

**Truth or Consequences Housing Authority**  
**A Component Unit of the**  
**City of Truth or Consequences, New Mexico**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2018**



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## **Introductory Section**

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**June 30, 2018**  
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**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Official Roster**  
**June 30, 2018**

<u>Name</u>	<u>Title</u>
<b><u>Board of Commissioners</u></b>	
Greg D'Amour	Chairman
Leanne Tooley	Vice-Chairman
Danny Mena	Commissioner
Earl Greer	Commissioner
Chris O'Rourke	Commissioner
<b><u>Administrative Officials</u></b>	
Steven Rice	Executive Director
Teresa Castaneda	Senior Finance Specialist
Jessie Anglin	Section 8 Program Manager (Retired June 30, 2018)

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## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Wayne Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
To the Executive Director and the Board of Commissioners  
Truth or Consequences Housing Authority  
A Component Unit of the City of Truth or Consequences  
Truth or Consequences, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of Truth or Consequences Housing Authority, a Component Unit of the City of Truth or Consequences (the "Housing Authority") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing 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 misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of June 30, 2018, and the 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.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of the Housing Authority are intended to present the financial position, and the changes in financial position of only that portion of the business-type activities that are attributable to the transactions of the Housing Authority. They do not purport to and do not present fairly the financial position of the City of Truth or Consequences as of June 30, 2018, and the changes in its financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 16 to the financial statements, the prior year financial statements have been restated in the amount of (\$772,982) related to the Authority's adoption of new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **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 13 through 19, the GASB Supplementary Pension Schedules on pages 56 through 60, and the GASB Supplementary OPEB Schedules on pages 62 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The introductory section; the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); the Combining Financial Statements within the Supplementary Information section; and the

Schedule of Collateral Pledged by Depository for Public Funds and Schedule of Deposit Accounts within the Supporting Schedules section required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Financial Data Schedule in the Supporting Schedules section is presented for purposes of additional analysis as required by the U.S Department of Housing and Urban Development and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards, the Combining Financial Statements within the Supplementary Information, and the Supporting Schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Combining Financial Statements within the Supplementary Information, and the Supporting Schedules as reflected in the table of contents are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2018, on our consideration of the Housing 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 solely 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 effectiveness of the Authority's 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 Housing Authority's internal control over financial reporting and compliance

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, NM  
November 28, 2018



## Truth or Consequences Housing Authority A Component Unit of the City of Truth or Consequences, New Mexico Management's Discussion and Analysis June 30, 2018

As management of the Truth or Consequences Housing Authority (the "Housing Authority"), we offer the readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements of the Housing Authority and additional information provided.

### Financial Highlights

- The assets and deferred outflows of the Housing Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$2,112,815 (*net position*).
- During the fiscal year the Housing Authority's total net position decreased by \$22,718 as a result of revenues, expenditures, and changes in net position.
- As the end of the current year fiscal year, unrestricted net position of the Housing Authority was a deficit of (\$331,118).

### Housing Authority Financial Statements


The Housing Authority's mission focuses on the planning, design, construction, preservation, rehabilitation, financing, and management of housing, primarily for low- and moderate-income households, assisting in the revitalization of neighborhoods, and redevelopment of commercial and industrial areas in the City of Truth or Consequences.

The Housing Authority, as of June 30, 2018, owned 100 Public Housing and 52 Rural Development 515 residential apartment units that are leased to low-income families and individuals. In addition, housing assistance was being paid for an average of 190 units every month under the Federal Housing Choice Voucher programs for privately-owned existing rental housing. Within the City of Truth or Consequences, the Housing Authority manages an additional two apartment complexes consisting of 116 apartment units combined. The Housing Authority also manages five additional project based section 8 multi-family properties located throughout the State of New Mexico. These apartment complexes combined unit total is 246, with locations in Deming, Lordsburg, Carlsbad, Socorro, and Espanola.

In view of this mission, the Housing Authority's financial reporting objective under GASB 34 in FY 2018 focuses on the financial activities of the Housing Authority as a whole.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements comprise two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



**Truth or Consequences Housing Authority**  
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**Management's Discussion and Analysis**  
**June 30, 2018**

**Financial Statements Used in Fiscal Year 2018**

The Housing Authority is presenting its fiscal year 2018 discussion and analysis based on the financial results of its enterprise programs in three basic financial statements – the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

The statement of net position reports all financial and capital assets of the Housing Authority and is presented in a format where assets plus deferred outflows equal liabilities plus deferred inflows plus net position.

The statement of revenues, expenses and changes in net position (similar to an income statement) includes operating revenues, such as charges for services, operating and capital grants and miscellaneous revenues. Operating expenses include administration, tenant services, utilities, ordinary maintenance & operations, general, housing assistance payments and depreciation. Non-operating revenues include interest income and gain on disposal of assets. The statement's focus is the change in net position, which is similar to net income or loss.

The statement of cash flows is included, which discloses net cash used in operating activities, net cash used in capital and related financing activities, net cash used in noncapital and related financing activities, and net cash used in investing activities, if applicable.

The statement of revenues, expenses and changes in net position – budget and actual compares actual amounts spent to the Housing Authority's budgeted amounts for the fiscal year.

These financial statements utilize the economic resources measurement focus and the full accrual basis of accounting. They report the Housing Authority's net position and changes in net position in full compliance with GASB 34. Under the full accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period when they are incurred.

**Housing Authority Programs**

The Housing Authority maintains four programs accounted for in its Low-Rent Public Housing and Housing Choice Vouchers Section 8 rental assistance programs. The Housing Authority operates two properties under a Rental Assistance (RA) contract through the USDA Rural Development 515 program. The detailed program financial statements provide separate information for the Low-Rent Public Housing, Section 8 Housing Choice Voucher and Rural Development programs of the Housing Authority. Capital Fund Projects grant resources and capital assets are accounted for in the Low Rent Public Housing program.

Through U.S. Department of Housing & Urban Development (HUD) Federal grants, the Housing Authority operates and manages three service coordinator grant programs, the Resident Opportunity and Supportive Service program and the Family Self Sufficiency program which is maintained in both the Section 8 and Low-Rent Public Housing programs.

**Truth or Consequences Housing Authority**  
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**Management's Discussion and Analysis**  
**June 30, 2018**

Additionally, the Housing Authority manages a Service Coordinator for Multi-Family (SCMF) program at the Casa del Rio apartment complex. Individual program financial statements can be found on pages 66 through 75 of this report.

**Notes to financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 28 through 54 of this report.

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$2,112,815 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's net position is the \$2,406,591 that reflects its investment in capital assets (e.g., land, buildings, and dwelling and administrative equipment), less any related debt used to acquire those assets that is still outstanding.

The Housing Authority use these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Housing Authority's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Housing Authority had a balance of \$37,342 of restricted net position. This restriction is related to requirements of the Section 8 Housing Choice Voucher Program established by the US Department of Housing and Urban Development. This amount is restricted for the payment of housing assistance payments.

The remaining balance of *unrestricted net position* is a deficit of (\$331,118). The majority of this deficit is caused by the Authority's net pension and net OPEB liabilities causing a reduction in this category of net position.

At the end of the current fiscal year, the Housing Authority is able to report a positive balances in overall net position, both for the Housing Authority as a whole as well as for its individual programs. The same situation held true for the prior fiscal year.

Based on operating and non-operating revenues and expenses, there was a decrease of \$23,856 (0.82 percent) in net position reported by the Housing Authority as compared to the prior year. The Housing Authority also had a restatement in the amount of (\$772,982), which was related to the implementation of GASB Statement No. 75 for net OPEB Liability. Factoring in this restatement, the Housing Authority had a (\$796,838) decrease in total net position (27.3%).

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Government-wide Financial Analysis (Continued)**

**Condensed Statement of Net Position**

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
<b>Assets</b>		
Current assets	\$ 1,504,666	\$ 1,483,648
Restricted assets	206,100	188,446
Capital assets, net of accumulated depreciation	3,218,728	3,234,708
<b>Total assets</b>	<b>4,929,494</b>	<b>4,906,802</b>
Deferred outflows	379,948	470,324
<b>Total assets and deferred outflows</b>	<b>\$ 5,309,442</b>	<b>\$ 5,377,126</b>
<b>Liabilities and Net Position</b>		
Current liabilities (payable from current assets)	\$ 160,560	\$ 107,357
Current liabilities (payable from restricted assets)	100,807	100,654
Noncurrent liabilities	2,648,567	2,133,177
<b>Total liabilities</b>	<b>2,909,934</b>	<b>2,341,188</b>
Deferred inflows	286,693	127,423
Net investment in capital assets	2,406,591	2,384,665
Restricted	37,342	702
Unrestricted	(331,118)	523,148
<b>Total net position</b>	<b>2,112,815</b>	<b>2,908,515</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 5,309,442</b>	<b>\$ 5,377,126</b>



**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Government-wide Financial Analysis (Continued)**

There was an increase of \$21,926 in net investment in capital assets reported in connection with the Housing Authority's activities. The majority of this increase is attributable to ongoing utilization of capital assets (depreciation expense) being a smaller amount than the Housing Authority's additions to capital assets during the fiscal year.

**Housing Authority Activities:** Key elements of Housing Authority activities are as follows:

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	June 30, 2018	June 30, 2017
Operating revenues:		
Tenant rent and other tenant revenue	\$ 403,304	\$ 408,081
Administrative fee revenue	137,129	166,355
Subsidy grants	1,422,955	1,602,169
<b>Total operating revenues</b>	<b>1,963,388</b>	<b>2,176,605</b>
Operating expenses:		
Personnel services	539,749	555,850
Contractual services	147,878	145,677
Supplies	31,146	32,574
Maintenance and materials	38,667	51,379
Utilities	131,277	114,672
Insurance	43,579	40,060
Bad debt	11,841	2,168
Housing assistance payments	807,474	932,395
Depreciation	128,510	130,557
Miscellaneous	82,981	108,887
<b>Total operating expenses</b>	<b>1,963,102</b>	<b>2,114,219</b>
<b>Operating income</b>	<b>286</b>	<b>62,386</b>
Non-operating revenues (expenses):		
Capital grants	51,452	101,786
Interest income	4,940	4,427
Interest expense	(90,021)	(92,747)
Gain/Loss on Sale of Assets	(9,569)	-
Miscellaneous income	20,194	27,787
<b>Total non-operating revenues</b>	<b>(23,004)</b>	<b>41,253</b>
<b>Change in net position</b>	<b>(22,718)</b>	<b>103,639</b>
<b>Net position, beginning of year</b>	<b>2,908,515</b>	<b>2,804,876</b>
<b>Restatement - GASB 75</b>	<b>(772,982)</b>	<b>-</b>
<b>Net position, end of year</b>	<b>\$ 2,112,815</b>	<b>\$ 2,908,515</b>

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Government-wide Financial Analysis (Continued)**

Total operating revenues decreased \$213,217 (9.79 percent) during the year. Most of this decrease is the decrease in Subsidy grants and a smaller decrease in administrative fee revenue.

Capital Fund grant awards decreased \$50,334 (49.5 percent) from the prior year. These grants are on a reimbursement basis and there were less expenditures on these projects than in the prior year.

Decreases in several categories of operating expenses reflect the decreases in ongoing residential tenant operations and maintenance. Operating expenses overall decreased by \$151,117 (7.14 percent) from the prior year. The majority of this decrease occurred in housing assistance payments.

**Capital Assets and Debt Administration**

**Truth or Consequences Housing Authority's Capital Assets**


	June 30, 2018	June 30, 2017
Land	\$ 637,536	\$ 637,536
Land improvements	631,742	608,006
Buildings and improvements	6,763,906	6,763,906
Dwelling equipment	257,226	315,495
Nondwelling equipment	493,425	469,025
Construction in progress	156,084	87,624
Accumulated depreciation	(5,721,191)	(5,646,884)
<b>Capital assets, net</b>	<b>\$ 3,218,728</b>	<b>\$ 3,234,708</b>

The Housing Authority's net investment in capital assets for its business type activities as of June 30, 2018, amounts to \$2,406,591 (net of accumulated depreciation and debt). This investment in capital assets included land, land improvements, buildings, equipment and furnishings. The total increase in the Housing Authority's net investment in capital assets for the current fiscal year was 0.91 percent.

Major capital asset events during the current fiscal year included the following:

Land improvement additions of \$23,736, dwelling equipment additions of \$5,503 and disposals of (\$63,772), and administrative equipment additions of \$24,400 were placed in service during the current fiscal year. Construction in progress additions in the current fiscal year were \$68,460 (net of transfers from CIP to other categories).

Additional information on Housing Authority's capital assets can be found on pages 40 through 41 of this report.



**Truth or Consequences Housing Authority**  
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**Management's Discussion and Analysis**  
**June 30, 2018**

**Government-wide Financial Analysis (Continued)**

**Long-term debt**

At the end of the current fiscal year, Housing Authority had notes payable of \$812,137, an OPEB liability of \$650,748, and a net pension liability of \$1,225,686.

**Economic Factors**

The unemployment rate for Sierra County as of March 2018, reported by the New Mexico Department of Workforce Solutions, is 8.8%, which is slightly lower than 9.1% as reported last year.

Rental occupancy rates of the Housing Authority's Low-Rent Public Housing Program had remained relatively stable at an average of 95% with slight variations over the previous years. This past year occupancy rate dipped to an average of 92.5%. The approved designation of two units as Police units, factors in the reduction of those units from HUD scoring and is reflected in average occupancy rate. The Housing Authority continues working to attain High Performer status in the Public Housing Assessment System.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Truth or Consequences Housing Authority's finances for all those with an interest in the Housing Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 108 S. Cedar St., Truth or Consequences, NM 87901.

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## **Financial Statements**

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Statement of Net Position**  
**June 30, 2018**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 814,417
Investments	349,319
Accounts receivable - grants	4,200
Accounts receivable - tenants, net	7,497
Notes receivable	322,960
Inventory	4,477
Prepaid expenses	1,796
<hr/>	
Total current assets	1,504,666
<hr/>	
Non-current assets	
Restricted cash and cash equivalents	206,100
Capital assets	8,939,919
Less: accumulated depreciation	(5,721,191)
<hr/>	
Total non-current assets	3,424,828
<hr/>	
Total assets	4,929,494
<hr/>	
<b>DEFERRED OUTFLOWS</b>	
Deferred outflows - pension	367,303
Deferred outflows - OPEB	12,645
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Total deferred outflows	379,948
<hr/>	
Total assets and deferred outflows	\$ 5,309,442
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*The accompanying notes are an integral part of these financial statements.*

**LIABILITIES**

Current liabilities		
Accounts payable	\$	21,796
Accrued payroll		75,602
Current portion of compensated absences		23,158
Current portion of loans payable		40,004
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Total current liabilities		160,560
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Current liabilities (payable from restricted assets)		
Tenant deposits		32,188
FSS deposits		68,619
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Total current liabilities (payable from restricted assets)		100,807
<hr/>		
Non-current liabilities		
Compensated absences		-
Loans payable		772,133
OPEB liability		650,748
Net pension liability		1,225,686
<hr/>		
Total non-current liabilities		2,648,567
<hr/>		
Total liabilities		2,909,934
<hr/>		
<b>DEFERRED INFLOWS</b>		
Deferred inflows - pension		138,587
Deferred inflows - OPEB		148,106
<hr/>		
Total deferred inflows		286,693
<hr/>		
<b>NET POSITION</b>		
Net investment in capital assets		2,406,591
Restricted for:		
Section 8 housing		37,342
Unrestricted		(331,118)
<hr/>		
Total net position		2,112,815
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Total liabilities, deferred inflows, and net position	\$	5,309,442
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*The accompanying notes are an integral part of these financial statements.*

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**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2018**

Operating revenues	
Rental revenue	\$ 371,203
Other tenant revenue	32,101
Management fees	137,129
Subsidy grants	1,422,955
<hr/>	
Total operating revenues	1,963,388
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Operating expenses	
Personnel services	539,749
Contractual services	147,878
Supplies	31,146
Maintenance and materials	38,667
Utilities	131,277
Insurance	43,579
Bad debt	11,841
Housing assistance payments	807,474
Depreciation	128,510
Miscellaneous	82,981
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Total operating expenses	1,963,102
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Operating income	286
<hr/>	
Non-operating revenues and expenses	
Interest income	4,940
Interest expense	(90,021)
Miscellaneous income	20,194
Loss on disposal of assets	(9,569)
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Total non-operating revenues and expenses	(74,456)
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Total loss before capital grants	(74,170)
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Capital grants	51,452
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Change in net position	(22,718)
<hr/>	
Total net position - beginning of year	2,908,515
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Restatement (See Note 16)	(772,982)
<hr/>	
Total net position - beginning of year, as restated	2,135,533
<hr/>	
Total net position - end of year	\$ 2,112,815
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*The accompanying notes are an integral part of these financial statements.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**

Cash flows from operating activities:	
Cash received from tenant rents and management charges	\$ 528,283
Cash payments to employees for services	(464,364)
Cash payments to suppliers for goods and services	(1,245,072)
Cash received from subsidy grants	1,418,755
<hr/>	
Net cash provided by operating activities	237,602
<hr/>	
Cash flows from noncapital financing activities:	
Miscellaneous income	20,194
Notes receivable issued to other entities	(82)
<hr/>	
Net cash provided by noncapital financing activities	20,112
<hr/>	
Cash flows from capital and related financing activities:	
Capital grants	51,452
Acquisition of capital assets	(122,099)
Payments on notes payable	(36,104)
Interest payments	(90,021)
<hr/>	
Net cash used by capital and related financing activities	(196,772)
<hr/>	
Cash flows from investing activities:	
Interest on cash and investments	1,635
<hr/>	
Net cash provided by investing activities	1,635
<hr/>	
Net increase in cash and cash equivalents	62,577
<hr/>	
Cash and cash equivalents - beginning of year	957,940
<hr/>	
Cash and cash equivalents - end of year	\$ 1,020,517
<hr/>	

*The accompanying notes are an integral part of these financial statements.*

Reconciliation of operating income to	
net cash provided by operating activities:	
Operating income	\$ 286
Adjustments to reconcile operating loss	
to net cash provided by operating activities:	
Depreciation	128,510
Bad debt expense	11,841
Noncash OPEB expense	25,872
Noncash pension expense	53,877
Changes in assets, deferred outflows, and liabilities	
Accounts receivable - tenants	(12,303)
Inventory	2,260
Prepaid expenses	29,694
Accounts payable	5,976
Accrued payroll expenses	22,680
FSS deposits	12,439
Accrued compensated absences	(12,674)
Tenant deposits	(12,286)
Deferred outflows - subsequent contributions	(14,370)
<hr/>	
Net cash provided by operating activities	<u>\$ 237,602</u>

*The accompanying notes are an integral part of these financial statements.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

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

*A. Financial Reporting Entity*

Truth or Consequences Housing Authority (the "Housing Authority") is a public housing authority that provides affordable housing to low-income and disadvantaged families of the City of Truth or Consequences, New Mexico. The programs are primarily funded with federal grants and tenant rents. The Authority is a political subdivision of the State of New Mexico and a component unit of the City of Truth or Consequences, New Mexico. The City provides sponsorship only, the entities operations are distinct and legally separate.

The Housing Authority has an elected Chairman, a three member council. The Housing Authority manages two (2) low rent public housing developments containing 100 total units, two rural development housing projects containing 52 total units, and administers Housing and Urban Development's (HUD) Housing Choice Vouchers Section 8 housing assistance program.

The reporting entity for the Housing Authority is based upon criteria established by the Governmental Accounting Standards Board (GASB). All functions of the Housing Authority for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and special financing relationships.

These financial statements represent the financial operations of the Housing Authority for the year ended June 30, 2018.

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

The following programs are maintained by the Housing Authority:

**Low Rent Public Housing Program** – The overall objective of the Public and Indian Housing program is to provide and operate cost-effective, decent, safe and affordable dwellings for lower income families.

**Section 8 Housing Choice Voucher Program** – These programs, funded through direct grants from HUD, provide rental assistance to qualified families through rent subsidies paid directly to third-party landlords.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Financial Reporting Entity (Continued)*

**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.

**Resident Opportunity and Supportive Services** – Funded by HUD, the program funds are used to address the needs of public housing residents by providing supportive services, resident empowerment activities, and/or assisting residents in becoming economically self-sufficient. Per HUD requirements, these funds are presented within the Low Rent Public Housing Program and Section 8 Housing Choice Voucher Program on the Financial Statements.

**Rural Rental Housing Loans and Rural Rental Housing Assistance** – The housing complexes of Hacienda Orgullo and Puesta del Sol are rental units purchased through loan funds from the Rural Development Office of the United State Department of Agriculture to provide decent, safe, and sanitary housing to disadvantaged New Mexicans. Units are leased to eligible applicants who meet certain income guidelines.

**Return to Owner** – Funded by administrative fees earned on the Rural Development and HOME Programs. These funds are used to supplement other programs of the Authority.

**Enchanted Child Care and Development Center (ECDC)** – Child Care Center established through assistance from both Federal and State agencies to provide decent, safe, and sanitary care for children of eligible parents.

**Project Home** – A HUD funded program passed through the New Mexico Finance Authority. The program is designed to provide eligible low-income families with the opportunity to purchase their own homes.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Financial Reporting Entity (Continued)*

In evaluating how to define the Housing Authority for financial reporting purposes, management has considered all potential programs and operations of the Housing Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. 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 the governing board by the Housing Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Housing Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Housing Authority and is generally available to its residents and participants.

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 Housing Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Housing Authority has no component units.

*B. Basis of Accounting and Measurement Focus*

The Housing Authority's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as set forth or adopted by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), and their predecessors, the National Council on Governmental Accounting ("NCGA") and the Accounting Principles Board ("APB"), respectively. Generally accepted accounting principles for local governments include those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The Housing Authority's proprietary (enterprise) funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operations are included on the Statement of Net Position. Net position (i.e., total assets and deferred outflows net of total liabilities and deferred inflows) are segregated into net investment in capital assets; restricted; and unrestricted components.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for rent and services and subsidy grants.

Operating expenses for enterprise funds include the personnel services, utilities, housing assistance payments, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Housing Authority's cash flow statement includes changes in both operating cash and restricted cash and cash equivalents. Cash on the cash flow statement consists of the Housing Authority's cash and cash equivalents and short term investments with a maturity date of less than 90 days.

**Revenue Recognition**

Dwelling rental revenues are recorded as rents become due. Rental payments received in advance are deferred until earned.

Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Housing Authority has entered into contracts with U.S. Department of Housing and Urban Development (HUD) to develop, manage and own public housing projects. HUD makes monthly operating subsidy contributions within the public housing program. Such contributions are reflected as operating grant revenue. Contributions received from HUD for capital additions and improvements are reported as capital grants revenue.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures such as the lives of capital assets. Accordingly, actual results could differ from those estimates. Significant estimates in the Housing Authority's financial statements include depreciation and useful lives on capital assets, the net pension liability and associated deferred outflows and deferred inflows, and the OPEB liability and associated deferred outflows and deferred inflows.

*C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position*

**Deposits and Investments**

The Housing Authority is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by a Housing Authority of the United States. The Housing Authority's cash and cash equivalents are considered to be cash on hand and demand deposits. Short term investments are Certificates of Deposits and time accounts with original maturities of three months or less from the date of acquisition and are classified consistent with the Financial Data Schedule outline prescribed by HUD.

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to Section 6-10-10.1 NMSA 1978, as amended, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts.

To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the state treasurer pursuant to a policy adopted by the State Board of Finance for such short term investments.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit, be collateralized by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of balances on deposit with any one institution must be collateralized. HUD depository agreements with the Authority require 100% of the Authority's balances on deposit with any one institution to be collateralized. If the securities pledged are United States government securities, they are pledged at market value.



**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position*

**Accounts Receivable**

All 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. Grants and other receivables are estimated to be fully collectible by the Authority.

**Interprogram receivables and payables**

During the course of operations, transactions occur between individual programs that may result in amounts owed between programs. These interprogram loans are reported as “interprogram receivables/payables”. Interprogram receivables/payables between individual programs are eliminated on the Statement of Net Position.

**Inventory**

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

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and detail financial statements.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The Housing Authority does have an exception for purchases made under Capital Fund Projects under which hard costs, regardless of dollar amount, may be capitalized based upon grantor guidelines from the US Department of Housing and Urban Development (HUD). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide 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.

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

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)*

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	40 years
Building and improvements	40 years
Dwelling equipment	5 years – 10 years
Non-dwelling equipment	5 years – 10 years

In the Financial Data Schedule, the Construction in Progress contains \$139,764 in capital assets in service which are recorded in depreciating categories on the financial statements and in Note 4.

**Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Authority has five types of items that qualify for reporting in this category. The items, are contributions subsequent to measurement date, the net difference between expected and actual earnings on pension plan investments, the difference between expected and actual experience, changes in proportion and difference between employer contributions and proportional share of contributions, and change of assumptions, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in the appropriate future period.

Related to their net pension liability, the Authority has recorded \$76,145 related to contributions subsequent to the measurement date, \$100,559 related to the net difference between expected and actual earnings on pension plan investments, \$48,161 related to the difference between expected and actual experience, \$85,917 related to changes in proportion and difference between employer contributions and proportional share of contributions, and \$56,521 related to the change of assumptions.

Related to their OPEB liability, the Authority has recorded \$12,645 related to contributions subsequent to the measurement date.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)*

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The Authority has three types of items that qualify for reporting in this category. The items, change of assumptions, the difference between expected and actual experience, and changes in proportion and difference between employer contributions and proportional share of contributions, are reported on the Statement of Net Position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Related to their net pension liability, the Authority has recorded \$12,665 related to change of assumptions, \$63,148 related to the difference between expected and actual experience, and \$62,774 related to the changes in proportion and differences between employer contributions and proportionate share of contributions.

Related to their OPEB liability, the Authority has recorded \$113,774 related to change of assumptions, \$9,359 related to the net difference between expected and actual earnings on OPEB plan investments, and \$24,973 related to the difference between expected and actual experience.

**Compensated Absences**

Housing Authority employees are entitled to be compensated for accrued vacation time off, which is reported as an expense and a liability of the program that will fund it. When an employee separates from employment with the Housing Authority in good standing, the employee is eligible to receive payment for accrued time remaining.

**Net Position**

Net position is reported in three categories: net investment in capital assets, restricted, and unrestricted:

**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.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)*

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

**Unrestricted net position** – Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**Unrestricted and Restricted Resources**

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

**Budgets**

The Housing Authority adopts budgets for its Low Rent Public Housing, Housing Choice Vouchers and, Rural Rental Housing Loan programs in accordance with the Housing and Urban Development Program agreements, and Department of Agriculture regulations. Other funds are not budgeted.

Budgets are prepared on the “Economic Resources” basis, excluding depreciation, and are utilized as a guide only. The budgets are not legally enforceable documents, and beginning fund positions are not budgeted.

**Pensions & Postemployment Benefits Other than Pensions (OPEB)**

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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)*

During the year ended June 30, 2018, the Housing Authority adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 81 *Irrevocable Split-Interest Agreements*, and GASB Statement No. 85 *Omnibus*, and GASB Statement No. 86 *Certain Debt Extinguishment Issues*. These four Statements are required to be implemented as of June 30, 2018, if applicable.

**NOTE 2: DEPOSITS AND INVESTMENTS**

State Statutes authorize the investment of Housing Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Housing 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 Housing 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 only funds held in a non-interest bearing account are the funds in the rent account, from which excess funds are then transferred to an interest-bearing account on a monthly basis.

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 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 Housing Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Housing Authority’s deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). At June 30, 2018, \$633,187 of the Housing Authority’s bank balance of \$1,391,186 was exposed to custodial credit risk. Although the \$633,187 was uninsured, all of that amount was collateralized by collateral held by the pledging bank’s trust department, not in the Housing Authority’s name. None of the Housing Authority’s deposits were uninsured and uncollateralized at June 30, 2018.

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

	BBVA Compass	First Savings Bank	Bank of the Southwest	Citizens Bank of Las Cruces	Total
Amount of deposits	\$ 797,476	\$ 127,199	\$ 130,800	\$ 335,711	\$ 1,391,186
FDIC coverage	(250,000)	(127,199)	(130,800)	(250,000)	(757,999)
Total uninsured public funds	547,476	-	-	85,711	633,187
Collateralized by securities held by pledging institutions or by its trust department or agents other than the Authority's name	547,476	-	-	85,711	633,187
Uninsured and uncollateralized	\$ -	\$ -	\$ -	\$ -	\$ -
Collateral requirement (100% of uninsured public funds)	\$ 547,476	\$ -	\$ -	\$ 85,711	\$ 633,187
Pledged collateral	3,009,524	-	-	1,234,938	4,244,462
Over (under) collateralization	\$ 2,462,048	\$ -	\$ -	\$ 1,149,227	\$ 3,611,275

The collateral pledged for both deposits and investments is listed on the Schedule of Collateral Pledged by Depository for Public Funds of this report.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

**Reconciliation to Statement of Net Position**

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

Cash and cash equivalents per Statement of Net Position	\$ 814,417
Restricted cash and cash equivalents per Statement of Net Position	206,100
Investments per Statement of Net Position	349,319
<hr/>	
Total cash, cash equivalents, and investments	1,369,836
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Add: outstanding checks	21,387
Less: deposits in transit	(2)
Less: undeposited funds	(35)
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Bank balance of deposits and investments	\$ 1,391,186
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The Authority's investments as listed on the Statement of Net Position are in certificates of deposit with a maturity date greater than 90 days from year-end. These certificates of deposit are not subject to fair value measurement.

**NOTE 3: ACCOUNTS RECEIVABLE**

As of June 30, 2018, the Housing Authority had the following receivables:

Tenant receivables	\$	8,330
Allowance for doubtful accounts - tenants		(833)
Grants receivable		4,200
Notes receivable		322,960
<hr/>		
Total	\$	334,657
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The Authority's notes receivable consist of three promissory notes from related entities which are owed to the Return to Owner Program. These notes were executed for the purpose of funding future tax credit properties for which the Authority plans to be a participating member. These notes are considered fully receivable.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 4: CAPITAL ASSETS**

The following summarizes changes in capital assets activity for the Authority during fiscal year 2018.

	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 637,536	\$ -	\$ -	\$ -	\$ 637,536
Construction in progress	87,624	71,932	-	(3,472)	156,084
<b>Total capital assets not being depreciated</b>	<b>725,160</b>	<b>71,932</b>	<b>-</b>	<b>(3,472)</b>	<b>793,620</b>
Capital assets being depreciated:					
Land improvements	608,006	20,264	-	3,472	631,742
Buildings and improvements	6,763,906	-	-	-	6,763,906
Dwelling equipment	315,495	5,503	63,772	-	257,226
Non-dwelling equipment	469,025	24,400	-	-	493,425
<b>Total capital assets being depreciated</b>	<b>8,156,432</b>	<b>50,167</b>	<b>63,772</b>	<b>3,472</b>	<b>8,146,299</b>
Accumulated depreciation:					
Land improvements	552,459	13,277	-	-	565,736
Buildings and improvements	4,367,533	98,578	-	-	4,466,111
Dwelling equipment	292,209	4,931	54,203	-	242,937
Non-dwelling equipment	434,683	11,724	-	-	446,407
<b>Total accumulated depreciation</b>	<b>5,646,884</b>	<b>128,510</b>	<b>54,203</b>	<b>-</b>	<b>5,721,191</b>
<b>Total public housing program capital assets, net of depreciation</b>	<b>\$ 3,234,708</b>	<b>\$ (6,411)</b>	<b>\$ 9,569</b>	<b>\$ -</b>	<b>\$ 3,218,728</b>

Depreciation expense for the year ended June 30, 2018 totaled \$128,510 for the Authority.



**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 4: CAPITAL ASSETS (Continued)**

In the Financial Data Schedule, the Construction in Progress category contains \$139,764 in capital assets in service which are recorded in depreciating categories on the financial statements.

**NOTE 5: LONG-TERM LIABILITIES**

The following summarizes changes in long-term liability activity during fiscal year 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
USDA Loans Hacienda Orgullo #1	\$ 317,784	\$ -	\$ 20,882	\$ 296,902	\$ 23,035
USDA Loans Hacienda Orgullo #2	99,002	-	6,545	92,457	7,204
USDA Loan Puesta Del Sol	431,455	-	8,677	422,778	9,765
Compensated Absences	35,523	56,378	68,743	23,158	-
<b>Total long-term debt</b>	<b>\$ 7,248,287</b>	<b>\$ 56,378</b>	<b>\$ 104,847</b>	<b>\$ 835,295</b>	<b>\$ 40,004</b>

The USDA Loan liabilities are collateralized by the property purchased/renovated with the funds.

Compensated absences decreased by \$12,365 and the balances are paid from the programs under which they are incurred.

The Hacienda Orgullo notes are payable to the U.S. Department of Agriculture, through the Rural Housing Service. The stated interest rates are paid 1% by the Authority, and the remainder by Rural Housing Service, in the form of a debt service subsidy.

The Puesta del Sol note is payable to the U.S. Department of Agriculture, through the Rural Housing Service. The Authority receives a fixed debt service subsidy from the Rural Housing Service of \$3,681 per month.

The terms of each note payable are summarized below:

Description	Date of Issue	Maturity Date	Interest Rate	Subsidy Rate	Original Amount of Issue	Balance June 30, 2018
USDA Loans Hacienda Orgullo #1	12/19/1981	8/19/2030	1.00%	10.750%	\$ 312,140	\$ 296,902
USDA Loans Hacienda Orgullo #2	12/19/1981	10/19/2030	1.00%	9.000%	1,000,000	92,457
USDA Loan Puesta Del Sol	12/1/1994	3/1/2034	1.00%	11.875%	495,788	422,778
<b>Total NMFA Loans</b>						<b>\$ 812,137</b>

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 5: LONG-TERM LIABILITIES (Continued)**

Debt service requirements on long-term debt at June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 40,004	\$ 83,719	\$ 123,723
2020	41,532	79,759	121,291
2021	43,218	75,619	118,837
2022	45,079	71,279	116,358
2023	47,138	66,716	113,854
2024-2028	275,390	255,427	530,817
2029-2033	274,846	100,780	375,626
2034	44,930	2,125	47,055
	<u>\$ 812,137</u>	<u>\$ 735,424</u>	<u>\$ 1,547,561</u>

**NOTE 6: INTERPROGRAM RECEIVABLES, PAYABLES, AND TRANSFERS**

The following interprogram receivables and payables have been reported on the Statement of Net Position - Detail.

Due From	Due to	
Hacienda Orgullo	Return to Owner	\$ 2,275
Puesta del Sol	Return to Owner	59,201
Return to Owner	Low Rent Public Housing Program	152,057
		<u>\$ 213,533</u>

**NOTE 7: CONTINGENT LIABILITIES**

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

The Authority is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Authority's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

**Truth or Consequences Housing Authority**  
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**NOTE 8: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN**

**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, 2017 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>

**Contributions.** The contribution requirements of defined benefit plan members and the Truth or Consequences 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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 46 of the PERA FY17 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>

The PERA coverage option that applies to Truth or Consequences Housing Authority is: Municipal General Division. Statutorily required contributions to the pension plan from the Truth or Consequences Housing Authority were \$76,145 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2018.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
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**June 30, 2018**

**NOTE 8: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Truth or Consequences 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, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population.

**For PERA Fund Municipal General Division**, at June 30, 2018, Truth or Consequences Housing Authority reported a liability of \$1,225,686 for its proportionate share of the net pension liability. At June 30, 2018, Truth or Consequences Housing Authority's proportion was 0.0892 percent, which changed from its proportion of 0.0806 percent as of June 30, 2017.

For the year ended June 30, 2018, Truth or Consequences Housing Authority recognized PERA Fund Municipal General Division pension expense of \$128,694.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 8: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)**

At June 30, 2018, Truth or Consequences Housing Authority reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 56,521	\$ 12,665
Net difference between projected and actual earnings on pension plan investments	100,559	-
Changes in proportion and differences between Truth or Consequences Housing Authority's contributions and proportionate share of contributions	85,917	63,148
Truth or Consequences Housing Authority's difference between expected and actual experience	48,161	62,774
Truth or Consequences Housing Authority's contributions subsequent to the measurement date	76,145	-
<b>Total</b>	<b>\$ 367,303</b>	<b>\$ 138,587</b>

\$76,145 reported as deferred outflows of resources related to pensions resulting from Truth or Consequences Housing Authority's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	(15,145)
2020	(127,651)
2021	(39,162)
2022	29,387

**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, 2016 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, 2017 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, 2017. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2016, actuarial valuation.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 8: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)**

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for the first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 9 years, 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

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:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	100.00%	

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 8: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)**

**Discount rate:** The discount rate used to measure the total pension liability was 7.51 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 7.51 assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer’s proportionate share of the net pension liability to changes in the discount rate.** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present Truth or Consequences Housing Authority’s net pension liability in each PERA Fund Division that Truth or Consequences Housing Authority’s participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.51%)</b>	<b>Current Discount Rate (7.51%)</b>	<b>1% Increase (8.51%)</b>
Truth or Consequences Housing Authority's proportionate share of the net pension liability	\$ 1,921,051	\$ 1,225,686	\$ 647,389

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

**Payables to the pension plan.** As of June 30, 2018, amounts due to PERA from the Authority totaled \$6,628.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**General Information about the OPEB**

**Plan description:** Employees of the Authority are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

**Benefits provided:** The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

**Employees covered by benefit terms:** At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	160,035
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	97,349



**Truth or Consequences Housing Authority**  
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**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

**Contributions:** Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Authority were \$12,333 for the year ended June 30, 2018.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2017, the Authority reported a liability of \$650,748 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2018, the Authority’s proportion was 0.01436 percent.

For the year ended June 30, 2018, the recognized OPEB expense of \$25,872. At June 30, 2018 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 113,774
Net difference between projected and actual earnings on pension plan investments	-	9,359
Truth or Consequences Housing Authority's difference between expected and actual experience	-	24,973
Truth or Consequences Housing Authority's contributions subsequent to the measurement date	12,645	-
<b>Total</b>	<b>\$ 12,645</b>	<b>\$ 148,106</b>

Deferred outflows of resources totaling \$12,645 represent Authority contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	(31,489)
2020		(31,489)
2021		(31,489)
2022		(31,489)
2023		(22,150)
<u>Total</u>	<u>\$</u>	<u>(148,106)</u>

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

**Rate of Return:** The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
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**June 30, 2018**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

The best estimates for the long-term expected rate of return is summarized as follows:

<b>Asset Class</b>	<b>Long-Term Rate of Return</b>
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

**Discount Rate:** The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Authority, as well as what the Authority’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

<b>1% Decrease (2.81%)</b>	<b>Current Discount Rate (3.81%)</b>	<b>1% Increase (4.81%)</b>
\$ 789,347	\$ 650,748	\$ 542,005

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

The following presents the net OPEB liability of the Authority, as well as what the Authority’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rates	1% Increase
\$ 553,506	\$ 650,748	\$ 726,573

**OPEB plan fiduciary net position:** Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

**Payable Changes in the Net OPEB Liability:** At June 30, 2018, the Authority reported a payable of \$1,701 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

**NOTE 10: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; thefts 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 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 Housing Authority Insurance Group for its general insurance coverage, and risk of loss is transferred. The limits of the Authority’s coverage are as follows: \$50,000 fire damage sub-limit, \$2,000,000 bodily injury each occurrence and aggregate, \$2,000,000 property damage each occurrence and aggregate, \$100,000 mold or bacteria, and \$250,000 personal injury each occurrence and aggregate. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the previous three years.

**NOTE 11: CONCENTRATIONS**

A significant portion of the revenues of the Housing Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Housing Authority’s continued compliance with grant provisions and the continuance of the grant programs by this United States Governmental agency.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 12: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 28, 2018 which is the date on which the financial statements were available to be issued. There were no events noted as of this date.

**NOTE 13: CAPITAL FUND CLOSEOUTS**

The Authority had no Capital Fund Program closeouts during the year ended June 30, 2018.

**NOTE 14: COMMITMENTS**

The Housing Authority has the following commitments at June 30, 2018 relating to contracts in place for the completion of Capital Fund Projects:

CFP 2017:\$41,600

**NOTE 15: SUBSEQUENT PRONOUNCEMENTS**

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84 *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronounced will affect the financial statements.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 15: SUBSEQUENT PRONOUNCEMENTS (Continued)**

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier Application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90 *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

**NOTE 16: RESTATEMENT OF NET POSITION**

The objective of a net position restatement is to accurately reflect prior period's net position and improve the relevancy and usefulness of financial information. The Authority restated net position in the amount of (\$772,982) related to the implementation of GASB Statement No. 75 to recognize the beginning effect on prior year net position of the OPEB Liability.

## **Required Supplementary Information**

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Schedule of Employer's Proportionate Share of the Net Pension Liability of**  
**PERA Fund Municipal General Division**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

	<b>2018</b>	<b>2017</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2017)</b>	<b>June 30, 2016)</b>
Truth or Consequences Housing Authority's proportion of the net pension liability	0.0892%	0.9228%
Truth or Consequences Housing Authority's proportionate share of the net pension liability	\$ 1,225,684	\$ 1,287,717
Truth or Consequences Housing Authority's covered-employee payroll	\$ 617,593	\$ 571,154
Truth or Consequences Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.46%	225.46%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%

\* 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, Truth or Consequences Housing Authority will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*



<b>2016</b>	<b>2015</b>
<b>Measurement</b>	<b>Measurement</b>
<b>Date</b>	<b>Date</b>
<b>(As of and for</b>	<b>(As of and for</b>
<b>the Year Ended</b>	<b>the Year Ended</b>
<b>June 30, 2015)</b>	<b>June 30, 2014)</b>
0.9820%	0.9820%
\$ 797,317	\$ 766,065
\$ 605,461	\$ 583,664
131.69%	131.25%
76.99%	81.29%

*See independent auditors' report.  
See notes to required supplementary information.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences**  
**Schedule of Employer Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal General Division**  
**Last 10 Fiscal Years\***

	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contributions	\$ 76,145	\$ 74,420
Contributions in relation to the contractually required contribution	(76,145)	(74,420)
Contribution deficiency (excess)		\$ -
Truth or Consequences Housing Authority's covered-employee payroll	\$ 631,912	\$ 617,593
Contributions as a percentage of covered-employee payroll	12.05%	12.05%

\* 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, Truth or Consequences Housing Authority will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 68,824	\$ 72,958
<u>(68,824)</u>	<u>(72,958)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 571,154	\$ 605,461
12.05%	12.05%

*See independent auditors' report.  
See notes to required supplementary information.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Required Supplementary Information**  
**Public Employees Retirement Association (PERA) Plan**  
**June 30, 2018**

**Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>

**Changes of assumptions.** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2016-PERA-Valuation-Report-FINAL.pdf> See the notes to the financial statements on page 90 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

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**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Schedule of Employer's Proportionate Share of the Net OPEB Liability of New**  
**Mexico Retiree Health Care Act Plan**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**Last 10 Fiscal Years\***

	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
Truth or Consequences Housing Authority's proportion of the net OPEB liability	0.01436%
Truth or Consequences Housing Authority's proportionate share of the net OPEB liability	\$ 650,748
Truth or Consequences Housing Authority's covered-employee payroll	\$ 598,187
Truth or Consequences Housing Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

\* 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, Truth or Consequences Housing Authority will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences**  
**Schedule of Employer Contributions**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**Last 10 Fiscal Years\***

	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 12,645
Contributions in relation to the contractually required contribution	(12,645)
Contribution deficiency (excess)	\$ -
Truth or Consequences Housing Authority's covered-employee payroll	\$ 632,179
Contributions as a percentage of covered-employee payroll	2.00%

\* 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, Truth or Consequences Housing Authority will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to Required Supplementary Information**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**June 30, 2018**

**Changes of benefit terms.** The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at [http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM\\_RHCA\\_Audited\\_FS\\_6.30.17.pdf](http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf).

**Changes of assumptions.** The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at [http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA\\_5507316\\_Final\\_per\\_Auditor\\_update\\_Final\\_Report\\_11.21.17.pdf](http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_Final_per_Auditor_update_Final_Report_11.21.17.pdf). See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

*See independent auditors' report.*



## Supplementary Information

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Statement of Net Position - Detail**  
**June 30, 2018**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 362,861	\$ 114,075
Investments	223,308	48,288
Accounts receivable - grants	4,200	-
Accounts receivable - tenants, net	3,953	-
Notes receivable	-	-
Interprogram receivables	152,057	-
Inventory	2,058	-
Prepaid expenses	829	682
<b>Total current assets</b>	<b>749,266</b>	<b>163,045</b>
Non-current assets		
Restricted cash and cash equivalents	35,505	57,307
Capital assets	6,478,210	35,730
Less: accumulated depreciation	(4,435,835)	(34,144)
<b>Total non-current assets</b>	<b>2,077,880</b>	<b>58,893</b>
<b>Total assets</b>	<b>2,827,146</b>	<b>221,938</b>
Deferred outflows		
Deferred Outflows - Pension	154,191	58,666
Deferred Outflows - OPEB	7,057	1,131
<b>Total deferred outflows</b>	<b>161,248</b>	<b>59,797</b>
<b>Total assets and deferred outflows</b>	<b>\$ 2,988,394</b>	<b>\$ 281,735</b>

*See independent auditors' report.*

Puesta del Sol Apartments	Hacienda Orgullo Apartments	Return to Owner	ECDC Program	Home Program	Total
\$ 16,720	\$ 49,030	\$ 199,871	\$ 65,929	\$ 5,931	\$ 814,417
-	-	77,723	-	-	349,319
-	-	-	-	-	4,200
2,427	1,117	-	-	-	7,497
-	-	322,960	-	-	322,960
-	-	61,476	-	-	213,533
548	1,871	-	-	-	4,477
97	188	-	-	-	1,796
19,792	52,206	662,030	65,929	5,931	1,718,199
49,264	64,024	-	-	-	206,100
850,813	1,534,258	-	40,908	-	8,939,919
(417,799)	(810,268)	-	(23,145)	-	(5,721,191)
482,278	788,014	-	17,763	-	3,424,828
502,070	840,220	662,030	83,692	5,931	5,143,027
19,578	35,704	99,164	-	-	367,303
711	1,155	2,591	-	-	12,645
20,289	36,859	101,755	-	-	379,948
\$ 522,359	\$ 877,079	\$ 763,785	\$ 83,692	\$ 5,931	\$ 5,522,975

See independent auditors' report.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Statement of Net Position - Detail**  
**June 30, 2018**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 16,666	\$ -
Accrued payroll	75,602	-
Compensated absences	8,302	435
Interprogram payables	-	-
Current portion of loans payable	-	-
<b>Total current liabilities</b>	<b>100,570</b>	<b>435</b>
Current liabilities (payable from restricted assets)		
Tenant deposits	24,193	-
FSS deposits	11,312	57,307
<b>Total current liabilities (payable from restricted assets)</b>	<b>35,505</b>	<b>57,307</b>
Non-current liabilities		
Loans payable	-	-
OPEB Liability	363,173	58,205
Net pension liability	582,719	204,084
<b>Total non-current liabilities</b>	<b>945,892</b>	<b>262,289</b>
<b>Total liabilities</b>	<b>1,081,967</b>	<b>320,031</b>
Deferred Inflows		
Deferred Inflows - Pension	45,157	31,519
Deferred Inflows - OPEB	82,656	13,247
<b>Total deferred inflows</b>	<b>127,813</b>	<b>44,766</b>
Net Position		
Net investment in capital assets	2,042,375	1,586
Restricted for:		
Section 8 housing	-	37,342
Unrestricted	(263,761)	(121,990)
<b>Total net position</b>	<b>1,778,614</b>	<b>(83,062)</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 2,988,394</b>	<b>\$ 281,735</b>

*See independent auditors' report.*

Puesta del Sol Apartments	Hacienda Orgullo Apartments	Return to Owner	ECDC Program	Home Program	Total
\$ 2,739	\$ 2,391	\$ -	\$ -	\$ -	\$ 21,796
-	-	-	-	-	75,602
1,490	2,543	10,388	-	-	23,158
59,201	2,275	152,057	-	-	213,533
9,765	30,239	-	-	-	40,004
73,195	37,448	162,445	-	-	374,093
1,488	6,507	-	-	-	32,188
-	-	-	-	-	68,619
1,488	6,507	-	-	-	100,807
413,013	359,120	-	-	-	772,133
36,590	59,440	133,340	-	-	650,748
51,283	98,312	289,288	-	-	1,225,686
500,886	516,872	422,628	-	-	2,648,567
575,569	560,827	585,073	-	-	3,123,467
1,218	7,367	53,326	-	-	138,587
8,327	13,528	30,348	-	-	148,106
9,545	20,895	83,674	-	-	286,693
10,236	334,631	-	17,763	-	2,406,591
-	-	-	-	-	37,342
(72,991)	(39,274)	95,038	65,929	5,931	(331,118)
(62,755)	295,357	95,038	83,692	5,931	2,112,815
\$ 522,359	\$ 877,079	\$ 763,785	\$ 83,692	\$ 5,931	\$ 5,522,975

See independent auditors' report.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Statement of Revenues, Expenses and Changes in Net Position - Detail**  
**For the Year Ended June 30, 2018**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>
Operating revenues		
Rental revenue	\$ 228,649	\$ -
Other tenant revenue	27,191	-
Management fees	-	-
Subsidy grants	247,178	931,865
Total operating revenues	503,018	931,865
Operating expenses		
Personnel services	306,307	50,807
Contractual services	96,095	17,441
Supplies	10,320	120
Maintenance and materials	18,965	-
Utilities	95,275	-
Management Fees	-	-
Insurance	22,881	657
Bad debt	4,135	-
Housing assistance payments	-	807,474
Depreciation	58,868	2,718
Miscellaneous	52,227	16,368
Total operating expenses	665,073	895,585
Operating income (loss)	(162,055)	36,280
Non-operating revenues (expenses)		
Interest income	3,016	674
Interest expense	-	-
Miscellaneous income	-	20,122
Loss on disposal of assets	(9,569)	-
Total non-operating revenues (expenses)	(6,553)	20,796
Income (loss) before capital grants	(168,608)	57,076
Capital grants	51,452	-
Change in net position	(117,156)	57,076
Total net position - beginning of year	2,327,161	(71,001)
Restatement (See Note 16)	(431,391)	(69,137)
Total net position - beginning of year, as restated	1,895,770	(140,138)
Total net position - end of year	\$ 1,778,614	\$ (83,062)

*See independent auditors' report.*

Puesta del Sol Apartments	Hacienda Orgullo Apartments	Return to Owner	ECDC Program	Home Program	Total
\$ 49,128	\$ 73,386	\$ -	\$ 20,040	\$ -	\$ 371,203
3,177	1,733	-	-	-	32,101
-	-	165,787	-	-	165,787
102,791	141,121	-	-	-	1,422,955
155,096	216,240	165,787	20,040	-	1,992,046
27,915	45,280	109,440	-	-	539,749
21,311	11,376	785	870	-	147,878
10,965	9,741	-	-	-	31,146
7,275	11,277	-	1,150	-	38,667
16,938	17,416	-	1,648	-	131,277
8,610	20,048	-	-	-	28,658
6,406	10,676	-	2,959	-	43,579
6,678	1,028	-	-	-	11,841
-	-	-	-	-	807,474
23,120	41,348	-	2,456	-	128,510
3,385	2,649	7,809	543	-	82,981
132,603	170,839	118,034	9,626	-	1,991,760
22,493	45,401	47,753	10,414	-	286
51	124	931	135	9	4,940
(50,773)	(39,248)	-	-	-	(90,021)
62	10	-	-	-	20,194
-	-	-	-	-	(9,569)
(50,660)	(39,114)	931	135	9	(74,456)
(28,167)	6,287	48,684	10,549	9	(74,170)
-	-	-	-	-	51,452
(28,167)	6,287	48,684	10,549	9	(22,718)
8,875	359,675	204,740	73,143	5,922	2,908,515
(43,463)	(70,605)	(158,386)	-	-	(772,982)
(34,588)	289,070	46,354	73,143	5,922	2,135,533
\$ (62,755)	\$ 295,357	\$ 95,038	\$ 83,692	\$ 5,931	\$ 2,112,815

*See independent auditors' report.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Statement of Cash Flows - Detail**  
**For the Year Ended June 30, 2018**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>
<b>Cash flows from operating activities:</b>		
Cash received from tenant rents and management charges	\$ 236,111	\$ -
Cash payments to employees for services	(249,982)	(55,705)
Cash payments to suppliers for goods and services	(276,538)	(827,523)
Cash received from subsidy grants	242,978	931,865
<b>Net cash provided (used) by operating activities</b>	<b>(47,431)</b>	<b>48,637</b>
<b>Cash flows from noncapital financing activities:</b>		
Miscellaneous income	-	20,122
Notes receivable issued to other entities	-	-
Interfund payments received (paid)	11,926	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>11,926</b>	<b>20,122</b>
<b>Cash flows from capital and related financing activities:</b>		
Capital grants	51,452	-
Acquisition of capital assets	(115,688)	-
Payments on notes payable	-	-
Interest payments	-	-
<b>Net cash (used) by capital and related financing activities</b>	<b>(64,236)</b>	<b>-</b>
<b>Cash flows from investing activities:</b>		
Interest on cash deposits	959	196
<b>Net cash provided (used) by investing activities</b>	<b>959</b>	<b>196</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(98,782)</b>	<b>68,955</b>
Cash and cash equivalents - beginning of year	497,148	102,427
<b>Cash and cash equivalents - end of year</b>	<b>\$ 398,366</b>	<b>\$ 171,382</b>

*See independent auditors' report.*



Puesta del Sol Apartments	Hacienda Orgullo Apartments	Return to Owner	ECDC Program	Home Program	Total
\$ 46,866	\$ 72,517	\$ 165,787	\$ 20,040	\$ -	\$ 541,321
(24,265)	(39,363)	(95,049)	-	-	(464,364)
(68,566)	(72,471)	(8,647)	(4,365)	-	(1,258,110)
102,791	141,121	-	-	-	1,418,755
56,826	101,804	62,091	15,675	-	237,602
62	10	-	-	-	20,194
-	-	(82)	-	-	(82)
(2,520)	2,275	(11,681)	-	-	-
(2,458)	2,285	(11,763)	-	-	20,112
-	-	-	-	-	51,452
-	(6,411)	-	-	-	(122,099)
(8,677)	(27,427)	-	-	-	(36,104)
(50,773)	(39,248)	-	-	-	(90,021)
(59,450)	(73,086)	-	-	-	(196,772)
51	124	161	135	9	1,635
51	124	161	135	9	1,635
(5,031)	31,127	50,489	15,810	9	62,577
71,015	81,927	149,382	50,119	5,922	957,940
\$ 65,984	\$ 113,054	\$ 199,871	\$ 65,929	\$ 5,931	\$ 1,020,517

See independent auditors' report.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences**  
**Statement of Cash Flows - Detail**  
**For the Year Ended June 30, 2018**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>
Reconciliation of operating (loss) income to net cash provided (used) by operating activities:		
Operating (loss) income	\$ (162,055)	\$ 36,280
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:		
Depreciation	58,868	2,718
Bad debt expense	4,135	-
Noncash pension expense	30,067	4,820
Noncash OPEB expense	14,438	2,315
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable - tenants, net	(5,503)	-
Accounts receivable - grants	(4,200)	-
Inventory	1,583	-
Prepaid expenses	13,485	(682)
Accounts payable	4,157	(401)
Accrued payroll expenses	22,680	-
FSS deposits	(3,181)	15,620
Accrued compensated absences	(2,840)	(10,748)
Tenant deposits	(11,045)	-
Deferred outflows - subsequent contributions	(8,020)	(1,285)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (47,431)</b>	<b>\$ 48,637</b>

*See independent auditors' report.*

Puesta del Sol Apartments	Hacienda Orgullo Apartments	Return to Owner	ECDC Program	Home Program	Total
\$ 22,493	\$ 45,401	\$ 47,753	\$ 10,414	\$ -	\$ 286
23,120	41,348	-	2,456	-	128,510
6,678	1,028	-	-	-	11,841
3,030	4,919	11,041	-	-	53,877
1,454	2,363	5,302	-	-	25,872
(5,527)	(1,273)	-	-	-	(12,303)
-	-	-	-	-	(4,200)
-	677	-	-	-	2,260
5,229	8,703	-	2,959	-	29,694
1,095	1,332	(53)	(154)	-	5,976
-	-	-	-	-	22,680
-	-	-	-	-	12,439
(26)	(52)	992	-	-	(12,674)
88	(1,329)	-	-	-	(12,286)
(808)	(1,313)	(2,944)	-	-	(14,370)
\$ 56,826	\$ 101,804	\$ 62,091	\$ 15,675	\$ -	\$ 237,602

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## **Supporting Schedules**

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Schedule of Collateral Pledged By Depository For Public Funds**  
**June 30, 2018**

Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2018	Location of Safekeeper
<b>BBVA Compass</b>				
FNMA POOL # 676773 5.500%	12/1/2032	31391T2E7	\$ 411,340	First Financial Bank - El Paso, TX
FNMA POOL # 676775 6.00%	11/1/2032	31391T2G2	384,791	First Financial Bank - El Paso, TX
FHLMC GPOOL#A16657 5.500%	11/1/2033	31296ME5	71,963	First Financial Bank - El Paso, TX
FNMA ARM #695982 4.125%	3/1/2033	31400SFX2	66,560	First Financial Bank - El Paso, TX
FNMA ARM #694287 3.717%	3/1/2033	31400QJ87	12,690	First Financial Bank - El Paso, TX
FNMA ARM #689984 4.315%	5/1/2033	31400KRDO	33,904	First Financial Bank - El Paso, TX
FHLMC ARM #1Q1444 3.613%	3/1/2036	3128S5S96	147,085	First Financial Bank - El Paso, TX
FHLMC ARM #848449 4.126%	5/1/2037	31300LL60	50,569	First Financial Bank - El Paso, TX
FHLMC ARM #848449 4.126%	5/1/2037	31300LL60	45,699	First Financial Bank - El Paso, TX
FNMA ARM #AJ8074 2.838%	12/1/2041	3138E06L8	470,136	First Financial Bank - El Paso, TX
FNMA ARM #AJ8074 2.838%	12/2/2041	313E06L8	369,770	First Financial Bank - El Paso, TX
FHLMC ARM #2B0837 2.519%	10/1/2042	3128LL4W3	17,380	First Financial Bank - El Paso, TX
FHLMC ARM #848897 2.524%	10/1/2042	31300L3E3	9,963	First Financial Bank - El Paso, TX
FHLMC ARM #848897 2.524%	10/1/2042	31300L3E3	7,472	First Financial Bank - El Paso, TX
FNMA ARM #AP9497 2.068%	12/1/2042	3138MDRT1	121,424	First Financial Bank - El Paso, TX
FNMA ARM #AP9497 2.068%	12/1/2042	3138MDRT1	57,006	First Financial Bank - El Paso, TX
FHR #4035 K 6.000%	1/15/2042	3137ANUX1	93,555	First Financial Bank - El Paso, TX
FHLMC ARM #848975 2.311%	1/1/2043	31300L6L4	32,225	First Financial Bank - El Paso, TX
FHLMC ARM #848892 2.319%	1/1/2043	31300L2Z7	22,630	First Financial Bank - El Paso, TX
FHLMC ARM #848957 2.325%	1/1/2043	31300L5S0	47,969	First Financial Bank - El Paso, TX
FHLMC ARM #848975 2.311%	1/1/2043	31300L6L4	32,225	First Financial Bank - El Paso, TX
FHLMC ARM #848975 2.311%	1/1/2043	31300L6L4	15,412	First Financial Bank - El Paso, TX
FHLMC ARM #848975 2.311%	2/1/2043	31300L6L4	26,621	First Financial Bank - El Paso, TX
FHLMC ARM #848975 2.311%	2/1/2043	31300L6L4	28,022	First Financial Bank - El Paso, TX
FHLMC ARM #AR1231 2.350%	2/1/2043	3138NXLM7	18,335	First Financial Bank - El Paso, TX
FNMA ARM AQ2406 2.274%	2/1/2043	3138MHU84	78,739	First Financial Bank - El Paso, TX
FNMA ARM AQ2406 2.274%	2/1/2043	3138MHU84	47,244	First Financial Bank - El Paso, TX
FHLMC ARM #2B1182 3.627%	3/1/2043	31326FJ33	10,291	First Financial Bank - El Paso, TX
FNMA ARM #AQ2410 2.319%	3/1/2043	3138MHVC4	28,881	First Financial Bank - El Paso, TX
FNMA ARM #2B1068 2.194%	2/1/2043	31326FFH6	29,443	First Financial Bank - El Paso, TX
FNMA ARM #AQ2410 2.319%	3/1/2043	3138MHVC4	84,944	First Financial Bank - El Paso, TX
FNMA ARM #AQ2410 2.319%	3/1/2043	3138MHVC4	50,967	First Financial Bank - El Paso, TX
FNMA ARM #AL3383 3.543%	4/1/2043	3138EKXM2	54,646	First Financial Bank - El Paso, TX
FNMA ARM #AQ2412 2.282%	3/1/2043	3138MHVE0	29,623	First Financial Bank - El Paso, TX
<b>Total BBVA Compass</b>			<b>3,009,524</b>	
<b>Citizen Bank of Las Cruces</b>				
FHLB Letter of Credit	6/14/2019	N/A	297,782	Federal Home Loan Bank, Irving, TX
FHLB Letter of Credit	6/14/2019	N/A	198,521	Federal Home Loan Bank, Irving, TX
FHLB Letter of Credit	12/9/2022	N/A	738,635	Federal Home Loan Bank, Irving, TX
<b>Total Citizen Bank of Las Cruces</b>			<b>1,234,938</b>	
<b>Total Pledged Collateral</b>			<b>\$ 4,244,462</b>	

*See independent auditors' report.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Schedule of Deposit Accounts**  
**June 30, 2018**

Bank Name/ Account Name	Account Type	Bank Balance	Outstanding Items	Book Balance
<b>BBVA Compass</b>				
ECDC- Operating	Checking	\$ 65,931	\$ -	\$ 65,931
Hacienda Orgullo Gen Operating	Checking	49,070	(40)	49,030
Public Housing PH Operating	Checking	401,777	(14,726)	387,051
IDA Match Funds	Money Market	5,442	-	5,442
Puesta De Sol Gen Operating	Checking	16,793	(107)	16,686
Return To Owner- Gen. Fund Operating	Checking	138,191	-	138,191
S8- Voucher	Checking	120,271	(6,197)	114,074
<b>Total BBVA Compass</b>		<b>797,475</b>	<b>(21,070)</b>	<b>776,405</b>
<b>First Savings Bank</b>				
Hacienda Orgullo - Security Deposit	NOW	6,690	(263)	6,427
Hacienda Orgullo - Reserve	Money Market	57,596	-	57,596
Puesta del Sol - Reserve	Money Market	47,839	2	47,841
Puesta del Sol - Security Deposit	NOW	1,467	(54)	1,413
<b>Total First Savings Bank</b>		<b>113,592</b>	<b>(315)</b>	<b>113,277</b>
<b>Bank of the Southwest</b>				
Hacienda Orgullo Tax & Insurance	NOW	1	-	1
Public Housing FSS Escrow	Savings	5,870	-	5,870
Puesta de Sol Tax & Insurance Savings	Savings	11	-	11
RTO- General Fund Operating	NOW	61,680	-	61,680
S8 FSS Escrow Vouchers	Savings	57,307	-	57,307
Home Reserve	Checking	5,931	-	5,931
<b>Total Bank of the Southwest</b>		<b>130,800</b>	<b>-</b>	<b>130,800</b>
<b>Citizens Bank of Las Cruces</b>				
Public Housing- LR OP Reserve	CD	32,385	-	32,385
Public Housing- T or C Op Reserve (CFP)	CD	86,657	-	86,657
Public Housing- T or C Op Reserve	CD	104,266	-	104,266
RTO #1	CD	77,723	-	77,723
S8 Voucher	CD	48,288	-	48,288
<b>Total Citizens Bank of Las Cruces</b>		<b>349,319</b>	<b>-</b>	<b>349,319</b>
<b>Undeposited funds</b>		<b>-</b>	<b>35</b>	<b>35</b>
<b>Total deposits</b>		<b>\$ 1,391,186</b>	<b>\$ (21,350)</b>	<b>\$ 1,369,836</b>
<b>Cash and cash equivalents and short term investments per financial statements</b>				
Cash and cash equivalents per Statement of Net Position				\$ 814,417
Restricted cash and cash equivalents per Statement of Net Position				206,100
Investments per Statement of Net Position				349,319
<b>Total cash, cash equivalents, and investments</b>				<b>\$ 1,369,836</b>

*See independent auditors' report.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Financial Data Schedule**  
**June 30, 2018**

Line Item	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Child Care and Development Block Grant 93.575	Rural Rental Housing Loans 10.415
111	Cash - Unrestricted	\$ 362,861	\$ -	\$ 65,929	\$ 65,726
113	Cash - Other Restricted	11,312	-	-	105,437
114	Cash - Tenant Security Deposits	24,193	-	-	7,840
100	<b>Total Cash</b>	<b>398,366</b>	<b>-</b>	<b>65,929</b>	<b>179,003</b>
124	Accounts Receivable - Other Government	4,200	-	-	-
125	Accounts Receivable - Miscellaneous	152,057	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	4,392	-	-	3,938
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(439)	-	-	(394)
120	<b>Total Receivables, Net of Allowance for Doubtful Accounts</b>	<b>160,210</b>	<b>-</b>	<b>-</b>	<b>3,544</b>
131	Investments - Unrestricted	223,308	-	-	-
130	<b>Total Investments</b>	<b>223,308</b>	<b>-</b>	<b>-</b>	<b>-</b>
142	Prepaid Expenses and Other Assets	829	-	-	320
143	Inventories	2,058	-	-	2,419
150	<b>Total Current Assets</b>	<b>784,771</b>	<b>-</b>	<b>65,929</b>	<b>185,286</b>
161	Land	431,590	-	-	205,946
162	Buildings	4,598,792	-	6,551	2,022,079
163	Furniture, Equipment & Machinery - Dwellings	240,159	-	-	56,243
164	Furniture, Equipment & Machinery - Administration	410,325	-	16,342	20,771
165	Leasehold Improvements	532,501	-	18,015	80,032
166	Accumulated Depreciation	(4,435,835)	-	(23,145)	(1,228,067)
167	Construction in progress	264,843	-	-	-
168	Infrastructure	-	-	-	-
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>2,042,375</b>	<b>-</b>	<b>17,763</b>	<b>1,157,004</b>
180	<b>Total Non-Current Assets</b>	<b>2,042,375</b>	<b>-</b>	<b>17,763</b>	<b>1,157,004</b>
190	<b>Total Assets</b>	<b>2,827,146</b>	<b>-</b>	<b>83,692</b>	<b>1,342,290</b>
200	Deferred Outflows of Resources	161,248	-	-	53,781
290	<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,988,394</b>	<b>\$ -</b>	<b>\$ 83,692</b>	<b>\$ 1,396,071</b>

*See independent auditors' report.*



Rural Rental Assistance Payments 10.427	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers Program 14.871	Mainstream Vouchers Program 14.879	HOME Investment Partnerships Program 14.239	Business Activities 10.XXX	Total
\$ -	\$ -	\$ 162,363	\$ -	\$ 5,931	\$ 199,871	\$ 862,681
-	-	57,307	-	-	-	174,056
-	-	-	-	-	-	32,033
-	-	219,670	-	5,931	199,871	1,068,770
-	-	-	-	-	-	4,200
-	-	-	-	-	384,436	536,493
-	-	-	-	-	-	8,330
-	-	-	-	-	-	(833)
-	-	-	-	-	384,436	548,190
-	-	-	-	-	77,723	301,031
-	-	-	-	-	77,723	301,031
-	-	-	-	-	-	1,149
-	-	-	-	-	-	4,477
-	-	219,670	-	5,931	662,030	1,923,617
-	-	-	-	-	-	637,536
-	-	-	-	-	-	6,627,422
-	-	-	-	-	-	296,402
-	-	35,730	-	-	-	483,168
-	-	-	-	-	-	630,548
-	-	(34,144)	-	-	-	(5,721,191)
-	-	-	-	-	-	264,843
-	-	-	-	-	-	-
-	-	1,586	-	-	-	3,218,728
-	-	1,586	-	-	-	3,218,728
-	-	221,256	-	5,931	662,030	5,142,345
-	-	60,479	-	-	71,895	347,403
\$ -	\$ -	\$ 281,735	\$ -	\$ 5,931	\$ 733,925	\$ 5,489,748

*See independent auditors' report.*

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Financial Data Schedule**  
**June 30, 2018**

Line Item	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Child Care and Development Block Grant 93.575	Rural Rental Housing Loans 10.415
312	Accounts Payable <= 90 Days	\$ 16,666	\$ -	\$ -	\$ 4,809
321	Accrued Wage/Payroll Taxes Payable	75,602	-	-	-
322	Accrued Compensated Absences - Current Portion	8,302	-	-	4,033
	Accounts Payable - Other				
333	Government	-	-	-	2,596
341	Tenant Security Deposits	24,193	-	-	7,995
342	Unearned Revenues	-	-	-	-
343	Current Portion of Long-term Debt - Capital Projects	-	-	-	40,004
345	Other Current Liabilities	11,312	-	-	59,201
310	<b>Total Current Liabilities</b>	<b>136,075</b>	<b>-</b>	<b>-</b>	<b>118,638</b>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	772,133
354	Accrued Compensated Absences - Non-Current	-	-	-	-
	Accrued Pension and OPEB				
357	Liabilities	945,892	-	-	245,625
350	<b>Total Non-Current Liabilities</b>	<b>945,892</b>	<b>-</b>	<b>-</b>	<b>1,017,758</b>
300	<b>Total Liabilities</b>	<b>1,081,967</b>	<b>-</b>	<b>-</b>	<b>1,136,396</b>
400	Deferred Inflows of Resources	(303,578)	-	-	(86,995)
508.1	Net investment in capital assets	2,042,375	-	17,763	344,867
511	Restricted Net Position	-	-	-	105,437
512.1	Unrestricted Net Position	167,630	-	65,929	(103,634)
513	<b>Total Equity/Net Position</b>	<b>2,210,005</b>	<b>-</b>	<b>83,692</b>	<b>346,670</b>
600	<b>Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position</b>	<b>\$ 2,988,394</b>	<b>\$ -</b>	<b>\$ 83,692</b>	<b>\$ 1,396,071</b>

*See independent auditors' report.*

	Rural Rental Assistance Payments 10.427	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers Program 14.871	Mainstream Vouchers Program 14.879	HOME Investment Partnerships Program 14.239	Business Activities 10.XXX	Total
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,475
	-	-	435	-	-	-	76,037
	-	-	-	-	-	10,388	22,723
	-	-	-	-	-	-	2,596
	-	-	-	-	-	-	32,188
	-	-	-	-	-	-	-
	-	-	-	-	-	-	40,004
	-	-	57,307	-	-	152,057	279,877
	-	-	57,742	-	-	162,445	474,900
	-	-	-	-	-	-	772,133
	-	-	-	-	-	-	-
	-	-	262,289	-	-	289,288	1,743,094
	-	-	262,289	-	-	289,288	2,515,227
	-	-	320,031	-	-	451,733	2,990,127
	-	-	(24,371)	-	-	28,768	(386,176)
	-	-	1,586	-	-	-	2,406,591
	-	-	37,342	-	-	-	142,779
	-	-	(52,853)	-	5,931	253,424	336,427
	-	-	(13,925)	-	5,931	253,424	2,885,797
\$	-	\$ -	\$ 281,735	\$ -	\$ 5,931	\$ 733,925	\$ 5,489,748

See independent auditors' report.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Financial Data Schedule**  
**June 30, 2018**

Line Item	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Child Care and Development Block Grant 93.575	Rural Rental Housing Loans 10.415
70300	Net Tenant Rental Revenue	\$ 228,649	\$ -	\$ 20,040	\$ -
70400	Tenant Revenue - Other	1,200	-	-	122,514
70500	Total Tenant Revenue	229,849	-	20,040	122,514
70600	HUD PHA Operating Grants	179,571	1,383	-	76,831
70610	Capital Grants	-	50,069	-	-
70800	Other Governmental Grants	-	-	-	-
71100	Investment Income - Unrestricted	3,016	-	-	175
71500	Other Revenue	25,991	-	135	4,982
71600	Gain or Loss on Sale of Capital Assets	(9,569)	-	-	-
70000	Total Revenue	428,858	51,452	20,175	204,502
91100	Administrative Salaries	65,661	-	-	6,474
91200	Auditing Fees	17,738	-	-	6,450
91310	Book-keeping Fee	4,249	-	653	-
91400	Advertising and Marketing	4,059	-	-	1,182
91500	Employee Benefit Contributions - Administrative	42,973	-	-	22,542
91600	Office Expenses	24,237	-	-	2,383
91700	Legal Expense	493	-	-	654
91800	Travel	6,674	-	-	-
91900	Other Operating - Administrative	17,911	-	543	35,555
91000	Total Operating - Administrative	183,995	-	1,196	75,240
92100	Tenant Services - Salaries	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	17,252	-	-	-
92500	Total Tenant Services	17,252	-	-	-
93100	Water	16,317	-	318	5,925
93200	Electricity	60,196	-	-	6,062
93300	Gas	5,258	-	788	2,498
93600	Sewer	-	-	-	9,246
93800	Other Utilities Expense	13,504	-	542	10,160
93000	Total Utilities	95,275	-	1,648	33,891

*See independent auditors' report.*

Rural Rental Assistance Payments 10.427	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers Program 14.871	Mainstream Vouchers Program 14.879	HOME Investment Partnerships Program 14.239	Business Activities 10.XXX	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 248,689
-	-	-	-	-	-	123,714
-	-	-	-	-	-	372,403
167,081	-	857,171	74,694	-	-	1,356,731
-	-	-	-	-	-	50,069
-	67,607	-	-	-	-	67,607
-	-	674	-	9	931	4,805
-	-	20,122	-	-	165,787	217,017
-	-	-	-	-	-	(9,569)
167,081	67,607	877,967	74,694	9	166,718	2,059,063
-	-	28,811	-	-	65,989	166,935
-	-	8,063	-	-	-	32,251
-	-	4,118	-	-	653	9,673
-	-	-	-	-	-	5,241
-	-	7,986	13,864	-	43,451	130,816
-	-	10,089	-	-	7,809	44,518
-	-	-	-	-	-	1,147
-	-	1,422	-	-	-	8,096
-	-	20,174	-	-	-	74,183
-	-	80,663	13,864	-	117,902	472,860
-	-	-	-	-	-	-
-	-	-	-	-	-	17,252
-	-	-	-	-	-	17,252
-	-	-	-	-	-	22,560
-	-	-	-	-	-	66,258
-	-	-	-	-	-	8,544
-	-	-	-	-	-	9,246
-	-	-	-	-	-	24,206
-	-	-	-	-	-	130,814

See independent auditors' report.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Financial Data Schedule**  
**June 30, 2018**

Line Item Number	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Child Care and Development Block Grant 93.575	Rural Rental Housing Loans 10.415
94100	Ordinary Maintenance & Operation - Labor	\$ 70,738	\$ -	\$ -	\$ 29,802
94200	Ordinary Maintenance & Operation - Materials & Other	26,414	-	1,150	17,138
94300	Ordinary Maintenance & Operation Contracts	73,615	-	217	42,953
94500	Employee Benefit Contributions - Ordinary Maintenance	36,452	-	-	14,377
94000	Total Maintenance	207,219	-	1,367	104,270
96110	Property Insurance	22,881	-	2,959	16,597
96130	Workmen's Compensation	-	-	-	485
96140	All Other Insurance	-	-	-	-
96100	Total Insurance Premiums	22,881	-	2,959	17,082
96200	Other General Expenses	75,448	-	-	785
96400	Bad Debt - Tenant Rents	4,135	-	-	7,706
96000	Total Other General	79,583	-	-	8,491
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	90,021
96700	Total Interest Expense and Amortization Cost	-	-	-	90,021
96900	Total Operating Expenses	606,205	-	7,170	328,995
97000	Excess Operating Revenue Over Operating Expenses	(177,347)	51,452	13,005	(124,493)
97300	Housing Assistance Payments	-	-	-	-
97400	Depreciation Expense	58,868	-	2,456	64,468
90000	Total Expenses	665,073	-	9,626	393,463
10010	Operating Transfers In	68,990	-	-	167,081
10020	Operating Transfers Out	-	(1,383)	-	-
10100	Total Other Financing Sources (Uses)	68,990	(1,383)	-	167,081

*See independent auditors' report.*

	Rural Rental Assistance Payments 10.427	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers Program 14.871	Mainstream Vouchers Program 14.879	HOME Investment Partnerships Program 14.239	Business Activities 10.XXX	Total		
\$	-	\$	-	\$	-	\$	-	\$	100,540
	-		-		-		-		44,702
	-		-		-		-		116,785
	-		-		-		-		50,829
	-		-		-		-		312,856
	-		-		-		-		42,437
	-		-		-		-		485
	-		657		-		-		657
	-		657		-		-		43,579
	-		5,380		-		132		81,745
	-		-		-		-		11,841
	-		5,380		-		132		93,586
	-		-		-		-		90,021
	-		-		-		-		90,021
	-		86,700		13,864		118,034		1,160,968
	167,081		791,267		60,830		48,684		898,095
	-		729,445		62,858		-		792,303
	-		2,718		-		-		128,510
	-		818,863		76,722		118,034		2,081,781
	-		-		-		-		236,071
	(167,081)		(67,607)		-		-		(236,071)
	(167,081)		(67,607)		-		-		-

See independent auditors' report.

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Financial Data Schedule**  
**June 30, 2018**

Line Item Number	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Child Care and Development Block Grant 93.575	Rural Rental Housing Loans 10.415
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (167,225)	\$ 50,069	\$ 10,549	\$ (21,880)
11030	Beginning Equity	2,327,161	-	73,143	368,550
11040-10	Correction of Equity classification	-	-	-	-
11040-20	Equity Transfers	50,069	(50,069)	-	-
	Ending Equity (deficit)	\$ 2,210,005	\$ -	\$ 83,692	\$ 346,670
11190	Unit Months Available	1,200	-	12	636
11210	Number of Unit Months Leased	804	-	12	575
11270	Excess Cash	\$ 1,255,719	\$ -	\$ -	\$ -
11620	Building Purchases	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	27,365	-	-	-
11640	Furniture & Equipment - Administrative Purchases	24,400	-	-	-
11650	Leasehold Improvements Purchases	63,922	-	-	-

*See independent auditors' report.*



Rural Rental Assistance Payments 10.427	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers Program 14.871	Mainstream Vouchers Program 14.879	HOME Investment Partnerships Program 14.239	Business Activities 10.XXX	Total
\$ -	\$ -	\$ 59,104	\$ (2,028)	\$ 9	\$ 48,684	\$ (22,718)
-	-	(71,001)	-	5,922	204,740	2,908,515
-	-	-	-	-	-	-
-	-	(2,028)	2,028	-	-	-
\$ -	\$ -	\$ (13,925)	\$ -	\$ 5,931	\$ 253,424	\$ 2,885,797
-	-	2,040	240	-	-	4,128
-	-	1,698	240	-	-	3,329
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,255,719
-	-	-	-	-	-	-
-	-	-	-	-	-	27,365
-	-	-	-	-	-	24,400
-	-	-	-	-	-	63,922

See independent auditors' report.

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## **Compliance Section**

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

**INDEPENDENT AUDITORS' REPORT**

Wayne Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
Executive Director and the Board of Commissioners of  
Truth or Consequences Housing Authority  
A Component Unit of the City of Truth or Consequences  
Truth or Consequences, New Mexico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Truth or Consequences Housing Authority, a component unit of the City of Truth or Consequences (the "Housing Authority") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated November 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing 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 Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2018-001.

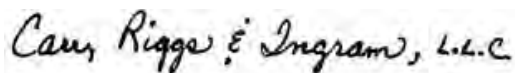
We also noted a certain matter that is required to be reported per section Federal Awards Findings and Question Costs that we have described in the accompanying schedule of Federal Awards Findings and Question Costs as item FA 2017-001.

### **Housing Authority's Responses to Findings**

The Housing Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Housing Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



Carr, Riggs & Ingram, LLC  
Albuquerque, NM  
November 28, 2018

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## **Federal Financial Assistance**

## **REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

### **INDEPENDENT AUDITORS' REPORT**

Wayne Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
Executive Director and the Board of Commissioners of  
Truth or Consequences Housing Authority  
Truth or Consequences, New Mexico

### **Report on Compliance for the Major Federal Program**

We have audited Truth or Consequences Housing Authority's (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Housing Authority's major federal program for the year ended June 30, 2018. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Housing Authority's compliance.

### **Opinion on the Major Federal Program**

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance 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 over compliance that we consider to be material weaknesses. We did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item FA 2018-001 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, NM  
November 28, 2018

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass Through Grantor/Program Title	Grant or State Number	Federal CFDA Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<b>U.S. Department of Housing and Urban Development</b>					
<i>Direct Programs:</i>					
Public and Indian Housing	NM002000001	14.850	\$ 179,571	\$ -	-
Section 8 Housing Choice Voucher Program (1)	N/A	14.871 *	857,171	-	-
Mainstream Voucher Program (1)	N/A	14.879 *	74,694	-	-
Total Housing Voucher Cluster			931,865	-	-
Public Housing Capital Fund	CFP 2015	14.872	37,403	-	-
Public Housing Capital Fund	CFP 2014	14.872	11,121	-	-
Public Housing Capital Fund	CFP 2013	14.872	2,929	-	-
Total Public Housing Capital Fund			51,453	-	-
Resident Opportunity and Supportive Services		14.870	67,607	-	-
<i>Total U.S. Department of Housing and Urban Development - Direct Programs</i>			1,230,496	-	-
<b>U.S. Department of Agriculture</b>					
<i>Direct Programs:</i>					
Rural Rental Housing Loans		10.415	925,072	-	-
Rural Rental Assistance		10.427	167,081	-	-
<i>Total U.S. Department of Agriculture - Direct Programs</i>			1,092,153	-	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,322,649</b>	<b>\$ -</b>	<b>-</b>

\* Major program

(1) Housing Voucher Cluster

**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Truth or Consequences Housing Authority (the Housing Authority) and is presented on the full accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

**Federally Funded Loans**

The Housing Authority has federally funded loans or loan guarantees in the amount of \$812,137 as of June 30, 2018.

**10% de minimis Indirect Cost Rate**

The Housing Authority did not elect to use the allowed 10% indirect cost rate.

**Federally Funded Insurance**

The Housing Authority has no federally funded insurance.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,322,649
Less: Federally Insured Loan Balance	(812,137)
Total expenditures funded by other sources	592,681
<hr/>	
Total expenditures (including capitalized expenditures)	\$ 2,103,193
<hr/>	

**Truth or Consequences Housing Authority**  
**A Component Unit of City of Truth or Consequences, New Mexico**  
**Notes to Findings and Questioned Costs**  
**June 30, 2018**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

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

*Federal Awards:*

- |  |                         |                 |                 |                         |  |
|--|-------------------------|-----------------|-----------------|-------------------------|--|
| 1. Internal control over major programs:   |                         |                 |                 |                         |  |
| a. Material weaknesses identified?   | None Noted              |                 |                 |                         |  |
| b. Significant deficiencies identified not considered to be material weaknesses?   | Yes                     |                 |                 |                         |  |
| 2. Type of auditors’ report issued on compliance for major programs  | Unmodified              |                 |                 |                         |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  | Yes                     |                 |                 |                         |  |
| 4. Identification of major programs:   |                         |                 |                 |                         |  |
| <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CFDA<br/>Number</td> <td style="text-align: center; border-bottom: 1px solid black;">Federal Program</td> </tr> <tr> <td style="text-align: center;">14.871 &amp; 14.879</td> <td style="text-align: center;">Housing Voucher Cluster</td> </tr> </table> | CFDA<br>Number          | Federal Program | 14.871 & 14.879 | Housing Voucher Cluster |  |
| CFDA<br>Number   | Federal Program         |                 |                 |                         |  |
| 14.871 & 14.879  | Housing Voucher Cluster |                 |                 |                         |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:  | \$750,000               |                 |                 |                         |  |
| 6. Auditee qualified as low-risk auditee?  | Yes                     |                 |                 |                         |  |

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

FA 2017-01 Internal Controls over Eligibility and Special Tests and Provisions – Housing Voucher Cluster – Significant Deficiency – Repeated & Modified

**Truth or Consequences Housing Authority**  
**A Component Unit of City of Truth or Consequences, New Mexico**  
**Notes to Findings and Questioned Costs**  
**June 30, 2018**

**SECTION III – FINANCIAL STATEMENT FINDINGS**

**None Noted**

**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS**

**NM 2018-001 — Travel and Per Diem (Other Noncompliance)**

*Condition:* The Authority reimbursed mileage and per diem rates that were in excess of the amounts allowed by state statute in the following amounts:

- In two out of five items tested, the Authority reimbursed mileage at a rate higher than the rate allowed, which resulted in overpayments totaling \$6.58.
- In three out of five items tested, the Authority paid for per diem and a modified per diem (per their policy) which resulted in overpayments of \$306.
- In five out of five items tested, the Authority reimbursed partial day per diem upon return from overnight travel at a rate higher than the allowable rate, which resulted in an overpayment of \$13.

*Criteria:* The Per Diem and Mileage Act, Section 10-8-1 to 10-8-8, NMSA 1978 documents the amounts for various per diem and mileage reimbursements allowable under state statutes.

*Effect:* The Authority did not comply with the Mileage and Per Diem Act and reimbursed more travel expense than is allowed.

*Cause:* The Authority's policy and form calculated per diem at amounts that do not match the Per diem and Mileage Act. The Authority's form also contained an error which resulted in duplicate inclusion of per diem in two categories.

*Auditors' Recommendation:* The Authority should implement a procedure to review all travel and per diem expenditures prior to payment and ensure all reimbursements are in compliance with State Statutes and the Authority's policy.

*Authority's Response:* After consulting with the IPA firm, TCHA is currently upgrading to a newer compliant version of the Travel and Per Diem worksheet as well as keeping informed and up to date on changes via periodic review of the New Mexico Administrative Code. The Executive Director will be responsible for corrective action on this finding.

**Truth or Consequences Housing Authority**  
**A Component Unit of City of Truth or Consequences, New Mexico**  
**Notes to Findings and Questioned Costs**  
**June 30, 2018**

**SECTION V – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**FA 2017-001 – Internal Controls over Special Tests and Provisions – Housing Voucher Cluster – Significant Deficiency (Repeated & Modified)**

*Federal Program Information:*

Funding Agency:	U.S. Department of Housing and Urban Development
Title:	Housing Voucher Cluster
CFDA Numbers:	14.871 and 14.879
Federal Award Identification Number	N/A
Award Year:	2017-18

*Condition:* The Authority’s controls over special tests and provisions were not operating effectively in the following instances:

- In 2 out of 51 files tested, there was no Housing Quality Standards (“HQS”) Form, or Housing and Urban Development (“HUD”) unit inspection report, retained in the tenant file to document that the unit leased was inspected annually to determine if the unit meets Housing Quality Standards.
- In 2 out of 9 files tested, there was no documentation retained in the tenant file to document that non-major violations of HQS violations were cleared within the required time.

*Status of Prior Year Finding:* The Authority has made progress to clear this finding as there are fewer exceptions noted than in the prior year with regards to controls in this program.


*Criteria:* Per 2 CFR 200.303(a), an entity must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the Federal awards in compliance with statutes, regulations, and the terms and conditions of the award.

*Questioned costs:* None

*Effect:* Without internal controls operating effectively, it is possible that the Authority would be at risk to be out of compliance with special tests and provisions compliance requirements of the program. The Authority cannot effectively manage its federal program with controls that do not operate effectively.

*Cause:* Authority staff did not realize that HQS inspections would still be necessary for units receiving assistance that were rented from the Authority’s other programs. The Authority also did not document the resolution of 2 HQS failures in the files.

*Auditor’s Recommendation:* We recommend that Authority staff receive updated training over the requirements of the program, including document retention in tenant files. We also recommend that the Authority review all current files for appropriate documentation.



**Truth or Consequences Housing Authority**  
**A Component Unit of City of Truth or Consequences, New Mexico**  
**Notes to Findings and Questioned Costs**  
**June 30, 2018**

**SECTION V – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)**

**FA 2017-001 – Internal Controls over Eligibility and Special Tests and Provisions – Housing Voucher Cluster – Significant Deficiency (Repeated & Modified) (Continued)**

*Authority Response:* HCV program management has undergone a staffing change. Currently under new staffing, TCHA will ensure that adequate specialized training will be provided as well as continuing education. Current files are in process of review for appropriate documentation. Periodic file review will be scheduled to maintain quality control and compliance. The Executive Director will be responsible for corrective action on this finding.



**Truth or Consequences Housing Authority**  
**A Component Unit of the City of Truth or Consequences, New Mexico**  
**Other Disclosures**  
**June 30, 2018**

**OTHER DISCLOSURES**

**Auditor Prepared Financial Statements**

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the Truth or Consequences Housing Authority from the original books and records provided to them by the management of the Authority. The responsibility for the financial statements remains with the Authority.

**Exit Conference**

The contents of the report for Truth or Consequences Housing Authority were discussed on November 28, 2018. The following individuals were in attendance:

Truth or Consequences Housing Authority  
Earl Greer, Commissioner  
Steven Rice, Executive Director  
Teresa Casteneda, Senior Finance Specialist

Carr, Riggs & Ingram, LLC  
Benjamin A. Martinez, CPA, Audit Manager