increase) in inventories	(1,714)	-	(1,714)
Decrease in prepaid expenses	16	-	16
(Decrease) in accounts payable	(662)	-	(662)
Increase in accrued salaries	162	-	162
(Decrease) in accrued payroll liabilities	(30)	-	(30)
(Decrease) in compensated absences	(1,525)	-	(1,525)
Increase in unearned revenues	394	-	394
Total adjustments	53,984	1,750	55,734
Net cash (used) by operating activities	$ (131,978)	$ (19,014)	$ (150,992)

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Public Housing Authority (the Authority) of the Town of Springer was established in 1972. Three commissioners who are selected by the Town of Springer Council govern it. For financial reporting purposes, the Authority is a discretely presented component unit of the Town of Springer. The Authority was created to provide a conduit for housing funds for disadvantaged citizens.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States 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 more significant of the government's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the reporting entity was made by applying the criteria set forth in GAAP. The most primary standard for including or excluding a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has no component units.

B. Basis of Presentation and Accounting

The Authority's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The Authority applies the pronouncements issued by the Government Auditing Standards Board (GASB).

The accounts of the Authority are organized on the basis of proprietary fund type, specifically two enterprise funds. The activities of these funds are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation and Accounting (continued)

Enterprise funds account for activities: (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the activity's costs of providing services, including capital costs, such as depreciation or debt service, be recovered with fees and charges rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs, such as depreciation or debt service. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's ongoing operation. The principal operating revenues are rental income and charges for services. Operating expenses include the cost of rental operations, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal non-operating revenues are governmental subsidies and grants. Grant revenue is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position such as total assets net of total liabilities, are segregated into invested in capital assets; restricted; and unrestricted components. The Authority's operating statements present increases (revenues) and decreases (expenses) in net position.

The Authority reports the following two major business-type funds:

The *low rent fund* accounts for the provisions of low rent income services to the residents of the Authority. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collection.

The *capital fund program fund* accounts for the yearly capital grants and associated capital projects at the Authority. The fund is required by the U.S. Department of Housing and Urban Development.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets

The Authority follows these procedures in establishing the budgetary process:

1. The executive director and the fee accountant prepare the budget in accordance with the U.S. Department of Housing and Urban Development (HUD) guidelines.
2. HUD reviews the proposed budget and makes corrections, revisions, and amendments as necessary.
3. The executive director submits the budget to the Authority's board of commissioners for approval.
4. The board of commissioners approves the budget.

The Authority does not budget depreciation expense; therefore, the budget is not prepared in accordance with generally accepted accounting principles. The budget is a guideline to operations and is not a legally enforceable document. The Authority's level of budgetary control is at the total fund level.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits and certificates of deposit.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, certificates of deposit, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the State Treasurer's Investment Pool. New Mexico State Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the uninsured public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Authority. The pledged securities remain in the name of the financial institution.

E. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

F. Inventory

Material and supplies are valued at cost, which approximates market, using the first-in/first-out (FIFO). The Authority has created an allowance for obsolete inventory. The allowance is 10% of total cost. The Authority deems this percentage sufficient.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

Capital assets, which include property, plant, equipment, computer hardware and software, furniture, fixtures, and vehicles are valued and reported at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date of donation.

Major outlay for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Prior to June 17, 2005, the Authority defined capital assets as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Effective June 17, 2005, in accordance with state statutes the Authority changed its capitalization threshold to include only assets with a cost of $5,000 or more. All assets capitalized prior to June 17, 2005 that are property of the Authority remain on the financial and accounting records of the Authority.

Property, plant, equipment, and vehicles are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings	50 years
Equipment, computer hardware and software, furniture, and fixtures	5 years
Building improvements	20 years
Vehicles	5 years

I. Compensated Absences

Vested or accumulated vacation leave, is reflected as a liability of Authority. In accordance with the provisions of Governmental Accounting Standards Board, Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Annual leave is earned based on years of service. Upon termination, any unused annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave, up to two hundred forty (240) hours upon termination.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes on other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant, unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the same net position component as the spent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors, such as through debt covenants; grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets.*

L. Cash Flows

For the purpose of the statement of cash flows, the Authority considers all highly liquid investments, including restricted cash with maturity of three months or less when purchased, to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. 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 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.

N. 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. 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.

O. Post-employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposit of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand, interest-bearing accounts shall be set by the state Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or in securities that are issued by the state or by the United States government, or by their departments or agencies, and which are either direct obligations of the state or the United States, or are backed by the full faith and credit of those governments.

2. CASH (continued)

Cash Deposited with Financial Institutions

The Authority maintains cash in one financial institution within Springer, New Mexico. The Authority's deposits are carried at cost.

As of June 30, 2019, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Per Financial Institution	Reconciling Items	Per Financial Statements
INBANK	$ 179,465	$ (154)	$ 179,311

The amounts reported as cash for the Authority within the financial statements is displayed as:

Statement of Net Position:	
Cash	$ 166,484
Restricted cash	12,827
Total cash reported on the financial statements	$ 179,311

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the Authority. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the Authority carrying value of the deposits (demand and certificates of deposit). Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

	INBANK
Total deposits in bank	$ 179,465
Less FDIC insurance	(179,465)
Uninsured public funds	-
Pledged collaterial held by pledging bank's agent, but not in the Authority's name	-
Uninsured and uncollateralized public funds	$ -
Total pledged collateral	$ -
50% pledged collateral requirement per state statute	-
Pledged collateral (under) over the requirement	$ -

2. CASH (continued)

Cash Deposited with Financial Institutions (continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2019, none of the Authority's bank balance was exposed to custodial credit risk.

3. RECEIVABLES, NET

Receivables at June 30, 2019, consisted of the following:

Accounts:	
Tenants' rent	$ 1,759
Less allowance for doubtful accounts	(759)
	1,000
Interest	100
	$ 1,100

The Authority's policy is to provide for uncollectible accounts based upon expected defaults.

4. CAPITAL ASSETS

Capital assets for the fiscal year ended June 30, 2019:

	Balance 06/30/18	Increases	Decreases	Balance 06/30/19
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 41,101	$ -	$ -	$ 41,101
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	41,101	-	-	41,101
Other capital assets, being depreciated:				
Buildings	2,780,986	-	-	2,780,986
Non-dwelling structures	233,192	-	-	233,192
Furniture and equipment - administration	147,885	7,295	-	155,180
Total other capital assets, being depreciated	3,162,063	7,295	-	3,169,358

4. CAPITAL ASSETS (continued)

	Balance 06/30/18	Increases	Decreases	Balance 06/30/19
Less accumulated depreciation for:				
Buildings	(2,462,403)	(42,558)	-	(2,504,961)
Non-dwelling structures	(175,172)	(10,359)	-	(185,531)
Furniture and equipment - administration	(128,348)	(6,908)	-	(135,256)
Total accumulated depreciation	(2,765,923)	(59,825)	-	(2,825,748)
Other capital assets, net	396,140	(52,530)	-	343,610
Total capital assets, net	$ 437,241	$ (52,530)	$ -	$ 384,711

5. ACCRUED COMPENSATED ABSENCES

Changes in accrued compensated absences during the year ended June 30, 2019, were as follows:

	Balance 06/30/18	Additions	Deletions	Balance 06/30/19	Amount Due Within One Year
Accrued compensated absences	$ 15,254	$ 6,091	$ (7,616)	$ 13,729	$ 4,899

6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information About the Pension Plan

Plan description - The *Public Employees Retirement 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 Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the Public Employees Retirement Fund 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), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)

General Information About the Pension Plan (continued)

Benefits provided – Benefits are generally available at age 65 with five or benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4, and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers, and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee contribution increased 1.5 percent and effective July 1, 2014, employer contributions were raised by .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions - See PERA's comprehensive annual financial report for contribution provided description.

6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)

General Information About the Pension Plan (continued)

TIER II (continued)

Contributions (continued) -

PERA Contribtuion Rates and Pension Factors as of July 1, 2017						
	Employee Contribution Percentage			Pension Factor per Year of Service		Pension Maxiumum as a Percentage of the Final Average Salary
Coverage Plan	Annual Salary less than $20,000	Annual Salary greater than $20,000	Employer Contribution Percentage	TIER I	TIER II	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.00%	2.50%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.00%	8.50%	7.40%	2.00%	2.00%	90.00%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.50%	2.00%	90.00%
Municipal Plan 3 (plan closed to new employers on 6/95)	13.15%	14.65%	9.55%	3.00%	2.50%	90.00%
Municipal Plan 4 (plan closed to new employers on 6/00)	15.65%	17.15%	12.05%	3.00%	2.50%	90.00%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.00%	8.50%	10.40%	2.00%	2.00%	90.00%
Municipal Police Plan 2	7.00%	8.50%	15.40%	2.50%	2.00%	90.00%
Municipal Police Plan 3	7.00%	8.50%	18.90%	2.50%	2.00%	90.00%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.00%	2.50%	90.00%
Municipal Police Plan 5	16.30%	17.80%	18.90%	3.50%	3.00%	90.00%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.00%	9.50%	11.40%	2.00%	2.00%	90.00%
Municipal Fire Plan 2	8.00%	9.50%	17.90%	2.50%	2.00%	90.00%
Municipal Fire Plan 3	8.00%	9.50%	21.65%	2.50%	2.00%	90.00%
Municipal Fire Plan 4	12.80%	14.30%	21.65%	3.00%	2.50%	90.00%
Municipal Fire Plan 5	16.20%	17.70%	21.65%	3.50%	3.00%	90.00%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.00%	3.00%	90.00%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.00%	3.00%	90.00%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.00%	3.00%	90.00%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.00%	3.00%	90.00%

6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the Authority reported a liability of $215,240 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Authority's proportion was 0.0135%, which was a decrease of 0.0005%, from its proportion measured as of June 30, 2017.

PERA Fund Municipal General Division

For the year ended June 30, 2019, the Authority recognized pension expense of $27,408. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,221	$ 5,651
Changes of assumptions	19,515	1,238
Net difference between projected and actual investment earnings on pension plan investments	15,963	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,415	5,182
Employer contributions subsequent to the measurement date	12,216	-
	$ 63,330	$ 12,071

$12,216 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued) –

Year Ending		
2020	$	25,823
2021		11,865
2022		568
2023		787
2024		-
Thereafter		-

Actuarial assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA Fund	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	
Actuarial Assumptions:	
• Investment rate of return	7.25% annual rate, net of investment expense
• Projected benefit payment	100 years
• Payroll growth	3.00%
• Projected salary increases	3.25% to 13.50% annual rate
• Includes inflation at	2.50% 2.75% all other years
• Mortality Assumption	The mortality assumptions are based on the PRH-2014 Blue Collar Mortality Table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
• Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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.

6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)

***Actuarial assumptions* (continued) -**

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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to Include Real Estate Equity	20.00%	6.48%
Total	100.00%	

***Discount rate* –** A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
PERA Fund Municipal General Division			
The Authority's proportionate share of the net pension liability	$ 331,670	$ 215,240	$ 118,991

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA's financial reports.

7. OPEB

General Information about the OPEB

Plan description - Employees of the Authority are provided with OPEB through the Retiree Health Care Fund (the Fund) – a cost-sharing multiple-employer defined OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed on February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the state of New Mexico. The funds administered by NMRHCA are considered part of the state of New Mexico financial reporting entity and are OPEB trust funds of the state of New Mexico. NMRHCA's financial information is included with the financial presentation of the state of New Mexico.

***Benefits* provided** - The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2018, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current reitrees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municpal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

7. OPEB (continued)

General Information about the OPEB (continued)

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on the actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the Authority were $2,460 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Authority reported a liability of $120,884 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The Authority's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ended June 30, 2018. At June 30, 2018, the Authority's proportion was 0.00278 percent.

For the year ended June 30, 2019, the Authority recognized OPEB expense of $34. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 7,157
Net difference between projected and actual investment earnings on OPEB plan investments	-	1,509
Change of assumptions	-	22,569
Changes in proportion and differences between employer contributions and proportionate share of contributions	918	-
Employer contributions subsequent to the measurement date	2,460	-
Total	$ 3,378	$ 31,235

Deferred outflows of resources totaling $2,460 represent the Authority's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

7. OPEB (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued):

Year ended June 30:		
2020	$	(7,742)
2021		(7,742)
2022		(7,742)
2023		(5,935)
2024		(1,156)
Total	$	(30,317)

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age, normal, level percent of pay, calculated on individual employee basis.
Asset valulation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50 for ERB members; 2.25% for PERA members
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Health care cost trend rate	8% graded down to 4.5% over 14 years for non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

Rate of return - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimated for the long-term expected rate of return is summarized as follows:

7. OPEB (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued):

Asset Class	Long-Term Rate of Return
U.S. Core Fixed Income	2.10%
U.S. Equity - Large Cap	7.10%
Non U.S. - Emerging Markets	10.20%
Non U.S. - Development Equities	7.80%
Private Equity	11.80%
Credit and Structured Finance	5.30%
Real Estate	4.90%
Absolute Return	4.10%
U.S. Equity - Small/Mid Cap	7.10%

Discount rate - The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ended June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for a 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Authority, as well as the what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
$ 146,298	$ 120,884	$ 100,852

The following present the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare costs trend rates:

7. OPEB (continued)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. (continued):

1% Decrease	Current Discount Rate	1% Increase
$ 102,190	$ 120,884	$ 135,541

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the NMRHCA's audited financial statements for the year ended June 30, 2018.

Payable changes in the net OPEB liability - At June 30, 2019, the Authority reported a payable of $148 for outstanding contributions due to NMRCHA for the year ended June 30, 2019.

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Authority has purchased commercial insurance to provide for these contingencies. The Authority pays an annual premium for its general insurance coverage and risk of loss is transferred.

9. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

10. INTERFUND TRANSFERS

The capital fund program fund has transferred $21,137 to the low rent fund. The capital fund program fund is responsible for collecting revenues that are used for the operations and thus those funds were transferred for use in the low rent fund.

The capital fund program fund has transferred $90,098 to the low rent fund. The capital fund program fund is responsible for collecting grant revenues for property and equipment upgrades throughout the Authority. Once a project has been completed, the capital fund program fund transfers the assets to the low rent fund.

11. RECONCILIATION OF SUPPLEMENTAL FEDERAL FINANCIAL INFORMATION

The financial data schedule presented as supplemental federal financial information is additional financial information required by the U.S. Department of Housing and Urban Development (HUD). The schedule, although prepared in accordance with accounting principles generally accepted in the United States of America, requires reporting of the various grants awarded to the Authority as separate funds. These grants are combined by program within the financial statements. The financial data schedules require classifications and terminology that differ from those used in the financial statements. Therefore, the presentation may differ from that used in the financial statements. A reconciliation of the financial statements and financial data schedule is presented below:

	Financial Statements	Differences	Financial Data Schedule
Assets	$ 586,235	$ -	$ 586,235
Deferred outflows of resources	66,708	-	66,708
Total assets and deferred outflows of resources	$ 652,943	$ -	$ 652,943
Liabilities	$ 375,224	$ -	$ 375,224
Deferred inflows of resources	43,306	-	43,306
Net position	234,413	-	234,413
Total liabilities, deferred inflows of resources, and net position	$ 652,943	$ -	$ 652,943
Revenues	$ 303,957	$ -	$ 303,957
Expenses	(355,671)	-	(355,671)
Excess (deficiency) of revenues over expenditures	$ (51,714)	$ -	$ (51,714)

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 22, 2019, which is the date of the independent auditors' report.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
STATEMENT OF LOW RENT FUND REVENUES AND EXPENSES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
Operating Revenues:				
Tenant income	$ 145,730	$ 145,730	$ 148,945	$ 3,215
Intergovernmental	106,785	106,785	113,164	6,379
Interest income	1,620	1,620	1,696	76
Miscellaneous income	960	960	-	(960)
Total operating revenues	255,095	255,095	263,805	8,710
Operating Expenses:				
Administrative salaries	55,120	55,120	55,644	(524)
Travel	750	750	207	543
Accounting fees	3,230	3,230	5,571	(2,341)
Auditing fees	500	500	-	500
Advertising and marketing	500	500	-	500
Office expenses	10,000	10,000	10,421	(421)
Other administrative expenses	-	-	981	(981)
Collection losses	1,350	1,350	-	1,350
Water and solid waste	8,770	8,770	8,226	544
Electricity	1,590	1,590	1,439	151
Gas	1,860	1,860	1,915	(55)
Other utilities	10,750	10,750	10,726	24
Maintenance labor	82,160	82,160	80,685	1,475
Maintenance materials	13,000	13,000	11,094	1,906
Maintenance contracts	13,500	13,500	7,140	6,360
Insurance	22,500	22,500	19,507	2,993
Compensated absences	5,130	5,130	6,091	(961)
Other general expenses	-	-	255	(255)
Bad debt - tenants	200	200	357	(157)
Employee benefits	50,600	50,600	56,573	(5,973)
Total operating expenses	281,510	281,510	276,832	4,678
Transfers:				
Transfers in	24,050	24,050	21,138	2,912
Net income (loss)	$ (2,365)	$ (2,365)	$ 8,111	$ 6,944
Beginning of year cash available to absorb deficit budget	$ 2,365	$ 2,365		

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
LOW RENT FUND
RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "operating revenues" from the budgetary comparison schedules:	$	263,805
Differences - Budget to GAAP:		
The Authority budgets for Low Rent grant revenues as operating revenues for budgetary purposes. Low Rent revenues are reported as non-operating revenues for financial reporting purposes.		(113,164)
The Authority budgets for interest income as operating revenues for budgetary purposes. Interest income is reported as non-operating revenues for financial reporting purposes.		(1,696)
Total operating revenues as reported on the statement of revenues, expenses and changes in fund net position.	$	148,945
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "operating expenses" from the budgetary comparison schedules.	$	276,832
Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes.		58,075
Total operating expenses as reported on the statement of revenues, expenses and changes in fund net position.	$	334,907
Transfers:		
Actual amounts (budgetary basis) "transfers" from the budgetary comparison schedules:	$	21,138
Differences - Budget to GAAP:		
The Authority does not budget transfers from the capital fund program fund once grants have been closed to the low rent fund.		90,097
Total transfers as reported on the statement of revenues, expenses, and changes in fund net position.	$	111,235

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
SCHEDULE OF TOWN OF SPRINGER PUBLIC HOUSING AUTHORITY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA FUND
PUBLIC EMPLOYEES RETIREMENT ASSOCIATON (PERA) PLAN
MUNICIPAL GENERAL DIVISION
LAST TEN FISCAL YEARS *

	June 30				
Fiscal Year	2019	2018	2017	2016	2015
Measurement Date	2018	2017	2016	2015	2014
Authority's proportionate of the net pension liability (asset)	0.0135%	0.0140%	0.0123%	0.0124%	0.0129%
Authority's proportionate share of the net pension liability (asset)	$ 215,240	$ 192,372	$ 196,513	$ 126,429	$ 100,634
Authority's covered-employee payroll	$ 125,860	$ 125,332	$ 105,361	$ 104,480	$ 107,476
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	171.01%	153.49%	186.51%	121.01%	93.63%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	81.31%	81.29%

**Governmental Accounting Standards Board Statement No. 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Authority is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
SCHEDULE OF TOWN OF SPRINGER PUBLIC HOUSING AUTHORITY'S
CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT ASSOCIATON (PERA) PLAN
MUNICIPAL GENERAL DIVISION
LAST TEN FISCAL YEARS *

	2019	2018	2017	2016	2015
Statutory required	$ 12,216	$ 11,322	$ 11,322	$ 10,062	$ 9,814
Contributions in relation to the statutorily required contributions	12,216	11,322	11,322	10,062	9,814
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -

**Governmental Accounting Standards Board Statement No. 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Authority is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
SCHEDULE OF TOWN OF SPRINGER PUBLIC HOUSING AUTHORITY'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH CARE ACT (RHCA) PLAN
LAST TEN FISCAL YEARS *

	2019	2018
Authority's proportionate of the net OPEB liability	0.00278%	0.00276%
Authority's proportionate share of the net OPEB liability	$ 120,884	$ 125,074
Authority's covered-employee payroll	$ 119,279	$ 114,972
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

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

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
SCHEDULE OF TOWN OF SPRINGER PUBLIC HOUSING AUTHORITY'S
CONTRIBUTIONS RETIREE HEALTH CARE ACT (RHCA) PLAN
LAST TEN FISCAL YEARS *

	2019	2018
Contractually required contribution	$ 4,344	$ 8,764
Contributions in relation to the contractually required contribution	4,291	4,399
Contribution deficiency (excess)	$ 53	$ 4,365
Employer's covered-employee payroll	$ 119,279	$ 114,972
Contributions as a percentage of covered-employee payroll	3.60%	3.83%

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

The accompanying notes are an integral part of these financial statements.

PERA PLAN

Changes of benefit terms - The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA's CAFR. That report is available at https://www.saonm.org.

Changes of assumption - The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation Report as of June 30, 2018, is available at https://www.nmpera.org.

RHCA PLAN

Changes in benefit provisions – There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Changes in assumptions and methods – There were no modifications to the assumptions and methods since the June 30, 2017 GASB 74 modifications.

OTHER SCHEDULES REQUIRED BY 2.2.2 NMAC

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2019

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
INBANK 419 Maxwell Avenue Springer, NM 87747				
Springer Housing Authority	Checking	$ 91,063	$ (154)	$ 90,909
Springer Housing Authority	Checking	12,827	-	12,827
Springer Housing Authority	CD	41,011	-	41,011
Springer Housing Authority	CD	17,288	-	17,288
Springer Housing Authority	CD	17,276	-	17,276
		$ 179,465	$ (154)	$ 179,311

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
JUNE 30, 2019

Line Item	Description	Total Projects
111	Cash - unrestricted	$ 90,909
114	Cash - tenant security deposits	12,827
100	Total cash	103,736
126	Accounts receivable - tenants	1,759
126.1	Allowance for doubtful accounts - dwelling rent	(759)
129	Accrued interest receivable	100
120	Total receivables, net of allowance for doubtful accounts	1,100
131	Investments - unrestricted	75,575
142	Prepaid expenses and other assets	10,300
143	Inventories	12,014
143.1	Allowance for obsolete inventories	(1,201)
150	Total current assets	201,524
161	Land	41,101
162	Buildings	3,014,178
164	Furniture, equipment and machinery - administration	155,180
166	Accumulated depreciation	(2,825,748)
160	Total capital assets, net of a/d	384,711
200	Deferred outflows of resources	66,708
290	Total assets	$ 652,943
312	Accounts payable <= 90 days	$ 3,287
321	Accrued wage/payroll taxes payable	8,542
322	Accrued compensated absences - current portion	4,899
341	Tenant security deposits	12,869
342	Unearned revenues	673
310	Total current liabilities	30,270
354	Accrued compensated absences - non-current	8,830
357	Accrued pension and OPEB liabilities	336,124
	Total noncurrent liabilities	344,954
300	Total liabilities	375,224
400	Deferred inflows of resources	43,306
508.1	Net investment in capital assets	384,711
512.1	Unrestricted net assets	(150,298)
513	Total equity	234,413
600	Total liabilities and equity	$ 652,943

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
JUNE 30, 2019

Line Item	Description	Low Rent 14.850	Capital Fund Program 14.872	Total
70300	Net tenant rental revenue	$ 147,625	$ -	$ 147,625
70400	Tenant revenue - other	1,320		1,320
70500	Total tenant revenues	148,945	-	148,945
70600	HUD PHA operating grants	113,164	40,152	153,316
70610	Capital grants	-	7,000	7,000
71100	Investment income - unrestricted	1,696	-	1,696
71500	Other revenue	-	-	-
70000	Total revenues	263,805	47,152	310,957
91100	Administrative salaries	55,644	-	55,644
91200	Auditing fees	-	6,282	6,282
91310	Bookkeeping fees	5,571	-	5,571
91500	Employee benefit contributions - administrative	25,847	-	25,847
91600	Office expenses	10,421	-	10,421
91800	Travel	207	-	207
91900	Other	962	-	962
91000	Total operating - administrative	98,652	6,282	104,934
92400	Tenant services - other	19	-	19
93100	Water	8,226	-	8,226
93200	Electricity	1,439	-	1,439
93300	Gas	1,915	-	1,915
93600	Sewer	10,726	-	10,726
93000	Total utilities	22,306	-	22,306
94100	Ordinary maintenance and operations - labor	80,685	-	80,685
94200	Ordinary maintenance and operations - materials and other	11,094	7,608	18,702
94300-010	Ordinary maintenance and operations contracts - garbage and trash removal contracts	2,074	-	2,074
94300-090	Ordinary maintenance and operations contracts - extermination contracts	4,861	-	4,861
94300-120	Ordinary maintenance and operations contracts - miscellaneous contracts	205	5,124	5,329
94300	Ordinary maintenance and operations contracts	7,140	5,124	6,935
94500	Employee benefit contribution - ordinary maintenance	30,726	-	30,726
94000	Total maintenance	129,645	12,732	142,377

STATE OF NEW MEXICO
TOWN OF SPRINGER
PUBLIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
JUNE 30, 2019

Line Item	Description	Low Rent 14.850	Capital Fund Program 14.872	Total
96110	Property insurance	7,244	-	7,244
96120	Liability insurance	4,985	-	4,985
96130	Workmen's compensation	4,408	-	4,408
96140	All other insurance	2,870	-	2,870
96100	Total insurance premiums	19,507	-	19,507
96200	Other general expenses	254	-	254
96210	Compensated absences	6,091	-	6,091
96400	Bad debt - tenant rents	357	-	357
96000	Total other general expenses	6,702	-	6,702
96900	Total operating expenses	276,831	19,014	295,845
97000	Excess revenues over operating expenses	(13,026)	28,138	21,476
97400	Depreciation expense	58,075	1,750	59,825
90000	Total expenses	334,906	20,764	349,306
10010	Operating transfers in	21,138	-	21,138
10020	Operating transfers out	-	(21,138)	(21,138)
10100	Total other financing sources (uses)	21,138	(21,138)	-
	Excess (deficiency) of revenues over (under) expenses	$ (49,963)	$ 5,250	$ (38,349)
11030	Beginning equity	$ 189,030	$ 90,097	$ 279,127
11040-070	Equity transfers	90,097	(90,097)	-
11190	Unit months available	662	-	662
11210	Unit months leased	662	-	662

ADDITIONAL INDEPENDENT AUDITORS' REPORT

FIERRO & FIERRO, P.A. CERTIFIED PUBLIC ACCOUNTANTS

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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 Auditors' Report

Brian S. Colón, State Auditor
and
Board of Commissioners
Town of Springer Public Housing Authority
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 and each major fund, of the Public Housing Authority (Authority) of Town of Springer, New Mexico, a component unit of the Town of Springer, New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the budgetary comparison of low rent major enterprise fund of the Authority, presented as supplemental information, and have issued our report thereon dated November 22, 2019.

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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 2018-002.

Authority's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority'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.

Fierro + Fierro, P.A.

Fierro & Fierro, P.A.
Las Cruces, New Mexico

November 22, 2019

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness (es) identified?	_____	Yes	X	No
• Significant deficiency (ies) identified?	_____	Yes	X	None reported
• Noncompliance material to financial statements noted	_____	Yes	X	No

SECTION II - FINANCIAL STATEMENT FINDINGS

Item 2018-002 – Other Non-Compliance - Tenant Files

Statement of Condition – During the course of our audit, we performed audit tests of the tenant files retained by the Authority. We selected twelve tenant files to test. Our tests revealed the following matters:

- Six instances where the applicant did not fill out the Community Service/Self Sufficiency Policy.
- Three instances where the property had not been inspected during the fiscal year.
- One instances where the property had been inspected during the fiscal year, but not countersigned by the tenant.
- Six instances where the Release of Information/Federal Privacy form was not signed by a tenant.

This is a repeated audit finding from the prior year. During the current year, the Authority did not make any significant improvements to resolve these issues.

Criteria – The Authority has established policies and procedures regarding the retention of tenant information in order to substantiate eligibility as required by the U.S. Department of Housing and Urban Development (24 CFR sections 5.230, 5.601, 5.609, 960.253, 960.255, and 960.259).

24 CFR section 5.230 states that *'as a condition of admission or continued occupancy, the Authority require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility'.*

24 CFR section 5.601 *et seq.* states that the Authority *'determine income eligibility and calculate the tenant's rent payment using the documentation from third party verification'.* Furthermore, 24 CFR sections 960.253, 960.257, and 960.259 states that the Authority *'reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third party verification'.*

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

Item 2018-002 – Other Non-Compliance - Tenant Files (continued)

Criteria (continued) – Finally, the Quality Housing and Work Responsibility Act of 1998 requires that *'all non-exempt public housing adult residents (18 or older) contribute eight (8) hours per month of community service (volunteer work) or participate in eight (8) hours of training, counseling, classes, and other activities which help an individual toward self-sufficiency and economic independence. This is a requirement of the Public Housing Lease.'*

Effect – Not complying with rules and regulations established by the U.S. Department of Housing and Urban Development could jeopardize funding from the federal agency. Further, the agency may have penalties regarding noncompliance with their rules and regulations.

Cause – The Authority's executive director failed to maintain the tenant files as per HUD regulations.

Recommendation – The Authority needs to review its procedures concerning their tenant files and documentation retention. All tenant files need to be reviewed to determine what documentation is missing or out of date, if applicable, and the Authority needs to take the appropriate steps to complete the tenant files.

Views of Responsible Officials and Planned Corrective Actions – The Springer Housing Authority's executive director ensures that they will review its procedures concerning tenant files and documentation retention. All files will be reviewed by the executive director, to determine what documentation is missing our out of date, and will take appropriate steps to complete tenant files, by June 30, 2020.

SECTION III - STATUS OF PRIOR YEAR FINDINGS

Item 2018-001 – Other Non-Compliance – FY2016-2017 Audit Report Discussion - Resolved.

Item 2018-002 – Other Non-Compliance – Tenant Files – Repeated/Modified.

EXIT CONFERENCE

The audit report for the fiscal year ended June 30, 2019, was discussed during the exit conference held on Decemeber 2, 2019. Present for the Public Housing Authority was: James P. Angel, chairperson; and Julie Martinez, executive director. Present from the auditing firm was Dominic Fierro, manager.

FINANCIAL STATEMENT PREPARATION

The auditing firm of Fierro & Fierro, P.A., Certified Public Accountants, prepared the audit report that contains the financial statements and notes to the financial statements of the Town of Springer Public Housing Authority as of and for the year ended June 30, 2019. The Authority prepares all accruals and deferrals to adjust the general ledger as necessary in order to present financial statements in accordance with generally accepted accounting principles. The Authority also performed all depreciation calculations for the Authority. The Authority's upper management has reviewed and approved the financial statements and related notes, and they believe the Authority's books and records adequately support them.