

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**ANNUAL FINANCIAL REPORT**  
**AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
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**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
OFFICIAL ROSTER  
JUNE 30, 2017**

**BOARD OF DIRECTORS**

Allen Sparks ..... Chairman  
Carlos Hernandez..... Vice Chairman  
Agustin Lopez..... Commissioner  
Yolanda Cline ..... Commissioner  
Diane Flores .....Resident Member

**ADMINISTRATIVE OFFICIALS**

Patricia Sena ..... Executive Director

## **FINANCIAL SECTION**



Auditors~Consultants~CPA

## **INDEPENDENT AUDITORS' REPORT**

Honorable Wayne Johnson  
New Mexico State Auditor  
Santa Fe, New Mexico  
and  
Chairman and Board Members  
Fort Sumner Housing Authority  
Fort Sumner, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities and each Major Fund of Fort Sumner Housing Authority (the "Authority"), a component unit of the Village of Fort Sumner, New Mexico (the "Village"), as of and for the year ended June 30, 2018, 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 responsibility 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion 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 Governmental 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, and accordingly, we express no such opinion.



An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as 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 opinion.

## **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 and each major fund of the Authority as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12-17, and Schedules I and II, on pages 44-45, 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 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 financial statements that collectively comprise the Authority's Basic financial statements. The supporting Schedule III required by Section 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 purposes of additional analysis and are not a required part of the basic financial statements.

The supporting Schedule III and Schedule IV, 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 supporting Schedule III and Schedule IV, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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 14, 2018 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.

*Southwest Accounting Solutions, LLC*

Southwest Accounting Solutions, LLC  
Albuquerque, New Mexico  
November 14, 2018

**REQUIRED SUPPLEMENTARY INFORMATION  
(MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Introduction**

This Management's Discussion and Analysis (MD&A) of the Fort Sumner Housing Authority (Authority) provides an introduction and overview to the financial statements of the Fort Sumner Housing Authority for the fiscal year ended June 30, 2018. The Fort Sumner Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2018, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Fort Sumner Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has two individual programs. They include the Low Rent Public Housing Program and the Capital Fund Program.

The Low Rent Program consists of 47 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing & Urban Development based on a formula.

The Capital Fund Program is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

**Overview of the Financial Statements**

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows-Excluded from MD&A

**The Statement of Net Position** presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the differences between them being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net position is comprised of three individual components:

- *Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

- *Restricted* component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through constitutional provisions.
- *Unrestricted* component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of net position is basically the amount of resources available for future year appropriations.

**The Statement of Revenues, Expenses, and Changes in Net Position** reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended June 30, 2018 to determine the change in net position for the fiscal year.

**The Statement of Cash Flows** reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended June 30, 2018.

**Financial Highlights**

- The Fort Sumner Housing Authority's total net position decreased from \$754,400 in 2017, to \$654,438 in 2018, representing a decrease of \$109,052, or 14.46% from the previous year. 58% of the decrease was related to depreciation expense.
- Total revenues decreased from \$239,739 in 2017 to \$194,276 in 2018, representing a decrease of 19% due to decrease of capital fund activity from the previous year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Housing Authority Activities & Highlights**

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended June 30, 2018 and June 30, 2017.

| <u>Category</u>   | <u>FYE 2018</u>          | <u>FYE 2017</u>          | <u>Change \$</u>           | <u>Change %</u>    |
|---|--------------------------|--------------------------|----------------------------|--------------------|
| Current Assets  | \$ 111,720               | \$ 137,312               | \$ (25,592)                | -19%               |
| Noncurrent Assets   | 700,547                  | 764,172                  | (63,625)                   | -8%                |
| Total Assets  | <u>812,267</u>           | <u>901,484</u>           | <u>(89,217)</u>            | <u>-10%</u>        |
| Deferred outflow of resources                                     | 40,829                   | 74,699                   | (33,870)                   | -45%               |
| Total assets and deferred outflow of resources                    | <u><b>853,096</b></u>    | <u><b>976,183</b></u>    | <u><b>(123,087)</b></u>    | <u><b>-13%</b></u> |
| Current Liabilities   | 8,379                    | 10,257                   | (1,878)                    | -18%               |
| Noncurrent Liabilities  | 173,037                  | 208,415                  | (35,378)                   | -17%               |
| Total Liabilities   | <u>181,416</u>           | <u>218,672</u>           | <u>(37,256)</u>            | <u>-17%</u>        |
| Deferred inflow of resources                                      | 17,242                   | 3,111                    | 14,131                     | 454%               |
| Investment in Capital Assets                                      | 700,547                  | 764,172                  | (63,625)                   | -8%                |
| Unrestricted  | -46,109                  | -9,772                   | (36,337)                   | 372%               |
| Total Net Position  | <u>654,438</u>           | <u>754,400</u>           | <u>(99,962)</u>            | <u>-13%</u>        |
| Total liabilities, deferred inflow of resources, and net position | <u><b>\$ 853,096</b></u> | <u><b>\$ 976,183</b></u> | <u><b>\$ (123,087)</b></u> | <u><b>-13%</b></u> |

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

***Summary Statement of Net Position  
Years Ended June 30, 2018 and 2017***

Current assets decreased from \$137,312 in 2017 to \$111,720 in 2018 a change of \$25,592 or 19%. This is primarily due to an increase in prepaid expenses and interest earned.

***Noncurrent Assets***

Noncurrent assets decreased by \$63,625 in 2018. The primary reason for the decrease is due to annual depreciation expense.

***Current Liabilities***

The Authority's current liabilities decreased from \$10,257 to \$8,379, a change of \$1,878 or 18% for the current year.

***Net Position***

The Authority's total net position decreased by \$99,962 from the previous year due to various changes in assets/liabilities, mainly a decrease in investment in fixed assets due to depreciation.

The Authority's unrestricted component of net position decreased from \$(9,772) to \$(46,109), a decrease of \$(36,337) or 372% for the current year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

***Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended June 30, 2018 and 2017***

| <u>Category</u>                 | <u>FYE 2018</u>   | <u>FYE 2017</u>   | <u>Change \$</u>   | <u>Change %</u> |
|---------------------------------|-------------------|-------------------|--------------------|-----------------|
| Tenant Revenue                  | \$ 86,864         | \$ 97,131         | \$ (10,267)        | -11%            |
| HUD Operating Grant             | 106,961           | 142,203           | (35,242)           | -25%            |
| Interest Income                 | 308               | 289               | 19                 | 7%              |
| Other Revenue                   | 143               | 116               | 27                 | 23%             |
| Total Revenue                   | <u>194,276</u>    | <u>239,739</u>    | <u>(45,463)</u>    | <u>-19%</u>     |
| Administration                  | 88,346            | 96,488            | (8,142)            | -8%             |
| Ordinary maintenance            | 97,138            | 101,884           | (4,746)            | -5%             |
| Insurance                       | 21,545            | 21,627            | (82)               | 0%              |
| Utilities                       | 17,089            | 16,839            | 250                | 1%              |
| General expenses                | 6,494             | 7,569             | (1,075)            | -14%            |
| Depreciation                    | 63,626            | 69,542            | (5,916)            | -9%             |
| Total Expense                   | <u>294,238</u>    | <u>313,949</u>    | <u>(19,711)</u>    | <u>-6%</u>      |
| Excess of Revenue over Expenses | -99,962           | -74,210           | (25,752)           |                 |
| Net Position, Beginning         | 754,400           | 828,610           | (74,210)           | -9%             |
| Net Position, end of year       | <u>\$ 654,438</u> | <u>\$ 754,400</u> | <u>\$ (99,962)</u> | <u>-13%</u>     |

**Results of Operations**

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenue decreased by \$45,463 during the current fiscal year. Significant changes in revenues are as follows:

- HUD Operating Grants decreased by \$35,242 primarily due to lower grant awards received in the Public Capital Funds Program. There were no Capital Grants for 2018.

The Authority's total expenses decreased by \$19,711 from the previous year. Significant changes in expenses are as follows:

- Administrative expenses decreased by \$8,142 or 8% during the current year, primarily due to decreased administrative expense due to lower hours worked by employees and lower accounting expense during the year.
- All other expense items were within a reasonable range of change for the year.



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

***Capital Assets***

As of June 30, 2018, the Fort Sumner Housing Authority's total capital assets were \$700,547. This investment includes land, buildings, and equipment.

| <u>Category</u>          | <u>FYE 2018</u>   | <u>FYE 2017</u>   | <u>Change \$</u>   | <u>Change %</u> |
|--------------------------|-------------------|-------------------|--------------------|-----------------|
| Land                     | \$ 33,736         | \$ 33,736         | \$ -               | 0%              |
| Building & Improvement   | 2,181,271         | 2,181,271         | -                  | 0%              |
| Machinery and Equipment  | 25,582            | 25,582            | -                  | 0%              |
| Accumulated depreciation | -1,540,042        | -1,476,417        | (63,625)           | 4%              |
| Total Capital Assets     | <u>\$ 700,547</u> | <u>\$ 764,172</u> | <u>\$ (63,625)</u> | <u>-8%</u>      |

The change in capital assets is primary due to the recording of depreciation of the assets over their useful lives. This is all done in the in the Low Income Fund.

***Debt Administration***

The Authority had no debt obligations as of June 30, 2018.

**Subsequent Event**

HUD has finalized the funding levels for the 2018 calendar year. Operating subsidy for the Low Rent Housing Program is prorated at 93.17%.

The Housing Authority is primarily dependent upon HUD for funding of operations; therefore, the Housing Authority is more affected by the federal budget than the local economic conditions. The capital budgets for the 2018 fiscal year have already been submitted to HUD for approval and no major changes are expected. Capital Funds are used for the modernization of public housing properties.

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## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Exhibit A-1

|  | Low Income<br>Housing Fund | Public Housing<br>Capital Funds | Total             |
|--|----------------------------|---------------------------------|-------------------|
| <b>ASSETS</b>  |                            |                                 |                   |
| Current assets   |                            |                                 |                   |
| Cash   | \$ 65,547                  | \$ -                            | \$ 65,547         |
| Restricted cash  | 10,004                     | -                               | 10,004            |
| Accounts receivable (Net)  | 405                        | -                               | 405               |
| Prepaid  | 18,774                     | -                               | 18,774            |
| Inventory (Net)  | 16,990                     | -                               | 16,990            |
| <b>Total Current Assets</b>  | <u>111,720</u>             | <u>-</u>                        | <u>111,720</u>    |
| Non Current Assets   |                            |                                 |                   |
| Capital assets   | 2,240,589                  | -                               | 2,240,589         |
| Less: Accumulated depreciation   | (1,540,042)                | -                               | (1,540,042)       |
| <b>Total Non-Current Assets</b>  | <u>700,547</u>             | <u>-</u>                        | <u>700,547</u>    |
| <b>TOTAL ASSETS</b>  | <u>812,267</u>             | <u>-</u>                        | <u>812,267</u>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                                     |                            |                                 |                   |
| Deferred outflows of resources related to pensions                       | 40,829                     | -                               | 40,829            |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>                    | <u>\$ 853,096</u>          | <u>\$ -</u>                     | <u>\$ 853,096</u> |
| <b>LIABILITIES AND NET ASSETS</b>  |                            |                                 |                   |
| Current Liabilities  |                            |                                 |                   |
| Accounts payable   | \$ 1,058                   | \$ -                            | \$ 1,058          |
| Accrued liabilities  | 4,666                      | -                               | 4,666             |
| Compensated absences   | 2,655                      | -                               | 2,655             |
| <b>Total Current Liabilities</b>   | <u>8,379</u>               | <u>-</u>                        | <u>8,379</u>      |
| Noncurrent Liabilities   |                            |                                 |                   |
| Compensated absences payable   | 5,714                      | -                               | 5,714             |
| Tenant deposits (Restricted)   | 7,929                      | -                               | 7,929             |
| Net pension liability  | 159,394                    | -                               | 159,394           |
| <b>Total Noncurrent Liabilities</b>                                      | <u>173,037</u>             | <u>-</u>                        | <u>173,037</u>    |
| <b>TOTAL LIABILITIES</b>   | <u>181,416</u>             | <u>-</u>                        | <u>181,416</u>    |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                      |                            |                                 |                   |
| Deferred inflows of resources related to pensions                        | 17,242                     | -                               | 17,242            |
| <b>TOTAL DEFERRED INFLOWS</b>  | <u>17,242</u>              | <u>-</u>                        | <u>17,242</u>     |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>               | <u>198,658</u>             | <u>-</u>                        | <u>198,658</u>    |
| <b>NET POSITION</b>  |                            |                                 |                   |
| Net investment in capital assets   | 700,547                    | -                               | 700,547           |
| <b>Unrestricted</b>  | <u>(46,109)</u>            | <u>-</u>                        | <u>(46,109)</u>   |
| <b>TOTAL NET POSITION</b>  | <u>654,438</u>             | <u>-</u>                        | <u>654,438</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b> | <u>\$ 853,096</u>          | <u>\$ -</u>                     | <u>\$ 853,096</u> |

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO** Exhibit A-2  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**JUNE 30, 2018**

|   | <u>Low Income<br/>Housing Fund</u> | <u>Public Housing<br/>Capital Funds</u> | <u>Total</u>      |
|---|------------------------------------|---|-------------------|
| <b>Operating revenues</b>                               |                                    |   |                   |
| Tenant revenue  | \$ 83,197                          | \$ -                                    | \$ 83,197         |
| Tenant charges  | 3,667                              | -                                       | 3,667             |
| Operating subsidies and grants                          | 100,892                            | 6,069                                   | 106,961           |
|   | <u>187,756</u>                     | <u>6,069</u>                            | <u>193,825</u>    |
| <b>Operating expenses</b>                               |                                    |   |                   |
| Administrative  | 88,346                             | -                                       | 88,346            |
| Maintenance   | 91,069                             | 6,069                                   | 97,138            |
| Insurance   | 21,545                             | -                                       | 21,545            |
| Utilities   | 17,089                             | -                                       | 17,089            |
| General expense   | 6,494                              | -                                       | 6,494             |
| Depreciation  | 63,626                             | -                                       | 63,626            |
| <b>Total operating expenses</b>                         | <u>288,169</u>                     | <u>6,069</u>                            | <u>294,238</u>    |
| <b>Operating income (loss)</b>                          | <u>(100,413)</u>                   | <u>-</u>                                | <u>(100,413)</u>  |
| <b>Non-operating revenues (expense)</b>                 |                                    |   |                   |
| Interest income   | 308                                | -                                       | 308               |
| Misc. income  | 143                                | -                                       | 143               |
| <b>Total non-operating revenues (expense)</b>           | <u>451</u>                         | <u>-</u>                                | <u>451</u>        |
| <b>Income (loss) before contributions and transfers</b> | <u>(99,962)</u>                    | <u>-</u>                                | <u>(99,962)</u>   |
| <b>Other Financial Items</b>                            |                                    |   |                   |
| Property betterment and Additions                       | -                                  | -                                       | -                 |
| Transfers In (Out)                                      | -                                  | -                                       | -                 |
| Total Other financial items (Out)                       | <u>-</u>                           | <u>-</u>                                | <u>-</u>          |
| <b>Change in Net Position</b>                           | <u>(99,962)</u>                    | <u>-</u>                                | <u>(99,962)</u>   |
| Net Position - Beginning                                | 754,400                            | -                                       | 754,400           |
| <b>Net Position - Ending</b>                            | <u>\$ 654,438</u>                  | <u>\$ -</u>                             | <u>\$ 654,438</u> |

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
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**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2018**

Exhibit A-3

|   | Low Income<br>Housing Fund | Capital Projects<br>Fund | Total              |
|---|----------------------------|--------------------------|--------------------|
| <b>Cash flows from operating activities:</b>  |                            |                          |                    |
| Cash received from tenant rents   | \$ 87,641                  | \$ -                     | \$ 87,641          |
| Cash payments to employees for services   | (78,218)                   | -                        | (78,218)           |
| Cash received from subsidies/grants   | 100,892                    | 6,069                    | 106,961            |
| Cash Payments to suppliers for goods and services   | (147,722)                  | (6,069)                  | (153,791)          |
| <b>Net cash provided by (used in) operating activities</b>  | <u>(37,407)</u>            | <u>-</u>                 | <u>(37,407)</u>    |
| <b>Cash flows from non-capital financing activities:</b>  |                            |                          |                    |
| Miscellaneous income  | 143                        | -                        | 143                |
| <b>Net cash provided (Used in) by noncapital financing activities</b>                                 | <u>143</u>                 | <u>-</u>                 | <u>143</u>         |
| <b>Cash flows from capital and related financing activities</b>                                       |                            |                          |                    |
| Interest  | 308                        | -                        | 308                |
| <b>Net cash provided by (used in) capital and related financing Activities</b>                        | <u>308</u>                 | <u>-</u>                 | <u>308</u>         |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | (36,956)                   | -                        | (36,956)           |
| <b>Cash and cash equivalents, beginning of year</b>   | 112,507                    | -                        | 112,507            |
| <b>Cash and cash equivalents, end of year</b>   | <u>\$ 75,551</u>           | <u>\$ -</u>              | <u>\$ 75,551</u>   |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>        |                            |                          |                    |
| Operating income (Loss)   | \$ (100,413)               | \$ -                     | \$ (100,413)       |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b> |                            |                          |                    |
| Depreciation  | 63,626                     | -                        | 63,626             |
| Employer pension contributions  | 9,285                      | -                        | 9,285              |
| <b>Changes in assets and liabilities</b>  |                            |                          |                    |
| Receivables   | (248)                      | -                        | (248)              |
| Inventory   | (10,399)                   | -                        | (10,399)           |
| Prepaid expenses  | (718)                      | -                        | (718)              |
| Accounts payable  | (408)                      | -                        | (408)              |
| Accrued salaries and benefits   | (1,267)                    | -                        | (1,267)            |
| Comp absences   | 2,110                      | -                        | 2,110              |
| Customer deposits   | 1,025                      | -                        | 1,025.00           |
| <b>Net Cash Provided by (Used in) Operating Activities</b>  | <u>\$ (37,407)</u>         | <u>\$ -</u>              | <u>\$ (37,407)</u> |

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fort Sumner Housing Authority (Authority), Fort Sumner, New Mexico, was organized pursuant to an agreement with the United States Department of Housing and Urban Development (HUD). The contract provided for clean, safe, sanitary housing which would be financed by the U.S. Government. The terms of the agreement provide that HUD shall provide annual contributions to cover the debt services on bonds for the subsidies for operations of the program. The Village of Fort Sumner agreed to operate and maintain the Housing Authority in accordance with the requirements of HUD.

The primary goal of the Low Income Housing Fund 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 Income Housing Fund Program. The PHA is a local housing authority (LHA) governed by an appointed board of directors 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 (GAAP) as applied to governmental units.

The Authority reports the following quantitatively major funds:

- Low Income Housing Fund 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.
- Public Housing Capital Fund Program - This program is funded by HUD and is for the purpose of upgrading existing rental properties.

**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 GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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 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. 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 government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Authority has no component units; however, it is a component unit of the Village of Fort Sumner, New Mexico.

***B. Basis of Accounting and Measurement Focus***

All activities of the Authority are accounted for within proprietary (enterprise) funds. Proprietary funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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 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 Statement of Net Position. Net position is segregated into net investment in capital assets; restricted; and unrestricted components.



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

***B. Basis of Accounting and Measurement Focus (continued)***

Proprietary funds distinguish 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 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 non-operating revenues and expenses.

**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 annual contributions contracts with HUD to develop, manage and own public housing projects. HUD makes monthly operating subsidy contributions within the public housing program. Such contributions are reflected as operating grants revenue in the accompanying financial statements, except for annual debt service contributions, which are recorded as non-operating revenues. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

***C. Assets, Liabilities, and Net Position***

**Deposits 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 of America. 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.

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/or 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.

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

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

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. If the securities pledged are United States government securities, they are pledged at market value, if they are New Mexico municipal bonds, they are pledged at par value.

For the purpose of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable and Accounts Payable**

Inter-fund activity is reported as loans, services provided reimbursements or transfers. Loans are reported together as inter- fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers.

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. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

**Inventories**

The inventory held consists of expendable supplies held for consumption and recorded at cost. The cost is recorded and valued as expenditure at the time of consumption. Inventory for the Authority is valued at cost.

**Restricted Cash and Cash Equivalents**

Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

**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. These mostly involve various insurance policies.

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

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

**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 \$750 (amount not rounded, per policy of the Housing Authority) and an estimated useful life in excess of one year. 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) is included as part of the Authority's capital assets reported in the basic financial statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

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.

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 | 15-40 yrs.   |
| Equipment -Machinery       | 3-10 yrs.    |

**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**

Accrued compensated absences of the Housing Authority are recorded on the Statement of Net Position. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability has been recognized for all employees who have unused annual leave and sick leave for only those employees who will be paid for unused sick leave upon termination.

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

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

**Deferred Inflows of Resources**

In addition to liabilities, the balance sheet 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 Authority has two types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings, net difference between projected and actual earnings on pension plan investments, changes in proportion and differences between contributions and proportionate share of contributions, and contributions subsequent to the measurement date. The net effect of these items is 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.

**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.
- **Restricted Net Position** – Net position is reported as restricted when constraints placed on an asset 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 Resources**

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.

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

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

**Inter-program Transactions**

Quasi-external transactions are accounted for as revenues or expenses. Transactions that constitute reimbursements to a fund for expenses initially made from it that are properly applicable to another fund are recorded as expenses in the reimbursing fund and as a reduction of expenses in the fund that is reimbursed.

All other inter-program transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-program transfers are reported as operating transfers.

Offsetting inter-program transactions are eliminated for financial statement presentation.

**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, allowance for obsolete inventory and the allowance for uncollectible accounts.

**Budgets**

The Authority adheres to the following regarding their budget:

- The executive director and the fee accountant prepare the budget in accordance with HUD guidelines.
- Capital expenditures for the Capital Fund Program (CFP) are budgeted for grant purposes. Expenditures capitalized are reflected as increases to capital assets and reported on the statement of net position.
- HUD reviews the proposed budget and makes corrections, revisions and amendments as necessary.
- The executive director submits the budget to the Authority's Board of Directors for approval.
- The Board of Director's approves the budget.

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

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

The Authority does not budget depreciation expense; therefore, the budget is not prepared in accordance with generally accepted accounting principles. It is prepared on a non-GAAP budgetary basis and adheres to HUD guidelines. 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.

**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, 2018.

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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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.

As of June 30, 2018, 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.

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**NOTE 2. DEPOSITS AND INVESTMENTS (continued)**

*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, 2018, none of the Authority’s bank balance of \$91,748 was subject to custodial credit risk.

|                                  | <b>Citizens Bank<br/>of Clovis</b> |
|----------------------------------|------------------------------------|
| Total Deposits                   | \$ 91,748                          |
| FDIC Coverage                    | (91,748)                           |
| Total Uninsured                  | \$ -                               |
| Collateralized Securities        | -                                  |
| Uninsured and uncollateralized   | \$ -                               |
| Collateralized requirement (50%) | \$ -                               |
| Pledged Securities               | -                                  |
| Over (under) collateralization   | \$ -                               |

The Carrying Amount of deposits and investments shown above are included in the Housing Authority’s Statement of Net position as follows:

|                                 |    |         |
|---------------------------------|----|---------|
| Cash (Exhibit A-1)              | \$ | 65,547  |
| Restricted cash (Exhibit A-1)   |    | 10,004  |
| Total cash and cash equivalents |    | 75,551  |
| Add: outstanding checks         |    | 17,352  |
| Less: outstanding deposits      |    | (1,155) |
| Bank balance of deposits        | \$ | 91,748  |

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**NOTE 3. RECEIVABLES AND PAYABLES**

Receivables as of June 30, 2018, are as follows:

|                            |               |
|----------------------------|---------------|
| <b>Receivables Totals:</b> |               |
| Interest Receivable        | 15            |
| Tenant Receivables-Net     | 390           |
| Total                      | <u>\$ 405</u> |

Payables as of June 30, 2018, are as follows:

|                           |                 |
|---------------------------|-----------------|
| <b>Payables Totals:</b>   |                 |
| Accounts payable          | 1,058           |
| Accrued Payroll           | 2,264           |
| Accrued Liabilities-other | 2,402           |
| Total                     | <u>\$ 5,724</u> |

**NOTE 4. CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2018. Land and Construction in Progress are not subject to depreciation:

|                                       | <u>Balance June 30,<br/>2017</u> | <u>Additions</u> | <u>Balance June 30,<br/>2018</u> |
|---------------------------------------|----------------------------------|------------------|----------------------------------|
| Capital assets not being depreciated: |                                  |                  |                                  |
| Land                                  | 33,736                           | -                | 33,736                           |
| Total capital assets, not depreciated | <u>33,736</u>                    | <u>-</u>         | <u>33,736</u>                    |
| Capital assets being depreciated      |                                  |                  |                                  |
| Buildings and improvements            | 2,181,271                        | -                | 2,181,271                        |
| Equipment & machinery                 | 25,582                           | -                | 25,582                           |
| Total capital assets, depreciated     | <u>2,206,853</u>                 | <u>-</u>         | <u>2,206,853</u>                 |
| Less: accumulated depreciation        |                                  |                  |                                  |
| Buildings and improvements            | 1,428,088                        | 63,446           | 1,491,534                        |
| Equipment & machinery                 | 48,329                           | 179              | 48,508                           |
| Total accumulated depreciation        | <u>1,476,417</u>                 | <u>63,625</u>    | <u>1,540,042</u>                 |
| Capital Assets, Net                   | <u>764,172</u>                   |                  | <u>700,547</u>                   |

There were no capital asset deletions in fiscal year 2018. The Authority has continued to maintain the cost of its buildings and equipment and update its depreciation schedule as information becomes available.



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**NOTE 5. LONG-TERM LIABILITIES**

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2018:

|                      | <u>Balance, June<br/>30, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance, June<br/>30, 2018</u> | <u>Amount Due<br/>Within One<br/>Year</u> |
|----------------------|-----------------------------------|------------------|------------------|-----------------------------------|---|
| Compensated Absences | \$ 6,259                          | \$ 8,108         | \$ (5,998)       | \$ 8,369                          | \$ 2,655                                  |
| <b>Total</b>         | <u>6,259</u>                      | <u>8,108</u>     | <u>(5,998)</u>   | <u>8,369</u>                      | <u>2,655</u>                              |

The Authority also holds no lease requirement as of June 30, 2018.

**NOTE 6. 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 as of June 30, 2018.

*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 7. 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 obtains coverage from commercial insurance companies for the risks of loss mentioned above. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The Authority continues to carry commercial insurance for all other risks.

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**NOTE 8. PENSION PLAN**

**Summary of Significant Accounting Policies**

**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.

**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/>.

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**NOTE 8. PENSION PLAN (continued)**

**Contributions**

The contribution requirements of defined benefit plan members and Fort Sumner 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 fiscal year 2017 for the various PERA coverage options, for both Tier I and Tier II can be found at the following location.

[http://osanm.org/media/audits/366Public\\_Employees\\_Retirement\\_Association\\_2017.pdf](http://osanm.org/media/audits/366Public_Employees_Retirement_Association_2017.pdf).

The PERA coverage options that apply to the Authority are: Municipal General. Statutorily required contributions to the pension plan from the Authority were \$9,863 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2018.

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**NOTE 8. PENSION PLAN (continued)**

**Contributions.** In addition See PERA's comprehensive annual financial report below:

| Coverage Plan  | Employee Contribution            |                                     | Employer Contribution Percentage | Pension Factor per |        | Pension Maximum as a Percentage of the Final Average Salary |
|--|----------------------------------|-------------------------------------|----------------------------------|--------------------|--------|---|
|  | Annual Salary less than \$20,000 | Annual Salary greater than \$20,000 |                                  | TIER 1             | TIER 2 |   |
| <b>STATE PLAN</b>  |                                  |                                     |                                  |                    |        |   |
| State Plan 3   | 7.42%                            | 8.92%                               | 16.99%                           | 3.0%               | 2.5%   | 90%   |
| <b>MUNICIPAL PLANS 1 - 4</b>                                   |                                  |                                     |                                  |                    |        |   |
| Municipal Plan 1 (plan open to new employers)                  | 7.0%                             | 8.5%                                | 7.4%                             | 2.0%               | 2.0%   | 90%   |
| Municipal Plan 2 (plan open to new employers)                  | 9.15%                            | 10.65%                              | 9.55%                            | 2.5%               | 2.0%   | 90%   |
| Municipal Plan 3 (plan closed to new employers 6/95)           | 13.15%                           | 14.65%                              | 9.55%                            | 3.0%               | 2.5%   | 90%   |
| Municipal Plan 4 (plan closed to new employers 6/00)           | 15.65%                           | 17.15%                              | 12.05%                           | 3.0%               | 2.5%   | 90%   |
| <b>MUNICIPAL POLICE PLANS 1 - 5</b>                            |                                  |                                     |                                  |                    |        |   |
| Municipal Police Plan 1  | 7.0%                             | 8.5%                                | 10.40%                           | 2.0%               | 2.0%   | 90%   |
| Municipal Police Plan 2  | 7.0%                             | 8.5%                                | 15.40%                           | 2.5%               | 2.0%   | 90%   |
| Municipal Police Plan 3  | 7.0%                             | 8.5%                                | 18.90%                           | 2.5%               | 2.0%   | 90%   |
| Municipal Police Plan 4  | 12.35%                           | 13.85%                              | 18.90%                           | 3.0%               | 2.5%   | 90%   |
| Municipal Police Plan 5  | 16.3%                            | 17.8%                               | 18.90%                           | 3.5%               | 3.0%   | 90%   |
| <b>MUNICIPAL FIRE PLANS 1 - 5</b>                              |                                  |                                     |                                  |                    |        |   |
| Municipal Fire Plan 1  | 8.0%                             | 9.5%                                | 11.40%                           | 2.0%               | 2.0%   | 90%   |
| Municipal Fire Plan 2  | 8.0%                             | 9.5%                                | 17.9%                            | 2.5%               | 2.0%   | 90%   |
| Municipal Fire Plan 3  | 8.0%                             | 9.5%                                | 21.65%                           | 2.5%               | 2.0%   | 90%   |
| Municipal Fire Plan 4  | 12.8%                            | 14.3%                               | 21.65%                           | 3.0%               | 2.5%   | 90%   |
| Municipal Fire Plan 5  | 16.2%                            | 17.7%                               | 21.65%                           | 3.5%               | 3.0%   | 90%   |
| <b>MUNICIPAL DETENTION OFFICER PLAN 1</b>                      |                                  |                                     |                                  |                    |        |   |
| Municipal Detention Officer Plan 1                             | 16.65%                           | 18.15%                              | 17.05%                           | 3.0%               | 3.0%   | 90%   |
| <b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b> |                                  |                                     |                                  |                    |        |   |
| State Police and Adult Correctional Officer Plan 1             | 7.6%                             | 9.1%                                | 25.50%                           | 3.0%               | 3.0%   | 90%   |
| State Plan 3 - Peace Officer                                   | 7.42%                            | 8.92%                               | 16.99%                           | 3.0%               | 3.0%   | 90%   |
| Juvenile Correctional Officer Plan 2                           | 4.78%                            | 6.28%                               | 26.12%                           | 3.0%               | 3.0%   | 90%   |

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. PENSION PLAN (continued)**

**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, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

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; The 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, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2018, the Authority reported a liability of \$159,394 for its proportionate share of the net pension liability. At June 30, 2018, the Authority's proportion was .0116 percent, which was slightly changed from its proportion measured as of June 30, 2017.

**STATE OF NEW MEXICO  
 FORT SUMNER HOUSING AUTHORITY  
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**NOTE 8. PENSION PLAN (continued)**

For the year ended June 30, 2018, the Authority recognized PERA Fund Division Municipal General Pension expense of \$9,285. At June 30, 2018, the Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 6,264                                      | \$ 8,164                                     |
| Changes of assumptions   | 7,350   | 1,647  |
| Net difference between projected and actual earnings on pension plan investments (total of above)                                  | 13,077  | -  |
| Changes in proportion and differences between Fort Sumner Housing Authority contributions and proportionate share of contributions | 4,275   | 7,431  |
| Housing Authority contributions subsequent to the measurement date   | <u>9,863</u>                                  | <u>-</u>                                     |
| Total  | <u>\$ 40,829</u>                              | <u>\$ 17,242</u>                             |

Deferred outflows of resources in the amount of \$9,863 related to pensions resulting from the Authority contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended</u> | <u>Amount</u> |
|-------------------|---------------|
| 2018              | 3,700         |
| 2019              | 13,584        |
| 2020              | 262           |
| 2021              | (3,822)       |
| Thereafter        | <u>-</u>      |
| Total             | <u>13,724</u> |

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 8. PENSION PLAN –Continued**

**Actuarial assumptions**

The total pension liability at June 30, 2018 was determined using the following actuarial assumptions:

|                            |   |
|----------------------------|---|
| Actuarial valuation date   | June 30, 2017   |
| Actuarial cost method      | Entry age normal  |
| Amortization method        | Level percentage of pay, Open   |
| Asset valuation method     | 4 year smoothed Market Value  |
| Actuarial assumptions:     | Fair value  |
| Investment rate of return  | 7.51% annual rate, net of investment expense                          |
| Projected benefit payment  | 100 years   |
| Payroll growth             | 2.75-3.25% annual rate  |
| Projected salary increases | 2.75% to 14.00% annual rate   |
| Includes inflation at      | 2.25%-2.75% annual rate   |
| Mortality assumption       | RP-2000 Mortality Tables  |
| Experience study dates     | July 1, 2008 to June 30, 2013, and July 1, 2010 through June 30, 2016 |

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:

| <u>ALL FUNDS - Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|--------------------------------|--------------------------|---|
| Global Equity                  | 44%                      | 7.39%   |
| Risk Reduction                 | 22%                      | 1.79%   |
| Credit Oriented                | 15%                      | 5.77%   |
| Real Assets                    | 20%                      | 4.15%   |
|                                | <u>100%</u>              |   |

**STATE OF NEW MEXICO  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 8. PENSION PLAN – Continued**

**Sensitivity of the 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 Authority’s net pension liability in each PERA Fund Division that the Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

| <u>PERA Fund Division Municipal Government</u>                                   | <u>1% Decrease<br/>(6.51%)</u> | <u>Current<br/>Discount Rate<br/>(7.51%)</u> | <u>1% Increase<br/>(8.51%)</u> |
|--|--------------------------------|--|--------------------------------|
| Fort Sumner Housing Authority’s proportionate share of the net pension liability | \$ 249,822                     | 159,394                                      | \$ 84,189                      |

**Pension plan fiduciary net position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY17 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Changes of benefit terms**

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.pdf).

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

The Authority does not participate in the New Mexico Retiree Health Care Fund.

**NOTE 10. CONCENTRATIONS**

Substantially all 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.



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**NOTE 11. CAPITAL FUNDS PROJECTS**

During the year ended June 30, 2018 there were projects completed and closed out in the Capital Project Fund. There were no transfers to the Low Income Fund. At Year end the Public Housing Capital Fund carried no Fund Balance.

**NOTE 12. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 14, 2018, which is the date on which the financial statements were available to be issued. No events requiring disclosure in, or adjustment to the financial statements of the Housing Authority, took place subsequent to year end.

**NOTE 13. RESTRICTED NET POSITION**

At June 30, 2018 the Authority did not report any restricted net position.

**NOTE 14. LEASES**

The Housing Authority has no leases at year end June 30, 2018.

**NOTE 15. RELATED PARTY TRANSACTIONS**

The Housing Authority had no related party transaction for the year ended June 30, 2018.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY** Schedule I  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**SCHEDULES OF THE HOUSING AUTHORITY'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN**  
**LAST 10 FISCAL YEARS\* 2018**

**MUNICIPAL GENERAL FUND**

|   | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|
| Authority's proportion of the net pension liability (asset)   | 0.0116      | 0.0124      | 0.0116      | 0.0118      |
| Authority's proportionate share of the net pension liability (asset)  | \$ 159,394  | \$ 198,110  | \$ 118,272  | \$ 92,053   |
| Authority's covered-employee payroll  | \$ 95,582   | \$ 96,075   | \$ 102,377  | \$ 96,583   |
| Authority's proportionate share of the net pension liability (asset)<br>as a percentage of its covered-employee payroll | 166.76%     | 206.20%     | 115.53%     | 95.31%      |
| Plan fiduciary net position as a percentage of the total pension liability  | 73.74%      | 69.18%      | 76.99%      | 81.29%      |

\*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 Authority will present information for those years for which information is available.

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**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**SCHEDULE OF CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Schedule II

**MUNICIPAL GENERAL FUND**

|  | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|
| Contractually required contribution                                  | \$ 9,080    | \$ 9,215    | \$ 9,820    | \$ 9,224    |
| Contributions in relation to the contractually required contribution | 9,863       | 10,412      | 9,820       | 9,224       |
| Contribution deficiency (excess)                                     | \$ (783)    | \$ (1,197)  | \$ -        | \$ -        |
| Authority's covered-employee payroll                                 | \$ 95,582   | \$ 96,075   | \$ 102,377  | \$ 96,583   |
| Contributions as a percentage of covered-employee payroll            | 10.32%      | 10.84%      | 9.59%       | 9.55%       |

\*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 Authority will present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

*Changes of benefit terms.* The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.pdf).

*Changes of assumptions.*

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2017%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2017%20PERA%20Valuation%20Report_FINAL.pdf).

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## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**SCHEDULE OF DEPOSITS**  
**JUNE 30, 2018**

Schedule III

| <u>Bank Account/Account Name</u>     | <u>Account Type</u> | <u>Bank Balance</u>     | <u>Deposits in Transit</u> | <u>Outstanding Checks</u> | <u>Book Balance</u>  |
|--------------------------------------|---------------------|-------------------------|----------------------------|---------------------------|----------------------|
| Citizens Bank-Operating              | Checking            | <u>28,070</u>           | <u>\$ 1,155</u>            | <u>\$ 17,352</u>          | <u>\$ 11,873</u>     |
| Total Citizens Bank                  |                     | <u>28,070</u>           | <u>1,155</u>               | <u>17,352</u>             | <u>11,873</u>        |
| Citizens Bank-<br>Restricted         | Checking            | <u>10,004</u>           | <u>-</u>                   | <u>-</u>                  | <u>10,004</u>        |
| Total Restricted                     |                     | <u>10,004</u>           | <u>-</u>                   | <u>-</u>                  | <u>10,004</u>        |
| Citizens Bank-<br>Money Market Funds | Checking            | <u>53,674</u>           | <u>-</u>                   | <u>-</u>                  | <u>53,674</u>        |
| Total-Money Market Funds             |                     | <u>53,674</u>           | <u>-</u>                   | <u>-</u>                  | <u>53,674</u>        |
| <b>Total</b>                         |                     | <u><b>\$ 91,748</b></u> | <u><b>\$ 1,155</b></u>     | <u><b>\$ 17,352</b></u>   | <u><b>75,551</b></u> |

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**STATE OF NEW MEXICO  
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FINANCIAL DATA SCHEDULE  
JUNE 30, 2018**

Schedule IV  
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| Line Item # | Description  | Low Income<br>Housing<br>Program | Public<br>Housing<br>Capital Fund | Total             |
|-------------|--|----------------------------------|-----------------------------------|-------------------|
| 111         | Cash - unrestricted                                | \$ 65,547                        | \$ -                              | \$ 65,547         |
| 113         | Cash - other restricted                            | -                                | -                                 | -                 |
| 114         | Cash - tenant security deposits                    | 10,004                           | -                                 | 10,004            |
|             | <b>Total Cash</b>                                  | <u>75,551</u>                    | <u>\$ -</u>                       | <u>75,551</u>     |
|             | <b>Accounts Receivable - HUD Other</b>             |                                  |                                   |                   |
| 125         | Accounts receivable -Net                           | 405                              | -                                 | 405               |
|             | Total Receivables                                  | <u>405</u>                       | <u>-</u>                          | <u>405</u>        |
| 142         | Prepaid expenses and other assets                  | 18,774                           | -                                 | 18,774            |
| 143         | Inventories-Net                                    | 16,990                           | -                                 | 16,990            |
|             | Total Other Current Assets                         | <u>35,764</u>                    | <u>-</u>                          | <u>35,764</u>     |
|             | Total Current Assets                               | <u>111,720</u>                   | <u>-</u>                          | <u>111,720</u>    |
| 142.1       | Deferred outflows                                  | 40,829                           | -                                 | 40,829            |
| 161         | Land   | 33,736                           | -                                 | 33,736            |
| 162         | Buildings  | 2,181,271                        | -                                 | 2,181,271         |
| 163         | Furniture equipment and machinery - dwellings      | 7,851                            | -                                 | 7,851             |
| 164         | Furniture equipment and machinery - administration | 17,731                           | -                                 | 17,731            |
| 166         | Accumulated depreciation                           | (1,540,042)                      | -                                 | (1,540,042)       |
| 167         | Construction in progress                           | -                                | -                                 | -                 |
|             | Total Fixed Assets                                 | <u>700,547</u>                   | <u>-</u>                          | <u>700,547</u>    |
|             | <b>Total Assets and outflows</b>                   | <u>\$ 853,096</u>                | <u>\$ -</u>                       | <u>\$ 853,096</u> |

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**STATE OF NEW MEXICO**  
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**FINANCIAL DATA SCHEDULE**  
**JUNE 30, 2018**

Schedule IV  
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| Line Item # | Description                                      | -<br>Housing<br>Program | Public<br>Housing<br>Capital Fund | Total          |
|-------------|--|-------------------------|-----------------------------------|----------------|
| 312         | Accounts payable <=90 Days                       | 1,058                   | -                                 | 1,058          |
| 321         | Accrued Liabilities                              | 4,666                   | -                                 | 4,666          |
| 322         | Compensated absences - current portion           | 2,655                   | -                                 | 2,655          |
| 310         | <b>Total Current Liabilities</b>                 | <b>8,379</b>            | <b>-</b>                          | <b>8,379</b>   |
| 341         | Tenant security deposits                         | 7,929                   | -                                 | 7,929          |
| 350         | Pension (GASB 68)                                | 159,934                 | -                                 | 159,934        |
| 354         | Compensated absences - noncurrent portion        | 5,714                   | -                                 | 5,714          |
|             | <b>Total Noncurrent Liabilities</b>              | <b>173,577</b>          | <b>-</b>                          | <b>173,577</b> |
|             | <b>Total Liabilities</b>                         | <b>181,956</b>          | <b>-</b>                          | <b>181,956</b> |
| 400         | Deffered inflows                                 | 17,242                  | -                                 | 17,242         |
| 508.1       | Net investment in capital assets                 | 700,547                 | -                                 | 700,547        |
| 512.1       | Unrestricted net position                        | (46,109)                | -                                 | (46,109)       |
| 513         | <b>Total Equity/Net Position</b>                 | <b>654,438</b>          | <b>-</b>                          | <b>654,438</b> |
|             | <b>Total Liabilities and Equity/Net Position</b> | <b>853,636</b>          | <b>-</b>                          | <b>853,636</b> |

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FINANCIAL DATA SCHEDULE  
JUNE 30, 2018**

Schedule IV  
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| Line Item # | Description                             | Low Rent<br>Housing<br>Program | Public<br>Housing<br>Capital Fund | Total            |
|-------------|---|--------------------------------|-----------------------------------|------------------|
| 70300       | Net tenant rental revenue               | \$ 83,197                      | \$ -                              | \$ 83,197        |
| 70400       | Tenant revenue - other                  | 3,667                          | -                                 | 3,667            |
| 70500       | <b>Total Tenant Revenue</b>             | <u>86,864</u>                  | <u>-</u>                          | <u>86,864</u>    |
| 70600       | HUD PHA operating grants                | 100,892                        | 6,069                             | 106,961          |
| 71100       | Investment income - unrestricted        | 308                            | -                                 | 308              |
| 71500       | Other Revenue                           | 143                            | -                                 | 143              |
| 70000       | <b>Total Other Revenue</b>              | <u>188,207</u>                 | <u>6,069</u>                      | <u>194,276</u>   |
| 91100       | Administrative salaries                 | 51,059                         | -                                 | 51,059           |
| 91200       | Auditing fees                           | 10,885                         | 6,069                             | 16,954           |
| 91500       | Advertising                             | 198                            | -                                 | 198              |
| 91600       | Employee benefits                       | 11,972                         | -                                 | 11,972           |
| 91700       | Office exepense                         | 7,110                          | -                                 | 7,110            |
| 91800       | Travel                                  | 1,457                          | -                                 | 1,457            |
| 91900       | Other operating - administrative        | 5,665                          | -                                 | 5,665            |
|             | <b>Total Operating - Administrative</b> | <u>88,346</u>                  | <u>6,069</u>                      | <u>94,415</u>    |
| 93100       | Water                                   | 4,375                          | -                                 | 4,375            |
| 93200       | Electric                                | 2,202                          | -                                 | 2,202            |
| 93300       | Gas                                     | 698                            | -                                 | 698              |
| 93600       | Sewer                                   | 9,814                          | -                                 | 9,814            |
| 93000       | <b>Total Utilities</b>                  | <u>\$ 17,089</u>               | <u>\$ -</u>                       | <u>\$ 17,089</u> |

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FINANCIAL DATA SCHEDULE  
JUNE 30, 2018**

| Line Item # | Description   | Low Rent<br>Housing<br>Program | Public<br>Housing<br>Capital Fund | Total              |
|-------------|---|--------------------------------|-----------------------------------|--------------------|
| 94100       | Ordinary maintenance and operation - labor                  | \$ 48,523                      | \$ -                              | \$ 48,523          |
| 94200       | Ordinary maintenance and operation - materials              | 28,887                         | -                                 | 28,887             |
| 94300       | Ordinary maintenance and operation - contracts              | 3,933                          | -                                 | 3,933              |
| 94500       | Employee benefits - Unemployment                            | 9,726                          | -                                 | 9,726              |
| 94000       | <b>Total Maintenance</b>                                    | <u>91,069</u>                  | <u>-</u>                          | <u>91,069</u>      |
| 96110       | Property insurance  | 11,258                         | -                                 | 11,258             |
| 96120       | Liability insurance   | 4,035                          | -                                 | 4,035              |
| 96130       | Workman's compensation                                      | 2,440                          | -                                 | 2,440              |
| 96140       | All other insurance   | 3,812                          | -                                 | 3,812              |
| 96100       | <b>Total Insurance Premiums</b>                             | <u>21,545</u>                  | <u>-</u>                          | <u>21,545</u>      |
| 96210       | Compensated absences  | 5,998                          | -                                 | 5,998              |
| 96400       | Bad debt tenant rents                                       | 496                            | -                                 | 496                |
| 96000       | <b>Total Other General</b>                                  | <u>6,494</u>                   | <u>-</u>                          | <u>6,494</u>       |
|             | <b>Total Operating Expenses</b>                             | <u>224,543</u>                 | <u>6,069</u>                      | <u>230,612</u>     |
|             | <b>Excess of Operating Revenues over Operating Expenses</b> | <u>\$ (36,336)</u>             | <u>\$ -</u>                       | <u>\$ (36,336)</u> |
| 97400       | Depreciation expense  | 63,626                         | -                                 | 63,626             |
|             | <b>Total Other Expenses</b>                                 | <u>63,626</u>                  | <u>-</u>                          | <u>63,626</u>      |
| 10010       | Operating transfers In                                      | -                              | -                                 | -                  |
| 10020       | Operating transfers out                                     | -                              | -                                 | -                  |
| 10092       | Equity transfer   | -                              | -                                 | -                  |
| 10100       | <b>Total Other Financing Sources (Uses)</b>                 | <u>-</u>                       | <u>-</u>                          | <u>-</u>           |
|             | <b>Excess of Revenue over Expenses</b>                      | <u>\$ (99,962)</u>             | <u>\$ -</u>                       | <u>\$ (99,962)</u> |

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**FINANCIAL DATA SCHEDULE**  
**JUNE 30, 2018**

| <u>Line Item #</u> | <u>Description</u>           | <u>Low Rent<br/>Public Housing<br/>Program</u> | <u>Public<br/>Housing<br/>Capital Fund</u> | <u>Total</u>      |
|--------------------|------------------------------|--|--|-------------------|
| 11030              | Beginning Equity             | \$ 754,400                                     | \$ -                                       | \$ 754,400        |
|                    | <b>Ending Equity</b>         | <b>\$ 654,438</b>                              | <b>\$ -</b>                                | <b>\$ 654,438</b> |
| 11190              | Unit months available        | 564  | \$ -                                       | \$ 564            |
| 11210              | Number of unit months leased | 556  | -  | 556               |
| 11620              | Building purchases           | -  | -  | -                 |
| 11621              | Furniture                    | \$ -   | \$ -                                       | \$ -              |

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## **COMPLIANCE SECTION**



Auditors~Consultants~CPA

**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**

Wayne Johnson  
New Mexico State Auditor  
Santa Fe, New Mexico  
and  
The Office of Management and Budget  
To the Executive Director and the Board of Directors  
Fort Sumner Housing Authority  
Fort Sumner, New Mexico

We have audited, 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, the financial statements of the business-type activities and each major fund of the Fort Sumner Housing Authority (the "Authority"), a component unit of the Village of Fort Sumner, New Mexico, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 14, 2018.

**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 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 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.

*Southwest Accounting Solutions, LLC*

Albuquerque, New Mexico  
November 14, 2018

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**SUMMARY OF AUDIT RESULTS**

***Financial Statements:***

- |  |                   |
|--|-------------------|
| 1. Type of auditors' report issued                     | <b>UNMODIFIED</b> |
| 2. Internal control over financial reporting:          |                   |
| a. Material weakness identified?                       | <b>No</b>         |
| b. Significant deficiencies identified?                | <b>No</b>         |
| c. Noncompliance material to the financial statements? | <b>No</b>         |

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

NONE

**SECTION II – CURRENT YEAR AUDIT FINDINGS**

NONE

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
EXIT CONFERENCE  
JUNE 30, 2018**

**EXIT CONFERENCE:**

An exit conference was held on November 14, 2018. In attendance were the following:

**Representing the Fort Sumner Housing Authority:**

Allen Sparks, Chairman

Patricia Sena, Executive Director

Agustin Lopez, Commissioner

**Representing Southwest Accounting Solutions, LLC:**

Geoff Mamerow, CFE

**Auditor Prepared Financial Statements:**

Southwest Accounting Solutions, LLC prepared the GAAP based financial statements and the footnotes of the Fort Sumner Housing Authority from the original books and records provided to them by the Authority. The responsibility of the financial statements remains with the Authority.