



**STATE OF NEW MEXICO
RIO ARRIBA COUNTY HOUSING AUTHORITY**

**A COMPONENT UNIT OF RIO ARRIBA COUNTY,
NEW MEXICO**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Table of Contents
 June 30, 2015

	<u>Exhibit / Statement / Schedule</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
BASIC FINANCIAL STATEMENTS:		
Statement of Net Position	A-1	14-15
Statement of Revenues, Expenses and Changes in Net Position	A-2	17
Statement of Cash Flows	A-3	18-19
Notes to the Financial Statements		20-33
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Proportionate Share of Net Pension Liability of PERA Division	I	37
Schedule of Contributions	II	38
Notes to Required Supplementary Information		39
SUPPORTING SCHEDULES		
Schedule of Deposits	III	43
Financial Data Schedule	IV	44-47
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)	V	48-49
COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		52-53
Schedule of Findings and Responses	VI	54
OTHER DISCLOSURES		55

(This page intentionally left blank)

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Official Roster
June 30, 2015

Board of Directors

Chairman

Barney Trujillo

Vice Chairman

Alex M. Naranjo

Member

Danny J. Garcia

Administrative Officials

Executive Director

Lorrie A.V. Leyba

(This page intentionally left blank)

FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
Chairman and Board Members
Rio Arriba County Housing Authority
Rio Arriba County
Española, New Mexico 87532

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of Rio Arriba County Housing Authority (the "Authority"), a component unit of Rio Arriba County, New Mexico (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements 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.

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 Authority'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 Authority'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.

Opinion

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 Rio Arriba County Housing Authority as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the business-type activities that are attributable to the transactions of the Authority. They do not purport to and do not present fairly the financial position of the County as of June 30, 2015, and the changes in its financial position and its cash flows, where applicable, 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 requires 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 the missing information.

Accounting principles generally accepted in the United States of America require Schedules I and II and the Notes to Required Supplementary Information on pages 37 through 39 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 basic financial statements. The Schedule III required by 2.2.2 NMAC, and Schedule IV Financial Data Schedule as required by the U.S Department of Housing and Urban Development are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules III and IV in the table of contents 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 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 auditing standards generally accepted in the United States of America. In our opinion, Schedules III and IV are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory section and Schedule V has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015 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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
October 16, 2015

(This page intentionally left blank)

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Statement of Net Position
June 30, 2015

	Low Rent Public Housing Program	Section 8 Housing Choice Voucher Program	Public Housing Capital Fund Program	Total
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 60,917	\$ 26,784	\$ -	\$ 87,701
Investments	59,199	-	-	59,199
Accounts receivable - tenants (net)	6,383	655	-	7,038
Accounts receivable - grants	218,972	314	-	219,286
Accounts receivable - other	16,627	-	-	16,627
Accrued interest receivable	82	-	-	82
Due from other funds	3,380	-	-	3,380
Prepaid expenses	7,550	-	-	7,550
<i>Total current assets</i>	<u>373,110</u>	<u>27,753</u>	<u>-</u>	<u>400,863</u>
<i>Noncurrent Assets</i>				
Restricted cash and cash equivalents	6,941	5,140	-	12,081
Capital assets	5,787,180	-	-	5,787,180
Accumulated depreciation	(4,493,416)	-	-	(4,493,416)
<i>Total noncurrent assets</i>	<u>1,300,705</u>	<u>5,140</u>	<u>-</u>	<u>1,305,845</u>
<i>Deferred outflows of resources</i>				
Employer contributions subsequent to measurement date	8,833	1,874	-	10,707
<i>Total deferred outflows of resources</i>	<u>8,833</u>	<u>1,874</u>	<u>-</u>	<u>10,707</u>
<i>Total assets and deferred outflows</i>	<u>\$ 1,682,648</u>	<u>\$ 34,767</u>	<u>\$ -</u>	<u>\$ 1,717,415</u>

The accompanying notes are an integral part of these financial statements

	Low Rent Public Housing Program	Section 8 Housing Choice Voucher Program	Public Housing Capital Fund Program	Total
LIABILITIES AND NET POSITION				
<i>Current liabilities</i>				
Accounts payable	\$ 16,704	\$ 551	\$ -	\$ 17,255
Accrued payroll	15,900	-	-	15,900
Unearned revenue	4,050	-	-	4,050
Compensated absences	8,612	655	-	9,267
Due to other funds	-	3,380	-	3,380
<i>Current liabilities (payable from restricted assets)</i>				
Tenant deposits	6,935	-	-	6,935
<i>Total current liabilities</i>	52,201	4,586	-	56,787
<i>Non-current liabilities</i>				
Compensated absences	4,404	327	-	4,731
Net pension liability	88,167	18,708	-	106,875
<i>Total non-current liabilities</i>	92,571	19,035	-	111,606
<i>Total liabilities</i>	144,772	23,621	-	168,393
<i>Deferred inflows of resources</i>				
Change in assumption	59	13	-	72
Net difference between projected and actual investment	34,493	7,319	-	41,812
<i>Total deferred inflows of resources</i>	34,552	7,332	-	41,884
<i>Net position</i>				
Net investment in capital assets	1,293,764	-	-	1,293,764
Restricted	-	5,140	-	5,140
Unrestricted	209,560	(1,326)	-	208,234
<i>Total net position</i>	1,503,324	3,814	-	1,507,138
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 1,682,648</u>	<u>\$ 34,767</u>	<u>\$ -</u>	<u>\$ 1,717,415</u>

(This page intentionally left blank)

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended June 30, 2015

	Low Rent Public Housing Program	Section 8 Housing Choice Voucher Program	Public Housing Capital Fund Program	Total
<i>Operating revenues</i>				
Tenant rents	\$ 81,106	\$ -	\$ -	\$ 81,106
Operating grants	137,501	67,578	-	205,079
Other tenant revenue	3,737	10,550	-	14,287
<i>Total operating revenues</i>	<u>222,344</u>	<u>78,128</u>	<u>-</u>	<u>300,472</u>
<i>Operating expenses</i>				
Personnel services	129,188	8,804	-	137,992
Contractual services	6,730	1,305	-	8,035
Accounting Fees	3,528	1,453	-	4,981
General and administrative:				
Supplies	983	218	-	1,201
Insurance	17,345	-	-	17,345
Bad debt	3,076	-	-	3,076
Maintenance and materials	17,132	-	-	17,132
Utilities	46,023	-	-	46,023
Depreciation	171,042	-	-	171,042
Housing assistance payments - portability in	-	10,549	-	10,549
Housing assistance payments	-	77,886	-	77,886
Miscellaneous	2,391	1,419	-	3,810
<i>Total operating expenses</i>	<u>397,438</u>	<u>101,634</u>	<u>-</u>	<u>499,072</u>
<i>Operating income (loss)</i>	<u>(175,094)</u>	<u>(23,506)</u>	<u>-</u>	<u>(198,600)</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	208	28	-	236
Management fee income	66,548	11,044	-	77,592
<i>Total non-operating revenues (expenses)</i>	<u>66,756</u>	<u>11,072</u>	<u>-</u>	<u>77,828</u>
<i>Net income before capital contributions</i>	<u>(108,338)</u>	<u>(12,434)</u>	<u>-</u>	<u>(120,772)</u>
<i>Capital contributions</i>				
Federal capital grants	-	-	4,282	4,282
<i>Total capital contributions</i>	<u>-</u>	<u>-</u>	<u>4,282</u>	<u>4,282</u>
<i>Change in net position</i>	<u>(108,338)</u>	<u>(12,434)</u>	<u>4,282</u>	<u>(116,490)</u>
<i>Equity Transfer</i>	169,537	-	(169,537)	-
<i>Net position- beginning as originally stated</i>	1,561,166	41,506	165,255	1,767,927
<i>Net position- restatements (note 8)</i>	(119,041)	(25,258)	-	(144,299)
<i>Net position- beginning, as restated</i>	<u>1,442,125</u>	<u>16,248</u>	<u>165,255</u>	<u>1,623,628</u>
<i>Total net position- end of year</i>	<u>\$ 1,503,324</u>	<u>\$ 3,814</u>	<u>\$ -</u>	<u>\$ 1,507,138</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Statement of Cash Flows
For the Year Ended June 30, 2015

	Low Rent Public Housing Program	Section 8 Housing Choice Voucher Program	Public Housing Capital Fund Program	Total
<i>Cash flows from operating activities:</i>				
Cash received from tenants	\$ 63,073	\$ 10,020	\$ -	\$ 73,093
Cash received from operating grants	31,796	67,264	-	99,060
Cash payments to employees for services	(121,376)	(9,861)	-	(131,237)
Cash payments to suppliers for goods and services	(81,917)	(91,334)	-	(173,251)
<i>Net cash provided (used) by operating activities</i>	<u>(108,424)</u>	<u>(23,911)</u>	<u>-</u>	<u>(132,335)</u>
<i>Cash flows from noncapital financing activities:</i>				
Management fee income	66,548	11,044	-	77,592
Transfers	(1,435)	1,435	-	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>65,113</u>	<u>12,479</u>	<u>-</u>	<u>77,592</u>
<i>Cash flows from capital and related financing activities:</i>				
Capital grants	-	-	4,282	4,282
Acquisition of capital assets	-	-	(4,282)	(4,282)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash flows from investing activities:</i>				
Investment purchases	(196)	-	-	(196)
Interest on investments	234	28	-	262
<i>Net cash provided (used) by investing activities</i>	<u>38</u>	<u>28</u>	<u>-</u>	<u>66</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(43,273)	(11,404)	-	(54,677)
<i>Cash and cash equivalents - beginning of year</i>	<u>111,131</u>	<u>43,328</u>	<u>-</u>	<u>154,459</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 67,858</u>	<u>\$ 31,924</u>	<u>\$ -</u>	<u>\$ 99,782</u>

The accompanying notes are an integral part of these financial statements

	Low Rent Public Housing Program	Section 8 Housing Choice Voucher Program	Public Housing Capital Fund Program	Total
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ (175,094)	\$ (23,506)	\$ -	\$ (198,600)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	171,042	-	-	171,042
Bad debt	3,076	-	-	3,076
Changes in assets and liabilities				
Accounts receivable	(128,065)	(845)	-	(128,910)
Prepaid expenses	811	1,045	-	1,856
Accounts payable	11,404	451	-	11,855
Accrued payroll and expenses	12,753	-	-	12,753
Unearned revenue	585	-	-	585
Accrued compensated absences	214	36	-	250
Tenant deposits	5	-	-	5
Net pension liability	(5,155)	(1,092)	-	(6,247)
<i>Net cash provided (used) by operating activities</i>	<u>\$ (108,424)</u>	<u>\$ (23,911)</u>	<u>\$ -</u>	<u>\$ (132,335)</u>

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rio Arriba County Housing Authority (the Authority) was established in 1978. The Authority's office is located in Espanola, New Mexico. However, the housing units are located in Tierra Amarilla and Ojo Caliente, New Mexico. The governing body of the Authority consists of the three members of the Rio Arriba County board of commissioners. The Authority manages two low rent public housing developments containing 53 total units and administers Housing and Urban Development's (HUD) Housing Choice Voucher Section 8 housing assistance program. Also, the Authority manages 50 unit apartments for the Truth or Consequences Housing Authority.

The primary goal of the Low Rent Public Housing Program is the provision of a decent home in a suitable living environment for families that cannot afford standard private housing. Under this program, decent, safe and sanitary housing is made available to families having incomes lower than those serviced by Public Housing Agencies (PHA) which are organized and authorized in accordance with State Law to engage or assist in the development of operation of a Low Rent Public Housing Program. The PHA is a local housing authority (LHA) governed by an appointed board of commissioners who employ an administrative staff headed by an executive director.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

The Authority reports the following major enterprise funds:

- **Low Rent Public Housing Program** – Funded through direct grants from HUD, the program is designed to provide adequate living accommodations to qualified families through reduced rate rentals built and owned by the Authority.
- **Section 8 Housing Choice Voucher Program** – These programs, funded through direct grants from HUD, provide rental assistance to qualified recipients through rent subsidies paid directly to third-party property owners.
- **Public Housing Capital Fund Program** – These programs, funded through direct grants from HUD, account for acquisition of capital assets or construction of capital projects.

A. *Financial Reporting Entity*

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential programs and operations of the Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. The basic, but not the only, criterion for including a potential component unit within 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 is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its residents and participants.

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; however, the Authority is a component unit of Rio Arriba County as the County has operational responsibility over the Authority and is governed by the same governing authority.

Rio Arriba County does issue separately audited financial statements. Additional information regarding Rio Arriba County may be obtained directly from their administrative office as follows: Rio Arriba County Finance Department, Rio Arriba County Seat, State Rd. 162 #149, Tierra Amarilla, New Mexico 87575.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting and Measurement Focus

The Authority's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as set forth or adopted by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), and their predecessors, the National Council on Governmental Accounting ("NCGA") and the Accounting Principles Board ("APB"), respectively. Generally accepted accounting principles for local governments include those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The Authority's proprietary (enterprise) funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operations are included on the balance sheet. Net Position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted; and unrestricted components.

All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for rent and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. There are no fiduciary funds included in the Authority's financial statements.

The Housing Authority's cash flow statement includes changes in both operating cash and restricted cash and cash equivalents.

Revenue Recognition

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance are deferred until earned.

Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Authority has entered into contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 Housing Choice Vouchers Program, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 Housing Choice Vouchers Program. Such contributions are reflected as operating grants revenue. Contributions received from HUD for capital additions and improvements are reported as capital grants revenue.

C. Assets, Liabilities, and Net Position

Cash and Cash Equivalents and Investments

The Authority is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by an Agency of the United States. The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, and Net Position (continued)

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to Section 6-10-10.1 NMSA 1978, as amended, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the state treasurer pursuant to a policy adopted by the State Board of Finance for such short-term investments.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit, be collateralized by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of balances on deposit with any one institution must be collateralized, with higher requirements up to one hundred percent (100%) for financially troubled institutions. All securities pledged are reported at market value.

Accounts Receivable and Accounts Payable

All receivables, including tenant receivables, are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts are estimated to be uncollectible if they are outstanding for greater than one month. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

Restricted Cash and Cash Equivalents

Certain resources set aside in escrow for security deposits of \$6,941, held as insurance against the non-payment for services rendered, are classified on the Statement of Net Position as restricted because their use is limited. In addition, resources are also set aside for Housing Assistance Payments (HAP) of \$5,140, as the use of those funds is restricted by enabling legislation.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Authority's financial statements.

Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The Authority does have an exception for purchases made under Capital Fund Projects. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, and Net Position (continued)

Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5 yrs – 40 yrs
Machinery and equipment	3 yrs – 15 yrs

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Housing Authority has only one type of item that qualifies for reporting in this category. Accordingly, the item, contributions subsequent to measurement date, is reported in the Statement of Net Position. This amount is deferred and recognized as an outflow of resources the next period. The Housing Authority has recorded \$10,707 related to contributions subsequent to the measurement date.

Accrued Expenses

Accrued expenses are comprised of accrued salaries, wages, related employment taxes and current and noncurrent maturities of compensated absences, discussed more fully below.

Compensated Absences

Employees of the Authority are entitled to be compensated for accrued vacation time off, which is reported as an expense and a liability of the program that will fund it. There is a cap of 240 hours of vacation leave that an employee is permitted to accrue. When an employee separates from employment with the Authority in good standing, the employee is eligible to receive payment for accrued time remaining.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports 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.

Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by corresponding deferred inflows of resources. The Housing Authority has two types of deferred inflows, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the deferred inflows, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Housing Authority has recorded \$72 related to change in assumptions and \$41,812 related to the net difference between expected and actual earnings.

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.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, and Net Position (continued)

Net Position

Net Position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following 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 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” or “Net investment in capital assets”.

Unrestricted and Restricted Revenues

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures such as the lives of capital assets. Accordingly, actual results could differ from those estimates. Significant estimates in the Authority’s financial statements include depreciation on capital assets, the current portion of accrued compensated absences, and the allowance for uncollectible accounts.

New Accounting Standards Adopted

During the year ended June 30, 2015, the Housing Authority adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, and Net Position (continued)

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date, but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability, but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

D. Budgets

The Authority’s Commission is required to obtain approval from HUD for any revisions to the budgets that alter the total expenditures, at the legal level of budgetary control, which is at the grant program level. HUD program budgets are prepared on a regulatory basis which is comparable to the GAAP basis except for the omission of depreciation. Budgetary data for the Authority’s programs are prepared on a calendar year basis. HUD does not require the presentation of the budgets in the audit report. The inclusion of the budget in the audit report would be misleading as the audit report is as of June 30, 2015 and the HUD budget period is not complete as of that date.

NOTE 2. DEPOSITS AND INVESTMENTS

State Statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States 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.

Excess of funds may be temporarily invested in securities which 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.

By operation of federal law, beginning January 1, 2013, funds deposited in noninterest-bearing transaction accounts (including an Interest on Lawyer Trust Account) no longer receive unlimited coverage under by the Federal Deposit Insurance Corporation. Beginning January 1, 2013, all of the Authority’s accounts at an insured depository institution, including non-interest bearing accounts are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts.

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Notes to the Financial Statements
 June 30, 2015

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). At June 30, 2015, none of the Authority’s bank balance of \$180,347 was exposed to custodial credit risk.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All depositories had balances not exceeding the amount covered by the FDIC as of June 30, 2015.

	Valley National Bank	Century Bank	Total
Total amount of deposits	\$ 132,860	\$ 47,487	\$ 180,347
FDIC Coverage	(132,860)	(47,487)	(180,347)
Total uninsured public funds	-	-	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	-	-	-
Uninsured and uncollateralized	-	-	-
Collateral requirement (50% of uninsured funds)	-	-	-
Pledged securities	-	-	-
Over (under) collateralized	\$ -	\$ -	\$ -

Reconciliation to Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Authority’s Statement of Net Position as follows:

Cash and cash equivalents	\$	87,701
Investments		59,199
Restricted cash and cash equivalents		12,081
Total cash, investments, and cash equivalents		158,981
Add: outstanding checks		21,366
Bank balance of deposits	\$	180,347

Investments

The Authority reports investments of \$59,199 on the Statement of Net Position. This amount represents certificates of deposits with original maturities in excess of 90 days; however, this amount is considered a deposit for disclosure purposes.

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Notes to the Financial Statements
 June 30, 2015

NOTE 3. RECEIVABLES

Receivables as of June 30, 2015, are as follows:

Due from other governments	
Federal sources	\$ 219,286
Accrued interest	82
Tenant receivables	35,375
Allowance for doubtful accounts - tenants	<u>(11,710)</u>
Total	<u><u>\$ 243,033</u></u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Authority records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. All interfund balances are to be repaid within one year. These are reported as “Due from other funds” and “Due to other funds” on the Statement of Net Position.

The composition of interfund balances during the year ended June 30, 2015 is as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	
Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	<u><u>\$ 3,380</u></u>
<u>Equity Transfers from other programs</u>	<u>Equity Transfers to other programs</u>	
Low Rent Public Housing Program	Public Housing Capital Fund Program	<u><u>\$ 169,537</u></u>

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Notes to the Financial Statements
 June 30, 2015

NOTE 5. CAPITAL ASSETS

The following summary of capital assets and changes occurred during the year ended June 30, 2015. Land is not subject to depreciation.

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not depreciated:				
Land	\$ 109,735	\$ -	\$ -	\$ 109,735
Total capital assets, not depreciated	109,735	-	-	109,735
Capital assets, depreciated:				
Buildings and improvements	5,508,549	4,281	-	5,512,830
Machinery and equipment	164,615	-	-	164,615
Total capital assets, depreciated	5,673,164	4,281	-	5,677,445
Less accumulated depreciation:				
Buildings	4,186,062	165,240	-	4,351,302
Machinery and equipment	136,313	5,801	-	142,114
Total accumulated depreciation	4,322,375	171,041	-	4,493,416
Net book value	\$ 1,460,524	\$ (166,760)	\$ -	\$ 1,293,764

Depreciation expense for the year ended June 30, 2015 totaled \$171,042.

NOTE 6. LONG-TERM LIABILITIES

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2015. Compensated absences are typically liquidated through the Low Rent Public Housing Program. However, \$982 of the balance was allocated to the Section 8 Housing Choice Voucher Program in fiscal year 2015.

	Balance, June 30, 2014	Additions	Retirements	Balance, June 30, 2015	Due Within One Year
Compensated absences	\$ 13,748	\$ 17,338	\$ 17,088	\$ 13,998	\$ 9,267
Totals	\$ 13,748	\$ 17,338	\$ 17,088	\$ 13,998	\$ 9,267

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) 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, 2014 available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and Rio Arriba County Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at:

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf.

The PERA coverage option that applies to Rio Arriba County Housing Authority is: Municipal General Division. Statutorily required contributions to the pension plan from Rio Arriba County Housing Authority were \$10,707 for the year ended June 30, 2015 and there were no employer paid members benefits that were “picked up” by the employer for the year ended June 30, 2015.

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, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

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. Rio Arriba County 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, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2014 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.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

For **PERA Fund Division Municipal General**, at June 30, 2015, Rio Arriba County Housing Authority reported a liability of \$106,875 for its proportionate share of the net pension liability. At June 30, 2014, the Housing Authority's proportion was 0.0137 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, Rio Arriba County Housing Authority recognized PERA Fund Division Municipal General pension expense of \$4,459. At June 30, 2015, Rio Arriba County 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
Changes of assumptions	\$ -	\$ 72
Net difference between projected and actual earnings on pension plan investments	-	41,812
Rio Arriba County Housing Authority's contributions subsequent to the measurement date	10,707	-
Total	\$ 14,505	\$ 56,865

\$10,707 reported as deferred outflows of resources related to pensions resulting from Rio Arriba County Housing Authority contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. There were no other amounts reported as deferred outflows of resources. Deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(\$10,471)
2017	(10,471)
2018	(10,471)
2019	(10,471)
2020	-
Thereafter	-

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, 2013 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, 2014 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, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

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

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

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 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 Rio Arriba County Housing Authority's net pension liability in each PERA Fund Division that Rio Arriba County 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.

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Notes to the Financial Statements
 June 30, 2015

NOTE 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

PERA Fund Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Housing Authority's proportionate share of the net pension liability	\$201,483	\$ 106,875	\$33,785

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at:

<http://www.pera.state.nm.us/publications.html>

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

NOTE 8. NET POSITION RESTATEMENT

The Housing Authority has a prior period adjustment of (\$144,299) which was required for implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of (\$155,006) and a beginning of deferred outflow of resources- employer contributions subsequent to the measurement date of \$10,707.

NOTE 9. CONTINGENT LIABILITIES

Legal Proceedings—The Authority is subject to various legal proceedings that arise in the ordinary course of the Authority's operations. In the opinion of the Authority's management, the ultimate resolution of the matters will not have a material adverse impact on the financial position or results of operations of the Authority.

Federal Grants—The Authority receives federal grants for various specific purposes. These grants are subject to audit, which may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowance, if any, will not be material to the financial statements.

NOTE 10. RISK MANAGEMENT

Rio Arriba County Housing 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 joined together with other housing authorities throughout the country and obtained insurance through the Housing Authority Insurance Group, a housing authority risk pool currently operating as a common risk management and insurance program for member units. The Authority pays an annual premium to the Housing Authority Insurance Group for its general insurance coverage and all risk of loss is transferred to the risk pool.

NOTE 11. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The New Mexico Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the New Mexico Retiree Health Care Fund and by co-payments of out-of-pocket payments of eligible retirees. As authorized under Section 9D of Chapter 6, Laws of 1990, the Authority has elected not to participate in the program by adoption of an ordinance.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Notes to the Financial Statements
June 30, 2015

NOTE 12. CONCENTRATIONS

Approximately 54.7% of total revenues of the Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Authority's continued compliance with grant provisions and the continuance of the grant programs by this U.S. Governmental agency.

NOTE 13. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 16, 2015 which is the date on which the financial statements were issued. No events took place subsequent to year end.

NOTE 14. SUBSEQUENT PRONOUNCEMENTS

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the Housing Authority's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Housing Authority does not expect this pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Housing Authority will implement this standard during the fiscal year ended June 30, 2016. The Housing Authority expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Housing Authority will implement this standard during the fiscal year ended June 30, 2017. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

RIO ARRIBA COUNTY HOUSING AUTHORITY
 Schedule of Proportionate Share of the Net Pension Liability of PERA Division
 Public Employees Retirement Association (PERA) Plan
 PERA Fund Division
 Last 10 Fiscal Years*

Schedule I

	2015 Measurement Date (As of and for the year ended June 30, 2014)
Rio Arriba County Housing Authority's proportion of the net pension liability	0.0137%
Rio Arriba County Housing Authority's proportionate share of the net pension liability	\$ 106,875
Rio Arriba County Housing Authority's covered-employee payroll	\$ 111,507
Rio Arriba County Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	95.85%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

See independent auditors' report
 See notes to required supplementary information

RIO ARRIBA COUNTY HOUSING AUTHORITY
 Schedule of Contributions
 Public Employees Retirement Association (PERA) Plan
 PERA Fund Division
 Last 10 Fiscal Years*

Schedule II

	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 10,707
Contributions in relation to the contractually required contribution	<u>10,707</u>
Contribution deficiency (excess)	<u>\$ -</u>
Rio Arriba County Housing Authority's covered-employee payroll	\$ 113,108
Contributions as a percentage of covered-employee payroll	9.47%

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

See independent auditors' report
 See notes to required supplementary information

RIO ARRIBA COUNTY HOUSING AUTHORITY

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-14%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the

(This page intentionally left blank)

SUPPORTING SCHEDULES

(This page intentionally left blank)

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Schedule of Deposits
 June 30, 2015

Schedule III

Bank Account	Valley National Bank	Century Bank	Totals
Low Rent	\$ 43,927	\$ -	\$ 43,927
Rental Assistance Section-8	33,110	-	33,110
Villa Del Norte	37,043	-	37,043
Security Deposits	7,067	-	7,067
Valley National Bank Certificate of Deposit	11,713	-	11,713
Certificate of Deposit 001	-	36,186	36,186
Certificate of Deposit 003	-	11,301	11,301
Total on deposit	<u>\$ 132,860</u>	<u>\$ 47,487</u>	180,347
Reconciling items			<u>(21,366)</u>
Reconciled balance June 30, 2015			<u>\$ 158,981</u>
Reconciliation to the financial statements:			
Cash and cash equivalents:			
Statement of net position - Exhibit A-1			87,701
Restricted cash and cash equivalents:			
Statement of net position - Exhibit A-1			12,081
Investments:			
Statement of net position - Exhibit A-1			59,199
Reconciled balance as reported in the financial statements			<u>\$ 158,981</u>

See independent auditors' report

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Financial Data Schedule
 June 30, 2015

Schedule IV
 Page 1 of 4

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Vouchers Program 14.871	Public Housing Capital Fund Program 14.872	Total
111	Cash - Unrestricted	\$ 60,917	\$ 26,784	\$ -	\$ 87,701
100	Total Cash	<u>60,917</u>	<u>26,784</u>	<u>-</u>	<u>87,701</u>
122	Accounts Receivable - HUD Other Projects	218,972	314	-	219,286
125	Accounts Receivable - Miscellaneous	16,627	655	-	17,282
126	Accounts Receivable - Tenants - Dwelling Rents	18,093	-	-	18,093
126.1	Allowance for Doubtful Accounts - Dwelling	(11,710)	-	-	(11,710)
129	Accrued Interest Receivable	82	-	-	82
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>242,064</u>	<u>969</u>	<u>-</u>	<u>243,033</u>
131	Investments - Unrestricted	59,199	-	-	59,199
130	Total Investments	<u>59,199</u>	<u>-</u>	<u>-</u>	<u>59,199</u>
142	Prepaid Expenses and Other Assets	7,550	-	-	7,550
144	Inter Program Due From	3,380	-	-	3,380
150	Total Current Assets	<u>373,110</u>	<u>27,753</u>	<u>-</u>	<u>400,863</u>
161	Land	109,735	-	-	109,735
162	Buildings	5,508,547	-	-	5,508,547
163	Furniture, Equipment & Machinery - Dwellings	60,568	-	-	60,568
164	Administration	108,330	-	-	108,330
166	Accumulated Depreciation	(4,493,416)	-	-	(4,493,416)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>1,293,764</u>	<u>-</u>	<u>-</u>	<u>1,293,764</u>
114	Cash - Tenant Security Deposits	6,941	-	-	6,941
113	Cash - Other Restricted	-	5,140	-	5,140
180	Total Non-Current Assets	<u>1,300,705</u>	<u>5,140</u>	<u>-</u>	<u>1,305,845</u>
200	Deferred Outflow of Resources	<u>8,833</u>	<u>1,874</u>	<u>-</u>	<u>10,707</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 1,682,648</u>	<u>\$ 34,767</u>	<u>\$ -</u>	<u>\$ 1,717,415</u>

See independent auditors' report

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Financial Data Schedule
 June 30, 2015

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Vouchers Program 14.871	Public Housing Capital Fund Program 14.872	Total
312	Accounts Payable <= 90 Days	\$ 2,872	\$ 551	\$ -	\$ 3,423
321	Accrued Wage/Payroll Taxes Payable	15,390	-	-	15,390
322	Accrued Compensated Absences - Current Portion	8,612	655	-	9,267
341	Tenant Security Deposits	6,935	-	-	6,935
342	Deferred Revenues	4,050	-	-	4,050
346	Accrued Liabilities - Other	14,342	-	-	14,342
347	Inter Program Due To	-	3,380	-	3,380
310	Total Current Liabilities	<u>52,201</u>	<u>4,586</u>	<u>-</u>	<u>56,787</u>
354	Accrued Compensated Absences - Non-Current	4,404	327	-	4,731
357	Accrued Pension and OPEB Liabilities	<u>88,167</u>	<u>18,708</u>	<u>-</u>	<u>106,875</u>
350	Total Non-Current Liabilities	<u>92,571</u>	<u>19,035</u>	<u>-</u>	<u>111,606</u>
300	Total Liabilities	<u>144,772</u>	<u>23,621</u>	<u>-</u>	<u>168,393</u>
400	Deferred Inflow of Resources	<u>34,552</u>	<u>7,332</u>	<u>-</u>	<u>41,884</u>
508.1	Net investment in capital assets	1,293,764	-	-	1,293,764
511	Restricted	-	5,140	-	5,140
512.1	Unrestricted	<u>209,560</u>	<u>(1,326)</u>	<u>-</u>	<u>208,234</u>
513	Total net position	<u>1,503,324</u>	<u>3,814</u>	<u>-</u>	<u>1,507,138</u>
600	Total Liabilities, Deferred Inflows of Resources and Equity/Net Position	<u>\$ 1,682,648</u>	<u>\$ 34,767</u>	<u>\$ -</u>	<u>\$ 1,717,415</u>

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Financial Data Schedule
 June 30, 2015

Schedule IV
 Page 3 of 4

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Vouchers Program 14.871	Public Housing Capital Fund Program 14.872	Total
70300	Net Tenant Rental Revenue	\$ 79,881	\$ -	\$ -	\$ 79,881
70400	Tenant Revenue - Other	3,737	-	-	3,737
70500	Total Tenant Revenue	<u>83,618</u>	<u>-</u>	<u>-</u>	<u>83,618</u>
70600	HUD PHA Operating Grants	137,501	77,616	-	215,117
70610	Capital Grants	-	-	4,282	4,282
71100	Investment Income - Unrestricted	208	28	-	236
71500	Other Revenue	67,773	11,556	-	79,329
70000	Total Revenue	<u>289,100</u>	<u>89,200</u>	<u>4,282</u>	<u>382,582</u>
91100	Administrative Salaries	36,358	7,714	-	44,072
91400	Advertising and Marketing	126	-	-	126
91500	Employee Benefit Contributions - Administrative	6,252	1,055	-	7,307
91600	Office Expenses	14,808	1,963	-	16,771
91800	Travel	390	-	-	390
91900	Other Operating - Administrative	3,528	1,453	-	4,981
91000	Total Operating - Administrative	<u>61,462</u>	<u>12,185</u>	<u>-</u>	<u>73,647</u>
93100	Water	21,060	-	-	21,060
93200	Electricity	6,781	-	-	6,781
93300	Gas	3,604	-	-	3,604
93000	Total Utilities	<u>31,445</u>	<u>-</u>	<u>-</u>	<u>31,445</u>
94100	Ordinary Maintenance & Operation - Labor	69,038	-	-	69,038
94200	Ordinary Maintenance & Operation - M & O	16,279	-	-	16,279
94300	Ordinary Maintenance & Operation Contracts	9,359	-	-	9,359
94500	Employee Benefit Contributions - OM	18,178	-	-	18,178
94000	Total Maintenance	<u>112,854</u>	<u>-</u>	<u>-</u>	<u>112,854</u>
96110	Property Insurance	-	-	-	-
96120	Liability Insurance	-	-	-	-
96130	Workmen's Compensation	-	-	-	-
96140	All Other Insurance	17,345	-	-	17,345
96100	Total Insurance Premiums	<u>17,345</u>	<u>-</u>	<u>-</u>	<u>17,345</u>
96200	Other General Expenses	-	61	-	61
96210	Compensated Absences	214	36	-	250
96300	Payment In Lieu of Taxes	-	-	-	-
96400	Bad Debt - Tenant Rents	3,076	-	-	3,076
96000	Total Other General	<u>3,290</u>	<u>97</u>	<u>-</u>	<u>3,387</u>
96900	Total Operating Expenses	<u>226,396</u>	<u>12,282</u>	<u>-</u>	<u>238,678</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>62,704</u>	<u>76,918</u>	<u>4,282</u>	<u>143,904</u>
97300	Housing Assistance Payments	-	78,803	-	78,803
97350	Other-Hap-Portability In	-	10,549	-	10,549
97400	Depreciation Expense	171,042	-	-	171,042
90000	Total Expenses	<u>\$ 397,438</u>	<u>\$ 101,634</u>	<u>\$ -</u>	<u>\$ 499,072</u>

See independent auditors' report

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 A Component Unit of Rio Arriba County
 Financial Data Schedule
 June 30, 2015

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Vouchers Program 14.871	Public Housing Capital Fund Program 14.872	Total
10010	Operating Transfers In	\$ 6,760	\$ -	\$ -	\$ 6,760
10020	Operating Transfers Out	(6,760)	-	-	(6,760)
10100	Total Other Financing Sources (Uses)	-	-	-	-
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(108,338)	(12,434)	4,282	(116,490)
11030	Beginning Equity	1,561,166	41,506	165,255	1,767,927
11040-010	Prior Period Adjustments and Correction of Errors	(119,041)	(25,258)	-	(144,299)
11040-070	Equity Transfers	169,537	-	(169,537)	-
11170	Administrative Fee Equity	-	(1,326)	-	(1,326)
11180	Housing Assistance Payments Equity Ending Equity (deficit)	-	5,140	-	5,140
		<u>\$ 1,503,324</u>	<u>\$ 3,814</u>	<u>\$ -</u>	<u>\$ 1,507,138</u>
11190	Unit Months Available	636	209	-	845
11210	Number of Unit Months Leased	517	209	-	726
11270	Excess Cash	\$ 320,300	\$ -	\$ -	\$ 320,300
11620	Building Purchases	\$ -	\$ -	\$ -	\$ -
11640	Furniture & Equipment Purchased	\$ 4,282	\$ -	\$ -	\$ 4,282

STATE OF NEW MEXICO
 Rio Arriba County Housing Authority
 Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015

Prepared by: Rio Arriba County Housing Authority Staff

Title: Executive Director

Date: September 24, 2015

<u>RFB/ RFP #</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>	<u>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</u>
None					

See independent auditors' report

Out-of-State Vendor (Y or N)	Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A	Brief Description of the Scope of Work
---	--	---

See independent auditors' report

(This page intentionally left blank)

COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

**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

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget
Chairman and Board Members
Rio Arriba County Housing Authority
Rio Arriba County
Española, New Mexico 87532

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 Rio Arriba County Housing Authority (the "Authority"), a component unit of Rio Arriba County, New Mexico as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 16, 2015.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 results 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 Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
October 16, 2015

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Schedule of Findings and Responses
For the Year Ended June 30, 2015

Schedule VI

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal Control over financial Reporting | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

SECTION II – FINANCIAL STATEMENT FINDINGS AND RESPONSES

No new findings.

SECTION III – PRIOR YEAR AUDIT FINDINGS

No prior year findings.

STATE OF NEW MEXICO
Rio Arriba County Housing Authority
A Component Unit of Rio Arriba County
Other Disclosures
For the Year Ended June 30, 2015

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the Rio Arriba County Housing Authority from the original books and records provided to them by the management of the Authority. The responsibility for the financial statements remains with the Authority.

B. EXIT CONFERENCE

The contents of this report will be discussed at the Exit Conference held for Rio Arriba County (primary government). The financial statements herein are prepared at the preference of management. The Authority's financial information is reported as a department in Rio Arriba County's financial statements.