

STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
**ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
 FORT SUMNER HOUSING AUTHORITY  
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**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**

**OFFICIAL ROSTER**

**JUNE 30, 2016**

**BOARD OF DIRECTORS**

Allan Sparks ..... Chairman  
Carlos Hernandez ..... Vice Chairman  
Ruby Gonzales ..... Commissioner  
Yolanda Cline ..... Commissioner  
Diane Flores ..... Resident Member

**ADMINISTRATIVE OFFICIALS**

Patricia Sena ..... Executive Director  
Amanda Miller ..... Administrative Asst.

## **FINANCIAL SECTION**



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities and each Major Fund of Fort Sumner Housing Authority (the "Authority"), a component unit of the Village of Fort Sumner, New Mexico (the "Village"), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary 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, 2016 as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are



appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each Major Fund of the Authority as of June 30, 2016, 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 4 through 8, and Schedules I and II, and the Notes to the Schedule of Required Supplementary Information, on pages 35-37, 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 Village's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The supporting Schedules III and IV, Pages 44-46 required by Section 2.2.2 NMAC, and the Financial Data Schedule, Schedule V, pages. 47-52, required by the Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting Schedule III, 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 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 statements 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 V, required by the 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 21, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

*Southwest Accounting Solutions, LLC*

Auditors – Business Consultants - CPAs  
Albuquerque, New Mexico  
November 21, 2016

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**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, 2016. The Fort Sumner Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2016, to assist the reader in focusing on significant financial issues.

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

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

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

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

**Overview of the Financial Statements**

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

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

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

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

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
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- *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, 2016 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, 2016.

**Financial Highlights**

- The Fort Sumner Housing Authority's total net position increase from \$ 823,847 in 2015, to \$828,609 in 2016, representing an increase of \$4,762, or 1 % from the previous year.
- The unrestricted component of net position's balance is \$(5,105) at June 30, 2016. This represents a decrease of \$12,590, or 74% from the previous year.
- Total revenues increased from \$193,090 in 2015 to \$304,917 in 2016, representing an increase of 57% due to increase of capital fund activity 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, 2016 and June 30, 2015.

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

***Summary Statement of Net Position  
Years Ended June 30, 2016 and 2015***

<u>Category</u>	<u>FYE 2016</u>	<u>FYE2015</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$118,100	\$116,811	\$1,289	0.00%
Noncurrent Assets	840,193	849,836	-9,643	-1%
Totals Assets	958,993	966,647	(7,654)	-1%
Deferred outflow of resources	9,820	9,224	596	6%
Total assets and deferred outflow of resources	968,813	975,871	-6,990	1%
Current Liabilities	8,024	15,161	-7,137	4%
Noncurrent Liabilities	127,949	100,788	27,161	21%
Total Liabilities	135,973	115,949	20,023	17%
Deferred inflow of resources	4,231	36,075	-31,844	-88%
Unrestricted	-5,105	-17,695	-12,592	-71%
Restricted	-	-	-	-
Investment in Capital Assets	833,714	841,540	-7,826	0.10%
Total Net Position	828,609	823,847	4,762	1%
Total liabilities, deferred inflow of resources, and net position	\$968,813	\$975,871	-7,058	-1%

Current assets increased by \$1,289 from \$116,811 in 2015 to \$118,100 in 2016. This is primarily due to \$627 more cash unrestricted and interest from investments.

*Noncurrent Assets*

Noncurrent assets decreased by \$9,643 from \$849,836 in 2015 to \$840,193 in 2016. The primary reason for the decrease is due to annual depreciation expense.

*Current Liabilities*

The Authority's current liabilities decreased from \$ \$15,161 to \$8,024, a change of \$7,137 or 53% for the current year.

*Net Position*

The Authority's total net position increased by \$4,762 from the previous year due to various changes in assets/liabilities..

The Authority's unrestricted component of net position decreased from \$-17,695 to \$-5,105, a decrease of \$12,592, or 74% 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 No. 68 GASB Statement No.68 Net Pension Liability implementation in the

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

prior year and its effects related to the current year.

- The Low Income Program had offset Contra funds related additions to Fixed Assets that resulted in Fund Balance restatement.

***Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended June 30, 2016 and 2015***

<u>Category</u>	<u>FYE 2016</u>	<u>FYE2015</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	91,678	\$90,216	1463	2%
HUD Operating Grant	150,521	92,009	58,512	64%
Capital Grant	61,443	9,897	51,546	521%
Interest Income	278	462	-183	-40%
Other Revenue	997	505	492	97%
<b>Total Revenue</b>	<b>304,917</b>	<b>193,090</b>	<b>111,827</b>	<b>58%</b>
Administration	83,379	76,533	6,848	9%
Ordinary maintenance	103,139	77,754	25,384	33%
Insurance	20,673	21,250	-577	-3%
Utilities	16,265	16,242	23	0%
General expenses	6,475	6,908	-432	6%
Depreciation	70,224	70,599	-376	-1%
<b>Total Expense</b>	<b>300,155</b>	<b>269,286</b>	<b>30,869</b>	<b>15%</b>
Excess of Revenue over Expenses	4,762	-76,196	71,433	94%
Net Position, Beginning of year- restated	823,847	1,024,331	-200,484	-20%
Net Position, end of year	\$ 828,609	\$ 823,847	\$ 4,763	1%

**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 increased by \$5111,827 during the current fiscal year. Significant changes in revenues are as follows:

- HUD Operating Grants increased by \$58,512 primarily due to higher grant awards received in the Low Rent Program.

The Authority's total expenses increased by \$30,869 from the previous year. Significant changes in expenses are as follows:

- Administrative expenses increased by \$6,848 or 9% during the current year, primarily due to increased administrative expense due to accounting changes during the year.
- Ordinary maintenance increased by \$25,384 during the current year.

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

*Capital Assets*

As of June 30, 2016, the Fort Sumner Housing Authority's total capital assets were \$833,714. This investment includes land, buildings, and equipment.

<u>Category</u>	<u>FYE 2016</u>	<u>FYE2015</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$33,736	\$33,736	\$0	0%
Building & Improvement	2,181,893	2,119,767	62,126	3%
Machinery and Equipment	24,960	24,690	0	4%
Accumulated depreciation	-1,406,875	-1,336,651	-70,224	5%
Total Capital Assets	\$833,714	\$841,542	-8,098	-0.01

The change in buildings is due to paint and stucco of 7 units using 2013 and 2014 Capital Project awards. The change in machinery is due to purchase of floor scraper using Low Income Fund money.

The change in capital assets is primary due to the recording of depreciation of the assets over their useful lives. This led to a Fund restatement in the Low Income as the Fixed Assets were added and begun depreciation for the year.

*Debt Administration*

The Authority had no debt obligations as of June 30, 2016.

**Subsequent Event**

HUD has finalized the funding levels for the 2016 calendar year. Operating subsidy for the Low Rent Housing Program is prorated at 89%.

The Housing Authority is primarily dependent upon HUD for funding of operations; therefore, the Housing Authority is more affected by the federal budget than the local economic conditions. The capital budgets for the 2016 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, 2016**

Exhibit A-1

	Low Income Housing Fund	Public Housing Capital Funds	Total
<b>ASSETS</b>			
Current Assets			
Unrestricted Cash	\$ 96,744	\$ -	\$ 96,744
Accounts Receivable (Net)	2,181	-	2,181
Prepaid	15,785	-	15,785
Inventory (Net)	4,090	-	4,090
<b>Total Current Assets</b>	<b>118,800</b>	<b>-</b>	<b>118,800</b>
Non Current Assets			
Restricted Cash	6,479	-	6,479
Capital Assets Not Being Depreciated	33,736	-	33,736
Capital Assets Being Depreciated (Net)	799,978	-	799,978
<b>Total Non-Current Assets</b>	<b>840,193</b>	<b>-</b>	<b>840,193</b>
<b>TOTAL ASSETS</b>	<b>958,993</b>	<b>-</b>	<b>958,993</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Employer contributions subsequent to measurement date	9,820	-	9,820
<b>OF RESOURCES</b>	<b>\$ 968,813</b>	<b>\$ -</b>	<b>\$ 968,813</b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts Payable	\$ 1,124	\$ -	\$ 1,124
Accrued Salaries and Benefits	2,325	-	2,325
Accrued Liabilities	1,575	-	1,575
Compensated Absences	2,605	-	2,605
Tenant Prepaid Rents	395	-	395
<b>Total Current Liabilities</b>	<b>8,024</b>	<b>-</b>	<b>8,024</b>
Noncurrent Liabilities			
Compensated Absences Payable	3,198	-	3,198
Tenant Deposits (Restricted)	6,479	-	6,479
Net Pension Liability	118,272	-	118,272
<b>Total Noncurrent Liabilities</b>	<b>127,949</b>	<b>-</b>	<b>127,949</b>
<b>TOTAL LIABILITIES</b>	<b>135,973</b>	<b>-</b>	<b>135,973</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Net Difference in expected and actual Earnings	4,231	-	4,231
<b>TOTAL DEFERRED INFLOWS</b>	<b>4,231</b>	<b>-</b>	<b>4,231</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>140,204</b>	<b>-</b>	<b>140,204</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	833,714	-	833,714
Unrestricted	(5,105)	-	(5,105)
<b>TOTAL NET POSITION</b>	<b>828,609</b>	<b>-</b>	<b>828,609</b>
<b>TOTAL LIABILITIES AND NET POSITION AND DEFERRED INFLOW OF RESOURCES</b>	<b>\$ 968,813</b>	<b>\$ -</b>	<b>\$ 968,813</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO** Exhibit A-2  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**JUNE 30, 2016**

	<u>Low Income Housing Fund</u>	<u>Public Housing Capital Funds</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Tenant Revenue	\$ 93,460	\$ -	\$ 93,460
Vacancy Losses	(5,540)	-	(5,540)
Tenant Charges	3,758	-	3,758
Operating Subsidies and Grants	96,974	53,547	150,521
<b>Total</b>	<u>188,652</u>	<u>53,547</u>	<u>242,199</u>
<b>OPERATING EXPENSE</b>			
Administrative	82,767	612	83,379
Maintenance	84,228	18,911	103,139
Insurance	20,673	-	20,673
Utilities	16,265	-	16,265
General Expense	6,476	-	6,476
Depreciation	70,224	-	70,224
<b>Total</b>	<u>280,633</u>	<u>19,523</u>	<u>300,156</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(91,981)</u>	<u>34,024</u>	<u>(57,957)</u>
<b>NONOPERATING REVENUES (EXPENSE)</b>			
Capital grants	-	61,443	61,443
Interest Income	279	-	279
Misc. income	997	-	997
<b>Total</b>	<u>1,276</u>	<u>61,443</u>	<u>62,719</u>
<b>Income (Loss) Before transfers</b>	<u>(90,705)</u>	<u>95,467</u>	<u>4,762</u>
<b>Other Financial Items</b>			
Property betterment and Additions	-	-	-
Transfers In (Out)	95,467	(95,467)	-
Total Other Financial Items (Out)	<u>95,467</u>	<u>(95,467)</u>	<u>-</u>
<b>Change in Net Position</b>	<u>4,762</u>	<u>-</u>	<u>4,762</u>
<b>Fund Balance</b>			
Net Position - Beginning	823,847	-	823,847
<b>Net Position - Ending</b>	<u>\$ 828,609</u>	<u>\$ -</u>	<u>\$ 828,609</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2016**

Exhibit A-3

	Low Income Housing Fund	Capital Projects Fund
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Tenant Rents	\$ 91,233	\$ -
Cash Payments to Employees for Services	(85,113)	(612)
Cash Received From Subsidies/grants	96,974	53,547
Cash Payments to Suppliers for Goods and Services	(136,761)	(18,911)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(33,667)</u>	<u>34,024</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Miscellaneous Income	997	-
Transfers	95,467	(95,467)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>96,464</u>	<u>(95,467)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Grant	-	61,443
Interest	279	-
Acquisition of Capital Asset	(62,397)	-
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(62,118)</u>	<u>61,443</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		-
<b>Cash and Cash Equivalents, Beginning of Year</b>	102,544	-
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 103,223</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ (91,981)	\$ 34,024
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>		
Depreciation	70,224	-
Employer Pension Contributions	4,157	-
<b>Changes in Assets and Liabilities</b>		
Receivables	276	-
Inventory	200	-
Prepaid Expenses	(6,910)	-
Accounts Payable	(2,409)	-
Accrued salaries and benefits	(3,690)	-
Comp Absences	(2,813)	-
Customer Deposits	(721)	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (33,667)</u>	<u>\$ 34,024</u>

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

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

The Authority reports the following quantitatively major funds:

- Low Income Housing Fund Program - Funded through direct grants from HUD, the program is designed to provide adequate living accommodations to qualified families through reduced rate rentals built and owned by the Authority.
- Public Housing Capital Fund Program - This program is funded by HUD and is for the purpose of upgrading existing rental properties.

**A. Financial Reporting Entity**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential programs and operations of the Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate

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

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.

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

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

services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Revenue Recognition**

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance are deferred until earned. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

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

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

**Deposits and Investments**

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

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

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

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

securities, they are pledged at market value, if they are New Mexico municipal bonds, they are pledged at par value.

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

**Accounts Receivable and Accounts Payable**

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

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

**Inventories**

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

**Restricted Cash and Cash Equivalents**

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

**Prepaid Expenses**

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

**Capital Assets**

Capital assets, which include property, plant, and equipment, are defined by the Authority as assets with an initial, individual cost of more than \$750 (amount not rounded, per policy of HA-below State threshold of \$5,000) 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



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

No. 34, the historical cost of infrastructure assets, (retroactive to 1979) is included as part of the Authority's capital assets reported in the basic financial statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-40 yrs.
Equipment -Machinery	3-10 yrs.

**Accrued Expenses**

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

**Compensated Absences**

Accrued compensated absences of the 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 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

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

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 Net inflows for the year ended June 30, 2016 in the Pension Plan section of the Notes to the Financial Statements.

**Net Position**

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

- **Net Investment in Capital Assets** – This component consists of capital assets, net of accumulated depreciation.
- **Restricted Net Position** – Net position is reported as restricted when constraints placed on an asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**Unrestricted and Restricted Resources**

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

**Inter-program Transactions**

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

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

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

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

**Estimates**

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

**Budgets**

The Authority adheres to the following regarding the budget:

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

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.

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

**New Accounting Standards Adopted**

GASB No. 72 – Fair Value Measurement and Application. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Authority's financial statements.

GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will not have a material impact on the Authority's financial statements.

**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, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

As of June 30, 2016, all of the Authority's accounts at an insured depository institution, including non-interest bearing accounts are insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

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

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). At June 30, 2016, none of the Authority’s bank balance of \$107,583 was subject to custodial credit risk. \$0 was uninsured and collateralized by collateral held by the Pledging bank’s trust department, not in the Authority’s name. None of the Authority’s deposits were uninsured and uncollateralized at June 30, 2016. Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All depositories had collateral equal to or exceeding the amount required by law:

<b>For the Year ended June 30, 2016</b>	<b>Citizens Bank of Clovis</b>
Total Deposits	\$ 107,583
FDIC Coverage	<u>(107,583)</u>
Total Uninsured	<u>\$ -</u>
Collateralized Securities	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateralized requirement (50%)	\$ -
Pledged Securities	<u>-</u>
Over (under) collateralization	<u>\$ -</u>

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**NOTE 3. RECEIVABLES AND PAYABLES**

Receivables as of June 30, 2016, are as follows:

Receivables Totals-Government Grants	\$ 1,728
Tenant Receivables-Net	453
Total	<u>\$ 2,181</u>

Payables as of June 30, 2016, are as follows:

Payables Totals-Government	
Accounts payable	\$ 1,124
Accrued Payroll	2,325
Accrued Liabilities-other	<u>1,575</u>
Total	<u>\$ 5,024</u>

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**NOTE 4. CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2016. Land and Construction in Progress (No CIP) are not subject to depreciation:

	Balance June 30, 2015	Adjustments	Additions	Deletions	Balance June 30, 2016
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 33,736	\$ -	\$ -	\$ -	\$ 33,736
Construction in Progress	-	-	-	-	-
<b>Total</b>	<u>33,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,736</u>
<b>Capital Assets Being Depreciated</b>					
Buildings and Improvements	2,119,767	-	61,504	-	2,181,271
Equipment -Machinery	24,690	-	892	-	25,582
<b>Total</b>	<u>2,144,457</u>	<u>-</u>	<u>62,396</u>	<u>-</u>	<u>2,206,853</u>
<b>Less: Accumulated Depreciation for:</b>					
Buildings and Improvements	1,291,077	-	68,670	-	1,359,747
Equipment -Machinery	45,574	-	1,554	-	47,128
<b>Total</b>	<u>1,336,651</u>	<u>-</u>	<u>70,224</u>	<u>-</u>	<u>1,406,875</u>
<b>Capital Assets, Net</b>	<u>\$ 841,542</u>				<u>\$ 833,714</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, 2016 totaled \$70,224.

**NOTE 5. LONG-TERM LIABILITIES**

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2016:

	Balance, June 30, 2015	Additions	Deletions	Balance, June 30, 2016	Amount Due Within One Year
Compensated Absences	\$ 5,178	\$ 5,177	\$ (4,552)	\$ 5,803	\$ 2,605
<b>Total</b>	<u>\$ 5,178</u>	<u>\$ 5,177</u>	<u>\$ (4,552)</u>	<u>\$ 5,803</u>	<u>\$ 2,605</u>

The Authority also holds no lease requirement as of June 30, 2016.

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**NOTE 6. CONTINGENT LIABILITIES**

*Legal Proceedings* — the Authority is subject to various legal proceedings that arise in the ordinary course of the Authority's operations. In the opinion of the Authority's management, the ultimate resolution of the matters will not have a material adverse impact on the financial position or results of operations of the Authority, as there were none noted as of June 30, 2016.

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

**NOTE 7. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority obtains coverage from commercial insurance companies for the risks of loss mentioned above. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

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

**NOTE 8. PENSION PLAN**

**Summary of Significant Accounting Policies**

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

Plan description:

The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has Municipal General, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including



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**NOTE 8. PENSION PLAN -Continued**

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/>.

**Contributions**

The contribution requirements of defined benefit plan members and Fort Sumner Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 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 FY15 annual audit report at:

[http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf).

The PERA coverage options that apply to the Authority are: Municipal General. The Municipal Fire and Police Division do not apply to the Authority. Statutorily required contributions to the pension plan from the Authority were \$9,820 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2016.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

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**NOTE 8. PENSION PLAN -Continued**

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; The Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 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 Division Municipal General, at June 30, 2016, the Authority reported a liability of \$118,272 for its proportionate share of the net pension liability. At June 30, 2015, the Authority's proportion was .0116 percent, which was slightly changed from its proportion measured as of June 30, 2014, down .0002 percent.

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**NOTE 8. PENSION PLAN -Continued**

For the year ended June 30, 2016, the Authority recognized PERA Fund Division Municipal General Pension expense of \$9,820. At June 30, 2016, the Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,620
Changes of assumptions	-	46
Net difference between projected and actual earnings on pension plan investments (total of above)	-	374
Changes in proportion and differences between Fort Sumner Housing Authority contributions and proportionate share of contributions	-	1,191
Housing Authority contributions subsequent to the measurement date	<u>9,820</u>	<u>-</u>
Total	<u>\$ 9,820</u>	<u>\$ 4,231</u>

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**NOTE 8. PENSION PLAN -Continued**

Deferred outflows of resources in the amount of \$9,820 related to pensions resulting from the Authority contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	3,133
2018	3,133
2019	3,133
2020	(6,358)
Thereafter	_____ -
Total	<u>\$ 3,041</u>

**Actuarial assumptions**

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

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	Fair value
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  
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**NOTE 8. PENSION PLAN -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:

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

**Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate**

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Authority's net pension liability in each PERA Fund

**STATE OF NEW MEXICO  
 FORT SUMNER HOUSING AUTHORITY  
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**NOTE 8. PENSION PLAN -Continued**

Division that (name of employer) 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.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Fort Sumner Housing Authority's proportionate share of the net pension liability	\$ 201,370	\$ 118,272	\$ 49,181

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable (none).

**Changes of benefit terms.**

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

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

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

**NOTE 10. CONCENTRATIONS**

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

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**NOTE 11. CAPITAL FUNDS PROJECTS**

During the year ended June 30, 2016 there were projects completed and closed out in the Capital Project Fund. These led to the following transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Low Income	Capital	\$ 95,467
Total		<u>\$ 95,467</u>

There was a fund balance at Year End in the Capital Project Fund related to receivables.

**NOTE 12. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 21, 2016, which is the date on which the financial statements were issued. No events requiring disclosure in, or adjustment to the financial statements of the Housing Authority, took place subsequent to year end.

**NOTE 13. RESTRICTED NET POSITION**

There was no restricted Net Position for the Authority for the year ended June 30, 2016

**NOTE 14. NET POSITION RESTATEMENT**

There were no restatements for the Authority for the Year ending June 30, 2016, the completed projects in the Capital project Fund were transferred to the Low Income Fund upon completion and capitalization and depreciation occurred there.

**NOTE 15. SUBSEQUENT PRONOUNCEMENTS**

GASB No. 72 – Fair Value Measurement and Application. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Village’s financial statements.

GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
NOTES TO THE FINANCIAL STATEMENTS  
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source of authoritative GAAP. The statement will not have a material impact on the Village's financial statements.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No.73. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

**NOTE 16. RELATED PARTY TRANSACTIONS**

The Housing Authority had one related party transaction for the year ended June 30, 2016, the increase in fixed assets for the year were stucco and paint improvements performed by Jim Sena Construction, brother in law to Director, Patricia Sena, in the amount of \$61,443.



**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY** Schedule I  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**SCHEDULES OF THE HOUSING AUTHORITY'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN**  
**LAST 10 FISCAL YEARS\* 2016**

**MUNICIPAL GENERAL FUND**

	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability (asset)	0.0116	0.0118
Authority's proportionate share of the net pension liability (asset)	\$ 118,272	\$ 92,053
Authority's covered-employee payroll	\$ 102,377	\$ 96,583
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	115.53%	95.31%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

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

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**SCHEDULES OF CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN**  
**LAST 10 FISCAL YEARS\* 2016**

Schedule II

**MUNICIPAL GENERAL FUND**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 9,820	\$ 9,224
Contributions in relation to the contractually required contribution	<u>9,820</u>	<u>9,224</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 102,377	\$ 96,583
Contributions as a percentage of covered-employee payroll	9.59%	9.55%

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

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**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
SCHEDULES OF THE HOUSING AUTHORITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
LAST 10 FISCAL YEARS\* 2016**

*Changes of benefit terms.* The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

*Changes of assumptions.*

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%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, 2015, 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.

## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY** Statement A-1  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**LOW INCOME HOUSING FUND**  
**NET STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN-BUDGET (NON-**  
**GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to actual</u>
<b>Revenues</b>				
<b>Operating Revenues</b>				
Rental	\$ 89,217	\$ 89,217	\$ 91,678	\$ 2,461
Subsidies and Grants	96,974	96,974	96,974	-
<b>Total revenue</b>	<u>186,191</u>	<u>186,191</u>	<u>188,652</u>	<u>2,461</u>
<b>Expenditures</b>				
<b>Current</b>				
Administrative	91,122	91,222	82,767	8,455
Utility	16,677	16,677	16,265	412
Maintenance	95,615	95,615	82,881	12,734
Insurance	21,294	21,294	20,673	621
Protective Services	-	-	1,347	(1,347)
General	5,900	5,900	6,476	(576)
<b>Total expenditures</b>	<u>230,608</u>	<u>230,708</u>	<u>210,409</u>	<u>20,299</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(44,417)</u>	<u>(44,517)</u>	<u>(21,757)</u>	<u>(22,760)</u>
<b>Other financing resources (uses)</b>				
Investment	317	317	279	(38)
Other Revenue	1,088	1,088	997	(91)
Transfers in	34,024	34,024	95,467	61,443
Transfers out	-	-	-	-
Depreciation	-	-	(70,224)	(70,224)
<b>Total other financing sources (uses)</b>	<u>35,429</u>	<u>35,429</u>	<u>26,519</u>	<u>61,314</u>
Net Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,762</u>	<u>\$ 61,314</u>
Fund balance - beginning of year			<u>\$ 823,847</u>	
<b>Fund balance - end of year</b>			<u><u>\$ 828,609</u></u>	

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STATE OF NEW MEXICO  
**FORT SUMNER HOUSING AUTHORITY** Statement A-2  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**CFP HOUSING FUND**  
**NET STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN-BUDGET (NON-**  
**GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to actual</u>
<b>Revenues</b>				
<b>Operating Revenues</b>				
Rental	\$ -	\$ -	\$ -	\$ -
Subsidies and Grants	53,500	53,500	53,547	47
<b>Total revenue</b>	<u>53,500</u>	<u>53,500</u>	<u>53,547</u>	<u>47</u>
<b>Expenditures</b>				
<b>Current</b>				
Administrative	750	750	612	(138)
Utility	-	-	-	-
Maintenance	19,000	19,000	18,911	(89)
Insurance	-	-	-	-
Protective Services	-	-	-	-
General	-	-	-	-
Other Operating	-	-	-	-
<b>Total expenditures</b>	<u>19,750</u>	<u>19,750</u>	<u>19,523</u>	<u>227</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>33,750</u>	<u>33,750</u>	<u>34,024</u>	<u>(274)</u>
<b>Other financing resources (uses)</b>				
Capital grants	-	-	61,443	61,443
Other Revenue	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(34,024)	(34,024)	(95,467)	-
<b>Total other financing sources (uses)</b>	<u>(34,024)</u>	<u>(34,024)</u>	<u>(34,024)</u>	<u>61,443</u>
Net Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,443</u>
Fund balance - beginning of year			<u>\$ -</u>	
<b>Fund balance - end of year</b>			<u>\$ -</u>	

See Independent Auditors' Report

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## **SUPPORTING SCHEDULES**

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**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**      Schedule III  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**SCHEDULE OF DEPOSIT ACCOUNTS**  
**JUNE 30, 2016**

<u>Bank Account/Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
Citizens Bank-Operating	Checking	\$ 26,347	\$ -	\$ 4,360	\$ 21,987
Total Citizens Bank		<u>26,347</u>	<u>-</u>	<u>4,360</u>	<u>21,987</u>
Citizens Bank- Restricted	Checking	8,078	-	-	8,078
Total Restricted		<u>8,078</u>	<u>-</u>	<u>-</u>	<u>8,078</u>
Citizens Bank- Money Market Funds	Checking	73,158	-	-	73,158
Total-Money Market Funds		<u>73,158</u>	<u>-</u>	<u>-</u>	<u>73,158</u>
Total		<u>\$ 107,583</u>	<u>\$ -</u>	<u>\$ 4,360</u>	<u>103,223</u>

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**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY** Schedule IV  
**(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)**  
**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000**  
**(EXCLUDING GRT)**  
**JUNE 30, 2016**

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>
6074 A	Fort Sumner Housing Authority	Other Agencies	2016-1	RFP	Jim Sena Construction	Winner

See Independent Auditors' Report

Prepared By Fort Sumner housing Authority, Patricia Sena, October 22, 2016

<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Vendor provide documentation of eligibility for in-state</i>	<i>Vendor provide documentation of eligibility for veterans'</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
\$61,442.00	\$61,442.00	Fort Sumner, NM	Yes	No	Housing Improvements	FSHA

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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, 2016**

Schedule V

Line Item #	Description	Low Income Housing Program	Public Housing Capital Fund	Total
111	Cash - Unrestricted	\$ 96,744	\$ -	\$ 96,744
114	Cash - Tenant Security Deposits	6,479	-	6,479
	<b>Total Cash</b>	<u>103,223</u>	<u>\$ -</u>	<u>103,223</u>
	<b>Accounts Receivable - HUD Other</b>			
122	Projects	-	-	-
125	Accounts Receivable -other	1,728	-	1,728
126	Accounts Receivable - Tenants - Dwelling Rents	618	-	618
126.1	Allowance for Doubtful Accounts - Dwelling Rents	<u>(165)</u>	<u>-</u>	<u>(165)</u>
	Total Receivables	2,181	-	2,181
142	Prepaid Expenses and Other Assets	15,785	-	15,785
143	Inventories	4,544	-	4,544
143.1	Allowance for Obsolete Inventories	<u>(454)</u>	<u>-</u>	<u>(454)</u>
	Total Other Current Assets	<u>19,875</u>	<u>-</u>	<u>19,875</u>
	Total Current Assets	<u>125,279</u>	<u>-</u>	<u>125,279</u>
142.1	Deferred Outflows	<u>9,820</u>	<u>-</u>	<u>9,820</u>
161	Land	33,736	-	33,736
162	Buildings	2,181,271	-	2,181,271
163	Furniture Equipment and Machinery - Dwellings	7,851	-	7,851
164	Furniture Equipment and Machinery - Administrative	17,731	-	17,731
166	Accumulated Depreciation	<u>(1,406,875)</u>	<u>-</u>	<u>(1,406,875)</u>
	Depreciation	<u>833,714</u>	<u>-</u>	<u>833,714</u>
	<b>Total Assets and outflows</b>	<u>\$ 968,813</u>	<u>\$ -</u>	<u>\$ 968,813</u>

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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, 2016**

Schedule V

Line Item #	Description	Low Income Housing Program	Public Housing Capital Fund	Total
312	Accounts Payable <=90 Days	1,124	-	1,124
321	Accrued Payroll	2,325	-	2,325
322	Compensated Absences - Current Portion	2,605	-	2,605
341	Tenant Security Deposits	6,874	-	6,874
346	Accrued Liabilities (other)	1,575	-	1,575
310	<b>Total Current Liabilities</b>	<u>14,503</u>	<u>-</u>	<u>14,503</u>
350	Pension (GASB 68)	118,272	-	118,272
354	Compensated Absences - Noncurrent Portion	3,198	-	3,198
	<b>Total Noncurrent Liabilities</b>	<u>121,470</u>	<u>-</u>	<u>121,470</u>
	<b>Total Liabilities</b>	<u>135,973</u>	<u>-</u>	<u>135,973</u>
400	Deffered Inflows	4,231	-	4,231
508.1	Net Investment in Capital Assets	833,714	-	833,714
511	Restricted Net Position	-	-	-
512.1	Unrestricted Net Position	(5,105)	-	(5,105)
513	<b>Total Equity/Net Position</b>	<u>828,609</u>	<u>-</u>	<u>828,609</u>
	<b>Total Liabilities and Equity/Net Position</b>	<u>\$ 968,813</u>	<u>\$ -</u>	<u>\$ 968,813</u>

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**STATE OF NEW MEXICO  
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FINANCIAL DATA SCHEDULE  
JUNE 30, 2016**

Schedule V

Line Item #	Description	Low Rent Housing Program	Public Housing Capital Fund	Total
70300	Net Tenant Rental Revenue	\$ 87,920	\$ -	\$ 87,920
70400	Tenant Revenue - Other	3,758	-	3,758
70500	<b>Total Tenant Revenue</b>	<u>91,678</u>	<u>-</u>	<u>91,678</u>
70600	HUD PHA Operating Grants	96,974	53,547	150,521
70610	Capital Grants	-	61,443	61,443
71100	Investment Income - Unrestricted	279	-	279
71500	Other Revenue	997	-	997
70000	<b>Total Revenue</b>	<u>189,928</u>	<u>114,990</u>	<u>304,918</u>
91100	Administrative Salaries	51,900	-	51,900
91200	Auditing Fees	10,817	-	10,817
91500	Advertising	435	-	435
91600	Employee Benefits	6,316	-	6,316
91700	Office Exepense	7,443	-	7,443
91800	Travel	1,420	-	1,420
91900	Other Operating - Administrative	4,436	612	5,048
	<b>Total Operating - Administrative</b>	<u>82,767</u>	<u>612</u>	<u>83,379</u>
93100	Water	2,869	-	2,869
93200	Electric	2,601	-	2,601
93300	Gas	663	-	663
93600	Sewer	10,132	-	10,132
93800	Other	-	-	-
93000	<b>Total Utilities</b>	<u>\$ 16,265</u>	<u>\$ -</u>	<u>\$ 16,265</u>

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**STATE OF NEW MEXICO**  
**FORT SUMNER HOUSING AUTHORITY**  
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**FINANCIAL DATA SCHEDULE**  
**JUNE 30, 2016**

Schedule V

Line Item #	Description	Low Rent Housing Program	Public Housing Capital Fund	Total
94100	Ordinary Maintenance and Operation - Labor	\$ 47,432	\$ -	\$ 47,432
94200	Ordinary Maintenance and Operation - Materials	22,772	18,911	41,683
94300	Ordinary Maintenance and Operation - Contracts	8,339	-	8,339
94500	Employee Benefits - Administrative	5,685	-	5,685
94000	<b>Total Maintenance</b>	<u>84,228</u>	<u>18,911</u>	<u>103,139</u>
96110	Property Insurance	10,064	-	10,064
96120	Liability Insurance	3,071	-	3,071
96130	Workman's Compensation	3,875	-	3,875
96140	All Other Insurance	3,663	-	3,663
96100	<b>Total Insurance Premiums</b>	<u>20,673</u>	<u>-</u>	<u>20,673</u>
96210	Compensated Absences	5,755	-	5,755
96300	Other	-	-	-
96400	Bad Debt Tenant Rents	721	-	721
96000	<b>Total Other General</b>	<u>6,476</u>	<u>-</u>	<u>6,476</u>
	<b>Total Operating Expenses</b>	<u>210,409</u>	<u>19,523</u>	<u>229,932</u>
	<b>Excess of Operating Revenues over Operating Expenses</b>	<u>\$ (20,481)</u>	<u>\$ 95,467</u>	<u>\$ 74,986</u>
97400	Depreciation Expense	70,224	-	70,224
	<b>Total Other Expenses</b>	<u>70,224</u>	<u>-</u>	<u>70,224</u>
10010	Operating Transfers In	95,467	-	95,467
10020	Operating Transfers Out	-	(95,467)	(95,467)
10092	Equity Transfer	-	-	-
10100	<b>Total Other Financing Sources (Uses)</b>	<u>95,467</u>	<u>(95,467)</u>	<u>-</u>
	<b>Excess of Revenue over Expenses</b>	<u>\$ 4,762</u>	<u>\$ -</u>	<u>\$ 4,762</u>

See Independent Auditors' Report

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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, 2016**

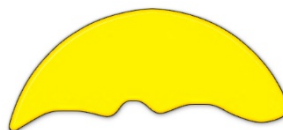
Schedule V

<u>Line Item #</u>	<u>Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund</u>	<u>Total</u>
11030	Beginning Equity	\$ 823,847	\$ -	\$ 823,847
	<b>Ending Equity</b>	<u>\$ 828,609</u>	<u>\$ -</u>	<u>\$ 828,609</u>
11190	Unit Months Available	<u>564</u>	<u>\$ -</u>	<u>\$ 564</u>
11210	Number of Unit Months Leased	<u>546</u>	<u>-</u>	<u>546</u>
11620	Building Purchases	<u>62,396</u>	<u>-</u>	<u>62,396</u>
11621	Furniture	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

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## **COMPLIANCE SECTION**



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

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

**Independent Auditors' Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and each Major fund of the Fort Sumner Housing Authority (the "Authority"), a component unit of the Village of Fort Sumner, New Mexico (Village), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and the related budgetary comparisons of the Authority, presented as supplemental information, and have issued our report thereon dated November 21, 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Southwest Accounting Solutions, LLC*

Albuquerque, New Mexico  
November 21, 2016

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

**SUMMARY OF AUDIT RESULTS**

***Financials Statements:***

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



**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

NONE

**SECTION II – CURRENT YEAR AUDIT FINDINGS**

NONE

**STATE OF NEW MEXICO  
FORT SUMNER HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF FORT SUMNER)  
OTHER DISCLOSURES  
JUNE 30, 2016**

**EXIT CONFERENCE:**

A exit conference was held on November 21, 2016. In attendance were the following:

**Representing the Fort Sumner Housing Authority:**

Allan Sparks, Chairman

Patricia Sena, Executive Director

**Representing Southwest Accounting Solutions, LLC:**

Geoff Mamerow, CFE

**Auditor Prepared Financial Statements:**

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