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STATE OF NEW MEXICO

ARTESIA HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2018

ARTESIA HOUSING AUTHORITY

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ARTESIA HOUSING AUTHORITY

OFFICIAL ROSTER
JUNE 30, 2018

BOARD OF COMMISSIONERS

Name	Title
Veral D'Entremont	*Chairperson*
Patricia Heredia	*Vice Chairperson*
Randy Hazelbaker	*Commissioner*
Marty Petsonk	*Commissioner*
Monica Arrey	*Resident Commissioner*

ADMINISTRATIVE OFFICIALS

Louisa Madrid	*Executive Director*

INDEPENDENT AUDITORS' REPORT

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Artesia Housing Authority
Artesia, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Artesia Housing Authority (Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this 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.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Artesia Housing Authority, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements that collectively comprise Artesia Housing Authority's basic financial statements. The Financial Data Schedule and other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule and *other schedules required by 2.2.2 NMAC* are the responsibility of management and were derived from and related 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.

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Artesia Housing Authority
Artesia, New Mexico
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

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

September 24, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Housing Authority of Artesia, New Mexico presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending June 30, 2018. It is designed to provide an overview of financial information and changes in financial position. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities is tenant rentals, with subsidies and grants from the Department of Housing and Urban Development (HUD) providing a secondary but also significant source of funding.

- The Housing Authority's assets exceeded its liabilities by $2,956,224 at the close of the fiscal year ended 2018.

    - Of this amount $2,111,469 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.

    - The remainder of $844,755 of unrestricted assets can be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount is less than the total operating expenses of $890,609 for the fiscal year 2018, so is not excessive by any means.

- The Housing Authority's total net position decreased by $113,116 or 3.7% from the prior fiscal year restated net position. This decrease is mainly attributable to declines in federal grants.

- The Authority spent $58,857 on capital asset additions during the fiscal year.

- As a related measure of financial health, current assets of $894,799 exceed current liabilities of $71,894 more than twelve times over.

- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2018?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

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

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

USING THIS ANNUAL REPORT

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

Low Rent Public Housing
Public Housing Capital Fund Program

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

FINANCIAL ANALYSIS

The Housing Authority's net position was $2,956,224 as of June 30, 2018. Of this amount, $2,111,469 was net investment in capital assets, and the remaining $844,755 was unrestricted. No other specific assets are restricted. Also, there are no other restrictions on general net position.

CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Net Position
As of June 30, 2018

	2018	2017
ASSETS		
Current assets	$894,799	$845,056
Assets restricted for tenant deposits	29,305	27,732
Capital assets, net of depreciation	2,111,469	2,257,582
Total assets	$3,035,573	$3,130,370
LIABILITIES		
Current liabilities	$71,894	$51,474
Noncurrent liabilities	7,455	9,556
Total liabilities	79,349	61,030
NET POSITION		
Net investment in capital assets, net of depreciation	2,111,469	2,257,582
Unrestricted net position	844,755	811,758
Total net position	2,956,224	3,069,340
Total liabilities, deferred inflows of resources, and net position	$3,035,573	$3,130,370

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	2018	2017
OPERATING REVENUES		
Tenant rental revenue	$532,433	$502,611
Other miscellaneous	1,882	703
Federal grants for operations	167,190	196,086
Total operating revenues	701,505	699,400
OPERATING EXPENSES	890,609	894,179
(Losses) from operations	(189,104)	(194,779)
NON-OPERATING REVENUES		
Interest income	750	681
(Losses) after non-operating revenues	(188,354)	(194,098)
OTHER CHANGES IN NET POSITION		
Federal grants for capital expenditures	75,238	140,728
Net increase (decrease) in net position	(113,116)	(53,370)
Net position, beginning of year	3,069,340	3,122,710
Net position, end of year	$2,956,224	$3,069,340

Net position decreased by $113,116 or 3.7%, from fiscal year 2017. In the narrative that follows, the detailed factors causing this change are discussed:

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating revenues increased $2,105 or by .3%, due to an increase in tenant rents.

Non-operating revenues decreased due to a decrease in capital fund program revenues of $65,490.

The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2014 through 2016.

Federal revenues from HUD for operations decreased by $28,896 or by 14.7% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant.

Total tenant revenue increased by $29,822 or 5.9% from that of the prior fiscal year because the amount of rent each tenant pays is based on a sliding scale of their personal income.

Compared with the prior fiscal year, total operating expenses decreased by $3,570 or by .4%, while non-operating or capital grants decreased by $65,490 or 46.5%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the Housing Authority had a total cost of $7,914,555 invested in a broad range of assets, as listed below. This amount, not including depreciation, represents increases of $58,857 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Capital Assets, Net of Accumulated Depreciation
As of June 30, 2018

	2018	2017
Land	$102,969	$102,969
Construction in progress	296,558	405,661
Buildings and building improvements	7,134,328	6,971,343
Equipment and furniture	380,700	375,725
Accumulated depreciation	(5,803,086)	(5,598,116)
Total	$2,111,469	$2,257,582

Debt

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

Budget

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by federal budget than by local economic conditions. The capital budgets for the 2019 fiscal year have already been submitted to HUD for approval and no major changes are expected.

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

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact the Executive Director at the Artesia Housing Authority, 617 W. Bush Avenue, Artesia, New Mexico 88210.

BASIC FINANCIAL STATEMENTS

ARTESIA HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2018

	Total
ASSETS	
Current Assets	
Cash	$821,831
Receivables (net of allowance):	
Tenants	11,102
Miscellaneous	2,543
Prepaid expenses	59,323
Total current assets	894,799
Noncurrent Assets:	
Restricted Cash	29,305
Capital Assets:	
Land	102,969
Construction in progress	296,558
Buildings and building improvements	7,134,328
Equipment and furniture	380,700
Less accumulated depreciation	(5,803,086)
Capital assets, net	2,111,469
Total assets	3,035,573
LIABILITIES	
Current Liabilities:	
Accounts payable	27,376
Accrued payroll liabilities	13,575
Prepaid rent	1,638
Tenant deposits	29,305
Total current liabilities	71,894
Noncurrent Liabilities:	
Compensated absences	7,455
Total liabilities	79,349
Deferred inflows of resources	0
NET POSITION	
Net investment in capital assets	2,111,469
Unrestricted	844,755
Total net position	$2,956,224

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

ARTESIA HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

JUNE 30, 2018

	Total
Operating Revenues	
Tenant rental revenue	$532,433
Other tenant revenue	150
Other Income	1,732
HUD operating subsidy	167,190
Total operating revenues	701,505
Operating Expenses	
Personnel services	230,715
Employee benefits	92,096
Professional services	21,848
Repairs and maintenance	100,869
Utilities	138,435
General operating	101,676
Depreciation	204,970
Total operating expenses	890,609
Operating loss	(189,104)
Non-Operating Revenues (Expenses)	
HUD capital grants	75,238
Interest income	750
Total non-operating revenues (expenses)	75,988
(Loss) before capital contributions and transfers	(113,116)
Capital Contributions and Transfers:	
Capital contributions	0
Capital transfers in	0
Capital transfers (out)	0
Total non-operating revenue (expenses)	0
Change in net position	(113,116)
Net position, beginning of year	3,069,340
Net position, end of year	**$2,956,224**

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

ARTESIA HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2018

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	$525,758
Cash received - other	1,732
Grants - subsidies	167,190
Cash payments to suppliers for goods and services	(350,698)
Cash payments to employees for services	(324,584)
Net cash provided by operating activities	19,398
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Cash received from other sources	0
Net change in customer deposits	0
Net transfers in (out)	0
Net cash provided (used) by noncapital and related financing activities	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash received from intergovernmental sources	75,238
Acquisition and construction of capital assets	(58,857)
Net cash provided by capital and related financing activities	16,381
CASH FLOWS FROM INVESTING ACTIVITIES	
Net purchases/maturities of certificates of deposit	0
Interest income	750
Net cash provided by investing activities	750
Net (increase) in cash	36,529
Cash and cash equivalents, beginning of year	814,607
Cash and cash equivalents, end of year	**$851,136**
Cash and Cash Equivalents	
Cash	$821,831
Restricted	29,305
	$851,136

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

ARTESIA HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2018

	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (loss)	($189,104)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	204,970
Change in assets and liabilities:	
(Increase) in tenants' receivable	(7,342)
(Increase) in accounts receivable	(959)
(Increase) in prepaid expenses	(6,486)
Increase in accounts payable	19,575
(Decrease) in accrued salaries and compensated absences	(1,773)
(Decrease) in prepaid rent	(1,056)
(Increase) in tenant deposits	1,573
Total adjustments	208,502
Net cash used by operating activities	**$19,398**

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Artesia Housing Authority (the Authority) was organized pursuant to an agreement with the United States Department of Housing and Urban Development (HUD) in 1968. The agreement provided for 138 low-rent housing units, the construction of which was financed by bonds guaranteed by the U.S. Government. The terms of the agreement provided that HUD shall provide annual contributions to cover the debt service on bonds used for the construction and subsidies for operations of the program.

The primary goal of the Low Rent Public Housing program 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 and operation of a Low Rent Public Housing 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 Authority has implemented Governmental Accounting Standards Board (GASB) statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* for the year ended June 30, 2018. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The more significant of the Authority's accounting policies are described below.

The following programs are maintained as major enterprise funds by the Authority:

Low Rent Public Housing Program – Funded through direct grants from HUD, the overall objective of the Low Rent Public Housing Program is to provide cost-effective, decent, safe and affordable dwellings for lower income families through reduced rate rental units built and owned by the Authority.

Capital Fund Projects – Funded on a reimbursement basis by HUD, the program funds may be used for the development, financing, and modernization of public housing developments and for management improvements. Per HUD requirements, these funds are presented within the Low Rent Public Housing Program on the Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include potential component units in the financial reporting entity was made by applying the criteria set forth in GASB #14. 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. Based upon the application of these criteria, the Authority has no component units.

Basis of Presentation

All of the Authority's programs are accounted for as business-type activities using proprietary (enterprise) funds for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by a pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designed to recover its costs.

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Encumbrance accounting is not used for budgetary or normal financial reporting purposes.

A fund is a separate accounting entity with a self-balancing set of accounts. The Authority classifies all funds into one category: proprietary. That category, in turn, is divided into separate "funds".

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

GASB No. 63 amends GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

Deferred outflows of resources – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net Position – The residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The Authority's operating revenues consist primarily of charges for services and operating grants. Operating expenses include administration, utilities and ordinary repairs and maintenance expenses as well as general expenses, housing assistance payments, and depreciation expense. All revenues and expenses not meeting these definitions are reported as non- operating revenues and expenses. The principal non-operating revenues are governmental grants. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity

Cash and Cash Equivalents

The Authority considers cash in operating bank accounts, cash on hand and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. State statutes authorize the Authority to invest in obligations of the U.S. Treasury, certified financial institution time deposits, and New Mexico political subdivision obligations.

New Mexico Statutes require that financial institutions with public monies on deposit to pledge collateral to the owner of such public monies in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Authority (Note 2).

Accounts Receivable

All trade receivables and tenant receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible.

Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services that are applicable to future accounting periods.

Land, Structures and Equipment

Proprietary fund property and equipment acquisitions are recorded at cost or, if contributed property, at their fair market value at the time the contribution is made. Repairs and maintenance are recorded as expenses, while renewals and betterments are capitalized. Assets capitalized have an original cost of $5,000 or more, per section 12-6-10 NMSA 1978, and a useful life of more than one year. Pursuant to the implementation of GASB Statement No. 34, the historical costs of infrastructure assets, (retroactive to 1979) are included as part of the Authority’s capital assets reported in the basic financial statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation. 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:

Buildings & Building Improvements	10-40 years
Machinery & Equipment	5-10 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Payable

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

Accrued Expenses

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

Compensated Absences

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement. Vested or accumulated vacation leave is reported as an expenditure and a liability of the program that will pay it.

Cash Flows

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.

Estimates

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

Net Position

Net position comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net position. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction and improvement of the assets: debt related to the unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of net assets for which constraints are placed thereon by external parties, such as: lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net position consist of all other net assets not included in the above categories.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain resources set aside for modernization and development, as well as security deposits held as insurance against the non-payment for services rendered are classified on the balance sheet as restricted because their use is limited. The Authority's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Revenue Recognition

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned. The Authority has entered into annual contributions contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 housing programs, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 program. Such contributions are reflected as operating grants in the accompanying financial statements.

Budgets

The Authority adheres to the following regarding the budget:

1. The executive director and the fee accountant prepare the budget in accordance with HUD guidelines.

2. Capital expenditures for the Capital Funds Program (CFP) are budgeted for grant purposes. Expenditures capitalized are reflected as increases to capital assets and reported on the statement of net position. The Authority does not budget for depreciation expense.

3. HUD reviews the proposed budget and makes corrections, revisions and amendments as necessary.

4. The executive director submits the budget to the Authority's Board of Directors for approval.

5. The Board of Directors approves the budget.

The Authority does not budget depreciation expense; therefore, the budget is not prepared in accordance with generally accepted accounting principles. The budget is a guideline to operations and is not a legally enforceable document. The Authority's level of budgetary control is at the total fund level and the individual capital projects level.

NOTE 2. CASH AND CASH EQUIVALENTS

State statutes authorize the investment of the Authority's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2018.

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

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

The collateral pledged is listed on a separate schedule of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution.

Deposits

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for a least one half of the amount on deposit with the institution. The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Authority's deposits.

	First American Bank
Total amount of deposits	$918,445
FDIC Coverage	(250,000)
Total uninsured public funds	668,445
Pledged collateral held by pledging bank's trust department or agent but not in agency's name	705,800
Uninsured and uncollateralized	$0
Total pledged collateral	$705,800
Collateral requirement (50% of uninsured public funds)	(334,223)
Total over (under) requirement	$371,557

At June 30, 2018, the carrying amount of the Authority's deposits was $851,115.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6- 10-1 to 6-10-63, NMSA 1978). At June 30, 2018, none of the Authority's bank balance of $918,445 was exposed to custodial credit risk because the amount uninsured was collateralized by collateral held by the pledging bank's trust department in the Authority's name.

Reconciliation of Cash and Temporary Investments

Proprietary Funds - Statement of Net Position	
Cash and cash equivalents	$821,831
Restricted cash	29,305
Less: Petty Cash	(20)
Add: Outstanding and Other Reconciling Items	67,329
Total Amount of Deposits per Bank	$918,445

NOTE 3. ACCOUNTS RECEIVABLE

The Authority's accounts receivable at June 30, 2018, are as follows:

	Accounts Receivable	Allowance	Net
Accounts receivable - Tenants	$12,297	$1,195	$11,102
Accounts receivable - Miscellaneous	2,543	0	2,543
Total	$14,840	$1,195	$13,645

NOTE 4. LAND, STRUCTURES, AND EQUIPMENT

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2017	Restatement	Increases	Decreases	Transfers	Balance June 30, 2018
Business-Type Activities:						
Capital assets, not being depreciated:						
Land	$102,969	$0	$0	$0	$0	$102,969
Construction in process	405,661	0	48,897	0	(158,000)	296,558
Total capital assets, not being depreciated	508,630	0	48,897	0	(158,000)	399,527
Depreciable capital assets:						
Furniture, fixtures, and equipment	375,725	0	4,975	0	0	380,700
Buildings & building improvements	6,971,343	0	4,985	0	158,000	7,134,328
Total depreciable capital assets	7,347,068	0	9,960	0	158,000	7,515,028
Less accumulated depreciation:						
Furniture, fixtures, and equipment	(351,382)	0	(19,463)	0	0	(370,845)
Buildings & building improvements	(5,246,734)	0	(185,507)	0	0	(5,432,241)
Total accumulated depreciation	(5,598,116)	0	(204,970)	0	0	(5,803,086)
Depreciable capital assets, net	1,748,952	0	(195,010)	0	158,000	1,711,942
Business-type capital assets, net	**$2,257,582**	**$0**	**($146,113)**	**$0**	**$0**	**$2,111,469**

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, 2018, totaled $204,970.

NOTE 5. ACCRUED COMPENSATED ABSENCES

Changes in accrued compensated absences during the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Compensated absences	$9,556	$11,294	($13,395)	$7,455	$0
Total	$9,556	$11,294	($13,395)	$7,455	$0

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which vacation is payable to the employee upon termination or retirement.

NOTE 6. RISK MANAGEMENT

Artesia Housing Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other housing authorities throughout the country and obtained insurance through the Housing Authority Insurance Group, a housing Authority risk pool currently operating as a common risk management and insurance program for member units. The Authority pays an annual premium to the Housing Authority Insurance Group for its general insurance coverage and all risk of loss is transferred.

NOTE 7. CONTINGENT LIABILITIES

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

NOTE 8. CONCENTRATIONS

Approximately one-third of the Authority's revenues are derived from grants from various federal agencies. Reduction or interruption of these funds is not expected, however, if reduction or interruption of funding occurred it would have a material impact on the operations of the Authority.

SUPPLEMENTARY INFORMATION

ARTESIA HOUSING AUTHORITY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS

JUNE 30, 2018

Name of Depository	Description of Pledged Collateral	CUSIP Number	Fair Value June 30, 2018	Name of Location of Safekeeper
First American Bank, N.A.	Torrance Etc Cntys NM 22	891400NR0	$346,353	FHLB: Federal Home Loan Bank
First American Bank, N.A.	Taos SD #1-Ed Tech NT NM 20	876014FF3	195,975	FHLB: Federal Home Loan Bank
First American Bank, N.A.	Estancias Mun SD #7 NM 23	297326EH9	163,472	FHLB: Federal Home Loan Bank
Total			$705,800	

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

ARTESIA HOUSING AUTHORITY

SCHEDULE OF DEPOSIT ACCOUNTS

JUNE 30, 2018

Bank Account Type/Name	First American Bank
Checking - General Operating Fund	$543,227
Checking - Payroll Account	29,009
Checking - Investment Account	314,476
Checking - Security Deposits	31,733
Total on deposit	918,445
Reconciling items	67,329
Reconciled balance, June 30, 2018	$851,116
Petty Cash	20
Total cash per financial statements	$851,136

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

Artesia Housing Authority
Financial Data Schedule
6/30/2018

Line Item	Account Description	2018
111	Cash - Unrestricted	820,245
114	Cash - Tenant Security Deposits	30,891
100	Total Cash	851,136
122	Accounts Receivable - HUD other projects	959
125	Accounts Receivable - Miscellaneous	1,584
126	Accounts Receivable - Tenants	12,297
126.1	Allowance for Doubtful Accounts - Tenants	(1,195)
120	Total Receivables, net of Allowance for Doubtful Accounts	13,645
142	Prepaid Expenses and Other Assets	59,323
150	Total Current Assets	924,104
161	Land	102,969
162	Buildings	5,692,159
163	Furniture, Equipment & Machinery - Dwellings	209,755
164	Furniture, Equipment & Machinery - Administration	170,945
165	Leasehold Improvements	1,442,169
166	Accumulated Depreciation	(5,803,086)
167	Construction in Progress	296,558
160	Total Capital Assets, net of Accumulated Depreciation	2,111,469
180	Total Non-Current Assets	2,111,469
190	TOTAL ASSETS	3,035,573
200	Deferred Outflows of Resources	-
290	***TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES***	***3,035,573***
312	Accounts Payable <= 90 Days	27,376
321	Accrued Wages/Payroll Taxes Payable	13,575
322	Accrued Compensated Absences - Current Portion	-
341	Tenant Security Deposits	29,305
342	Unearned Revenue	1,638
310	Total Current Liabilities	71,894
354	Accrued Compensated Absences - Non Current	7,455
350	Total Noncurrent Liabilities	7,455
300	Total Liabilities	79,349
508.4	Net Investment in Capital Assets	2,111,469
511.4	Restricted Net Position	-
512.4	Unrestricted Net Position	844,755
513	Total Equity - ***NET POSITION***	2,956,224
	TOTAL LIABILITIES AND EQUITY	3,035,573
400	Deferred Inflows of Resources	-
600	***TOTAL LIABILITIES, EQUITY AND DEFERRED INFLOWS OF RESOURCES***	***3,035,573***
70300	Net Tenant Rental Revenue	532,433
70400	Tenant Revenue - Other	150
70500	Total Tenant Revenue	532,583
70600	HUD PHA Operating Grants	167,190
70610	Capital Grants	75,238
71100	Investment Income - Unrestricted	750

Artesia Housing Authority
Financial Data Schedule
6/30/2018

Line Item	Account Description	2018
71400	Fraud Recovery	407
71500	Other Revenue	1,325
70000	TOTAL REVENUE	777,493
91100	Administrative Salaries	120,967
91200	Auditing Fees	12,510
91310	Bookkeeping Fee	9,338
91500	Employee Benefit Contributions - Administrative	33,302
91600	Office Expenses	20,645
91700	Legal Expenses	504
91800	Travel	2,788
91900	Other	1,400
91000	Total Operating - Administrative	201,454
92400	Tenant Services - Other	-
92500	Total Tenant Services	-
93100	Water	48,917
93200	Electricity	42,780
93300	Gas	24,093
93600	Sewer	22,645
93800	Other Utilities	-
93000	Total Utilities	138,435
94100	Ordinary Maintenance and Operations - Labor	109,748
94200	Ordinary Maintenance and Operations - Materials & Other	26,751
94300	Ordinary Maint and Operations - Contract Costs	74,118
94500	Employee Benefit Contributions - Ordinary Maintenance	58,794
94000	Total Maintenance	269,411
96110	Property Insurance	61,301
96120	Liability Insurance	-
96130	Workmen's Compensation	-
96100	Total Insurance Premiums	61,301
96400	Bad debt - Tenant Rents	15,038
96000	Total - Other General Expenses	15,038
96900	Total Operating Expenses	685,639
97000	Excess Operating Revenue over Operating Expenses	91,854
97400	Depreciation Expense	204,970
90000	TOTAL EXPENSES	890,609
10010	Operating Transfers In	-
10020	Operating Transfers Out	-
10100	Total Other Financing Sources (Uses)	-
10000	***EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES***	***(113,116)***
11030	Beginning Equity	3,069,340
11040	Restatements	-
		3,069,340
11190	Unit Months Available	1,656
11210	Number of Unit Months Leased	1,593

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. Wayne Johnson, State Auditor and
Board of Commissioners
Artesia Housing Authority
Artesia, 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 Artesia Housing Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 2018-001

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004
Phone: (575) 523-7444, Fax: (575) 527-0872

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Artesia Housing Authority
Artesia, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*. 2018-002

Artesia Housing Authority's Response to Findings

Artesia Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Artesia Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

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

September 24, 2018

CURRENT YEAR FINDINGS:

2018-001 Discrepancies Noted Between the Manual System for Subsidiary Tenant Accounts and the QuickBooks General Ledger – Significant Deficiency

Statement of Condition – In performing test work on Accounts Receivable, discrepancies were noted between the manual subsidiary account receivable ledgers for tenants and the QuickBooks general ledger accounts receivable balance at June 30. Manual subsidiary ledgers used in daily operations contained transactions not reflected in the general ledger balance at June 30. The total accounts receivable was $11,954 (QuickBooks) and $10,660 (manual subsidiary) for $1,294 difference.

Criteria – Standard best business practices for good internal controls, require that subsidiary ledgers be in agreement with the general ledger at every month end, and especially at fiscal year end.

Cause – The Housing Authority is keeping two sets of tenant accounts – one manual set that is used in daily operations and maintained by one employee, and another on QuickBooks software that is maintained by a different employee. Regular reconciliation procedures are not being performed in a way that ensures both sets of subsidiary ledgers are in agreement and tie to the general ledger balance at each month end.

Effect – The Accounts Receivable balance in the official QuickBooks accounting records at year-end required adjustment in order to ensure that the proper Accounts Receivable balance was reflected in the financial statements.

Recommendation – Perform monthly reconciliations to identify and correct any discrepancies in tenant accounts so that manual subsidiary ledger balances agree to the QuickBooks general ledger balance at each month end. The date used to post a correction in QuickBooks should be the date of the original transaction in the manual subsidiary ledger *(with the exception of bad debt write-offs that should reflect the date of Board approval)***.**

Management's Response – Reconciliations will be performed monthly to ensure that any discrepancies in tenant account balances between the manual ledgers and the QuickBooks ledgers are resolved, and that all ledger account balances are in agreement at month end. The AP/AR Specialist will be responsible for implementing this plan immediately, and the Executive Director will spot check balances periodically to ensure compliance.

CURRENT YEAR FINDINGS:

2018-002 Failure to Submit Timely Audit Contract – Non-Compliance

Statement of Condition – Although the Housing Authority properly procured their audit services through the bid process in 2017 for three years, the Authority failed to submit a timely audit contract to the Office of the State Auditor. The Housing Authority contract was completed on October 23, 2018.

Criteria – The State Audit Rule 2.2.2.8F8(a) requires that independent housing authorities complete their audit contract through OSA-Connect and submit the completed signed copies to the State Auditor's office by April 15.

Cause – Oversight.

Effect – Non-Compliance with the State Auditor Rule.

Recommendation – The Housing Authority should mark in their calendar the required due date of the contract and follow the contract process on a timely basis in future years.

Management's Response – The Executive Director has already noted on the calendar as of March 15, 2019 to begin the audit contract process to allow for timely submittal of the contract by April 15, 2019.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2017-001 No Invoice for Unit Turnaround Services

Resolved and not repeated.

2017-002 No Clear Policy or Procedures for Accounts Receivable - Tenant Charge-offs

Resolved and not repeated.

ARTESIA HOUSING AUTHORITY
EXIT CONFERENCE
JUNE 30, 2018

EXIT CONFERENCE:

The exit conference was held August 23, 2018 and was attended by the following:

Representing Artesia Housing Authority:

Veral D'Entremont, Chairperson, Board of Commissioners
Louisa Madrid, Executive Director
Diane Armendariz, AP/AR Specialist

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

Debbie Gray, CPA/Shareholder
Brenda Shannon, CPA/Staff Auditor
Jesus Cortez, Staff Auditor
Blair Baeza, Staff Auditor

FINANCIAL STATEMENTS PREPARATION

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