

State of New Mexico

*Village of Fort Sumner Housing Authority
A Component Unit of the
Village of Fort Sumner, New Mexico*

*Annual Financial Report
For The Year Ended June 30, 2015*



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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Table of Contents
June 30, 2015

	<u>Exhibit / Statement / Schedule</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		5
Official Roster		7
FINANCIAL SECTION		
Independent Auditor’s Report		10-11
Management’s Discussion and Analysis		12-15
BASIC FINANCIAL STATEMENTS		
Statement of Net Position	A-1	18-19
Statement of Revenues, Expenses and Changes in Net Position	A-2	21
Statement of Cash Flows	A-3	22-23
NOTES TO THE FINANCIAL STATEMENTS		24-41
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Proportionate Share of Net Pension Liability	I	43
Schedule of Contributions	II	44
Notes to Required Supplementary Information		45
SUPPLEMENTARY INFORMATION		
Statement of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Budgetary Basis) and Actual:		
Low Income Housing Fund Program	A-1	48
Public Housing Capital Fund Program	A-2	49
SUPPORTING SCHEDULES		
Schedule of Deposit and Investment Accounts	III	51
Schedule of Vendor Information for Purchases Exceeding \$60,000	IV	52-53
Financial Data Schedule	V	54-57
COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		60-61
Schedule of Findings and Responses	VI	62
OTHER DISCLOSURES		63

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STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Official Roster
For the Year Ended June 30, 2015

Board of Directors

Allen Sparks	Chairman
Carlos Hernandez	Vice Chairman
Ruby Gonzales	Commissioner
Yolanda Cline	Commissioner
Diane Flores	Resident Member (Assigned 8/10/15)
Jack Jones	Resident Member (Until July 15)

Administrative Officials

Patricia Seña	Executive Director
Amanda Miller	Administrative Asst. (Started 9/8/15)
Whitney Sandoval	Administrative Asst. (Until 8/14/15)
Bianca Alvidrez	Administrative Asst. (Until 11/13/14)

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FINANCIAL SECTION



Accounting & Consulting Group, LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
Chairman and Board Members of
Fort Sumner Housing Authority
Fort Sumner, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities 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, 2015, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons for all funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2015 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 of the Authority as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons 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 through 15 and Schedules I and II on pages page 43 and 44, respectively, 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 Authority's financial statements and the budgetary comparisons. Supporting Schedule III, required by Section 2.2.2 NMAC, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule V Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The supporting Schedule III, required by Section 2.2.2 NMAC, and Schedule V, the Financial Data Schedule, required by the U.S. Department of Housing and Urban Development, 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, required by Section 2.2.2 NMAC and the Financial Data Schedule presented as supporting Schedule V required by the U.S. Department of Housing and Urban Development are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and Schedule IV have 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 24, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 24, 2015

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Management's Discussion and Analysis
June 30, 2015

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, 2015. The Fort Sumner Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2015, 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 by the Department of Housing and 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 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 statements 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, Expenses, and Changes in Net Position
- The Statement of Cash Flows

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.
- *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, 2015 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, 2015.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Management's Discussion and Analysis
June 30, 2015

Financial Highlights

- The Fort Sumner Housing Authority's total net position decreased from \$1,024,331 in 2014, to \$823,847 for a decrease of \$200,484. The total assets decreased by \$77,935 or 7% from the previous year.
- The unrestricted component of net position's balance is \$-17,695 at June 30, 2015. This represents a decrease of \$129,510, or 116% from the previous year.
- Total revenues decreased from \$261,374 in 2014 to \$193,090 in 2015, representing a decrease of \$68,284 or 35% due less capital fund activity for the current year and GASB Statement No. 68- Net Pension Liability.
- Total expenses decreased by \$11,880 from \$281,166 to \$269,286 for the current year.

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, 2015 and June 30, 2014

Summary Statement of Net Position

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 116,811	\$ 125,213	\$ (8,402)	-7%
Noncurrent Assets	849,836	919,369	(69,533)	-8%
Total Assets	<u>966,647</u>	<u>1,044,582</u>	<u>(77,935)</u>	-7%
Deferred outflow or resources	9,224	-	9,224	100%
Total Assets and Deferred outflow or resources	<u>975,871</u>	<u>1,044,582</u>	<u>(68,711)</u>	-7%
Current Liabilities	15,161	13,112	2,049	16%
Noncurrent Liabilities	100,788	7,139	93,649	1312%
Total Liabilities	<u>115,949</u>	<u>20,251</u>	<u>95,698</u>	473%
Deferred inflow of resources	<u>36,075</u>	-	<u>36,075</u>	100%
Unrestricted	(17,695)	111,815	(129,510)	-116%
Restricted	-	377	(377)	100%
Investment in Capital Assets	841,542	912,141	(70,599)	-8%
Total Net Position	<u>823,847</u>	<u>1,024,333</u>	<u>(200,486)</u>	-20%
Total liabilities, deferred inflow of resources, and net position	<u>\$ 975,871</u>	<u>\$ 1,044,584</u>	<u>\$ (68,713)</u>	-7%

Current Assets

Current assets decreased by \$8,402 from \$125,213 in 2014 to \$116,811 in 2015. This is primarily due to a \$10,594 less cash unrestricted.

Noncurrent Assets

Noncurrent assets decreased by \$69,533 from \$919,369 in 2014 to \$849,836 in 2015. The primary reason for the decrease is due to annual depreciation expense.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Management's Discussion and Analysis
June 30, 2015

Current Liabilities

The Authority's current liabilities increased from \$13,112 to \$15,161, a change of \$2,049 or 16% for the current year.

Net Position

The Authority's total net position decreased by \$200,484, or 20% from the previous year due this is primarily to implementation of GASB Statement No. 68 Net Pension Liability.

The Authority's unrestricted component of net position decreased from \$111,815 to \$-17,695 a decrease of \$129,510, or 116% 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 and was primarily affected by GASB Statement No. 68 Net Pension Liability implementation in the current year.

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 90,216	\$ 90,118	\$ 98	0%
HUD Operating Grant	92,009	86,547	5,462	6%
Capital Grant	9,898	83,299	(73,401)	-88%
Interest Income	462	479	(17)	-4%
Other Revenue	505	931	(426)	-46%
Total Revenue	<u>193,090</u>	<u>261,374</u>	<u>(68,284)</u>	-26%
Administration	76,533	77,797	(1,264)	-2%
Ordinary maintenance	77,754	88,350	(10,596)	-12%
Insurance	21,250	21,000	250	1%
Utilities	16,242	18,952	(2,710)	-14%
General expenses	6,908	5,824	1,084	19%
Depreciation	70,599	69,243	1,356	2%
Total Expense	<u>269,286</u>	<u>281,166</u>	<u>(11,880)</u>	-4%
Excess of Revenue over Expenses	(76,196)	(19,792)	(56,404)	285%
Net Position, Beginning of year	1,024,331	1,044,123	(19,792)	-2%
Prior period restatement	(124,288)	-	(124,288)	100%
Net Position, end of year	<u>\$ 823,847</u>	<u>\$ 1,024,331</u>	<u>\$ (200,484)</u>	-20%

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 \$68,284, during the current fiscal year. Significant changes in revenues are as follows:

- HUD Operating Grants increased by 5,462 primarily due to higher grant awards received in the Low Rent Program.
- Capital Grants decreased by \$73,401 primarily due to less capital activity during the current year.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Management's Discussion and Analysis
June 30, 2015

The Authority's total expenses decreased by \$11,880 from the previous year. Significant changes in expenses are as follows:

- Administrative expenses decreased by \$1,264 or 2% during the current year, primarily due to reduced administrative salary due to personnel changes during the year.
- Utilities expenses decreased by \$2,710 or 14% during the current year.
- Ordinary maintenance decreased by \$10,596 during the current year.

Capital Assets

As of June 30, 2015, the Fort Sumner Housing Authority's total capital assets were \$841,542. This investment includes land, buildings, and equipment.

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 33,736	\$ 33,736	\$ -	0%
Building & improvements	2,119,767	2,119,767	-	0%
Machinery and Equipment	24,690	24,690	-	0%
Accumulated depreciation	(1,336,651)	(1,266,052)	(70,599)	6%
Total Capital Assets	<u>\$ 841,542</u>	<u>\$ 912,141</u>	<u>\$ (70,599)</u>	-8%

The change in the capital assets is primary due to the recording of depreciation of the assets over their useful lives.

Debt Administration

The Authority had no debt obligations other than compensated absences as of June 30, 2015.

Subsequent Event

HUD has finalized the funding levels for the 2015 calendar year. Operating subsidy for the Low Rent Housing Program is prorated at 85.63%.

The Housing Authority is primarily dependent upon HUD for funding of operations; therefore, the Housing Authority is affected by federal budget more than local economic conditions. The capital budgets for the 2015 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, 2015

	Low Income Housing Fund	Public Housing Capital Fund	Total
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 94,250	\$ -	\$ 94,250
Accounts receivable - CFP grants	2,457	-	2,457
Inventory	4,290	-	4,290
Prepaid expenses	15,814	-	15,814
<i>Total current assets</i>	<u>116,811</u>	<u>-</u>	<u>116,811</u>
<i>Noncurrent assets:</i>			
Restricted cash and cash equivalents	8,294	-	8,294
Capital assets	2,178,193	-	2,178,193
Accumulated depreciation	(1,336,651)	-	(1,336,651)
<i>Total noncurrent assets</i>	<u>849,836</u>	<u>-</u>	<u>849,836</u>
<i>Total assets</i>	<u>966,647</u>	<u>-</u>	<u>966,647</u>
DEFERRED OUTFLOWS OF RESOURCES			
Employer contributions subsequent to the measurement date	9,224	-	9,224
<i>Total deferred outflows of resources</i>	<u>9,224</u>	<u>-</u>	<u>9,224</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 975,871</u>	<u>\$ -</u>	<u>\$ 975,871</u>

The accompanying notes are an integral part of the 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, 2015

Exhibit A-1

	<u>Low Income Housing Fund</u>	<u>Public Housing Capital Fund</u>	<u>Total</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	\$ 3,533	\$ -	\$ 3,533
Accrued payroll	6,185	-	6,185
Accrued liabilities	1,405	-	1,405
Tenant prepaid rent	339	-	339
Current portion - compensated absences	3,699	-	3,699
<i>Total current liabilities</i>	<u>15,161</u>	<u>-</u>	<u>15,161</u>
<i>Current liabilities (payable from restricted assets):</i>			
Tenant deposits	7,256	-	7,256
<i>Total current liabilities (payable from restricted assets)</i>	<u>7,256</u>	<u>-</u>	<u>7,256</u>
<i>Noncurrent liabilities:</i>			
Compensated absences, long term portion	1,479	-	1,479
Net pension liability	92,053	-	92,053
<i>Total non-current liabilities</i>	<u>93,532</u>	<u>-</u>	<u>93,532</u>
<i>Total liabilities</i>	<u>115,949</u>	<u>-</u>	<u>115,949</u>
DEFERRED INFLOWS OF RESOURCES			
Change in assumptions	62	-	62
Net difference between expected and actual earnings	36,013	-	36,013
<i>Total deferred inflows of resources</i>	<u>36,075</u>	<u>-</u>	<u>36,075</u>
NET POSITION			
Net investment in capital assets	841,542	-	841,542
Unrestricted	(17,695)	-	(17,695)
<i>Total net position</i>	<u>823,847</u>	<u>-</u>	<u>823,847</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 975,871</u>	<u>\$ -</u>	<u>\$ 975,871</u>

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

Exhibit A-2

	Low Income Housing Fund	Public Housing Capital Fund	Total
<i>Operating revenues:</i>			
Rental revenue	\$ 88,842	\$ -	\$ 88,842
Vacancy losses	(2,113)	-	(2,113)
Net rental revenue	86,729	-	86,729
Operating subsidies and grants	92,009	-	92,009
Tenant charges	3,487	-	3,487
<i>Total operating revenues</i>	182,225	-	182,225
<i>Operating expenses:</i>			
Administration	71,214	1,044	72,258
Ordinary maintenance	74,075	8,854	82,929
Insurance	21,250	-	21,250
Utilities	15,342	-	15,342
General expenses	6,908	-	6,908
Depreciation	70,599	-	70,599
<i>Total operating expenses</i>	259,388	9,898	269,286
<i>Operating income (loss)</i>	(77,163)	(9,898)	(87,061)
<i>Non-operating revenues (expenses):</i>			
Capital grants	-	9,898	9,898
Interest income	462	-	462
Miscellaneous income	505	-	505
<i>Total non-operating revenues (expenses)</i>	967	9,898	10,865
<i>Income (loss) before contributions and transfers</i>	(76,196)	-	(76,196)
Transfers in (out)	-	-	-
<i>Change in net position</i>	(76,196)	-	(76,196)
<i>Total net position - beginning of year</i>	1,023,954	377	1,024,331
<i>Prior period restatement (Note 13)</i>	(124,288)	-	(124,288)
<i>Total net assets - beginning of year, after restatement</i>	899,666	377	900,043
Equity transfers in	377	-	377
Equity transfers (out)	-	(377)	(377)
<i>Total net position - end of year</i>	\$ 823,847	\$ -	\$ 823,847

The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Statement of Cash Flows
For the Year Ended June 30, 2015

	Low Income Housing Fund	Public Housing Capital Fund	Total
<i>Cash flows from operating activities:</i>			
Cash received from tenant rents	\$ 88,430	\$ -	\$ 88,430
Cash received from operating subsidies	92,009	-	92,009
Cash payments to employees for services	(76,272)	(5,319)	(81,591)
Cash payments to suppliers for goods and services	(114,272)	(4,579)	(118,851)
<i>Net cash provided (used) by operating activities</i>	<u>(10,105)</u>	<u>(9,898)</u>	<u>(20,003)</u>
<i>Cash flows from noncapital financing activities:</i>			
Miscellaneous income (expense)	505	-	505
<i>Net cash provided (used) by noncapital financing activities</i>	<u>505</u>	<u>-</u>	<u>505</u>
<i>Cash flows from capital and related financing activities:</i>			
Capital grants	-	9,898	9,898
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>9,898</u>	<u>9,898</u>
<i>Cash flows from investing activities:</i>			
Interest on investments	462	-	462
<i>Net cash provided (used) by investing activities</i>	<u>462</u>	<u>-</u>	<u>462</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(9,138)	-	(9,138)
<i>Cash and cash equivalents - beginning of year</i>	<u>111,682</u>	<u>-</u>	<u>111,682</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 102,544</u>	<u>\$ -</u>	<u>\$ 102,544</u>

The accompanying notes are an integral part of these financial statements

	Low Income Housing Fund	Public Housing Capital Fund	Total
	<u> </u>	<u> </u>	<u> </u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (77,163)	\$ (9,898)	\$ (87,061)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	70,599	-	70,599
Net pension expense	(5,384)	-	
Changes in assets and liabilities			
Accounts receivables	(1,942)	-	(1,942)
Prepaid expenses	146	-	146
Accounts payable	1,632	-	1,632
Accrued payroll expenses	(1,219)	-	(1,219)
Accrued expenses	1,405	-	1,405
Tenant prepaid rent	159	-	159
Accrued compensated absences	1,545	-	1,545
Tenant deposits	117	-	117
	<u> </u>	<u> </u>	<u> </u>
<i>Net cash provided (used) by operating activities</i>	<u>\$ (10,105)</u>	<u>\$ (9,898)</u>	<u>\$ (20,003)</u>

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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 enterprise 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.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. *Financial Reporting Entity*

In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial 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.

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. All of the Authority's funds meet the requirements for being reported as major funds under GASB Statement No. 34.

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

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting and Measurement Focus (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for rent and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue Recognition

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

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 nonoperating 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.

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.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Receivables and Payables

Inter-fund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported 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.

Restricted Assets

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.

Inventories

The inventory held consists of expendable supplies held for consumption and recorded at cost. The cost is recorded as an expenditure at the time of consumption. Inventory for the Authority is valued at cost using the First In, First Out Method.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, and equipment are defined by the Authority as assets with an initial, individual cost of more than \$750 (amount not rounded) 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) are 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.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

Property, plant and equipment of the Authority are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15 – 40 years
Machinery and equipment	3 – 10 years

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Authority has only one type of item that qualifies for reporting in this category. Accordingly, the item, contributions subsequent to measurement date, is reported in the Statement of Net Position. This amount is deferred and recognized as an outflow of resources the next period. The Authority has recorded \$9,224 related to contributions subsequent to the measurement date.

Compensated Absences

Accrued compensated absences of the Proprietary funds 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.

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 a 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 and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Authority has recorded \$62 related to change in assumptions and \$36,013 related to the net difference between expected and actual earnings.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position

Net position is comprised of the various net earnings from operating and non-operating revenues, expenses and contributions of capital. The financial statement net position is reported in three categories: net investment in capital assets, restricted, and unrestricted:

a. **Net investment in capital assets:**

This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

b. **Restricted Net Position:**

Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. **Unrestricted Net Position:**

Net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Unrestricted and Restricted Revenues

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Authority's financial statements consist of depreciation and estimated useful lives of capital assets.

Inter-fund Transactions

Quasi-external transactions are accounted for as revenues or expenses. Transactions that constitute reimbursements to a fund from expenses initially made from it that are properly applicable to another fund, are recorded as expenses in the reimbursing fund and as reductions of expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as equity transfers. All other inter-fund transfers are reported as operating transfers.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets

The Authority adheres to the following regarding the budget:

1. The executive director and the fee accountant prepare the budget in accordance with HUD guidelines.
2. 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.
3. HUD reviews the proposed budget and makes corrections, revisions and amendments as necessary.
4. The executive director submits the budget to the Authority's Board of Directors for approval.
5. The Board of Director's approves the budget.

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.

E. New Accounting Standards Adopted

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

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

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. New Accounting Standards Adopted (continued)

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

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

NOTE 2. DEPOSITS AND INVESTMENTS

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

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

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

Beginning January 1, 2013, all of the Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, none of the Authority's bank balance of \$103,555 was exposed to custodial credit risk.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states the types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

	Citizens Bank of Clovis
Year ended June 30, 2015	
Total amount of deposits	\$ 103,555
FDIC Coverage	(103,555)
Total uninsured public funds	-
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Authority's name	-
Uninsured and uncollateralized	\$ -
Collateral requirement (50% of uninsured public funds)	\$ -
Pledged securities	-
Over (under) collateralization	\$ -

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Authority's statement of net position as follows:

Cash and cash equivalents per Exhibit A-1	\$	94,250
Restricted cash and cash equivalents per Exhibit A-1		8,294
Total cash and cash equivalents per Exhibit A-1		102,544
Add: outstanding checks and other reconciling items		1,285
Less: deposits in transit and other reconciling items		(274)
Bank balance of deposits	\$	103,555

NOTE 3. RECEIVABLES AND PAYABLES

Receivables as of June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	Low Income Housing Fund	Public Housing Capital Fund	Total
Tenants	\$ -	\$ -	\$ -
Grants	2,457	-	2,457
Allowance for uncollectible amounts	-	-	-
Net total receivables	\$ 2,457	\$ -	\$ 2,457

Accounts payable and accrued expenses as of June 30, 2015, are as follows:

	Low Income Housing Fund	Public Housing Capital Fund	Total
Payable to suppliers	\$ 4,938	\$ -	\$ 4,938
Payable to and on behalf of employees	6,185	-	6,185
Total accounts payable and accrued expenses	\$ 11,123	\$ -	\$ 11,123

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 4. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land is not subject to depreciation.

	<u>Balance June 30, 2014</u>	<u>Additions and Transfers in</u>	<u>Deletions and Transfers out</u>	<u>Balance June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 33,736	\$ -	\$ -	\$ 33,736
Total capital assets not being depreciated	<u>33,736</u>	<u>-</u>	<u>-</u>	<u>33,736</u>
Capital assets being depreciated:				
Buildings and improvements	2,119,767	-	-	2,119,767
Machinery and equipment	24,690	-	-	24,690
Total capital assets being depreciated	<u>2,144,457</u>	<u>-</u>	<u>-</u>	<u>2,144,457</u>
Total capital assets	<u>2,178,193</u>	<u>-</u>	<u>-</u>	<u>2,178,193</u>
Less accumulated depreciation:				
Buildings and improvements	1,222,025	69,052	-	1,291,077
Machinery and equipment	44,027	1,547	-	45,574
Total accumulated depreciation	<u>1,266,052</u>	<u>70,599</u>	<u>-</u>	<u>1,336,651</u>
Total capital assets, net of depreciation	<u>\$ 912,141</u>	<u>\$ (70,599)</u>	<u>\$ -</u>	<u>\$ 841,542</u>

The Authority has continued to maintain the cost of its buildings and equipment and update its depreciation schedule as information becomes available. Depreciation expense for the year ended June 30, 2015, totaled \$70,599.

NOTE 5. LONG-TERM LIABILITIES

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2015.

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 3,631</u>	<u>\$ 5,763</u>	<u>\$ 4,216</u>	<u>\$ 5,178</u>	<u>3,699</u>

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 6. CONTINGENT LIABILITIES

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

NOTE 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.

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

General Information about the Pension Plan

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

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

Benefits Provided. For a description of the benefits provided and recent changes to the benefits, see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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

Contributions. The contribution requirements of defined benefit plan members and the 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 FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Fort Sumner Housing Authority are: Municipal General Division. Statutorily required contributions to the pension plan from the Fort Sumner Housing Authority were \$9,224 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Fort Sumner Housing Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2015, Fort Sumner Housing Authority reported a liability of \$92,053 for its proportionate share of the net pension liability. At June 30, 2014, Fort Sumner Housing Authority’s proportion was 0.01178 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, Fort Sumner Housing Authority recognized PERA Fund Municipal General Division pension expense of \$3,840. At June 30, 2015, Fort Sumner Housing Authority reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 62
Net difference between projected and actual earnings on pension plan investments	-	36,013
Fort Sumner Housing Authority's contributions subsequent to the measurement date	9,224	-
Total	\$ 9,224	\$ 36,075

\$9,224 reported as deferred outflows of resources related to pensions resulting from Fort Sumner Housing Authority's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	\$ (9,019)
2017	(9,019)
2018	(9,019)
2019	(9,018)
2020	-
Thereafter	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

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

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer'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 Fort Sumner Housing Authority's net pension liability in each PERA Fund Division that Fort Sumner Housing Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Fort Sumner Housing Authority's proportionate share of the net pension liability	\$ 173,540	\$ 92,053	\$ 29,100

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

Payables to the pension plan. There were no amounts owed to PERA at June 30, 2015. Contractually required contributions are remitted to PERA monthly for the previous month's withholdings. Accrued payroll includes the employer's portion of retirement contributions related to employee services rendered as of June 30, 2015 but paid in July 2015.

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 9. POST-EMPLOYMENT BENEFITS

The Authority has elected not to participate in the New Mexico Retiree Health Care Fund and there are no required contributions for fiscal year ending June 30, 2015.

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.

NOTE 11. CAPITAL FUNDS PROJECTS

During the year under audit, there were no completely expended and closed out Capital Fund Projects.

NOTE 12. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2015, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 24, 2015 which is the date on which the financial statements were available to be issued.

NOTE 13. NET POSITION RESTATEMENT

The Housing Authority has restated net position in the amount of (\$124,288) for the implementation of GASB Statement No. 68, which requires the inclusion of the Housing Authority's proportionate share of the net pension liability related to the Housing Authority's participation in the Public Employees Retirement Association. As of June 30, 2013, the proportionate share was \$124,288.

NOTE 14. SUBSEQUENT PRONOUNCEMENTS

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Authority will implement this standard during the fiscal year ended June 30, 2016. The Housing Authority is still evaluating how this reporting standard will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

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

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STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 14. SUBSEQUENT PRONOUNCEMENTS (continued)

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Housing Authority is still evaluating how this pronouncement will effect the financial statements

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

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Fort Sumner Housing Authority
Schedule of Employer's Proportionate Share of the Net Pension Liability
of PERA Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

Schedule I

	2015 Measurement Date (As of and for the year ended June 30, 2014)
Fort Sumner Housing Authority's proportion of the net pension liability	0.0118%
Fort Sumner Housing Authority's proportionate share of the net pension liability	\$ 92,053
Fort Sumner Housing Authority's covered-employee payroll	\$ 95,631
Fort Sumner Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.26%
Plan fiduciary net position as a percentage of the total pension liability	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, Fort Sumner Housing Authority will present information for those years for which information is available.

See independent auditor's report
See notes to required supplementary information

STATE OF NEW MEXICO
Fort Sumner Housing Authority
Schedule of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

Schedule II

	2015
Contractually required contributions	\$ 9,224
Contributions in relation to the contractually required contribution	(9,224)
Contribution deficiency (excess)	\$ -
Fort Sumner Village Housing Authority's covered-employee payroll	\$ 96,583
Contributions as a percentage of covered-employee payroll	10%

* 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, Fort Sumner Housing Authority will present information for those years for which information is available.

See independent auditor's report
See notes to required supplementary information

STATE OF NEW MEXICO
Fort Sumner Housing Authority
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

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

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

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Low Income Housing Fund Program
Statement of Revenues, Expenses and Changes in
Net Position - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

Statement A-1

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Rental revenue	\$ 90,920	\$ 87,710	\$ 90,216	\$ 2,506
Operating subsidies and grants	92,191	92,008	92,009	1
<i>Total operating revenues</i>	183,111	179,718	182,225	2,507
<i>Operating expenses:</i>				
Current:				
Personnel services	97,100	92,910	71,217	21,693
Purchased professional and technical services	2,000	120	1,142	(1,022)
Ordinary maintenance	91,480	82,290	74,075	8,215
Purchased property services	20,430	17,540	21,250	(3,710)
Utilities	17,240	15,260	15,342	(82)
Other operating expenses	5,700	-	5,763	(5,763)
<i>Total operating expenses</i>	233,950	208,120	188,789	19,331
<i>Operating income (loss)</i>	(50,839)	(28,402)	(6,564)	21,838
<i>Nonoperating revenues (expenses):</i>				
Investment earnings	580	530	462	(68)
Miscellaneous income	750	520	505	(15)
<i>Total nonoperating revenues (expenses)</i>	1,330	1,050	967	(83)
<i>Income (loss) before contributions and transfers</i>	(49,509)	(27,352)	(5,597)	21,755
Designated cash (budgeted increase in cash)	49,509	27,352	-	(27,352)
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	\$ -	\$ -	(5,597)	\$ (5,597)
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(70,599)	
<i>Change in net position per Exhibit A-2</i>			(76,196)	
<i>Total net position, beginning of year</i>			1,023,954	
<i>Prior period restatement</i>			(124,288)	
<i>Total net assets, beginning of year, after restatement</i>			899,666	
Equity transfers in			377	
<i>Total net position, end of year</i>			\$ 823,847	

The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Public Housing Capital Fund Program
Statement of Revenues, Expenses and Changes in
Net Position - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

Statement A-2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Rental revenue	\$ -	\$ -	\$ -	\$ -
<i>Total operating revenues</i>	-	-	-	-
<i>Operating expenses:</i>				
Current:				
Personnel services	-	-	1,044	(1,044)
Ordinary maintenance	-	-	8,854	(8,854)
Utilities	-	-	-	-
Other operating expenses	-	-	-	-
<i>Total operating expenses</i>	-	-	9,898	(9,898)
<i>Operating income (loss)</i>	-	-	(9,898)	(9,898)
<i>Nonoperating revenues (expenses):</i>				
Noncapital grants and subsidies	-	-	-	-
Capital grants	52,000	9,898	9,898	-
Investment earnings	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total nonoperating revenues (expenses)</i>	52,000	9,898	9,898	-
<i>Income (loss) before contributions and transfers</i>	52,000	9,898	-	(9,898)
Designated cash (budgeted increase in cash)	(52,000)	(9,898)	-	9,898
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	\$ -	\$ -	-	\$ -
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			-	
<i>Change in net position per Exhibit A-2</i>			-	
<i>Total net position, beginning of year</i>			377	
Equity transfers (out)			(377)	
<i>Total net position, end of year</i>			\$ -	

The accompanying notes are an integral part of the financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Schedule of Deposit and Investment Accounts
June 30, 2015

Schedule III

Bank Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Citizens Bank of Clovis					
Operating account	Checking	\$ 22,371	\$ 274	\$ 1,285	\$ 21,360
MMDA Business account	Money Market	72,890	-	-	72,890
Savings account - tenant deposits	Savings	8,294	-	-	8,294
Total cash in bank		<u>\$ 103,555</u>	<u>\$ 274</u>	<u>\$ 1,285</u>	<u>\$ 102,544</u>

Statement of Net Position (Exhibit A-1):

Cash and cash equivalents	\$ 94,250
Restricted cash and cash equivalents	<u>8,294</u>
	<u>\$ 102,544</u>

See independent auditor's report

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

Prepared by: Fort Sumner Housing Authority

Title: Executive Director

Date: November 11, 2015

RFP#/ RFB#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
---------------	------------------------	----------------	----------------------------------	----------------------------------

No items meeting the \$60,000 threshold reporting requirement were noted for the current year.

Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendors that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
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STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Financial Data Schedule
June 30, 2015

	Low Income Housing Fund	Public Housing Capital Fund	Total
Assets			
111 Cash - unrestricted	\$ 94,250	\$ -	\$ 94,250
114 Cash - tenant security deposits	8,294	-	8,294
100 Total cash	<u>102,544</u>	<u>-</u>	<u>102,544</u>
122 Accounts receivable - HUD	2,457	-	2,457
120 Total receivables, net of allowances for doubtful accounts	<u>2,457</u>	<u>-</u>	<u>2,457</u>
142 Prepaid expenses and other assets	15,814	-	15,814
143 Inventories	4,766	-	4,766
143.1 Allowance for obsolete inventories	(476)	-	(476)
150 Total current assets	<u>125,105</u>	<u>-</u>	<u>125,105</u>
161 Land	33,736	-	33,736
162 Buildings	2,119,767	-	2,119,767
163 Furniture, equipment and machinery - dwellings	8,286	-	8,286
164 Furniture, equipment and machinery - administration	16,404	-	16,404
166 Accumulated depreciation	(1,336,651)	-	(1,336,651)
160 Total capital assets, net of accumulated depreciation	<u>841,542</u>	<u>-</u>	<u>841,542</u>
180 Total non-current assets	<u>841,542</u>	<u>-</u>	<u>841,542</u>
190 Total assets	<u>966,647</u>	<u>-</u>	<u>966,647</u>
200 Deferred Outflows of Resources	<u>9,224</u>	<u>-</u>	<u>9,224</u>
290 Total Assets and Deferred Outflows of Resources	<u>\$ 975,871</u>	<u>\$ -</u>	<u>\$ 975,871</u>

See independent auditor's report

		Low Income Housing Fund	Public Housing Capital Fund	Total
Liabilities and Equity				
<i>Liabilities</i>				
312	Accounts payable ≤ 90 days	\$ 3,533	\$ -	\$ 3,533
321	Accrued wage/payroll taxes payable	6,185	-	6,185
322	Accrued compensated absences - current portion	3,699	-	3,699
341	Tenant security deposits	7,256	-	7,256
342	Deferred revenues	339	-	339
346	Accrued liabilities-other	1,405	-	1,405
		<hr/>	<hr/>	<hr/>
310	Total current liabilities	22,417	-	22,417
		<hr/>	<hr/>	<hr/>
354	Accrued compensated absences - non current	1,479	-	1,479
357	Accrued Pension and OPEB Liabilities	92,053	-	92,053
		<hr/>	<hr/>	<hr/>
350	Total non-current liabilities	93,532	-	93,532
		<hr/>	<hr/>	<hr/>
300	Total liabilities	115,949	-	115,949
		<hr/>	<hr/>	<hr/>
400	Deferred Inflows of Resources	36,075	-	36,075
		<hr/>	<hr/>	<hr/>
508.1	Invested in capital assets, net of related debt	841,542	-	841,542
511.1	Restricted net assets	-	-	-
512.1	Unrestricted net assets	(17,695)	-	(17,695)
		<hr/>	<hr/>	<hr/>
513	Total equity/net assets	823,847	-	823,847
		<hr/>	<hr/>	<hr/>
600	Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	\$ 975,871	\$ -	\$ 975,871
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Financial Data Schedule
June 30, 2015

	Low Income Housing Fund	Public Housing Capital Fund	Total
Revenues			
70300 Net tenant rental revenue	\$ 86,729	\$ -	\$ 86,729
70400 Tenant revenue - other	3,487	-	3,487
70500 Total tenant revenue	90,216	-	90,216
70600 HUD PHA operating grants	92,009	9,898	101,907
71100 Investment income - unrestricted	462	-	462
71500 Other revenue	505	-	505
70000 Total revenue	183,192	9,898	193,090
Expenses			
91100 Administrative salaries	49,073	-	49,073
91200 Auditing fees	8,097	-	8,097
91400 Advertising and marketing	141	-	141
91500 Employee benefit contributions - administrative	2,356	-	2,356
91600 Office expenses	6,386	-	6,386
91800 Travel	2,394	-	2,394
91900 Other	3,814	-	3,814
91000 Total operating - administrative	72,261	-	72,261
92400 Tenant services - other	91	-	91
92500 Total tenant services	91	-	91
93100 Water	2,776	-	2,776
93200 Electricity	1,774	-	1,774
93300 Gas	524	-	524
93600 Sewer	10,268	-	10,268
93000 Total utilities	15,342	-	15,342
94100 Ordinary maintenance and operations - labor	48,257	-	48,257
94200 Ordinary maintenance and operations - materials and other	28,261	-	28,261
94300 Ordinary maintenance and operations contracts	5,716	-	5,716
94500 Employee benefit contributions - ordinary maintenance	695	-	695
94000 Total maintenance	82,929	-	82,929

See independent auditor's report

	Low Income Housing Fund	Public Housing Capital Fund	Total
96110 Property insurance	10,064	-	10,064
96120 Liability insurance	3,030	-	3,030
96130 Workmen's compensation	4,808	-	4,808
96140 All other insurance	3,348	-	3,348
96100 Total insurance premiums	21,250	-	21,250
96210 Compensated absences	5,763	-	5,763
96400 Bad debt - tenant rents	1,051	-	1,051
96000 Total other general expenses	6,814	-	28,064
96900 Total operating expenses	198,687	-	198,687
97000 Excess of operating revenue over operating expenses	(15,495)	9,898	(5,597)
97400 Depreciation expense	70,599	-	70,599
90000 Total expenses	269,286	-	269,286
10010 Operating transfers in	9,898	-	9,898
10020 Operating transfers out	-	(9,898)	(9,898)
10100 Total other financing sources (uses)	9,898	(9,898)	-
10000 Excess (deficiency) of total revenue over (under) total expenses	\$ (76,196)	\$ -	\$ (76,196)
11030 Beginning equity	1,023,954	377	1,024,331
11040 Prior period adjustments, equity transfers, and Prior Period Adjustments	(124,288)	-	(124,288)
Equity transfer	377	(377)	-
Ending equity	\$ 823,847	\$ -	\$ 823,847
11190 Unit months available	557	-	557
11210 Number of unit months leased	551	-	551

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
Chairman and Board Members of
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 of the Fort Sumner Housing Authority (the "Authority"), a component unit of the Village of Fort Sumner, New Mexico (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and the related budgetary comparisons of the Authority, presented as supplemental information, and have issued our report thereon dated November 24, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 24, 2015

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Schedule of Findings and Responses
For the Year Ended June 30, 2015

Schedule I

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

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

SECTION II – PRIOR YEAR AUDIT FINDINGS

Prior Year Audit Findings

FS 2007-001 Preparation of Financial Statements	Resolved
FS 2014-001 Deficiencies in Accounting for Capital Assets	Resolved
FS 2014-002 Travel and Per Diem	Resolved

SECTION III – Financial Statement Findings

None

STATE OF NEW MEXICO
Fort Sumner Housing Authority
A Component Unit of the Village of Fort Sumner
Other Disclosures
For the Year Ended June 30, 2015

A. AUDITOR PREPARED FINANCIAL STATEMENTS

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

B. EXIT CONFERENCE

The contents of the report for the Fort Sumner Housing Authority were discussed on November 24, 2015. The following individuals were in attendance.

Fort Sumner Housing Authority Officials

Allen Sparks, Chairman
Patricia Seña, Executive Director

Auditors

Carol Snider, CPA
Lauren Vail