

**STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY**

**A DEPARTMENT OF
CITY OF TUCUMCARI, NEW MEXICO**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
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FOR THE YEAR ENDED JUNE 30, 2013**

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**STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
Board of Commissioners and Management
June 30, 2013**

City Mayor and Commission

Mayor	Amiel Curnutt
Mayor Pro-Tem	Daniel Lopez
Commissioner	Robert Lumpkin
Commissioner	Jimmy Sandoval
Commissioner	Dora Salinas-McTigue

Administrative Officials

City Manager	Doug Powers
City Clerk	Angelica Gray
City Finance Director	Dennis Dysart
Housing Authority Executive Director	Viki Riddle

FINANCIAL SECTION



Griego Professional Services, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Hector Balderas, New Mexico State Auditor
The Office of Management and Budget
Mayor and City Commissioners
Tucumcari Housing Authority, Tucumcari, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Tucumcari Housing Authority (the Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Authority's nonmajor business-type and the budgetary comparisons for the major business-type funds, presented as supplementary information, as defined by the Government Accounting Standards Board (GASB), in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, introductory, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of federal awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards the financial data schedule, and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
November 26, 2013

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit A

ASSETS

Cash and cash equivalents	\$ 699,947
Short term investments	22,838
Accounts receivable - tenants (net of allowance of \$580)	5,435
Accounts receivable - governments	7,593
Inventory	5,824
Prepaid assets	5,046
Restricted cash and cash equivalents	80,311
Land, structures, and equipment (net of accumulated depreciation)	<u>2,691,860</u>
<i>Total assets</i>	<u><u>3,518,854</u></u>

LIABILITIES

Current liabilities :

Accounts payable	\$ 9,047
Accrued salaries and benefits	3,279
Accrued interest payable	934
Deferred revenue-prepaid rents	5
Compensated absences	4,207

Current liabilities (payable from restricted assets)

Tenant deposits	12,494
-----------------	--------

Non-current liabilities :

Note payable, due within one year	12,403
Note payable, due in more than one year	<u>670,613</u>
<i>Total liabilities</i>	<u><u>712,982</u></u>

NET POSITION

Net investment in capital assets	2,008,844
Restricted	67,817
Unrestricted	<u>729,211</u>
<i>Total net position</i>	<u><u>2,805,872</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B

<i>Operating revenues:</i>	
Charges for services	\$ 158,539
Miscellaneous	9,997
<i>Total operating revenues</i>	168,536
 <i>Operating expenses:</i>	
Administration	232,547
Utilities	90,216
Ordinary maintenance and operations	160,745
Insurance expenses	34,831
Capital fund operating costs	14,000
Other general expenses	241
Depreciation	136,608
<i>Total operating expenses</i>	669,188
<i>Operating loss</i>	(500,652)
 <i>Non-operating revenues(expenses):</i>	
Interest income (expense)	(11,563)
Gain on asset disposal	2,424
Operating grants	680,668
Capital grants	240,681
Housing assistance payments	(346,995)
<i>Total non-operating revenues</i>	565,215
<i>Change in net position</i>	64,563
<i>Total net position - beginning of year</i>	2,741,309
<i>Total net position - end of year</i>	\$ 2,805,872

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit C

	<u>Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total</u>
Balance June 30, 2012	\$ 1,886,696	\$ 178,846	\$ 675,767	\$ 2,741,309
Net change in net position for the year ended June 30, 2013	<u>122,148</u>	<u>(111,029)</u>	<u>53,444</u>	<u>64,563</u>
Balance June 30, 2013	<u><u>\$ 2,008,844</u></u>	<u><u>\$ 67,817</u></u>	<u><u>\$ 729,211</u></u>	<u><u>\$ 2,805,872</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit D

<i>Cash flows from operating activities:</i>	
Cash received from customers	\$ 168,197
Cash paid to suppliers and employees	<u>(542,889)</u>
<i>Net cash used for capital financing activities</i>	<u>(374,692)</u>
<i>Cash flows used by noncapital financing activities:</i>	
Intergovernmental HUD operating subsidy	680,668
Housing assistance payments	<u>(346,995)</u>
<i>Net cash provided by noncapital financing activities</i>	<u>333,673</u>
<i>Cash flows used by capital financing activities:</i>	
Acquisition and construction of capital assets	(247,389)
Intergovernmental HUD capital subsidy	240,681
Gain on asset disposal	2,424
Principal payments on notes	(11,367)
Interest payments on notes	<u>(11,750)</u>
<i>Net cash used for capital financing activities</i>	<u>(27,401)</u>
<i>Cash flows from investing activities:</i>	
Interest received	<u>104</u>
<i>Net decrease in cash and cash equivalents</i>	(68,316)
<i>Cash and cash equivalents - beginning of year</i>	<u>871,412</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 803,096</u></u>
<i>Reconciliation of operating loss to net cash used for operating activities:</i>	
Operating loss	\$ (500,652)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	136,608
Increase in accounts receivable	(355)
Increase in prepaid expenses	(240)
Increase in inventory	(5,824)
Decrease in accounts payable	(4,252)
Increase in accrued expenses	324
Decrease in accrued interest	-
Decrease in deferred revenue	(27)
Increase in tenant security deposits	43
Increase in compensated absences	(317)
<i>Net cash used for operating activities</i>	<u><u>\$ (374,692)</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

The Tucumcari Housing Authority (the Authority) was organized pursuant to an agreement with the United States Department of Housing and Urban Development (HUD) in July 1970. The agreement provided for 90 low-rent housing units, the construction of which was financed by bonds guaranteed by the U.S. Government. The terms of the agreement provided that HUD shall provide annual contributions to cover the debt service on bonds used for the construction and subsidies for operations of the program. The City of Tucumcari agreed to operate and maintain the Authority in accordance with the requirements of HUD. The Authority is department of the City of Tucumcari, New Mexico.

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

The financial statements present only the financial position, results of operations and cash flows of the Authority and are not intended to present fairly the City's financial position, results of operations and cash flows of its proprietary fund types in conformity with accounting principals generally accepted in the United States of America (GAAP) as applied to governmental units.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. The Authority has implemented Governmental Accounting Standards Board (GASB) statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* for the year ended June 30, 2012. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The financial statements have incorporated all applicable GASB pronouncements as well as Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures unless those pronouncements conflict with or contradict GASB pronouncements.

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

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

- **Low Rent Public Housing Program** – Funded through direct grants from HUD, the overall objective of the Low Rent Public Housing Program is to provide cost-effective, decent, safe and affordable dwellings for lower income families through reduced rate rental units built and owned by the Authority.
- **Capital Fund Projects** – Funded on a reimbursement basis by HUD, the program funds may be used for the development, financing, and modernization of public housing developments and for management improvements. Per HUD requirements, these funds are presented within the Low Rent Public Housing Program on the Financial Statements.

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

- **Section 8 Programs** – These programs, funded through direct grants from HUD, provide rental and utilities assistance to qualified families through rent subsidies paid directly to third-party landlords.
- **USDA FmHA Rural Housing Program** – USDA Rural Development (RD) provides Federal subsidy to the Tucumcari Housing Authority for the purpose of housing people eligible for occupancy as provided in Section 514 or Section 515 of Title V of the Housing Act of 1949, as amended, and RD/FmHA regulations for a 20 year period beginning December 1, 2000.

A. *Financial Reporting Entity*

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include potential component units in the financial reporting entity was made by applying the criteria set forth in GASB #14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has no component units; however, the Authority is a department of the City of Tucumcari.

B. *Basis of Presentation*

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

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

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

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

B. *Basis of Presentation (Continued)*

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

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

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

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

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

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

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

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The Authority's operating revenues consist primarily of charges for services and operating grants. Operating expenses include administration, utilities and ordinary repairs and maintenance expenses as well as general expenses, housing assistance payments, and depreciation expense. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

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

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

D. *Assets, Liabilities, and Equity*

Cash and Cash Equivalents

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

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

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

Accounts Receivable

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

Inventory

Inventories are valued at cost.

Prepaid Items

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

Land, Structures and Equipment

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

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

Land Improvements	5-20 years
Buildings & Building Improvements	10-40 years
Machinery & Equipment	3-15 years

Accounts Payable

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

Accrued Expenses

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

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, and Equity (Continued)*

Compensated Absences

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

Cash Flows

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

Interfund Transactions

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

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

Estimates

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

Net Position

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

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, and Equity (Continued)*

Restricted Assets

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

Revenue Recognition

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

E. *Budgets*

The Authority adheres to the following regarding the budget:

1. The executive director and the fee accountant prepare the budget in accordance with HUD guidelines.
2. Capital expenditures for the Capital Funds Program (CFP) are budgeted for grant purposes. Expenditures capitalized are reflected as increases to capital assets and reported on the statement of net position. The Authority does not budget for depreciation expense.
3. HUD reviews the proposed budget and makes corrections, revisions and amendments as necessary.
4. The executive director submits the budget to the Authority's Board of Directors for approval.
5. The Board of Directors approves the budget.

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

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2. Cash and Cash Equivalents

State statutes authorize the investment of the Authority's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2013.

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

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

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

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

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

Deposits

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

	Wells Fargo Bank	First National Bank	NM Bank & Trust	Total
Total amount of deposits	\$ 719,326	\$ 8,229	\$ 116,709	\$ 844,264
FDIC Coverage	(250,000)	(8,229)	(116,709)	(374,938)
Total uninsured public funds	469,326	0	0	469,326
Pledged collateral held by pledging bank's trust department or agent but not in agency's name	(507,552)	0	0	(507,552)
Uninsured and uncollateralized	\$(38,226)	\$ 0	\$ 0	\$(38,226)
Collateral requirement (50% of uninsured public funds)	\$ 234,663	\$ 0	\$ 0	\$ 234,663
Total pledged collateral	(507,552)	0	0	(507,552)
Total (over) under requirement	\$(272,889)	\$ 0	\$ 0	\$(272,889)

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2. Cash and Cash Equivalents (Continued)

At June 30, 2013, the carrying amount of the Authority's deposits was \$805,554.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2013, none of the Authority's bank balance of \$844,264 was exposed to custodial credit risk because the amount uninsured was collateralized by collateral held by the pledging bank's trust department in the Authority's name.

Reconciliation of Cash and Temporary Investments

Proprietary Funds – Statement of Net Position	
Cash and cash equivalents per Exhibit A	\$ 803,096
Add: Outstanding and Other Reconciling Items	<u>41,368</u>
Total Amount of Deposits per Bank	<u>\$ 844,464</u>

Note 3. Accounts Receivable

The Authority's accounts receivable at June 30, 2013, are as follows:

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable – Tenants	\$ 6,015	\$ 580	\$ 5,435
Accounts receivable – HUD	<u>7,593</u>	<u>0</u>	<u>7,593</u>
Total	<u>\$ 13,608</u>	<u>\$ 580</u>	<u>\$ 13,028</u>

Note 4. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for loans. These loans are reported as "due from other funds" or "due to other funds" on the balance sheet.

As of June 30, 2013, the Authority did not have any balances due between funds.

Note 5. Land, Structures, and Equipment

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 6/30/2013</u>
Capital Assets, Not Being Depreciated:					
Land-Low Rent Public Housing	\$ 68,890	\$ 0	\$ 0	0	\$ 68,890
Land-USDA FmHA Rural Housing	27,120	0	0	0	27,120
Construction in Progress-Low Rent Public Housing	<u>53,619</u>	<u>157,871</u>	<u>0</u>	<u>(1,177)</u>	<u>210,313</u>
Capital Assets, Not Being Depreciated:	<u>149,629</u>	<u>157,871</u>	<u>0</u>	<u>(1,177)</u>	<u>306,323</u>
Capital Assets, Being Depreciated:					
<i>Low Rent Public Housing Program</i>					
Furniture, fixtures, & equipment	439,152	24,221	(19,662)	0	443,711
Land improvements	1,193,781	0	0	0	1,193,781
Buildings & building improvement	<u>2,151,413</u>	<u>77,093</u>	<u>0</u>	<u>1,177</u>	<u>2,229,683</u>
Total Public Housing Program	<u>3,784,346</u>	<u>101,314</u>	<u>(19,662)</u>	<u>1,177</u>	<u>3,867,175</u>

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TUCUMCARI HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 5. Land, Structures, and Equipment (Continued)

	Balance 6/30/2012	Additions	Deletions	Transfers	Balance 6/30/2013
<i>USDA FmHA Rural Housing Program</i>					
Furniture, fixtures, & equipment	54,344	0	0	0	54,344
Buildings & building improvements	940,412	0	0	0	940,412
Total Rural Housing Program	<u>994,756</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>994,756</u>
Total Capital Assets, Being Depreciated:	<u>4,928,731</u>	<u>259,185</u>	<u>(19,662)</u>	<u>0</u>	<u>5,168,254</u>
Accumulated Depreciation:					
Low Rent Public Housing Program					
Furniture, fixtures, & equipment	(297,995)	(28,186)	0	0	(318,316)
Land improvements	(871,179)	(50,918)	0	0	(922,097)
Buildings & building improvement	(878,840)	(29,437)	7,865	0	(908,277)
Total Public Housing Program	<u>(2,048,014)</u>	<u>(108,541)</u>	<u>7,865</u>	<u>0</u>	<u>(2,148,690)</u>
USDA FmHA Rural Housing Program					
Furniture, fixtures, & equipment	(54,344)	(0)	0	0	(54,344)
Buildings & building improvements	(245,294)	(28,076)	0	0	(273,370)
Total Rural Housing Program	<u>(299,638)</u>	<u>(28,076)</u>	<u>0</u>	<u>0</u>	<u>(327,714)</u>
Total Accumulated Depreciation:	<u>(2,347,652)</u>	<u>(136,617)</u>	<u>7,865</u>	<u>0</u>	<u>(2,476,404)</u>
Total Capital Assets, Net of Depreciation:	<u>\$ 2,581,079</u>	<u>\$ 122,568</u>	<u>\$ (11,797)</u>	<u>\$ 0</u>	<u>2,691,850</u>

The Authority has continued to maintain the cost of its buildings and equipment and update its depreciation schedule as information becomes available. Depreciation expense for the year ended June 30, 2013, totaled \$108,541.

Note 6. Long-Term Debt

The following summarizes changes in long-term liabilities during the year ended June 30, 2013.

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013	Due Within One Year
Compensated Absences	\$ 4,524	\$ 8,179	\$ (8,256)	\$ 4,447	\$ 4,447
Note Payable	694,383	0	(11,368)	683,015	12,403
Total	<u>\$ 698,907</u>	<u>\$ 8,179</u>	<u>\$ (19,624)</u>	<u>\$ 687,462</u>	<u>\$ 16,850</u>

Compensated Absences

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which vacation is payable to the employee upon termination or retirement. The amount due within one year is \$4,447.

Note Payable

On December 31, 2000 the City of Tucumcari purchased a 24 unit apartment complex (Chaparral Apartments) from a private owner. Tucumcari Housing Authority manages the units on behalf of the City.

At purchase, certain agreements including a Section 515, Rural Housing Rental Assistance agreement and a mortgage were assumed by the City. The debt is owed to the Farmers Home Administration (FmHA), a division of the United States Department of Agriculture.

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TUCUMCARI HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 6. Long-Term Debt (Continued)

The Rental Assistance Agreement is similar in many respects to the subsidized rental program administered by the U.S. Department of Housing and Urban Development, in that, it is primarily directed toward providing housing to qualified low income citizens. The agreement binds the federal government to provide the difference between the approved shelter cost for the project and the monthly tenant contribution as calculated and certified for each tenant household in accordance with government regulations. Additionally, the units are subject to an Interest Credit and Rental Assistance Agreement, which provides for additional subsidy for mortgage payments of \$4,047 monthly.

Both of these agreements require the City to adhere to all USDA regulations. Violation of any terms, conditions or program regulations permit the U.S. Government, at its option, to suspend or terminate the agreement.

Additionally, the U.S. Government may suspend, terminate or modify the agreement, at its option, should it determine that a subsidy is no longer required for the benefit of the tenants.

Subsidy budgets for Rural Housing Projects are approved and awarded by the FmHA for five year periods.

The loan and subsidy agreements require monthly contributions to a reserve account, which may only be used to ensure mortgage payments are made timely, or, with the permission of FmHA, make renovation or betterments to the units.

No money was transferred during the year ended June 30, 2013 from the reserve account for improvements. Monthly payments of \$665 were made into the reserve account during the year.

At June 30, 2013 the outstanding indebtedness owed to FmHA was \$683,016. Total principal and interest installments of \$5,973 are due monthly (including the \$4,047 debt service subsidy payment). The effective interest over the term of the loan (because of the debt service subsidy payment) is approximately 1%. Principal payments during the year were \$11,368.

The following schedule shows the aggregate maturities of the indebtedness owed to FmHA over the life of the loan based upon current estimated debt subsidies:

	<u>Principal</u>	<u>Total Interest</u>	<u>Interest Subsidy</u>	<u>Net Interest</u>
2014	\$ 12,403	\$ 59,274	\$ 48,560	\$ 10,714
2015	13,533	58,144	48,560	9,584
2016	14,766	56,912	48,560	8,352
2017	16,111	55,567	48,560	7,007
2018	17,579	54,099	48,560	5,539
2019-2023	115,037	243,350	242,800	550
2024-2028	177,890	180,496	242,800	(62,304)
2029-2033	<u>315,696</u>	<u>66,898</u>	<u>137,587</u>	<u>(70,689)</u>
Total	<u>\$ 683,015</u>	<u>\$ 774,740</u>	<u>\$ 865,987</u>	<u>\$ (91,247)</u>

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
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JUNE 30, 2013

Note 7. Non-Cash Revenue & Expenses

During the year ended June 30, 2013, the Tucumcari Housing Authority recognized revenue and expenses, each in the amount of \$48,560, in relation to its Interest Credit and Rental Assistance Agreement. Payments were made on the Authority's behalf, though not received or made by the Authority. As such, the Authority recognizes both non cash revenue and expenses in this amount.

Note 8. Risk Management

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

Note 9. PERA Pension Plan

Plan Description. Substantially all of Truth or Consequences Municipal School's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978.) The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges, universities, and some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy.

Member Contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000. In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$24,128, \$24,609, and \$25,166, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 10. Post Employment Benefits—State Retiree Health Care Plans

Plan Description. Truth or Consequences Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) Former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July

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TUCUMCARI HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 10. Post Employment Benefits—State Retiree Health Care Plans (Continued)

1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$3,756, \$3,699, and \$3,437, respectively, which equal the required contributions for each year.

Note 11. Contingent Liabilities

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

Note 12. Concentrations

Approximately 80% percent of the Authority's revenues are derived from grants from various federal agencies. Reduction or interruption of these funds is not expected, however, if reduction or interruption of funding occurred it would have a material impact on the operations of the Authority.

Note 13. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Excess of expenditures over appropriations: There were no funds which exceeded approved budgetary authority for the year ended June 30, 2013.

Note 14. Subsequent Events

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 26, 2013. There were no events noted as of this date.

Note 15. Subsequent Accounting Standard Pronouncements

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statement periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 15. Subsequent Accounting Standard Pronouncements (Continued)

In December of 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

No significant pronouncements were issued or became effect for fiscal years subsequent to the year ending June 30, 2013.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
COMBINING BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2013

Statement A-1

ASSETS	Low-Rent Public Housing	Section 8	USDA FMHA Rural Housing Program	Total
Cash and cash equivalents	\$ 499,546	\$ 158,881	\$ 41,520	\$ 699,947
Short term investments	22,838	-	-	22,838
Accounts receivable - tenants (net of allowance of \$580)	5,224	-	211	5,435
Accounts receivable - governments	-	-	7,593	7,593
Inventory	5,824	-	-	5,824
Prepaid assets	5,046	-	-	5,046
Restricted cash and cash equivalents	7,579	-	72,732	80,311
Land, structures and equipment (net of depreciation of \$	1,997,689	-	694,171	2,691,860
<i>Total assets</i>	2,543,746	158,881	816,227	3,518,854
 LIABILITIES				
<i>Current liabilities (payable from current assets):</i>				
Accounts payable	\$ 7,625	-	1,422	9,047
Accrued salaries & benefits	3,279	-	-	3,279
Accrued interest	-	-	934	934
Deferred revenue-prepaid rents	-	-	5	5
Compensated absences	4,207	-	-	4,207
 <i>Current liabilities (payable from restricted assets):</i>				
Tenant deposits	7,793	-	4,701	12,494
 <i>Non-current liabilities:</i>				
Note payable, due within one year	-	-	12,403	12,403
Notes payable, due in more than one year	-	-	670,613	670,613
<i>Total liabilities</i>	22,904	-	690,078	712,982
 NET POSITION				
Net investment in capital assets	1,997,689	-	11,155	2,008,844
Restricted	(214)	-	68,031	67,817
Unrestricted	523,367	158,881	46,963	729,211
<i>Total net position</i>	2,520,842	158,881	126,149	2,805,872

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement A-2

TUCUMCARI HOUSING AUTHORITY

A DEPARTMENT OF CITY OF TUCUMCARI

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Low-Rent Public Housing Program	Section 8	USDA FMHA Rural Housing Program	Total
<i>Operating revenues:</i>				
Charges for services	\$ 138,036	\$ -	\$ 20,503	\$ 158,539
Miscellaneous	6,717	-	3,280	9,997
<i>Total operating revenues</i>	<u>144,753</u>	<u>-</u>	<u>23,783</u>	<u>168,536</u>
<i>Operating expenses:</i>				
Administration	153,025	48,045	31,477	232,547
Tenant services	-	-	-	-
Utilities	84,598	-	5,618	90,216
Ordinary maintenance and operations	106,684	-	54,061	160,745
Insurance expenses	32,534	700	1,597	34,831
Capital fund expenditures	14,000	-	-	14,000
Other general expenses	-	-	241	241
Depreciation	108,541	-	28,067	136,608
<i>Total operating expenses</i>	<u>499,382</u>	<u>48,745</u>	<u>121,061</u>	<u>669,188</u>
<i>Operating income/(loss)</i>	<u>(354,629)</u>	<u>(48,745)</u>	<u>(97,278)</u>	<u>(500,652)</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	88	16	(11,667)	(11,563)
Operating grants	269,289	301,767	109,612	680,668
Capital grants	240,681	-	-	240,681
Gain/(loss) on asset disposal	2,424	-	-	2,424
Housing assistance payments	-	(346,995)	-	(346,995)
<i>Total non-operating revenues (expenses)</i>	<u>512,482</u>	<u>(45,212)</u>	<u>97,945</u>	<u>565,215</u>
<i>Net income (loss)</i>	157,853	(93,957)	667	64,563
<i>Total net position - beginning of year</i>	<u>2,362,989</u>	<u>252,838</u>	<u>125,482</u>	<u>2,741,309</u>
<i>Total net position - end of year</i>	<u>\$ 2,520,842</u>	<u>\$ 158,881</u>	<u>\$ 126,149</u>	<u>\$ 2,805,872</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-3

	Low-Rent Public Housing Program	Section 8	USDA FMHA Rural Housing Program	Total
<i>Cash flows from operating activities:</i>				
Cash received from customers	\$ 143,992	\$ -	24,205	\$ 168,197
Cash paid to suppliers and employees	(399,817)	(48,745)	(94,327)	(542,889)
<i>Net cash provided by (used for) operating activities</i>	<u>(255,825)</u>	<u>(48,745)</u>	<u>(70,122)</u>	<u>(374,692)</u>
<i>Cash flows used by noncapital financing activities:</i>				
Intergovernmental HUD operating subsidy	269,289	301,767	109,612	680,668
Housing assistance payments	-	(346,995)	-	(346,995)
<i>Net cash provided by noncapital financing activities</i>	<u>269,289</u>	<u>(45,228)</u>	<u>109,612</u>	<u>333,673</u>
<i>Cash flows used by capital financing activities:</i>				
Acquisition and construction of capital assets	(247,389)	-	-	(247,389)
Intergovernmental HUD capital subsidy	240,681	-	-	240,681
Gain on asset disposal	2,424	-	-	2,424
Principal payments on notes	-	-	(11,367)	(11,367)
Interest payments on notes	-	-	(11,750)	(11,750)
<i>Net cash provided by capital financing activities</i>	<u>(4,284)</u>	<u>-</u>	<u>(23,117)</u>	<u>(27,401)</u>
<i>Cash flows from investing activities:</i>				
Interest received	88	16	-	104
<i>Net increase/(decrease) in cash and cash equivalents</i>	9,268	(93,957)	16,373	(68,316)
<i>Cash and cash equivalents - beginning of year</i>	<u>520,695</u>	<u>252,838</u>	<u>97,879</u>	<u>871,412</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 529,963</u>	<u>\$ 158,881</u>	<u>\$ 114,252</u>	<u>\$ 803,096</u>
<i>Reconciliation of operating (loss) to net cash provided by (used for) operating activities:</i>				
Operating income (loss)	\$ (354,629)	\$ (48,745)	\$ (97,278)	\$ (500,652)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation	108,541	-	28,067	136,608
Increase in accounts receivable	(547)	-	192	(355)
Increase in prepaid expenses	(240)	-	-	(240)
Increase in inventory	(5,824)	-	-	(5,824)
Decrease in accounts payable	(2,919)	-	(1,333)	(4,252)
Increase in accrued expenses	324	-	-	324
Decrease in accrued interest	-	-	-	-
Decrease in deferred revenue	-	-	(27)	(27)
Increase/(decrease) in tenant security deposits	(214)	-	257	43
Increase in compensated absences	(317)	-	-	(317)
<i>Net cash provided by (used for) operating activities</i>	<u>\$ (255,825)</u>	<u>\$ (48,745)</u>	<u>\$ (70,122)</u>	<u>\$ (374,692)</u>

STATE OF NEW MEXICO

Statement A-4

TUCUMCARI HOUSING AUTHORITY

A DEPARTMENT OF CITY OF TUCUMCARI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
LOW RENT PUBLIC HOUSING PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Favorable (Unfavorable)
<i>Revenues:</i>				
Tenant rent	\$ -	\$ 138,036	\$ 137,275	\$ (761)
Other operating revenue	-	6,717	6,717	-
<i>Total revenues</i>	-	144,753	143,992	(761)
<i>Expenditures:</i>				
Current				
Administration	-	162,001	162,001	-
Tenant services	-	-	-	-
Ordinary maintenance and operations	-	106,684	106,684	-
Utilities	-	84,598	84,598	-
Insurance expenses	-	32,534	32,534	-
Other general expenses	-	-	-	-
Depreciation expense	-	108,541	108,541	-
Capital fund operating costs	-	162,877	152,848	10,029
<i>Total expenditures</i>	-	657,235	647,206	10,029
<i>Operating Income (loss)</i>	-	(512,482)	(503,214)	9,268
<i>Non-operating revenues (expenses):</i>				
Designated cash	-	-	-	-
Gain on asset disposal	-	2,424	2,424	-
HUD operating subsidy	-	269,289	269,289	-
HUD capital project grants	-	240,681	240,681	-
Investment income	-	88	88	-
<i>Total non-operating revenues (expenses)</i>	-	512,482	512,482	-
<i>Change in net position</i>	\$ -	\$ -	9,268	\$ 9,268
<i>Net position - beginning of year</i>			520,695	
<i>Net position - end of year</i>			\$ 529,963	
Reconciliation to GAAP Basis				
Net change in net position			\$ 9,268	
Adjustments to revenues			761	
Adjustments to expenditures			147,824	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 157,853	

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

STATE OF NEW MEXICO

Statement A-5

TUCUMCARI HOUSING AUTHORITY

A DEPARTMENT OF CITY OF TUCUMCARI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
HOUSING CHOICE VOUCHERS SECTION 8 PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Tenant rent	\$ -	\$ -	\$ -	\$ -
Other operating revenue	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
Administration	-	48,045	48,045	-
Tenant services	-	-	-	-
Ordinary maintenance and operations	-	-	-	-
Utilities	-	-	-	-
Insurance expenses	-	700	700	-
Depreciation expense	-	-	-	-
General expenses	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>48,745</u>	<u>48,745</u>	<u>-</u>
<i>Operating Income (loss)</i>	<u>-</u>	<u>(48,745)</u>	<u>(48,745)</u>	<u>-</u>
<i>Non-operating revenues (expenses):</i>				
Designated cash	-	93,957	-	(93,957)
Gain on asset disposal	-	-	-	-
HUD operating subsidy	-	301,767	301,767	-
Housing assistance payments	-	(346,995)	(346,995)	-
Investment income	-	16	16	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>48,745</u>	<u>(45,212)</u>	<u>(93,957)</u>
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ -</u>	<u>(93,957)</u>	<u>\$ (93,957)</u>
<i>Net position - beginning of year</i>			<u>252,838</u>	
<i>Net position - end of year</i>			<u>\$ 158,881</u>	
Reconciliation to GAAP Basis				
Net change in net position			\$ (93,957)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (93,957)</u>	

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

STATE OF NEW MEXICO

Statement A-6

TUCUMCARI HOUSING AUTHORITY

A DEPARTMENT OF CITY OF TUCUMCARI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
USDA FMHA RURAL HOUSING PROGRAM PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Favorable (Unfavorable)
<i>Revenues:</i>				
Tenant rent	\$ -	\$ 20,503	\$ 20,925	\$ 422
Other operating revenue	-	3,280	3,280	-
<i>Total revenues</i>	-	23,783	24,205	422
<i>Expenditures:</i>				
Current				
Administration	-	32,893	32,893	-
Tenant services	-	-	-	-
Ordinary maintenance and operations	-	54,061	54,061	-
Utilities	-	5,618	5,618	-
Insurance expense	-	1,597	1,597	-
Depreciation expense	-	28,067	-	28,067
Other general expenses	-	11,609	11,609	-
<i>Total expenditures</i>	-	133,845	105,778	28,067
<i>Operating Income (loss)</i>	-	(110,062)	(81,573)	28,489
<i>Non-operating revenues (expenses):</i>				
Designated cash	-	12,117	-	(12,117)
Gain on asset disposal	-	-	-	-
HUD operating subsidy	-	109,612	109,612	-
Housing assistance payments	-	-	-	-
Investment income (expense)	-	(11,667)	(11,667)	-
<i>Total non-operating revenues (expenses)</i>	-	110,062	97,945	(12,117)
<i>Change in net position</i>	\$ -	\$ -	16,372	\$ 16,372
<i>Net position - beginning of year</i>			97,880	
<i>Net position - end of year</i>			\$ 114,252	
Reconciliation to GAAP Basis				
Net change in net position			\$ 16,372	
Adjustments to revenues			(422)	
Adjustments to expenditures			(15,283)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 667	

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

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
SCHEDULE OF CASH AND CASH EQUIVALENTS BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2013

Schedule I

Financial Institution	Wells Fargo Bank	First National Bank	New Mexico Bank & Trust	Total
<i>BALANCE PER BANK</i>				
Checking - General Operating Fund	\$ 533,610	\$ -	\$ -	\$ 533,610
Savings - CIAP	442	-	-	442
Checking - CIAP Operating Account	(7)	-	-	(7)
Checking - Section 8 Account	162,443	-	-	162,443
Certificate of Deposit	22,838	-	-	22,838
Checking - Security Deposits	-	8,229	4,701	12,930
Checking - Operations	-	-	43,977	43,977
Checking - Reserve Account	-	-	68,031	68,031
Total on Deposit	719,326	8,229	116,709	844,264
Reconciling Items	(38,061)	(649)	(2,658)	(41,368)
Reconciled Balance, June 30, 2013	<u>\$ 681,265</u>	<u>\$ 7,580</u>	<u>\$ 114,051</u>	802,896
Petty Cash				<u>200</u>
Total Cash per Government-wide Financial Statements				<u>\$ 803,096</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
SCHEDULE OF DEPOSITORY COLLATERAL
PUBLIC FUNDS
JUNE 30, 2013

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2013	Name and Location of Safekeeper
Wells Fargo Bank, N.A.	FG G08525 CUSIP #3128MJSP6 3.00%, Due 05/01/2043	\$ 507,552	Bank of New York, Mellon New York, NY

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Schedule III

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
<i>Direct funding from U.S. Department of Housing and Urban Development</i>		
Public and Indian Housing (1)	14.850	\$ 262,089
Section 8 Housing Choice Vouchers (1)	14.871	346,995
Capital Fund Projects	14.872	<u>240,681</u>
Total Direct U.S. Department of Housing and Urban Development		<u>849,765</u>
U.S. Department of Agriculture		
<i>Direct funding from U.S. Department of Agriculture</i>		
Rural Rental Assistance Payments	10.427	109,612
Rural Rental Assistance Interest Subsidy	10.415	<u>-</u>
Total Direct U.S. Department of Agriculture		<u>109,612</u>
Total Federal Financial Assistance		<u>\$ 959,377</u>

(1) Denotes Major Federal Financial Assistance Program

The accompanying notes are an integral part of these financial statements

COMPLIANCE AND FEDERAL FINANCIAL ASSISTANCE



Griego Professional Services, LLC

Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Hector Balderas, New Mexico State Auditor
The Office of Management and Budget
To the Mayor and the City Commissioners
Tucumcari Housing Authority, Tucumcari, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, the aggregate remaining fund information, of the Tucumcari Housing Authority (the Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the combining and individual funds and related budgetary comparison of the Authority, presented as supplemental information, and have issued our report hereon date November 26, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies as items FS 2013-01.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item FS 2013-02.

The Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
November 26, 2013



Griego Professional Services, LLC

Certified Public Accountants

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Hector Balderas, New Mexico State Auditor
The Office of Management and Budget
To the Mayor and the City Commissioners
Tucumcari Housing Authority, Tucumcari, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Tucumcari Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs 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*, is-sued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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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 OMB Circular A-133, 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
November 26, 2013

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Tucumcari Housing Authority (the Authority) and is presented on the 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The Authority did not provide any federal awards to subrecipients during the year.

3. Debt Service Subsidy

The Authority did not receive any noncash assistance. However, a debt service subsidy payment was received and applied against interest payments due in the amount of \$48,560. This amount has been included in the amount reflected under the USDA FmHA program.

4. Loan Amount

The Authority owed \$683,015 to FmHA at June 30, 2013.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$	959,377
Total expenditures funded by other sources		<u>1,096,323</u>
Total expenditures	\$	<u>2,055,700</u>

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule IV

Section I – Summary of Audit Results

Financial Statements:

1. Type of auditors’ report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	No
c. Noncompliance material to financial statements noted?	No

Federal Awards:

1. Internal control over major programs:	
a. Material weakness identified?	No
b. Significant deficiencies identified?	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 section 510(a) of Circular A-133?	Yes
4. Identification of major programs:	

CFDA Number	Federal Program
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Voucher Program

5. Dollar threshold used to distinguish between type A and type B programs:	\$300,000
6. Auditee qualified as low-risk auditee?	No

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule IV

Section I – Financial Statement Findings

FS 2013-01: Segregation of Duties (Internal Control) – Significant Deficiency

Criteria: Segregation of duties in all financial areas, as indicated in NMSA 1978 Section 6-6-3, is required to maintain proper and sufficient internal controls which reduce the risk of fraudulent activities.

Condition: The Housing Authority has a small finance office and during the year one of the positions was vacant. The Executive Director had to take on the added job duties of this position until someone was hired in October 2013.

Effect: Because there is not adequate separation or oversight by the governing body, errors may be made without correction that report misstatements of accounting information.

Cause: The size of the financial staff limits the ability to adequately segregate duties within the accounting function.

Auditors' Recommendation: We recommend that the Housing Authority develop a an internal control process that limits the risk of financial misstatement.

Responsible Official's Views:

FS 2013-02: Travel Documentation – Other Matters

Criteria: According to NMAC 6.20.2.11 Internal Control Standards states that any local government shall maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use.

Condition: During our test work five travel expenditures, we noted one instance in which travel receipts were not available for examination, in the amount of \$67.89.

Cause: The travel forms were misplaced by Housing Authority personnel.

Effect: Without supporting documentation the Housing Authority could be vulnerable to incidents of fraud or improper use of funds.

Auditor's Recommendation: All travel expenditures should be properly authorized and all documentation related to the travel expenditure should be maintained on file.

Responsible Official's Views:

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule IV

Section II – Federal Award Findings and Questioned Costs

NONE

Section III – Prior Year Audit Findings

FS 2008-08 Deficiencies in Internal Control Structure, Design, Operation, and Oversight - Resolved

FS 2010-02 Stale Dated Checks and Voided Checks (Compliance) - Resolved

FS 2011-02 Late Audit Report (Significant Deficiency) - Resolved

FA 2007-11 Lack of Adequate Internal Controls Over Compliance- Resolved

Section IV – Other Disclosures

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The Authority's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 25, 2013. The following individuals were in attendance:

Tucumcari Housing Authority & City of Tucumcari Officials

Viki Riddle, Housing Authority Executive Director

Doug Powers, City Manager

Dennis Dysart, City Finance Director

Amiel Curnutt, Mayor

Daniel Lopez, Mayor Pro-Tem

Dora Salinas-McTigue, Commissioner

Jimmy Sandoval, Commissioner

Robert Lumpkin, Commissioner

Vicki Strand, Human Resources Director

Angelica Gray, City Clerk

Griego Professional Services, LLC

J.J. Griego, CPA, Partner

OTHER SUPPLEMENTAL INFORMATION

Housing Authority of the City of Tucumcari (NM033)
TUCUMCARI, NM
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Total
111 Cash - Unrestricted	\$ 499,546	\$ 158,881	\$ 41,520	\$ 699,947
112 Cash - Restricted - Modernization and Development	-	-	-	-
113 Cash - Other Restricted	-	-	68,031	68,031
114 Cash - Tenant Security Deposits	7,579	-	4,701	12,280
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100 Total Cash	\$ 507,125	\$ 158,881	\$ 114,252	\$ 780,258
121 Accounts Receivable - PHA Projects	\$ -	\$ -	\$ -	\$ -
122 Accounts Receivable - HUD Other Projects	-	-	-	-
124 Accounts Receivable - Other Government	-	-	7,593	7,593
125 Accounts Receivable - Miscellaneous	-	-	-	-
126 Accounts Receivable - Tenants	5,804	-	211	6,015
126.1 Allowance for Doubtful Accounts - Tenants	(580)	-	-	(580)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
128 Fraud Recovery	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 5,224	\$ -	\$ 7,804	\$ 13,028
131 Investments - Unrestricted	\$ 22,838	\$ -	\$ -	\$ 22,838
132 Investments - Restricted	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-
142 Prepaid Expenses and Other Assets	5,046	-	-	5,046
143 Inventories	5,824	-	-	5,824
143.1 Allowance for Obsolete Inventories	-	-	-	-
144 Inter Program Due From	-	-	-	-
145 Assets Held for Sale	-	-	-	-
150 Total Current Assets	\$ 546,057	\$ 158,881	\$ 122,056	\$ 826,994
161 Land	\$ 68,890	\$ -	\$ 27,120	\$ 96,010
162 Buildings	2,229,683	-	940,412	3,170,095
163 Furniture, Equipment & Machinery - Dwellings	277,659	-	54,344	332,003
164 Furniture, Equipment & Machinery - Administration	166,052	-	-	166,052
165 Leasehold Improvements	1,193,781	-	-	1,193,781
166 Accumulated Depreciation	(2,148,690)	-	(327,705)	(2,476,395)
167 Construction in Progress	210,313	-	-	210,313
168 Infrastructure	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 1,997,688	\$ -	\$ 694,171	\$ 2,691,859

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

Housing Authority of the City of Tucumcari (NM033)
TUCUMCARI, NM
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Total
171 Notes, Loans and Mortgages Receivable - Non-Current	\$ -	\$ -	\$ -	\$ -
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-
174 Other Assets	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-
180 Total Non-Current Assets	\$ 1,997,688	\$ -	\$ 694,171	\$ 2,691,859
190 Total Assets	\$ 2,543,745	\$ 158,881	\$ 816,227	\$ 3,518,853
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	7,625	-	1,422	9,047
313 Accounts Payable >90 Days Past Due	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	3,279	-	-	3,279
322 Accrued Compensated Absences - Current Portion	4,207	-	-	4,207
324 Accrued Contingency Liability	-	-	-	-
325 Accrued Interest Payable	-	-	934	934
331 Accounts Payable - HUD PHA Programs	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-
341 Tenant Security Deposits	7,793	-	4,701	12,494
342 Deferred Revenues	-	-	5	5
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	12,403	12,403
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-
345 Other Current Liabilities	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-
347 Inter Program - Due To	-	-	-	-
348 Loan Liability - Current	-	-	-	-
310 Total Current Liabilities	\$ 22,904	\$ -	\$ 19,465	\$ 42,369
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$ -	\$ -	\$ 670,613	\$ 670,613
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-
354 Accrued Compensated Absences - Non Current	-	-	-	-
355 Loan Liability - Non Current	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-
350 Total Non-Current Liabilities	\$ -	\$ -	\$ 670,613	\$ 670,613
300 Total Liabilities	\$ 22,904	\$ -	\$ 690,078	\$ 712,982
508.1 Invested In Capital Assets, Net of Related Debt	\$ 1,997,688	\$ -	\$ 11,155	\$ 2,008,843
509.2 Fund Balance Reserved	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-
511.1 Restricted Net Assets	(214)	-	68,031	67,817
512.1 Unrestricted Net Assets	523,367	158,881	46,963	729,211
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-
513 Total Equity/Net Assets	\$ 2,520,841	\$ 158,881	\$ 126,149	\$ 2,805,871
600 Total Liabilities and Equity/Net Assets	\$ 2,543,745	\$ 158,881	\$ 816,227	\$ 3,518,853

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

Housing Authority of the City of Tucumcari (NM033)
TUCUMCARI, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Total
70300 Net Tenant Rental Revenue	\$ 138,036	\$ -	\$ 20,503	\$ 158,539
70400 Tenant Revenue - Other	-	-	-	-
70500 Total Tenant Revenue	\$ 138,036	\$ -	\$ 20,503	\$ 158,539
70600 HUD PHA Operating Grants	\$ 269,289	\$ 301,767	\$ -	\$ 571,056
70610 Capital Grants	240,681	-	-	240,681
70710 Management Fee	-	-	-	-
70720 Asset Management Fee	-	-	-	-
70730 Book Keeping Fee	-	-	-	-
70740 Front Line Service Fee	-	-	-	-
70750 Other Fees	-	-	-	-
70700 Total Fee Revenue	\$ 509,970	\$ 301,767	\$ -	\$ 811,737
70800 Other Government Grants	\$ -	\$ -	\$ 109,612	\$ 109,612
71100 Investment Income - Unrestricted	88	16	-	104
71200 Mortgage Interest Income	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-
71400 Fraud Recovery	-	-	-	-
71500 Other Revenue	6,717	-	3,280	9,997
71600 Gain or Loss on Sale of Capital Assets	2,424	-	-	2,424
72000 Investment Income - Restricted	-	-	-	-
70000 Total Revenue	\$ 657,235	\$ 301,783	\$ 133,395	\$ 1,092,413
91100 Administrative Salaries	\$ 62,072	\$ 23,355	\$ 9,066	\$ 94,493
91200 Auditing Fees	2,150	7,620	-	9,770
91300 Management Fee	-	-	12,972	12,972
91310 Book-keeping Fee	6,775	2,300	-	9,075
91400 Advertising and Marketing	676	-	201	877
91500 Employee Benefit contributions - Administrative	43,994	5,550	4,737	54,281
91600 Office Expenses	14,749	3,636	2,851	21,236
91700 Legal Expense	-	-	234	234
91800 Travel	-	500	(115)	385
91810 Allocated Overhead	-	-	-	-
91900 Other	22,609	5,084	1,531	29,224
91000 Total Operating - Administrative	\$ 153,025	\$ 48,045	\$ 31,477	\$ 232,547

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Housing Authority of the City of Tucumcari (NM033)
TUCUMCARI, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Total
92000 Asset Management Fee	\$ -	\$ -	\$ -	\$ -
92100 Tenant Services - Salaries	-	-	-	-
92200 Relocation Costs	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-
92400 Tenant Services - Other	-	-	-	-
92500 Total Tenant Services	\$ -	\$ -	\$ -	\$ -
93100 Water	\$ 44,980	\$ -	\$ 1,657	\$ 46,637
93200 Electricity	7,114	-	2,187	9,301
93300 Gas	31,032	-	-	31,032
93400 Fuel	-	-	-	-
93500 Labor	-	-	-	-
93600 Sewer	-	-	1,774	1,774
93700 Employee Benefit Contributions - Utilities	-	-	-	-
93800 Other Utilities Expense	1,472	-	-	1,472
93000 Total Utilities	\$ 84,598	\$ -	\$ 5,618	\$ 90,216
94100 Ordinary Maintenance and Operations - Labor	\$ 64,604	\$ -	\$ 8,985	\$ 73,589
94200 Ordinary Maintenance and Operations - Materials and Other	12,488	-	34,252	46,740
94300 Ordinary Maintenance and Operations Contracts	13,375	-	10,824	24,199
94500 Employee Benefit Contributions - Ordinary Maintenance	16,217	-	-	16,217
94000 Total Maintenance	\$ 106,684	\$ -	\$ 54,061	\$ 160,745
95100 Protective Services - Labor	\$ -	\$ -	\$ -	\$ -
95200 Protective Services - Other Contract Costs	-	-	-	-
95300 Protective Services - Other	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-
95000 Total Protective Services	\$ -	\$ -	\$ -	\$ -
96110 Property Insurance	\$ 20,951	\$ -	\$ -	\$ 20,951
96120 Liability Insurance	5,486	-	14	5,500
96130 Workmen's Compensation	1,829	-	623	2,452
96140 All Other Insurance	4,268	700	960	5,928
96100 Total insurance Premiums	\$ 32,534	\$ 700	\$ 1,597	\$ 34,831
96200 Other General Expenses	\$ -	\$ -	\$ -	\$ -
96210 Compensated Absences	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-
96400 Bad debt - Tenant Rents	-	-	241	241
96500 Bad debt - Mortgages	-	-	-	-
96600 Bad debt - Other	-	-	-	-
96800 Severance Expense	-	-	-	-
96000 Total Other General Expenses	\$ -	\$ -	\$ 241	\$ 241

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

Housing Authority of the City of Tucumcari (NM033)
TUCUMCARI, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Total
96710 Interest of Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ -
96720 Interest on Notes Payable (Short and Long Term)	-	-	11,667	11,667
96730 Amortization of Bond Issue Costs	-	-	-	-
96700 Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ 11,667	\$ 11,667
96900 Total Operating Expenses	\$ 376,841	\$ 48,745	\$ 104,661	\$ 530,247
97000 Excess of Operating Revenue over Operating Expenses	\$ 280,394	\$ 253,038	\$ 28,734	\$ 562,166
97100 Extraordinary Maintenance	\$ -	\$ -	\$ -	\$ -
97200 Casualty Losses - Non-capitalized	-	-	-	-
97300 Housing Assistance Payments	-	346,995	-	346,995
97350 HAP Portability-In	-	-	-	-
97400 Depreciation Expense	108,541	-	28,067	136,608
97500 Fraud Losses	-	-	-	-
97600 Capital Outlays - Governmental Funds	14,000	-	-	14,000
97700 Debt Principal Payment - Governmental Funds	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-
90000 Total Expenses	\$ 499,382	\$ 395,740	\$ 132,728	\$ 1,027,850
10010 Operating Transfer In	\$ -	\$ -	\$ -	\$ -
10020 Operating transfer Out	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 157,853	\$ (93,957)	\$ 667	\$ 64,563

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Housing Authority of the City of Tucumcari (NM033)
TUCUMCARI, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Total
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ 11,368	\$ 11,368
11030 Beginning Equity	\$ 2,362,989	\$ 252,838	\$ 125,482	\$ 2,741,309
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-
11170 Administrative Fee Equity	\$ -	\$ 158,881	\$ -	\$ 158,881
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -
11190 Unit Months Available	1,080	1,680	-	2,760
11210 Number of Unit Months Leased	1,044	1,141	-	2,185
11270 Excess Cash	\$ -	\$ -	\$ -	\$ -
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	\$ 77,093	\$ -	\$ -	\$ 77,093
11630 Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -	\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ 24,221	\$ -	\$ -	\$ 24,221
11650 Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -
11660 Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -
13510 CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -
13901 Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -

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