

STATE OF NEW MEXICO

VILLAGE OF MAXWELL HOUSING AUTHORITY

**(A COMPONENT UNIT OF THE
VILLAGE OF MAXWELL)**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2016

VILLAGE OF MAXWELL HOUSING AUTHORITY

TABLE OF CONTENTS

JUNE 30, 2016

	<u>Page</u>
OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
Proprietary Funds:	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Fund Net Position	10
Statements of Cash Flows	11
NOTES TO FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTARY INFORMATION	
Public Employees Retirement Association (PERA) Plan:	
Municipal General:	
Schedule of the Village of Maxwell Housing Authority's Proportionate Share of the Net Pension Liability of PERA Fund Division	26
Schedule of Village of Maxwell Housing Authority's Contributions	27
Notes to Required Supplementary Information	28
SUPPLEMENTARY INFORMATION	
Statement of Revenues and Expenses - Budget (Non-GAAP Basis) and Actual (Cash Basis):	
Low Rent	29
CFP – 2013	30
CFP – 2014	31
CFP – 2015	32
Schedule of Vendor Information	33
OTHER SUPPLEMENTARY INFORMATION	
Financial Data Schedule	35
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>	37
Schedule of Findings and Responses	39
Exit Conference	40

VILLAGE OF MAXWELL HOUSING AUTHORITY

OFFICIAL ROSTER

JUNE 30, 2016

Board of Directors

<u>Name</u>	<u>Title</u>
<i>Eliza Galli</i>	<i>Chair</i>
<i>Erika Meadows</i>	<i>Vice-Chair</i>
<i>Jacque Garcia</i>	<i>Board Member</i>
<i>Joe Lopez</i>	<i>Board Member</i>

Administrative Officials

<i>Melissa Cruz</i>	<i>Acting Executive Director</i>
---------------------	----------------------------------

INDEPENDENT AUDITORS' REPORT

Mr. Tim Keller, State Auditor and
To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Village of Maxwell Housing Authority (Authority), a component unit of the Village of Maxwell (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 financial statements of each of the Village of Maxwell Housing Authority's nonmajor funds and the budgetary comparisons presented as supplementary information, as defined by the Government Accounting Standards Board for the year ended June 30, 2016 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Mr. Tim Keller, State Auditor and
To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico
Page Two

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

Opinions

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

Other Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and changes in its financial position and cash flows of only that portion of the Village that is attributable to the Authority. They do not purport to, and do not present fairly the financial position of the Village as of June 30, 2016, and the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and the pension liability schedules on pages 26 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mr. Tim Keller, State Auditor and
To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico
Page Three

Other Information

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

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

The schedule of vendor information on page 33 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

The following is an analysis for the Maxwell Housing Authority's financial performance. It is to provide the reader with an overview to the Authority's financial activities for the fiscal year ended June 30, 2016. The information contained here in this MD&A should be considered in conjunction with the Authority's basic financial statements.

Financial Highlights

- The Maxwell Housing Authority's total assets decreased from \$266,339 to \$238,808 a decrease of \$27,531 or 10.3%.
- The net position decreased from \$218,446 to \$190,879 at June 30, 2016. This represents a decrease of \$27,567 or 12.6% from the previous year. The unrestricted net position balance decreased from \$14,337 to \$13,180, a decrease of \$1,157 or 8.1%.
- Revenues decreased from \$113,814 to \$107,574 a decrease of \$6,240 or 5.5% from the previous year.
- Total expenses decreased by \$13,330, from \$148,471 to \$13,141 for the current year.

Using this Annual Report

This annual report consists of basic financial statements and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended June 30, 2016. The basic statements provide readers with a broad overview of the Authority's finances. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

1. The Statement of Net Position provides information on all the Authority's assets and liabilities, with the difference between the two 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.
2. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
3. The Statement of Cash Flows presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

The agency has two individual programs. These include the Low Rent Housing Program and the Capital Fund Program.

- The Low Rent Housing Program consists of the 21 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. Tenants typically pay dwelling rent, which is based on a formula that equates to 30 percent of the tenant's adjusted gross income.
- The Capital Fund program is also funded from HUD based on a formula. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

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 years ended June 30, 2016 and June 30, 2015.

Statement of Net Position-Condensed June 30, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets	\$56,953	\$58,751
Noncurrent assets	4,156	3,479
Capital assets (net of depreciation)	177,699	204,109
<i>Total assets</i>	<u>238,808</u>	<u>266,339</u>
Deferred outflows of resources	<u>3,540</u>	<u>2,909</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$242,348</u>	<u>\$269,248</u>
LIABILITIES		
Current liabilities	\$6,155	\$6,929
Long-term liabilities	8,303	9,213
Net pension liability	36,083	24,901
<i>Total liabilities</i>	<u>50,541</u>	<u>41,043</u>
Deferred inflows of resources	<u>928</u>	<u>9,759</u>
NET POSITION		
Unrestricted net position	13,180	14,337
Net investment in capital assets	177,699	204,109
<i>Total net position</i>	<u>190,879</u>	<u>218,446</u>
<i>Total liabilities, net position, and deferred inflows of resources</i>	<u>\$242,348</u>	<u>\$269,248</u>

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Cash & Investments

Unrestricted cash and investments totaled \$52,703, a decrease of \$2,335 from the previous year.

Current Assets

Current assets decreased 3.1%, from \$58,751 to \$56,953.

Current Liabilities

Current liabilities decreased from \$6,929 to \$6,155 or 11.2%. This decrease was primarily a result of various decreases in payroll liabilities and increases in other payables.

Net Position

The total net position balance decreased from \$218,446 to \$190,879 at June 30, 2016. Unrestricted net position is the amount of available funds for future appropriations. These funds are reserved for expenditures of the actual program. The Authority's unrestricted net position total of \$13,180 decreased \$1,157 from the previous year.

Statement of Revenues & Expenses For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
REVENUE		
Rental revenue	\$39,387	\$35,616
HUD operating grants	52,301	50,462
Capital grants	15,637	27,516
Interest income	249	296
Other revenue	0	(76)
<i>Total revenue</i>	<u>107,574</u>	<u>113,814</u>
EXPENSES		
Personnel	64,082	58,646
Operating	44,649	60,890
Depreciation	26,410	28,935
<i>Total expenses</i>	<u>135,141</u>	<u>148,471</u>
<i>Excess of revenue over expenses</i>	<u>(\$27,567)</u>	<u>(\$34,657)</u>

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Results of Operations

Operating revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenues decreased by \$6,240. Total expenses decreased by \$13,330 from the previous year. Revenues decreased from the previous year principally due to the decrease in capital grants. Expenses decreased from the previous year principally due to decreased operating expenses.

Budgets

There were no CFP budget adjustments during the year consistent with the HUD budgeting process. There was a budget adjustment to the Low Rent program budget predominantly to add expenditures for capital outlay.

Capital Assets

As of June 30, 2016, the Maxwell Housing Authority's net investment in capital assets was \$177,699. This investment includes land, building, building improvements, office equipment, and maintenance equipment.

<u>Category</u>	<u>2016</u>	<u>2015</u>
Land	\$5,000	\$5,000
Construction in progress	0	0
Buildings	924,589	924,589
Equipment	32,977	32,977
Non-dwelling Structures	66,936	66,936
Accumulated Depreciation	(851,803)	(825,393)
<i>Total Net Fixed Assets</i>	\$177,699	\$204,109

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2016.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Maxwell Housing Authority
Melissa Cruz, Acting Executive Director
P.O. Box 188
Maxwell, New Mexico 87728

BASIC FINANCIAL STATEMENTS

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

JUNE 30, 2016

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$17,105	\$0	\$17,105
Investments - CD's	35,598	0	35,598
Prepaid insurance	51	0	51
Tenant receivable - net of allowance	0	0	0
Interest receivable	41	0	41
Inventory	3,858	0	3,858
Due from Village of Maxwell	300	0	300
<i>Total current assets</i>	56,953	0	56,953
Noncurrent Assets:			
Restricted cash	4,156	0	4,156
Net capital assets	177,699	0	177,699
<i>Total noncurrent assets</i>	181,855	0	181,855
Deferred outflows of resources	3,540	0	3,540
<i>Total assets and deferred outflows of resources</i>	242,348	0	242,348
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	1,738	0	1,738
Accrued liabilities	443	0	443
Wages and payroll taxes payable	1,628	0	1,628
Prepaid rent	12	0	12
Accrued compensated absences	2,334	0	2,334
<i>Total current liabilities</i>	6,155	0	6,155
Long-term Liabilities:			
Accrued compensated absences	4,147	0	4,147
Tenant security deposits	4,156	0	4,156
Net pension liability	36,083	0	36,083
<i>Total long-term liabilities</i>	44,386	0	44,386
<i>Total liabilities</i>	50,541	0	50,541
Deferred inflows of resources	928	0	928
Net Position:			
Net investment in capital assets	177,699	0	177,699
Unrestricted	13,180	0	13,180
<i>Total net position</i>	<i>\$190,879</i>	<i>\$0</i>	<i>\$190,879</i>

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

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities		
	Low Rent	Nonmajor Fund	
		CFP	Total
OPERATING REVENUES:			
Rental income	\$39,387	\$0	\$39,387
Other revenue	0	0	0
HUD operating subsidy	52,301	0	52,301
<i>Total operating revenues</i>	91,688	0	91,688
OPERATING EXPENSES:			
Personnel	64,082	0	64,082
Operating	35,012	9,637	44,649
Depreciation	26,410	0	26,410
<i>Total operating expenses</i>	125,504	9,637	135,141
<i>Net operating income (loss)</i>	(33,816)	(9,637)	(43,453)
NON-OPERATING REVENUE AND (EXPENSES)			
HUD capital grants	0	15,637	15,637
Interest	249	0	249
<i>Total non-operating revenue and (expenses)</i>	249	15,637	15,886
<i>Income (loss) before transfers</i>	(33,567)	6,000	(27,567)
Transfers in (out)	6,000	(6,000)	0
Capital transfers in (out)	3,867	(3,867)	0
	9,867	(9,867)	0
<i>Change in net position</i>	(23,700)	(3,867)	(27,567)
Net position - beginning of year	214,579	3,867	218,446
<i>Total net position, end of year</i>	\$190,879	\$0	\$190,879

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

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers (including other funds)	\$40,076	\$0	\$40,076
Grants - subsidies	52,301	0	52,301
Cash paid to suppliers	(34,754)	(9,637)	(44,391)
Cash paid to employees	(65,527)	0	(65,527)
<i>Net cash provided (used) by operating activities</i>	(7,904)	(9,637)	(17,541)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers in (out)	6,000	(6,000)	0
<i>Net cash provided (used) by non capital financing activities</i>	6,000	(6,000)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grant	0	15,637	15,637
<i>Net cash provided (used) by capital and related financing activities</i>	0	15,637	15,637
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of certificates of deposit	(200)	0	(200)
Interest received	246	0	246
<i>Net cash provided (used) by investing activities</i>	46	0	46
<i>Net increase (decrease) in pooled cash and investments</i>	(1,858)	0	(1,858)
Cash, beginning of year	23,119	0	23,119
<i>Cash, end of year</i>	\$21,261	\$0	\$21,261
Non Cash Transactions:			
Capital transfers in (out)	\$3,867	(\$3,867)	\$0

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

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (loss)	(\$33,816)	(\$9,637)	(\$43,453)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	26,410	0	26,410
Change in assets and liabilities:			
Tenants prepaid rent	12	0	12
Accounts and contracts payable	492	0	492
Accrued payroll	(2,353)	0	(2,353)
Accrued vacation compensation	(512)	0	(512)
Security deposits	677	0	677
Inventory	(405)	0	(405)
Due from Village of Maxwell	(129)	0	(129)
Change in net pension contributions and liability	1,720	0	1,720
<i>Total adjustments</i>	25,912	0	25,912
<i>Net cash provided (used) by operating activities</i>	(\$7,904)	(\$9,637)	(\$17,541)

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

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The function of the Village of Maxwell Housing Authority is to administer the Housing and Urban Development (HUD) programs to provide housing for qualified individuals in the Village of Maxwell Area.

This funding is provided through various grant programs.

The financial statements of the Village of Maxwell Housing Authority (Housing Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village of Maxwell Housing Authority's most significant accounting policies are described below.

Reporting Entity

The Housing Authority is a component unit of the Village of Maxwell. The accompanying financial statements present only the Village of Maxwell Housing Authority's financial information.

The Village of Maxwell Housing Authority is a Village organization created by Village Ordinance to provide housing for qualified Village residents. The Village has the ability to appoint management, influence operations, and influence the disposition of funds.

The Village of Maxwell Housing Authority has no component units.

Basis of Presentation

For financial reporting purposes, the accounts of the Village of Maxwell Housing Authority are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, retained earnings, revenues and expenses as appropriate. All assets, all liabilities and deferred outflows and inflows of resources associated with the operations are included on the statement of net position. The various funds are summarized by type in the financial statements. All programs have been accounted for as proprietary funds under the HUD UFRS guidelines.

Proprietary Fund Type

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including amortization and depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Proprietary Funds are as follows:

Low Income Housing Project – To account for the rental activities of the Village-owned low income housing project.

Public Housing Capital Fund Program – To account for HUD’s Public Housing Capital Fund Program, which replaces CIAP and CGP. Provides funds for capital improvements for Housing Authority-owned housing.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The financial statements of the Village of Maxwell Housing Authority are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary fund types are reported on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. It is the Housing Authority’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Budgets and Budgetary Accounting

The Housing Authority adopts budgets for Proprietary Funds in accordance with the Housing and Urban Development program agreements.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments – Budget increases and decreases can only be accomplished by Commission resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the Village’s budget be prepared on the basis of cash receipts and cash expenses. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenses with a cash basis budget as amended.

Income Taxes

As a local government entity, the Village is not subject to federal or state income taxes.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

The Village allows employees to accrue annual leave based on years of service. Upon termination, accrued annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave up to 240 hours upon termination.

The accrual for compensated absences made as of June 30, 2016 is \$6,481.

Cash and Cash Equivalents

For the purpose of the statement of cash flows the proprietary fund considers all highly liquid investments to be cash equivalents.

Interfund Transactions

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

Capital Assets

Purchase or constructed capital assets are reported at cost or estimated historical cost. The Housing Authority defines capital assets as assets with lives of greater than one-year and a cost or donated value of \$1,000 or greater.

Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Non Dwelling Structures	15
Machinery and Equipment	5-7

Software is capitalized in the machinery and equipment category.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is valued at cost, which approximates market using the first-in/first-out (FIFO) method. Inventory is recorded as expenditures when consumed rather than when purchased.

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.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2. CASH AND INVESTMENTS

Cash consists of United States currency and financial institution checking accounts. The Housing Authority follows state law in regard to deposits and investments. At June 30, 2016, the Housing Authority held certificates of deposit that are shown as investments as their original maturities are greater than 90 days.

All financial institutions in which the Housing Authority has an account are covered by Federal Deposit Insurance Corporation (FDIC) insurance.

Cash on Deposit

	Bank Balance	Carrying Amounts
<u>International Bank</u>		
Public Fund – Regular Checking	\$17,757	\$17,757
Public Fund – CFP Checking	0	0
Security Deposit Checking	3,479	3,479
Certificate of Deposit	35,598	35,598
<i>Total cash on deposit</i>	56,834	56,834
Less amounts shown as investments	(35,598)	(35,598)
Petty cash	25	25
<i>Total cash</i>	\$21,261	\$21,261

<u>Investments</u>	WAM	Cost	Market Value
Certificates of deposit	1 year	\$35,598	\$35,598
<i>Total investments</i>		\$35,598	\$35,598

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority’s deposits may not be returned to it.

There were no uninsured bank deposits (not covered by F.D.I.C).

	International Bank
Amount held in bank	\$56,834
Less F.D.I.C.	(56,834)
<i>Amount uninsured</i>	\$0
100% Collateral requirement	\$0

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 3. ACCOUNTS RECEIVABLE AND MORTGAGES RECEIVABLE

Tenant accounts receivable are reported at their gross value. Those amounts considered doubtful have been recorded as allowance for doubtful accounts in the amount of \$0. Employee fraud receivable (incurred prior to 2005) is also reported at gross value. This amount has been deemed uncollectible \$12,164.

NOTE 4. CHANGES IN CAPITAL ASSETS

Capital Assets are stated at historical cost. The following is a summary of changes in Capital Assets for the fiscal year in the proprietary funds:

	Balance June 30, 2015	Additions	Transfers	Reclassifications	Balance June 30, 2016
Non Depreciable Assets:					
Land	\$5,000	\$0	\$0	\$0	\$5,000
Construction in progress	0	0	0	0	0
Depreciable Assets:					
Buildings	924,589	0	0	0	924,589
Non dwelling structures	66,936	0	0	0	66,936
Machinery and equipment	32,977	0	0	0	32,977
<i>Total</i>	1,029,502	0	0	0	1,029,502
Less Accumulated Depreciation:					
Buildings	(767,228)	(21,555)	0	5,136	(783,647)
Non dwelling structures	(26,615)	(4,462)	0	(4,463)	(35,540)
Machinery and equipment	(31,550)	(393)	0	(673)	(32,616)
<i>Total accumulated depreciation</i>	(825,393)	(26,410)	0	0	(851,803)
<i>Net capital assets</i>	\$204,109	(\$26,410)	\$0	\$0	\$177,699

Depreciation expense for the year was \$26,410.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 5. NET POSITION

The unrestricted net position represent the amounts available for budgeting future operations (i.e., current).

Net Position

Net position is displayed in three components:

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

Restricted Net Position – Net position are 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.

Unrestricted Net Position – Net position that does not meet the definition of “restricted” and “Net investment in capital assets.”

NOTE 6. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Village is a member of the New Mexico Self-Insurers’ Fund (the “Fund”). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for insurance coverage, and develop a comprehensive loss control program. The Village pays an annual premium to the Fund for its workers’ compensation liability, general liability, auto liability, auto physical damage, and property coverage. The Village’s agreement with the Fund provides that the Fund will be self-sustaining through member premiums, and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member cities.

NOTE 7. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

A.	Net working capital: Proprietary Funds	<u>\$46,651</u>
----	--	-----------------

B.	Excess of fund actual expenditures over budget:			
	Fund	Budget Amount	Actual Amount	Over (Under) Expended
	Low Rent	\$100,260	\$100,281	\$21

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Village of Maxwell Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that apply to Village of Maxwell Housing Authority are: Municipal General. Statutorily required contributions to the pension plan from the Village of Maxwell Housing Authority were \$2,825 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.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (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; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village of Maxwell Housing Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2016, the Village of Maxwell Housing Authority reported a liability of \$36,083 for its proportionate share of the net pension liability. At June 30, 2015, the Village of Maxwell Housing Authority's proportion was .0039 percent, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Village of Maxwell Housing Authority recognized PERA Fund Division Municipal General pension expense of \$1,603. At June 30, 2016, the Village of Maxwell Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$800
Changes of assumptions	0	14
Net difference between projected and actual earnings on pension plan investments	0	114
Changes in proportion and differences between Village of Maxwell Housing Authority contributions and proportionate share of contributions	715	0
Village of Maxwell Housing Authority contributions subsequent to the measurement date	2,825	0
Total	\$3,540	\$928

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

\$2,825 reported as deferred outflows of resources related to pensions resulting from Village of Maxwell Housing Authority contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	(\$956)
2018	(956)
2019	(956)
2020	1,940
2021	0
Thereafter	(\$928)

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

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

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (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	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	4.0	4.15
Total	100.0%	

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 Village of Maxwell Housing Authority’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village of Maxwell Housing Authority’s net pension liability in each PERA Fund Division that Village of Maxwell 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.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
PERA Fund Division Municipal General			
Village of Maxwell Housing Authority's proportionate share of the net pension liability	\$61,453	\$36,083	\$15,009

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

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

NOTE 9. TRANSFERS AND DUE FROM/TO OTHER FUNDS

Transfers between funds were as follows:

	Operating Transfers Out		
	Low Rent	CFP	
Operating Transfers In:			
Low Rent	\$0	\$6,000	\$6,000
CFP	0	0	0
Total	\$0	\$6,000	\$6,000

Transfers are used to move the portion of CFP funding allotted for operating expenditures to the Low Rent Fund.

	Capital Transfers Out		
	Low Rent	CFP	
Capital Transfers In:			
Low Rent	\$0	\$0	\$0
CFP	\$0	\$0	\$0
Total	\$0	\$0	\$0

	Due To		
	Low Rent	CFP	
Interfund Receivables/Payables:			
Due From:			
Low Rent	\$0	\$0	\$0
CFP	\$0	\$0	\$0
Total	\$0	\$0	\$0

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 10. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarized the changes in accrued compensated absences during 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Amount Due Within One Year
Accrued compensated absences	\$6,993	\$3,135	\$3,647	\$6,481	\$2,334

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE VILLAGE OF MAXWELL HOUSING AUTHORITY'S
PROPORATIONATE SHARE OF THE NET PENSION
LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	As of Measurement Date	
	June 30, 2015	June 30, 2014
	2016	2015
Village of Maxwell Housing Authority's proportion of the net pension liability (asset)	0.0035%	0.0039%
Village of Maxwell Housing Authority's proportionate share of the net pension liability (asset)	\$36,083	\$24,901
Village of Maxwell Housing Authority's covered-employee payroll (at measurement date)	\$39,312	\$39,000
Village of Maxwell Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	91.81%	63.85%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.50%

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

**SCHEDULE OF THE VILLAGE OF MAXWELL HOUSING AUTHORITY'S
CONTRIBUTIONS**

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	2016	2015
Contractually required contribution	\$2,825	\$2,909
Contributions in relation to the contractually required contribution	\$2,825	\$2,909
Contribution deficiency (excess)	\$0	\$0
Village of Maxwell Housing Authority's covered-employee payroll	\$38,176	\$39,312
Contributions as a percentage of covered-employee payroll	7.40%	7.40%

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

VILLAGE OF MAXWELL HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

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.

SUPPLEMENTARY INFORMATION

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

LOW RENT

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Rental income	\$37,360	\$37,360	\$38,731	\$1,371
HUD grants and subsidy	51,936	51,936	52,301	365
Other	810	810	1,345	535
Tenant charges	100	100	0	(100)
<i>Total revenues</i>	<u>90,206</u>	<u>90,206</u>	<u>92,377</u>	<u>2,171</u>
OPERATING EXPENSES:				
Tenant services	0	0	0	0
Personnel	67,370	67,370	65,528	1,842
Admin expenses	11,490	11,490	13,872	(2,382)
Operating and maintenance	17,410	17,410	16,371	1,039
Capital outlay	0	0	0	0
Utilities	3,990	3,990	4,510	(520) *
<i>Total operating expenses</i>	<u>100,260</u>	<u>100,260</u>	<u>100,281</u>	<u>(21)</u>
<i>Operating income (loss)</i>	(10,054)	(10,054)	(7,904)	2,150
NON-OPERATING REVENUE (EXPENSES):				
Interest	220	220	246	26
Transfers in	6,000	6,000	6,000	0
<i>Total non-operating revenue (expenses)</i>	<u>6,220</u>	<u>6,220</u>	<u>6,246</u>	<u>26</u>
<i>Net income (deficit)</i>	(3,834)	(3,834)	(\$1,658)	\$2,176
Budgeted cash carryover	3,834	3,834		
	<u>\$0</u>	<u>\$0</u>		

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

Net income (budgetary basis)	(\$1,658)
Adjustments for revenue accruals, transfers, earnings on investments, capital invest	3,181
Adjustments for expenditures for payables	1,187
Depreciation	(26,410)
Change in net position (GAAP basis)	<u>(\$23,700)</u>

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

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

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

CFP FUND - 2013

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$0	\$0	\$0	\$0
Rental income	0	0	0	0
Other	0	0	0	0
Gain/loss on sale of asset	0	0	0	0
<i>Total revenues</i>	0	0	0	0
OPERATING EXPENSES:				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	0	0	0	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	0	0	0	0
<i>Operating income (loss)</i>	0	0	0	0
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	0	0	0	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	0	0	0	0
<i>Net income</i>	\$0	\$0	\$0	\$0

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

Net income (budgetary basis)	\$0
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(3,867)
Change in net position (GAAP basis)	(\$3,867)

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

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

CFP FUND - 2014

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$0	\$0	\$0	\$0
Rental income	0	0	0	0
Other	0	0	0	0
Gain/loss on sale of asset	0	0	0	0
<i>Total revenues</i>	0	0	0	0
OPERATING EXPENSES:				
Operations	273	273	0	273
Audit costs	0	0	0	0
Capital outlay	2,586	2,586	2,586	0
Management improvements	535	535	535	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	3,394	3,394	3,121	273
<i>Operating income (loss)</i>	(3,394)	(3,394)	(3,121)	273
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	3,394	3,394	3,121	(273)
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	3,394	3,394	3,121	(273)
<i>Net income</i>	\$0	\$0	\$0	\$0

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

Net income (budgetary basis)	\$0
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	0
<i>Change in net position (GAAP basis)</i>	\$0

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

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

CFP FUND - 2015

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$0	\$0	\$0	\$0
Rental income	0	0	0	0
Other	0	0	0	0
Gain/loss on sale of asset	0	0	0	0
<i>Total revenues</i>	0	0	0	0
OPERATING EXPENSES:				
Operations	6,000	6,000	4,016	1,984
Audit costs	2,500	2,500	2,500	0
Capital outlay	22,085	22,085	0	22,085
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	30,585	30,585	6,516	24,069
<i>Operating income (loss)</i>	(30,585)	(30,585)	(6,516)	24,069
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	30,585	30,585	12,516	(18,069)
Interest	0	0	0	0
Transfers (out)	0	0	(6,000)	(6,000)
<i>Total non-operating revenue (expenses)</i>	30,585	30,585	6,516	(24,069)
<i>Net income</i>	\$0	\$0	\$0	\$0

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

Net income (budgetary basis)	\$0
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	0
Change in net position (GAAP basis)	\$0

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

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF MAXWELL HOUSING AUTHORITY
(A Component Unit of the Town of Maxwell)
Financial Data Schedule
June 30, 2016

Line Item #	Account Description	Public Housing Low Rent 14,850	Public Housing Capital Fund Program 14,872	Total
111	Cash - Unrestricted	17,105	-	17,105
114	Cash - Tenant Security Deposits	4,156	-	4,156
100	Total Cash	21,261	-	21,261
122	Accounts Receivable - HUD Other Projects	-	-	-
124	Accounts Receivable - Other Government	-	-	-
126	Accounts Receivable - Tenants	-	-	-
126.1	Allowance for Doubtful Accts - Tenants	-	-	-
129	Accrued Interest Receivable	41	-	41
120	Total Receivables, Net of Allowance for Doubtfull Accts	41	-	41
131	Investments - Unrestricted	35,598	-	35,598
132	Investments - Restricted	-	-	-
142	Prepaid Expenses and Other Assets	51	-	51
143	Inventories	4,287	-	4,287
143.1	Allowance for Obsolete Inventories	(429)	-	(429)
150	Total Current Assets	60,809	-	60,809
161	Land	5,000	-	5,000
162	Buildings	924,589	-	924,589
163	Furniture, Equipment & Machinery - Dwellings	66,937	-	66,937
164	Furniture, Equipment & Machinery - Administration	32,976	-	32,976
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(851,803)	-	(851,803)
167	Construction in Progress	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	177,699	-	177,699
180	Total Non-Current Assets	177,699	-	177,699
190	Total Assets	238,508	-	238,508
200	Deferred Outflow of Resources	2,909	-	2,909
290	Total Assets and Deferred Outflow of Resources	241,417	-	241,417
312	Accounts Payable <= 90 Days	2,181	-	2,181
321	Accrued Wage/Payroll Taxes Payable	1,628	-	1,628
322	Accrued Compensated Absences - Current Portion	2,334	-	2,334
341	Tenant Security Deposits	4,156	-	4,156
342	Deferred Revenue	12	-	12
310	Total Current Liabilities	10,311	-	10,311
354	Accrued Compensated Absences - Non-Current	4,147	-	4,147
357	Accrued Pension and OPEB Liabilities	24,901	-	24,901
350	Total Noncurrent Liabilities	29,048	-	29,048
300	Total Liabilities	39,359	-	39,359
400	Deferred Inflow of Resources	9,759	-	9,759
508.1	Net Investment of Capital Assets	177,699	-	177,699
511.4	Restricted Net Position	-	-	-
512.4	Unrestricted Net Position	14,600	-	14,600
513	Total Equity - Net Position	192,299	-	192,299
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	241,417	-	241,417
70300	Net Tenant Rental Revenue	38,719	-	38,719
70400	Tenant Revenue - Other	668	-	668
70500	Total Tenant Revenue	39,387	-	39,387
70600	HUD PHA Operating Grants	52,301	-	52,301
70610	Capital Grants	-	15,637	15,637
70700	Total Fee Revenue	52,301	15,637	67,938

VILLAGE OF MAXWELL HOUSING AUTHORITY
(A Component Unit of the Town of Maxwell)
Financial Data Schedule
June 30, 2016

Line Item #	Account Description	Public Housing Low Rent 14,850	Public Housing Capital Fund Program 14,872	Total
71100	Investment Income - Unrestricted	249		249
71500	Other Revenue	-		-
70000	Total Revenue	91,937	15,637	107,574
91100	Administrative Salaries	32,410	-	32,410
91200	Auditing Fees	3,209	2,500	5,709
91400	Advertising & Marketing	150	-	150
91500	Employee Benefit Contributions - Administrative	2,858	-	2,858
91600	Office Expenses	5,466	277	5,743
91700	Legal Expenses	-	-	-
91800	Travel	94	257	351
91900	Other	5,390	-	5,390
91000	Total Operating - Administrative	49,577	3,034	52,611
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	-	-	-
93100	Water	276	-	276
93200	Electricity	3,129	-	3,129
93300	Gas	1,059	-	1,059
93600	Sewer	56	-	56
93800	Other Utilities	-	-	-
93000	Total Utilities	4,520	-	4,520
94100	Ordinary Maintenance and Operations - Labor	20,958	-	20,958
94200	Ordinary Maintenance and Operations - Materials & Other	3,140	3,710	6,850
94300	Ordinary Maintenance and Operations Contracts	721	2,893	3,614
94500	Employee Benefit Contributions - Ordinary Maintenance	3,300	-	3,300
94000	Total Maintenance	28,119	6,603	34,722
96110	Property Insurance	6,035	-	6,035
96120	Liability Insurance	1,639	-	1,639
96130	Workmen's Compensation	2,158	-	2,158
96140	All Other Insurance	1,752	-	1,752
96100	Total Insurance Premiums	11,584	-	11,584
96200	Other General Expenses	364	-	364
96210	Compensated Absences	3,135	-	3,135
96400	Bad Debt - Tenant Rents	375	-	375
96000	Total Other General Expenses	3,874	-	3,874
96900	Total Operating Expenses	97,674	9,637	107,311
97000	Excess Revenue over Operating Expenses	(5,737)	6,000	263
97400	Depreciation Expense	26,410	-	26,410
90000	Total Expenses	124,084	9,637	133,721
10010	Operating Transfers In	6,000	-	6,000
10020	Operating Transfers Out	-	(6,000)	(6,000)
10100	Total Other Financing Sources (Uses)	6,000	(6,000)	-
10000	Excess (Deficiency) of Total Rev Over (Under) Total Exp	(26,147)	-	(26,147)
11030	Beginning Equity	\$ 214,579	\$ 3,867	\$ 218,446
11040	Prior Period Adj, Equity Transfers, Correction of Errors	\$ 3,867	\$ (3,867)	\$ -
11190	Unit Months Available	248	-	248
11210	Number of Unit Months Leased	232	-	232

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

Independent Auditor's Report

Mr. Tim Keller, State Auditor and
To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Village of Maxwell Housing Authority, a component unit of the Village of Maxwell 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 30, 2016.

Internal Control Over Financial Reporting

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

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

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.

Mr. Tim Keller, State Auditor and
To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 30, 2016

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CURRENT YEAR FINDINGS:

None.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

None.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

EXIT CONFERENCE

JUNE 30, 2016

EXIT CONFERENCE:

The exit conference was held November 16, 2016 and was attended by the following:

From the Village of Maxwell Housing Authority:

Melissa Cruz, Acting Executive Director
Jacque Garcia, Board Member

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

Ken Shaw, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

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