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# **STATE OF NEW MEXICO**

## **SANTA CLARA HOUSING AUTHORITY**

### **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2016**

# SANTA CLARA HOUSING AUTHORITY

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# SANTA CLARA HOUSING AUTHORITY

OFFICIAL ROSTER  
JUNE 30, 2016

## BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>Johnny Trujillo</i>	<i>Chairperson</i>
<i>Sonya Dixon</i>	<i>Vice Chairperson</i>
<i>April Teague</i>	<i>Commissioner</i>
<i>Sylvia Sierra</i>	<i>Commissioner</i>
<i>Sharon Gonzales</i>	<i>Commissioner</i>

## ADMINISTRATIVE STAFF

<i>Gloria Duran</i>	<i>Executive Director</i>
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## INDEPENDENT AUDITORS' REPORT

Mr. Tim Keller, State Auditor and  
Board of Commissioners  
Santa Clara Housing Authority  
Santa Clara, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Santa Clara Housing Authority (Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparison presented as supplementary information, as defined by the Government Accounting Standards Board for the year ended June 30, 2016 as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Mr. Tim Keller, State Auditor and  
Board of Commissioners  
Santa Clara Housing Authority  
Santa Clara, New Mexico  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Santa Clara Housing Authority, as of June 30, 2016, and the respective changes in financial position and cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with budgetary basis required by the U.S. Department of Housing and Urban Development that is more fully described in Note 1 which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the pension liability schedules on pages 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mr. Tim Keller, State Auditor and  
Board of Commissioners  
Santa Clara Housing Authority  
Santa Clara, New Mexico  
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*Other Information*

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

The Financial Data Schedule and *other schedules required by 2.2.2 NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule and *other schedules required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of vendor information on page 32 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Kriegel/Gray/Shaw & Co., P.C.  
Las Cruces, New Mexico  
November 22, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**SANTA CLARA HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

The management of the Housing Authority of Santa Clara, New Mexico presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending June 30, 2016. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

**FINANCIAL HIGHLIGHTS**

- The primary source of funding for these activities continues to be tenant rentals, whereas subsidies and grants from the Department of Housing and Urban Development (HUD) provide a secondary but also significant source of funding.
- The Housing Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by \$689,335 at the close of the fiscal year ended 2016.
  - Of this amount \$632,376 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
  - The remainder of \$55,317 of unrestricted assets can be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 21.3% of the total operating expenses of \$259,529 for the fiscal year 2016, which means the Authority might be able to operate about two and half months using the unrestricted assets alone, which is substantially more than the prior year unrestricted net position of \$14,455.
- The Housing Authority's total net position increased by \$14,128 an increase of 2.1% from the prior fiscal year restated net position. This increase is attributable to increases in federal grants and flat rents.
- The increase in net position of these funds was accompanied by an increase in unrestricted cash of \$30,823 from fiscal year 2015, primarily due to an increase in federal operating grant subsidy and flat rents.
- The Authority spent \$26,727 on capital asset additions during the fiscal year.
- These changes led to an increase in total assets of \$7,113 and an increase in total liabilities of \$3,727. As a related measure of financial health, there are still over \$90,687 of current assets covering each dollar of total current liabilities, which compares favorably with \$49,778 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.



**SANTA CLARA HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

**Reporting on the Housing Authority as a Whole**

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2016?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**Fund Financial Statements**

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net position and changes in them. One can think of the Housing Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

**USING THIS ANNUAL REPORT**

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Low Rent Public Housing  
Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

**SANTA CLARA HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**FINANCIAL ANALYSIS**

The Housing Authority's net position was \$689,335 as of June 30, 2016. Of this amount, \$632,376 was net investment in capital assets, and the remaining \$55,317 was unrestricted. No other specific assets are restricted. Also, there are no other restrictions on general net position.

**CONDENSED FINANCIAL STATEMENTS**

**Condensed Balance Sheet**  
**(Excluding Interfund Transfers)**  
**As of June 30, 2016**

	2016	2015 as restated
<b>ASSETS</b>		
Current assets	\$95,750	\$60,214
Assets restricted for tenant deposits	2,908	2,956
Capital assets, net of depreciation	632,377	660,752
<i>Total assets</i>	731,035	723,922
<b>Deferred outflows of resources</b>	3,103	2,983
<i>Total assets and deferred outflows</i>	\$734,138	\$726,905
<b>LIABILITIES</b>		
Current liabilities	\$5,063	\$10,436
Net pension liability	38,744	29,644
<i>Total liabilities</i>	43,807	40,080
<b>Deferred inflows of resources</b>	996	11,618
<b>NET POSITION</b>		
Net investment in capital assets, net of depreciation	632,377	660,752
Unrestricted net position	56,958	14,455
<i>Total net position</i>	689,335	675,207
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$734,138	\$726,905

**SANTA CLARA HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**(Excluding Interfund Transfers)**  
**For the Fiscal Year Ended June 30, 2016**

	2016	2015 as restated
<b>OPERATING REVENUES</b>		
Tenant rental revenue	\$104,363	\$85,793
Other tenant revenue	1,559	1,123
Federal grants for operations	124,835	105,128
<i>Total operating revenues</i>	230,757	192,044
<b>OPERATING EXPENSES</b>	259,529	259,219
<i>(Losses) from operations</i>	(28,772)	(67,175)
<b>NON-OPERATING REVENUES</b>		
Other income (loss)	0	0
Interest income	0	0
<i>Total non-operating revenues</i>	0	0
<i>(Losses) after non-operating revenues</i>	(28,772)	(67,175)
<b>OTHER CHANGES IN NET POSITION</b>		
Federal grants for capital expenditures	42,900	30,301
Net increase (decrease) in net position	14,128	(36,874)
Net position, beginning of year	675,207	712,081
Net position, end of year	\$689,335	\$675,207

The net position increased by \$14,128, or by 2.1%, from those of fiscal year 2015, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**SANTA CLARA HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**EXPLANATIONS OF FINANCIAL ANALYSIS**

Compared with the prior fiscal year, total operating revenues increased \$38,713, or by 20.2%, due to an increase in the operating subsidy and an increase in flat rents.

Non operating revenues increased due to an increase in capital fund program revenues of \$12,599.

The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2013 through 2015.

Federal revenues from HUD for operations increased by \$19,707, or by 18.7% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant.

Total tenant revenue increased by \$18,570 or by 21.6% from that of the prior fiscal year because the amount of rent each tenant pays is based on a sliding scale of their personal income.

Compared with the prior fiscal year, total operating and non-operating expenses increased by \$310, less than 1%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2016, the Housing Authority had a total cost of \$1,644,566 invested in a broad range of assets, as listed below. This amount, not including depreciation, represents increases of \$26,727 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation**  
**As of June 30, 2016**

	2016	2015
Land	\$0	\$0
Construction in progress	25,664	23,435
Buildings	1,539,930	1,515,432
Leasehold improvements	12,242	12,242
Equipment and furniture	66,730	66,730
Accumulated depreciation	(1,012,189)	(957,087)
<b>Total</b>	<b>\$632,377</b>	<b>\$660,752</b>

**SANTA CLARA HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**Debt**

The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

**Budget**

The Housing Authority budgets in accordance with HUD requirements which are utilized only as a guideline. Budget amendments were made during the year to allow for expenditure of increased tenant rent income and increase various expenditure line items while also decreasing others.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by federal budget than by local economic conditions. The capital budgets for the 2016 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Gloria Duran, at the Santa Clara Housing Authority, P.O. Box 275, Santa Clara, New Mexico 88026.

## BASIC FINANCIAL STATEMENTS

# SANTA CLARA HOUSING AUTHORITY

## STATEMENT OF NET POSITION

JUNE 30, 2016

	Total
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$79,475
Receivables (net of allowance):	
Tenants	473
Intergovernmental	9,363
Interest	0
Prepaid expenses	6,439
<i>Total current assets</i>	95,750
<b>Noncurrent Assets:</b>	
Restricted Cash	2,908
Capital Assets:	
Land	0
Construction in progress	25,664
Buildings	1,539,930
Leasehold improvements	12,242
Equipment and furniture	66,730
Less accumulated depreciation	(1,012,189)
<i>Capital assets, net</i>	632,377
<i>Total assets</i>	731,035
<b>Deferred outflows of resources</b>	3,103
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	868
Accrued payroll liabilities	1,194
Prepaid rent	93
Tenant deposits	2,908
Compensated absences	0
<i>Total current liabilities</i>	5,063
Net pension liability	38,744
<i>Total liabilities</i>	43,807
<b>Deferred inflows of resources</b>	996
<b>NET POSITION</b>	
Net investment in capital assets	632,377
Unrestricted	56,958
<i>Total net position</i>	\$689,335

The Notes to Financial Statements are an integral part of these statements.

**SANTA CLARA HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**JUNE 30, 2016**

	Total
<b>Operating Revenues</b>	
Tenant rental revenue	\$104,363
Other tenant revenue	1,559
HUD operating subsidy	124,835
<i>Total operating revenues</i>	230,757
<b>Operating Expenses</b>	
Personnel services	62,777
Employee benefits	28,732
Professional services	11,430
Repairs and maintenance	20,201
Utilities	48,019
General operating	33,268
Depreciation	55,102
<i>Total operating expenses</i>	259,529
<i>Operating loss</i>	(28,772)
<b>Non-Operating Revenues (Expenses)</b>	
Other income	0
HUD capital grants	42,900
Interest income	0
<i>Total non-operating revenues (expenses)</i>	42,900
<i>(Loss) before capital contributions and transfers</i>	14,128
<b>Capital Contributions and Transfers:</b>	
Capital contributions	0
Capital transfers in	0
Capital transfers (out)	0
<i>Total non-operating revenue (expenses)</i>	0
<i>Changes in net position</i>	14,128
Net position, beginning of year, as previously stated	676,774
Restatements	(1,567)
Net position, beginning of year, as restated	675,207
<b><i>Net position, end of year</i></b>	<b><i>\$689,335</i></b>

The Notes to Financial Statements are an integral part of these statements.



# SANTA CLARA HOUSING AUTHORITY

## STATEMENT OF CASH FLOWS

JUNE 30, 2016

	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from tenants	\$104,789
Grants - subsidies	120,168
Cash payments to suppliers for goods and services	(94,153)
Cash payments to employees for services	(116,155)
<i>Net cash (used) for operating activities</i>	14,649
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash received from other sources	0
Net change in customer deposits	0
Net transfers in (out)	0
<i>Net cash provided (used) by noncapital and related financing activities</i>	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash received from intergovernmental sources	42,900
Acquisition and construction of capital assets	(26,726)
<i>Net cash provided by capital and related financing activities</i>	16,174
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net purchases/maturities of certificates of deposit	0
Interest income	0
<i>Net cash used by investing activities</i>	0
<i>Net (increase) in cash</i>	30,823
Cash and cash equivalents, beginning of year	51,560
<b><i>Cash and cash equivalents, end of year</i></b>	<b>\$82,383</b>
 <b>Cash and Cash Equivalents</b>	
Cash	\$79,475
Restricted	2,908
	\$82,383
	\$82,383

The Notes to Financial Statements are an integral part of these statements.

# SANTA CLARA HOUSING AUTHORITY

## STATEMENT OF CASH FLOWS

JUNE 30, 2016

	<u>Total</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities</b>	
Operating (loss)	(\$28,772)
<b>Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities</b>	
Depreciation	55,102
Change in assets and liabilities:	
(Increase) in tenants' receivable	(473)
(Increase) in intergovernmental receivable	(4,667)
Decrease in prepaid expenses	475
(Decrease) in accounts payable	(3,712)
(Decrease) in accrued salaries and compensated absences	(1,002)
(Decrease) in prepaid rent	(612)
(Decrease) in tenant deposits	(48)
Increase in net pension contributions and liability	(1,642)
<i>Total adjustments</i>	<u>43,421</u>
<b><i>Net cash provided by operating activities</i></b>	<b><u>\$14,649</u></b>

The Notes to Financial Statements are an integral part of these statements.

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Santa Clara Housing Authority (the Authority) was established in 1976. Five commissioners who are selected by the Santa Clara Board of Trustees govern it. 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:

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.

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 Government Accounting Standards Board (GASB) pronouncements.

The accounts of the Authority are organized on the basis of proprietary fund type, specifically an enterprise fund. The activities of this fund 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.

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Authority'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 Authority 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, all liabilities and deferred outflows and inflows of resources 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 net investment in capital assets; restricted; and unrestricted components. The Authority's operating statements present increases (revenues) and decreases (expenses) in net total assets.

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 and the individual capital projects level.

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

Cash includes amounts in demand deposits and certificates of deposit with original maturities of 90 days or less.

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.

Inventory

Material and supplies are valued at cost, which approximates market, using the first- in/first-out (FIFO). The Authority had no inventory at June 30, 2016.

Receivables

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items.

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.

The Authority defines capital assets as assets with lives of greater than one year and a cost or donated value of \$5,000 or greater.

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Buildings	40 years
Equipment and furniture	5-10 years
Leasehold improvements	20 years

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 accumulated rights to receive sick pay benefits. Annual leave is earned according to the following schedule:

Years of Service	Total Per Year
0 – 7	80 hours or 10 days
8 – 15	120 hours or 15 days
16	160 hours or 20 days

Deferred Outflows and Inflows of Resources

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

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.

**SANTA CLARA HOUSING AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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*.

**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.

**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.

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 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 bank 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.

Cash Deposited with Financial Institutions

The Authority maintains deposits in two financial institutions within Santa Clara, New Mexico. The Authority's deposits are carried at cost.

As of June 30, 2016, 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:

	<u>Type of Account</u>	<u>Per Financial Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
Cash on hand		\$0	\$0	\$0
Wells Fargo Bank	Checking	87,947	5,564	82,383
		<u>\$87,947</u>	<u>\$5,564</u>	<u>\$82,383</u>

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 insured by the Federal Deposit Insurance Corporation.

	<u>Wells Fargo Bank</u>
Checking accounts	\$87,947
<i>Total cash</i>	<u>87,947</u>
Less FDIC Insurance	(87,947)
<b><i>Total uninsured public funds</i></b>	<b><u>\$0</u></b>



**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2. CASH (CONTINUED)**

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2016, all of the Authority's deposits were insured and the Authority was not exposed to custodial credit risk.

**NOTE 3. TENANTS RECEIVABLE**

Tenant's receivable at June 30, 2016, consisted of the following:

Charges for services	\$473
Less allowance for doubtful accounts	0
	<b>\$473</b>

**NOTE 4. CAPITAL ASSETS**

Capital assets for the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$23,435	\$26,727	\$0	(\$24,498)	\$25,664
<i>Total capital assets, not being depreciated</i>	23,435	26,727	0	(24,498)	25,664
Depreciable capital assets:					
Buildings	1,515,432	0	0	24,498	1,539,930
Leasehold improvements	12,242	0	0	0	12,242
Equipment and furniture	66,730	0	0	0	66,730
Computer software	0	0	0	0	0
<i>Total depreciable capital assets</i>	1,594,404	0	0	24,498	1,618,902
Less accumulated depreciation:					
Buildings	(885,934)	(56,015)	0	0	(941,949)
Leasehold improvements	(2,897)	(612)	0	0	(3,509)
Equipment and furniture	(68,256)	0	1,525	0	(66,731)
Computer software	0	0	0	0	0
<i>Total accumulated depreciation</i>	(957,087)	(56,627)	1,525	0	(1,012,189)
<i>Depreciable capital assets, net</i>	637,317	(56,627)	1,525	24,498	606,713
<b><i>Business-type capital assets, net</i></b>	<b>\$660,752</b>	<b>(\$29,900)</b>	<b>\$1,525</b>	<b>\$0</b>	<b>\$632,377</b>

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5. ACCRUED COMPENSATED ABSENCES**

Changes in accrued compensated absences during the year ended June 30, 2016, were as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Accrued compensated absences	\$0	\$3,696	(\$3,696)	\$0	\$0

**NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**General Information about the Pension Plan**

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

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

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

**Contributions.** The contribution requirements of defined benefit plan members and the Santa Clara Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366 Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf). The PERA coverage option that applies to Santa Clara Housing Authority is: Municipal General. Statutorily required contributions to the pension plan from the Santa Clara Housing Authority were \$3,102 for the year ended June 30, 2016.

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

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

**SANTA CLARA HOUSING AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

**NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

**For PERA Fund Division Municipal General**, at June 30, 2016, the Santa Clara Housing Authority reported a liability of \$38,744 for its proportionate share of the net pension liability. At June 30, 2015, the Santa Clara Housing Authority’s proportion was .0038 percent, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Santa Clara Housing Authority recognized PERA Fund Division Municipal General pension expense of \$1,483. At June 30, 2016, the Santa Clara Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$858
Changes of assumptions	0	15
Net difference between projected and actual earnings on pension plan investments	0	123
Changes in proportion and differences between Santa Clara Housing Authority contributions and proportionate share of contributions	0	0
Santa Clara Housing Authority contributions subsequent to the measurement date	3,103	0
<b>Total</b>	<b>\$3,103</b>	<b>\$996</b>

\$3,103 reported as deferred outflows of resources related to pensions resulting from Santa Clara Housing Authority contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	(\$1,026)
2018	(1,026)
2019	(1,026)
2020	2,082
2021	0
	(\$996)

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

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

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

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

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

**SANTA CLARA HOUSING AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

**NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

**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 Santa Clara 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 Santa Clara Housing Authority’s net pension liability in each PERA Fund Division that Santa Clara 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.

<b>PERA Fund Division Municipal General</b>	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Santa Clara Housing Authority’s proportionate share of the net pension liability	\$65,966	\$38,744	\$16,111

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

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

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7. POST-EMPLOYMENT BENEFITS**

The Retiree Health Care Act, Chapter IV, Article 7C, NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Authority has elected not to participate in the post-employment health insurance plan.

**NOTE 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.

**NOTE 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.

**NOTE 10. RESTATEMENTS**

The Authority has restated Net Position at June 30, 2016 for the following:

<u>Intergovernmental receivables</u>	<u>(\$1,567)</u>
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This restatement is due to a correction of prior year revenues which were duplicated.

REQUIRED SUPPLEMENTARY INFORMATION



**SCHEDULE OF THE SANTA CLARA HOUSING AUTHORITY'S  
PROPORATIONATE SHARE OF THE NET PENSION  
LIABILITY OF PERA FUND DIVISION  
MUNICIPAL GENERAL**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years\*

	As of Measurement Date	
	June 30, 2015	June 30, 2016
	<b>2016</b>	<b>2015</b>
Santa Clara Housing Authority's proportion of the net pension liability (asset)	0.0038%	0.0038%
Santa Clara Housing Authority's proportionate share of the net pension liability (asset)	\$38,744	\$29,644
Santa Clara Housing Authority's covered-employee payroll (at measurement date)	\$40,319	\$40,121
Santa Clara Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.09%	73.89%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.50%

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

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$3,103	\$2,983
Contributions in relation to the contractually required contribution	\$3,103	\$2,983
Contribution deficiency (excess)	\$0	\$0
Santa Clara Housing Authority's covered-employee payroll	\$41,668	\$40,319
Contributions as a percentage of covered-employee payroll	7.40%	7.40%

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

**SANTA CLARA HOUSING AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Public Employee Retirement Association Plan (PERA)**

**Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

**Changes of assumptions.**

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

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

## SUPPLEMENTARY INFORMATION

**SANTA CLARA HOUSING AUTHORITY**  
**LOW RENT AND CFP FUNDS**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES AND EXPENSES**  
**BUDGET (NON-GAAP) AND ACTUAL BASIS - NOTE 8**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES:</b>				
Tenant income	\$79,000	\$79,000	\$104,363	\$25,363
Intergovernmental	0	0	0	0
HUD grants and subsidy	108,900	108,900	124,835	15,935
Other income	8,250	8,250	1,559	(6,691)
<i>Total operating revenues</i>	196,150	196,150	230,757	34,607
<b>OPERATING EXPENSES:</b>				
Administrative	72,851	71,391	71,079	312
Tenant services	0	0	0	0
Utilities	50,990	48,100	48,019	81
Maintenance and repairs	34,190	33,720	33,684	36
General	38,080	42,900	42,747	153
Non routine expenditures	0	0	0	0
<i>Total operating expenses</i>	196,111	196,111	195,529	582 *
<i>Operating income (loss)</i>	39	39	35,228	35,189
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
Grant revenue - capital	88,241	88,241	33,537	(54,704)
Grant fund expenditures	(88,241)	(88,241)	(9,673)	78,568
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	0	0	23,864	23,864
<i>Net income (deficit)</i>	\$39	\$39	\$59,092	\$59,053

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2016, is presented below:

Net income (deficit) (budgetary basis)	\$59,092
Adjustments for revenue accruals, transfers, and earnings on investments	9,363
Adjustments for expenditures accruals, depreciation, and capital outlay	(54,327)
<b>Change in net position (GAAP basis)</b>	<b>\$14,128</b>

\*The Housing Authority adopts budgets in accordance with the Housing and Urban Development agreements. The budget serves only as a guideline.

The Notes to Financial Statements are an integral part of these statements.

**SANTA CLARA HOUSING AUTHORITY**  
**SCHEDULE OF VENDOR INFORMATION**  
for Purchases Exceeding \$60,000 (excluding GRT)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by Agency Staff Name: Gloria Duran

Title: Executive Director

Date: October 19, 2016

Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor win contract?
6028-A	Village of Santa Clara	Municipalities	NONE			

**SANTA CLARA HOUSING AUTHORITY**  
**SCHEDULE OF VENDOR INFORMATION**  
for Purchases Exceeding \$60,000 (excluding GRT) (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by Agency Staff Name: Gloria Duran

Title: Executive Director

Date: October 19, 2016

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

OTHER SUPPLEMENTARY INFORMATION



Santa Clara Housing Authority		
Financial Data Schedule		
6/30/2016		
Line Item #	Account Description	2016
111	Cash - Unrestricted	79,475
114	Cash - Tenant Security Deposits	2,908
100	Total Cash	82,383
122	Accounts Receivable - HUD other projects	9,363
126	Accounts Receivable - Tenants	473
120	Total Receivables, Net of Allowance for Doubtful Accts	9,836
142	Prepaid Expenses and Other Assets	6,439
150	Total Current Assets	98,658
161	Land	-
162	Buildings	1,539,930
164	Furniture, Equipment & Machinery - Administration	66,730
165	Leasehold Improvements	12,242
166	Accumulated Depreciation	(1,012,189)
167	Construction in Progress	25,664
168	Infrastructure	-
160	Total Capital Assets, Net of Accumulated Depreciation	632,377
180	Total Non-Current Assets	632,377
190	Total Assets	731,035
200	Deferred Outflow of Resources	3,103
<b>290</b>	<b>Total Assets and Deferred Outflow of Resources</b>	<b>734,138</b>
312	Accounts Payable <= 90 Days	868
321	Accrued Wage/Payroll Taxes Payable	1,194
322	Accrued Compensated Absences - Current Portion	-
341	Tenant Security Deposits	2,908
342	Unearned Revenue	93
310	Total Current Liabilities	5,063
354	Accrued Compensated Absences - Non Current	-
357	Accrued Pension and OPEB Liabilities	38,744
350	Total Noncurrent Liabilities	38,744
300	Total Liabilities	43,807
400	Deferred Inflow of Resources	996
508.4	Net Investment in Capital Assets	632,377
511.4	Restricted Net Position	-
512.4	Unrestricted Net Position	56,958
513	Total Equity - Net Position	689,335
<b>600</b>	<b>Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position</b>	<b>734,138</b>
70300	Net Tenant Rental Revenue	104,363
70400	Tenant Revenue - Other	1,559
70500	Total Tenant Revenue	105,922
70600	HUD PHA Operating Grants	124,835
70610	Capital Grants	42,900
70000	Total Revenue	273,657
91100	Administrative Salaries	49,294
91200	Auditing Fees	8,665
91310	Bookkeeping Fee	2,765
91500	Employee Benefit Contributions - Administrative	27,693
91600	Office Expenses	15,208
91700	Legal Expenses	-

Santa Clara Housing Authority		
Financial Data Schedule		
6/30/2016		
Line Item #	Account Description	2016
91800	Travel	3,222
91900	Other	2,464
91000	Total Operating - Administrative	109,311
92400	Tenant Services - Other	-
92500	Total Tenant Services	-
93100	Water	14,353
93200	Electricity	23,582
93300	Gas	5,142
93600	Sewer	4,942
93800	Other Utilities	-
93000	Total Utilities	48,019
94100	Ordinary Maintenance and Operations - Labor	13,483
94200	Ordinary Maintenance and Operations - Materials & Other	8,888
94300	Ordinary Maint and Operations - Contract Costs	11,313
94500	Employee Benefit Contributions - Ordinary Maintenance	1,039
94000	Total Maintenance	34,723
96110	Property Insurance	8,585
96120	Liability Insurance	-
96130	Workmen's Compensation	3,789
96140	All Other Insurance	-
96100	Total Insurance Premiums	12,374
96400	Bad debt - Tenant Rents	-
96000	Total Other General Expenses	-
96900	Total Operating Expenses	204,427
97000	Excess Operating Revenue over Operating Expenses	69,230
97400	Depreciation Expense	55,102
90000	Total Expenses	259,529
10010	Operating Transfers In	-
10020	Operating Transfers Out	-
10100	Total Other Financing Sources (Uses)	-
<b>10000</b>	<b>Excess (Deficiency) of Total Rev Over (Under) Total Exp</b>	<b>14,128</b>
11030	Beginning Equity	\$ 676,774
11040	Prior Period Adj, Equity Transfers, Correction of Errors	\$ (1,567)
11190	Unit Months Available	384
11210	Number of Unit Months Leased	384

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

**Independent Auditor's Report**

Mr. Tim Keller, State Auditor and  
Board of Commissioners  
Santa Clara Housing Authority  
Santa Clara, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Santa Clara Housing Authority as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the related budgetary comparisons of the Authority, presented as supplemental information, and have issued our report thereon dated November 22, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Mr. Tim Keller, State Auditor and  
Board of Commissioners  
Santa Clara Housing Authority  
Santa Clara, New Mexico  
Page Two

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2015-003.

### **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 is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item. 2016-001.

### **Santa Clara Housing Authority's Response to Findings**

Santa Clara Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Santa Clara Housing 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kriegel/Gray/Shaw & Co., P.C.  
Las Cruces, New Mexico  
November 22, 2016

**SANTA CLARA HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**CURRENT YEAR FINDINGS:**

**2016-001 Public Employee Retirement Association (PERA) – Non Compliance**

**Statement of Condition** – The Housing Authority filed 23 out of 24 reports after their due dates.

**Criteria** – Per NMAC 2.80.500.8, employers are required to transmit to PERA the member and employer contributions for every member in its employ for each pay period on or before the fifth working day following the pay day applicable to the pay period.

**Cause** – Lack of due diligence.

**Effect** – Potential for late filing penalties of \$50 per report.

**Recommendation** – The Housing Authority should remit PERA reports timely.

**Management’s Response** – The Executive Director of the Housing Authority will remit PERA reports timely beginning December 2016.

**SANTA CLARA HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**CURRENT STATUS ON PRIOR YEAR FINDINGS:**

**2015-001 Personnel File Maintenance – Significant Deficiency**

Not repeated.

**2015-002 Deposits not Timely – Significant Deficiency**

Resolved and not repeated.

**2015-003 Lack of Controls over Disbursements – Significant Deficiency**

Repeated.

**Statement of Condition** – The disbursement process is lacking control over the following:

- No written approval is documented for purchase of services.
- Approved payroll register does not include the amount paid (only hours). The only documentation of the amount paid is on the payroll check.

(This finding remains the same as prior year.)

**Criteria** – Good internal controls require documentation of approval for all purchases and that all checks have supporting documentation for the amount paid.

**Cause** – Although an internal control policy over disbursements is in place, it does not adequately address the above deficiencies.

**Effect** – When an organization does not implement a good system of internal control, the organization's ability to effectively and efficiently control process and record transactions can be negatively impacted. Errors may not be detected for an extended period of time.

**Recommendation** – We recommend the Housing Authority update their disbursement and payroll policies and procedures to ensure adequate controls are in place.

**Management's Response** – The Housing Authority uses a Purchase Order system for all goods purchased. However no purchase order is issued for services such as plumbing and pest control. The Housing Authority (Executive Director) will issue and approve purchase orders for the purchase **of all goods and services** beginning December 2016.

The Executive Director immediately began including the hours and rate of pay for each employee starting with the second pay period of October 2016.

**SANTA CLARA HOUSING AUTHORITY**  
**EXIT CONFERENCE**  
**JUNE 30, 2016**

**EXIT CONFERENCE:**

The exit conference was held November 29, 2016 and was attended by the following:

**From Santa Clara Public Housing Authority:**

Johnny Trujillo, Chairperson  
Sharon Gonzales, Commissioner  
Gloria Duran, Executive Director

**From Kriegel/Gray/Shaw & Co., P.C.:**

Debbie Gray, CPA/Shareholder  
Rebecca Pott, Staff Auditor

**FINANCIAL STATEMENTS PREPARATION**

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