

**STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY**

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

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
Board of Commissioners and Management
June 30, 2016**

City Mayor and Commission

Mayor	Ruth Ann Litchfield
Mayor Pro-Tem	Robert Lumpkin
Commissioner	Ralph Moya
Commissioner	Amy Gutierrez
Commissioner	John Mihm

Administrative Officials

City Manager	Jared Langenegger
City Clerk	Angelica Gray
City Finance Director	Dennis Dysart
Housing Authority Executive Director	Viki Riddle

**STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
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FOR THE YEAR ENDED JUNE 30, 2016**

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FINANCIAL SECTION



Griego Professional Services, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Tim Keller, 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, 2016, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the 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, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2016, 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.

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8500 Menaul Blvd. NE, Ste. B295 • Albuquerque, NM 87112
Phone (505) 856-2741 - Fax (505) 856-7510

Other Matters

Required Supplementary Information

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.

Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 32 be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standard Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Title 2 U.S. Code Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, introductory, the Financial Data Schedule (FDS) 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, the Financial Data Schedule (FDS) 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 (FDS) and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendors Information for Purchases over \$60,000 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016 on our consideration of Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
December 13, 2016

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit A

ASSETS

Current assets:

Cash and cash equivalents	\$	746,248
Short term investments		23,071
Accounts receivable - tenants (net of allowance of \$1,301)		17,224
Inventory		6,021
Prepaid assets		4,972
Restricted cash and cash equivalents		72,103

Non-current assets:

Land, structures, and equipment (net of accumulated depreciation)		2,566,121
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Deferred Outflow of Resources

Deferred Outflow		9,959
<i>Total assets</i>		3,445,719

LIABILITIES

Current liabilities :

Accounts payable	\$	4,043
Accrued salaries and benefits		4,939
Accrued interest payable		640
Unearned or unavailable revenue-prepaid rents		180
Compensated absences		2,111
Note payable, due within one year		16,200

Current liabilities (payable from restricted assets)

Tenant deposits		14,157
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Non-current liabilities :

Net pension liability		182,574
Note payable, due in more than one year		626,114

Total liabilities

Deferred Inflow of Resources

Deferred Inflow		68,092
<i>Total liabilities</i>		919,050

NET POSITION

Net investment in capital assets		1,923,807
Restricted		60,193
Unrestricted		542,669
<i>Total net position</i>		2,526,669

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, 2016

Exhibit B

<i>Operating revenues:</i>	
Charges for services	\$ 190,398
Miscellaneous	17,215
<i>Total operating revenues</i>	207,613
 <i>Operating expenses:</i>	
Administration	426,607
Utilities	84,737
Ordinary maintenance and operations	153,724
Insurance expenses	38,596
Capital fund operating costs	-
Other general expenses	(751)
Depreciation	187,495
<i>Total operating expenses</i>	890,408
<i>Operating loss</i>	(682,795)
 <i>Non-operating revenues(expenses):</i>	
Interest income (expense)	(8,069)
Gain on asset disposal	
Operating grants	734,720
Capital grants	123,622
Housing assistance payments	(350,843)
<i>Total non-operating revenues</i>	499,430
<i>Change in net position</i>	(183,365)
<i>Total net position - beginning of year</i>	2,710,034
<i>Prior period adjustment</i>	-
<i>Total net position - beginning of year (adjusted)</i>	2,710,034
<i>Total net position - end of year</i>	\$ 2,526,669

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, 2016

Exhibit C

	<u>Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total</u>
Balance June 30, 2015	\$ 1,995,438	\$ 52,166	\$ 662,430	\$ 2,710,034
Net change in net position for the year ended June 30, 2015	<u>(71,631)</u>	<u>8,027</u>	<u>(119,761)</u>	<u>(183,365)</u>
Balance June 30, 2016	<u>\$ 1,923,807</u>	<u>\$ 60,193</u>	<u>\$ 542,669</u>	<u>\$ 2,526,669</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, 2016

Exhibit D

<i>Cash flows from operating activities:</i>	
Cash received from customers	\$ 262,256
Cash paid to suppliers and employees	(577,216)
<i>Net cash used for capital financing activities</i>	<u>(314,960)</u>
 <i>Cash flows used by noncapital financing activities:</i>	
Intergovernmental HUD operating subsidy	744,720
Housing assistance payments	(350,843)
<i>Net cash provided by noncapital financing activities</i>	<u>393,877</u>
 <i>Cash flows used by capital financing activities:</i>	
Acquisition and construction of capital assets	(101,098)
Intergovernmental HUD capital subsidy	113,622
Gain on asset disposal	-
Principal payments on notes	(14,766)
Interest payments on notes	(8,349)
<i>Net cash used for capital financing activities</i>	<u>(10,591)</u>
 <i>Cash flows from investing activities:</i>	
Interest received	<u>175</u>
<i>Net decrease in cash and cash equivalents</i>	68,501
<i>Cash and cash equivalents - beginning of year</i>	<u>772,921</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 841,422</u></u>
 <i>Reconciliation of operating loss to net cash used for operating activities:</i>	
Operating loss	\$ (682,795)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	187,495
Increase in accounts receivable	(2,501)
Increase in prepaid expenses	(237)
Increase in inventory	(32)
Decrease in accounts payable	(3,307)
Increase in accrued expenses	1,696
Decrease in deferred outflows	(3,529)
Increase in deferred inflow	50,586
Increase in pension liability	137,654
Increase in tenant security deposits	170
Decrease in compensated absences	(160)
<i>Net cash used for operating activities</i>	<u><u>\$ (314,960)</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, 2016

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, 2014. 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, 2016

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, 2016

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, 2016

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, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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

Pensions

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

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.

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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
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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, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or 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	New Mexico Bank & Trust	Total
Total amount of deposits	\$ 778,357	\$ 7,407	\$ 64,912	\$ 850,676
FDIC Coverage	(250,000)	(7,407)	(64,912)	(322,319)
Total uninsured public funds	528,357	0	0	528,357
Pledged collateral held by pledging bank's trust department or agent but not in agency's name	(476,187)	0	0	(476,187)
Uninsured and uncollateralized	\$(115,191)	\$ 0	\$ 0	\$(115,191)
Collateral requirement (50% of uninsured public funds)	\$ 264,179	\$ 0	\$ 0	\$ 264,179
Total pledged collateral	(476,187)	0	0	(476,187)
Total (over) under requirement	\$(212,008)	\$ 0	\$ 0	\$(212,008)

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Note 2. Cash and Cash Equivalents (Continued)

At June 30, 2016, the carrying amount of the Authority's deposits was \$841,222.

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, 2016, none of the Authority's bank balance of \$850,676 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	\$ 818,351
Short term investments per Exhibit A	23,071
Less: Petty cash	(200)
Add: Outstanding and Other Reconciling Items	<u>9,454</u>
Total Amount of Deposits per Bank	<u>\$ 850,676</u>

Note 3. Accounts Receivable

The Authority's accounts receivable at June 30, 2016, are as follows:

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable – Tenants	\$ 18,525	\$ 1,301	\$ 17,224

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, 2016, 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, 2016 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 6/30/2016</u>
Capital Assets, Not Being Depreciated:					
Land-Low Rent Public Housing	\$ 68,890	\$ -	\$ -	-	\$ 68,890
Land-USDA FmHA Rural Housing	27,120	-	-	-	27,120
Construction in Progress-Low Rent Public Housing	-	-	-	-	-
Capital Assets, Not Being Depreciated:	<u>96,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,010</u>
Capital Assets, Being Depreciated:					
<i>Low Rent Public Housing Program</i>					
Furniture, fixtures, & equipment	482,369	3,299	-	-	485,668
Land improvements	1,193,781	-	-	-	1,193,781
Buildings & building improvement	<u>2,673,152</u>	<u>94,321</u>	<u>-</u>	<u>-</u>	<u>2,767,473</u>
Total Public Housing Program	<u>4,349,302</u>	<u>97,620</u>	<u>-</u>	<u>-</u>	<u>4,446,922</u>

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

	Balance 6/30/2015	Additions	Deletions	Transfers	Balance 6/30/2016
<i>Section 8</i>					
Furniture, fixtures, & equipment	9,315	-	-	-	9,315
<i>USDA FmHA Rural Housing Program</i>					
Furniture, fixtures, & equipment	54,344	-	-	-	54,344
Buildings & building improvements	972,743	3,478	-	-	976,221
Total Rural Housing Program	1,027,087	3,478	-	-	1,030,565
Total Capital Assets, Being Depreciated:	<u>5,385,704</u>	<u>101,098</u>	<u>-</u>	<u>-</u>	<u>5,486,802</u>
Accumulated Depreciation:					
Low Rent Public Housing Program					
Furniture, fixtures, & equipment	(377,028)	(23,929)	-	-	(400,957)
Land improvements	(1,001,040)	(35,000)	-	-	(1,036,040)
Buildings & building improvement	(1,065,342)	(97,336)	-	-	(1,162,678)
Total Public Housing Program	<u>(2,443,410)</u>	<u>(156,265)</u>	<u>-</u>	<u>-</u>	<u>(2,599,675)</u>
Section 8 Program					
Furniture, fixtures, & equipment	(1,743)	(1,863)	-	-	(3,606)
USDA FmHA Rural Housing Program					
Furniture, fixtures, & equipment	(54,344)	-	-	-	(54,344)
Buildings & building improvements	(329,699)	(29,367)	-	-	(359,066)
Total Rural Housing Program	<u>(384,043)</u>	<u>(29,367)</u>	<u>-</u>	<u>-</u>	<u>(413,410)</u>
Total Accumulated Depreciation:	<u>(2,829,196)</u>	<u>(187,495)</u>	<u>-</u>	<u>-</u>	<u>(3,016,691)</u>
Total Capital Assets, Net of Depreciation:	<u>\$ 2,652,518</u>	<u>\$ (86,397)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,566,121</u>

The Authority has continued to maintain the cost of its buildings and equipment and update its depreciation schedule as information becomes available. Depreciation expense for the year ended June 30, 2016, totaled \$187,495.

Note 6. Long-Term Debt

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

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016	Due Within One Year
Compensated Absences	\$ 2,271	\$ 311	\$ (471)	\$ 2,111	\$ 2,111
Note Payable	<u>657,080</u>	<u>-</u>	<u>(14,766)</u>	<u>642,314</u>	<u>16,200</u>
Total	<u>\$ 659,351</u>	<u>\$ 311</u>	<u>\$ (14,295)</u>	<u>\$ 644,425</u>	<u>\$ 18,311</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 \$2,111.

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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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, 2016 from the reserve account for improvements. Monthly payments of \$665 were made into the reserve account during the year.

At June 30, 2016 the outstanding indebtedness owed to FmHA was \$642,314. 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 \$14,766.

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>
2017	\$ 16,200	\$ 55,567	\$ 48,560	\$ 7,007
2018	17,579	54,099	48,560	5,539
2019	19,180	52,498	48,560	3,938
2020	20,927	50,750	48,560	2,190
2021	22,833	48,844	48,560	284
2022-2026	149,426	208,960	242,800	(33,840)
2027-2031	231,069	127,318	242,800	(115,482)
2032-2036	<u>165,100</u>	<u>2,374</u>	<u>56,653</u>	<u>(54,279)</u>
Total	<u>\$ 642,314</u>	<u>\$ 600,410</u>	<u>\$ 785,053</u>	<u>\$ (184,643)</u>

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Note 7. Non-Cash Revenue & Expenses

During the year ended June 30, 2016, 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. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

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

Contributions. The contribution requirements of defined benefit plan members and the (name of employer) are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Housing Authority is the Municipal General Division.

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Note 9. PERA Pension Plan (Continued)

Statutorily required contributions to the pension plan from the Housing Authority were \$14,339 and employer paid member benefits that were “picked up” by the employer were \$ 14,339 for the year ended June 30, 2016.

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

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Housing Authority’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General Division, at June 30, 2016, the Housing Authority reported a liability of \$182,574 for its proportionate share of the net pension liability. At June 30, 2015, the Housing Authority’s proportion was .3199 percent, which was unchanged from its proportion measured as of June 30, 2015, due to the insignificance of the difference.

For the year ended June 30, 2016, the Housing Authority recognized PERA Fund Division Municipal General Division pension expense of \$14,339. At June 30, 2016, the Housing Authority reported PERA Fund Division \$9,959 and \$68,092 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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Note 9. PERA Pension Plan (Continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ —	\$ 11,888
Changes of assumptions	—	—
Net difference between projected and actual Earnings on pension plan investments	—	51,824
Changes in proportion and differences between the Authority's contributions and proportionate Share of contributions	—	4,380
Authority's contributions subsequent to the measurement date	<u>9,959</u>	<u>—</u>
Total	<u>\$ 9,959</u>	<u>\$ 68,092</u>

\$9,959 reported as deferred outflows of resources related to pensions resulting from Housing Authority contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30.</u>	
2017	\$ 4,401
2018	4,401
2019	4,401
2020	4,401
2021	-

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

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Note 9. PERA Pension Plan (Continued)

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
<input type="checkbox"/> Investment rate of return	7.75% annual rate, net of investment expense
<input type="checkbox"/> Payroll growth	3.50% annual rate
<input type="checkbox"/> Projected salary increases	3.50% to 14.25% annual rate
<input type="checkbox"/> Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Housing Authority's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Housing Authority's net pension liability in each PERA Fund Division that the Housing Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

Fiscal Year	1% Decrease <u>(6.75%)</u>	Current Discount <u>Rate (7.75%)</u>	1% Increase <u>(8.75%)</u>
Ending June 30, Authority's proportionate share of the net pension liability	\$ 84,685	\$ 182,574	\$ 14,200

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Note 9. PERA Pension Plan (Continued)

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

Payables to the pension plan. There are no payables to the plan as of June 30, 2016.

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

Plan Description. Tucumcari Housing Authority 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.

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

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, 2014, 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, 2014, 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 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 Authority's contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$3,003, \$3,123, and \$2,466, 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, 2016.

Note 14. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 13, 2016. There were no events noted as of this date.

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Note 15. Subsequent Accounting Standard Pronouncements

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Pension Plans*, which is effective for financial statement for periods beginning after December 15, 2015.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, which is effective for financial statement for periods beginning after December 15, 2015.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No.14*, which is effective for financial statement for periods beginning after June 15, 2016.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which is effective for financial statement for periods beginning after December 15, 2016.

In March 2015, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, which is effective for financial statement for periods beginning after June 15, 2017.

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, 2016

Statement A-1

ASSETS	Low-Rent Public Housing	Section 8	USDA FMHA Rural Housing Program	Total
Cash and cash equivalents	\$ 563,350	\$ 114,151	\$ 68,747	\$ 746,248
Short term investments	23,071	-	-	23,071
Accounts receivable - tenants (net of allowance of \$1,301)	11,705	-	5,519	17,224
Accounts receivable - governments	-	-	-	-
Inventory	6,021	-	-	6,021
Prepaid assets	4,972	-	-	4,972
Restricted cash and cash equivalents	7,191	-	64,912	72,103
Land, structures and equipment (net of depreciation of \$3,016,691)	1,916,137	5,709	644,275	2,566,121
<i>Deferred outflow of resources</i>				
Deferred Outflows	9,959	-	-	9,959
<i>Total assets</i>	2,542,406	119,860	783,453	3,445,719
LIABILITIES				
<i>Current liabilities (payable from current assets):</i>				
Accounts payable	\$ 2,797	-	1,246	4,043
Accrued salaries & benefits	4,939	-	-	4,939
Accrued interest	-	-	640	640
Unearned or unavailable revenue-prepaid rents	-	-	180	180
Compensated absences	2,111	-	-	2,111
<i>Current liabilities (payable from restricted assets):</i>				
Tenant deposits	9,438	-	4,719	14,157
<i>Non-current liabilities:</i>				
Net pension liability	182,574			182,574
Note payable, due within one year	-	-	16,200	16,200
Notes payable, due in more than one year	-	-	626,114	626,114
<i>Deferred inflow of resources</i>				
Deferred Outflows	68,092	-	-	68,092
<i>Total liabilities</i>	269,951	-	649,099	919,050
NET POSITION				
Net investment in capital assets	1,916,137	5,709	1,961	1,923,807
Restricted	-	-	60,193	60,193
Unrestricted	356,318	114,151	72,200	542,669
<i>Total net position</i>	2,272,455	119,860	134,354	2,526,669

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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Low-Rent Public Housing Program	Section 8	USDA FMHA Rural Housing Program	Total
<i>Operating revenues:</i>				
Charges for services	\$ 146,786	\$ -	\$ 43,612	\$ 190,398
Miscellaneous	14,543	-	2,672	17,215
<i>Total operating revenues</i>	<u>161,329</u>	<u>-</u>	<u>46,284</u>	<u>207,613</u>
<i>Operating expenses:</i>				
Administration	340,281	45,860	40,466	426,607
Tenant services	-	-	-	-
Utilities	78,988	-	5,749	84,737
Ordinary maintenance and operations	121,161	-	32,563	153,724
Insurance expenses	35,905	700	1,991	38,596
Capital fund expenditures	-	-	-	-
Other general expenses	(751)	-	-	(751)
Depreciation	156,265	1,863	29,367	187,495
<i>Total operating expenses</i>	<u>731,849</u>	<u>48,423</u>	<u>110,136</u>	<u>890,408</u>
<i>Operating income/(loss)</i>	<u>(570,520)</u>	<u>(48,423)</u>	<u>(63,852)</u>	<u>(682,795)</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	164	11	(8,244)	(8,069)
Operating grants	274,475	368,973	91,272	734,720
Capital grants	123,622	-	-	123,622
Gain/(loss) on asset disposal	-	-	-	-
Housing assistance payments	-	(350,843)	-	(350,843)
<i>Total non-operating revenues (expenses)</i>	<u>398,261</u>	<u>18,141</u>	<u>83,028</u>	<u>499,430</u>
<i>Net income (loss)</i>	(172,259)	(30,282)	19,176	(183,365)
<i>Total net position - beginning of year</i>	2,444,714	150,142	115,178	2,710,034
<i>Prior period adjustment</i>	-	-	-	-
<i>Total net position - beginning of year (adjusted)</i>	<u>2,444,714</u>	<u>150,142</u>	<u>115,178</u>	<u>2,710,034</u>
<i>Total net position - end of year</i>	<u>\$ 2,272,455</u>	<u>\$ 119,860</u>	<u>\$ 134,354</u>	<u>\$ 2,526,669</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, 2016

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	\$ 211,605	\$ 4,133	46,518	\$ 262,256
Cash paid to suppliers and employees	(447,001)	(49,558)	(80,657)	(577,216)
<i>Net cash provided by (used for) operating activities</i>	<u>(235,396)</u>	<u>(45,425)</u>	<u>(34,139)</u>	<u>(314,960)</u>
<i>Cash flows used by noncapital financing activities:</i>				
Intergovernmental HUD operating subsidy	284,475	368,973	91,272	744,720
Housing assistance payments	-	(350,843)	-	(350,843)
<i>Net cash provided by noncapital financing activities</i>	<u>284,475</u>	<u>18,130</u>	<u>91,272</u>	<u>393,877</u>
<i>Cash flows used by capital financing activities:</i>				
Acquisition and construction of capital assets	(97,620)	-	(3,478)	(101,098)
Intergovernmental HUD capital subsidy	113,622	-	-	113,622
Principal payments on notes	-	-	(14,766)	(14,766)
Interest payments on notes	-	-	(8,349)	(8,349)
<i>Net cash provided by capital financing activities</i>	<u>16,002</u>	<u>-</u>	<u>(26,593)</u>	<u>(10,591)</u>
<i>Cash flows from investing activities:</i>				
Interest received	164	11	-	175
<i>Net increase/(decrease) in cash and cash equivalents</i>	65,245	(27,284)	30,540	68,501
<i>Cash and cash equivalents - beginning of year</i>	<u>528,367</u>	<u>141,435</u>	<u>103,119</u>	<u>772,921</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 593,612</u>	<u>\$ 114,151</u>	<u>\$ 133,659</u>	<u>\$ 841,422</u>
<i>Reconciliation of operating (loss) to net cash provided by (used for) operating activities:</i>				
Operating income (loss)	\$ (570,520)	\$ (48,423)	\$ (63,852)	\$ (682,795)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation	156,265	1,863	29,367	187,495
Increase in accounts receivable	(3,390)	1,135	(246)	(2,501)
Increase in prepaid expenses	(237)	-	-	(237)
Increase in inventory	(32)	-	-	(32)
Decrease in accounts payable	(3,419)	-	112	(3,307)
Increase in accrued expenses	1,696	-	-	1,696
Increase in deferred outflows	(3,529)	-	-	(3,529)
Increase in deferred inflow	50,488	-	98	50,586
Increase in pension liability	137,654	-	-	137,654
Increase/(decrease) in tenant security deposits	(212)	-	382	170
Increase in compensated absences	(160)	-	-	(160)
<i>Net cash provided by (used for) operating activities</i>	<u>\$ (235,396)</u>	<u>\$ (45,425)</u>	<u>\$ (34,139)</u>	<u>\$ (314,960)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Tenant rent	\$ -	\$ 146,786	\$ 146,786	\$ -
Other operating revenue	-	14,543	14,543	-
<i>Total revenues</i>	<u>-</u>	<u>161,329</u>	<u>161,329</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
Administration	-	340,281	155,192	185,089
Tenant services	-	-	-	-
Ordinary maintenance and operations	-	121,161	120,216	945
Utilities	-	78,988	78,988	-
Insurance expenses	-	35,905	35,905	-
Other general expenses	-	(751)	(751)	-
Depreciation expense	-	156,265	156,265	-
Capital fund operating costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>731,849</u>	<u>545,815</u>	<u>186,034</u>
<i>Operating Income (loss)</i>	<u>-</u>	<u>(570,520)</u>	<u>(384,486)</u>	<u>186,034</u>
<i>Non-operating revenues (expenses):</i>				
Designated cash	-	172,259	-	(172,259)
Gain on asset disposal	-	-	-	-
HUD operating subsidy	-	284,475	284,475	-
HUD capital project grants	-	113,622	113,622	-
Investment income	-	164	164	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>570,520</u>	<u>398,261</u>	<u>(172,259)</u>
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ -</u>	13,775	<u>\$ 13,775</u>
<i>Net position - beginning of year</i>			<u>528,367</u>	
<i>Net position - end of year</i>			<u>\$ 542,142</u>	
Reconciliation to GAAP Basis				
Net change in net position			\$ 13,775	
Adjustments to revenues			-	
Adjustments to expenditures			(186,034)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (172,259)</u>	

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, 2016

	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	-	45,860	45,860	-
Tenant services	-	-	-	-
Ordinary maintenance and operations	-	-	-	-
Utilities	-	-	-	-
Insurance expenses	-	700	700	-
Depreciation expense	-	1,743	1,863	(120)
General expenses	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>46,560</u>	<u>48,423</u>	<u>-</u>
<i>Operating Income (loss)</i>	<u>-</u>	<u>(46,560)</u>	<u>(48,423)</u>	<u>(1,863)</u>
<i>Non-operating revenues (expenses):</i>				
Designated cash	-	28,419	-	(28,419)
Gain on asset disposal	-	-	-	-
HUD operating subsidy	-	368,973	368,973	-
Housing assistance payments	-	(350,843)	(350,843)	-
Investment income	-	11	11	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>46,560</u>	<u>18,141</u>	<u>(28,419)</u>
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ -</u>	<u>(30,282)</u>	<u>\$ (30,282)</u>
<i>Net position - beginning of year</i>			<u>141,435</u>	
<i>Net position - end of year</i>			<u>\$ 111,153</u>	
Reconciliation to GAAP Basis				
Net change in net position			\$ (30,282)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (30,282)</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 ASSETS - BUDGET AND ACTUAL

USDA FMHA RURAL HOUSING PROGRAM PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Tenant rent	\$ -	\$ 43,612	\$ 43,612	\$ -
Other operating revenue	-	2,672	2,672	-
<i>Total revenues</i>	-	46,284	46,284	-
<i>Expenditures:</i>				
Current				
Administration	-	40,466	40,466	-
Tenant services	-	-	-	-
Ordinary maintenance and operations	-	32,563	32,563	-
Utilities	-	5,749	5,749	-
Insurance expense	-	1,991	1,991	-
Depreciation expense	-	29,367	29,367	-
Other general expenses	-	-	-	-
<i>Total expenditures</i>	-	110,136	110,136	-
<i>Operating Income (loss)</i>	-	(63,852)	(63,852)	-
<i>Non-operating revenues (expenses):</i>				
Designated cash	-	(19,176)	-	19,176
Gain on asset disposal	-	-	-	-
HUD operating subsidy	-	91,272	91,272	-
Housing assistance payments	-	-	-	-
Investment income (expense)	-	(8,244)	(8,244)	-
<i>Total non-operating revenues (expenses)</i>	-	63,852	83,028	19,176
<i>Change in net assets</i>	\$ -	\$ -	19,176	\$ 19,176
<i>Net assets - beginning of year</i>			103,119	
<i>Net assets - end of year</i>			\$ 122,295	
Reconciliation to GAAP Basis				
Net change in net assets			\$ 19,176	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 19,176	

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, 2016

Schedule I

Financial Institution	Wells Fargo Bank	First National Bank	New Mexico Bank & Trust	Total
<u>BALANCE PER BANK</u>				
Checking - General Operating Fund	\$ 566,596	\$ -	\$ -	\$ 566,596
Savings - CIAP	-	-	-	-
Checking - CIAP Operating Account	382	-	-	382
Checking - Section 8 Account	114,278	-	-	114,278
Certificate of Deposit	23,017	-	-	23,017
Checking - Security Deposits	-	7,407	5,103	12,510
Checking - Operations	74,084	-	-	74,084
Checking - Reserve Account	-	-	59,809	59,809
	<hr/>	<hr/>	<hr/>	<hr/>
Total on Deposit	778,357	7,407	64,912	850,676
Reconciling Items	<u>(9,238)</u>	<u>(216)</u>	<u>-</u>	<u>(9,454)</u>
Reconciled Balance, June 30, 2016	<u>\$ 769,119</u>	<u>\$ 7,191</u>	<u>\$ 64,912</u>	841,222
Petty Cash				<u>200</u>
Total Cash per Government-wide Financial Statements				<u>\$ 841,422</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, 2016

Schedule II

Name of Depository	CUSIP Number	Fair Market Value June 30, 2016	Maturity Date	Name and Location of Safekeeper
Wells Fargo Bank, N.A.				
FMAC FGPC 3.500% - Housing	3128MJXK1	456,940	12/1/1945	Bank of New York Mellon
FMAC FGRM 1.500% - Housing	3137AT2L5	6,622	6/15/2027	Bank of New York Mellon
FMAC FGRM 3.000% - Housing	3137AYSF9	12,625	12/15/1942	Bank of New York Mellon
Total - Wells Fargo		\$ 476,187		

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OF PERA FUND DIVISION
Public Employees retirement Association (PERA) Plan
Last 10 Fiscal Years*
JUNE 30, 2016

Schedule III

	2016	2015
Proportion of the net pension liability	0.3336%	0.3199%
Proportionate share of the net pension liability	182,574	44,920
Covered-employee payroll	161,083	166,737
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	113%	27%
Plan fiduciary net position as a percentage of the total pension liability	1484.3%	6033.0%

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

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Division
Last 10 Fiscal Years**

Contractually required contribution	14,399	4,277
Contributions in relation to the contractually required contribution	14,399	6,430
Contribution deficiency (excess)	-	(2,153)
Authority's covered-employee payroll	166,737	166,737
Contributions as a percentage of covered-employee payroll	9%	3%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the (name of employer) will present information for those years for which information is available.

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of Assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf. See appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

Changes in assumption resulted in a decrease of \$91.8 million to the total pension liability for the PERA Fund and an increase of 0.42% to the funded ratio for the year ended June 30, 2015. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at http://osanm.org/media/audits/366-B_PERA_Schedule_of_Employer_Allocations_FY2015.pdf

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

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (excluding GRT)
JUNE 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>
6178-A	Tucumcari Housing A	Independent Housing A		None			

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (excluding GRT)
JUNE 30, 2016

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
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Housing Authority of the City of Tucumcari (NM033)
TUCUMCARI, NM
Entity Wide Balance Sheet Summary

Submission Type: Single Audit

Fiscal Year End: 06/30/2016

	Project Total	14.871 Housing Choice Vouchers	USDA FMHA Rural Housing Program	Subtotal	Total
111 Cash - Unrestricted	\$563,350	\$114,151	\$ 68,747	\$632,097	\$632,097
112 Cash - Restricted - Modernization and Development			\$ 64,912	\$64,912	\$64,912
113 Cash - Other Restricted				\$0	\$0
114 Cash - Tenant Security Deposits	7191			7191	\$7,191
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$570,541	\$114,151	\$ 133,659	\$704,200	\$704,200
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$13,005		\$ 5,519	\$18,524	\$18,524
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,300			-\$1,300	-\$1,300
126.2 Allowance for Doubtful Accounts - Other					
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$8,704		\$8,704	\$8,704
128.1 Allowance for Doubtful Accounts - Fraud		-\$8,704		-\$8,704	-\$8,704
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$11,705	\$0	\$ 5,519	\$17,224	\$17,224
131 Investments - Unrestricted	\$23,071			\$23,071	\$23,071
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$4,972			\$4,972	\$4,972
143 Inventories	\$6,021			\$6,021	\$6,021
143.1 Allowance for Obsolete Inventories	\$0			\$0	\$0
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$616,310	\$114,151	\$ 139,178	\$ 869,639	\$ 869,639
161 Land	\$68,890		\$ 27,120	\$96,010	\$96,010
162 Buildings	\$2,488,265		\$ 976,221	\$3,464,486	\$3,464,486
163 Furniture, Equipment & Machinery - Dwellings	\$292,458		\$ 54,344	584802	584802
164 Furniture, Equipment & Machinery - Administration	\$193,210	\$9,315		\$202,525	\$202,525
165 Leasehold Improvements	\$1,197,556			\$1,197,556	\$1,197,556
166 Accumulated Depreciation	-\$2,599,675	-\$3,606	-\$413410	-\$3,016,691	-\$3,016,691
167 Construction in Progress	\$275,433			\$275,433	\$275,433
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,916,137	\$5,709	\$644,275	\$2,566,121	\$2,566,121
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	\$1,916,138	\$5,709	\$644,275	\$2,566,121	\$2,566,121
200 Deferred Outflow of Resources	\$9,959			\$9,959	\$9,959
290 Total Assets and Deferred Outflow of Resources	\$2,542,406	\$119,860	\$783,453	\$3,445,719	\$3,445,719
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$2,797		\$ 1,246	\$ 5,092	\$ 5,092
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$4,939			\$2,469	\$2,469

322	Accrued Compensated Absences - Current Portion	\$2,111			\$2,111	\$2,111
324	Accrued Contingency Liability					
325	Accrued Interest Payable			\$ 640	\$ 640	\$ 640
331	Accounts Payable - HUD PHA Programs					
332	Account Payable - PHA Projects					
333	Accounts Payable - Other Government					
341	Tenant Security Deposits	\$9,438		\$ 4,719	\$ 14,157	\$ 14,157
342	Unearned Revenue			\$ 180	\$ 180	\$ 180
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
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	\$19,285	\$0	\$ 6,785	\$ 26,070	\$ 26,070
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
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			\$ 642,314	\$ 642,314	\$ 642,314
356	FASB 5 Liabilities					
357	Accrued Pension and OPEB Liabilities	\$182,574			\$182,574	\$182,574
350	Total Non-Current Liabilities	\$182,574	\$0	\$ 642,314	\$ 824,888	\$ 824,888
300	Total Liabilities	\$201,859	\$0	\$ 649,099	\$ 850,958	\$ 850,958
400	Deferred Inflow of Resources	\$68,092			\$68,092	\$68,092
508.4	Net Investment in Capital Assets	\$1,916,138	\$5,709	\$1,961	\$1,923,808	\$1,923,808
511.4	Restricted Net Position			\$60,193	\$60,193	\$60,193
512.4	Unrestricted Net Position	\$356,318	\$114,151	\$72,200	\$542,669	\$542,669
513	Total Equity - Net Assets / Position	\$2,272,455	\$119,860	\$134,354	\$2,526,669	\$2,526,669
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,542,406	\$119,860	\$783,453	\$3,445,719	\$ 3,445,719

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

Entity Wide Revenue and Expense Summary

Submission Type: Single Audit

Fiscal Year End: 06/30/2016

	Project Total	14.871 Housing Choice Vouchers	USDA FMHA Rural Housing Program	Subtotal	Total
70300 Net Tenant Rental Revenue	\$146,786		\$43,612	\$ 190,398	\$ 190,398
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$146,786	\$0	\$43,612	\$ 190,398	\$ 190,398
70600 HUD PHA Operating Grants	\$300,475	\$368,973	\$ 91272	\$ 760,720	\$ 760,720
70610 Capital Grants	\$97,622			\$97,622	\$97,622
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$164	\$11	-\$8244	-\$8,069	-\$8,069
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	\$14,543		\$2,672	\$17,215	\$17,215
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$559,590	\$368,984	\$ 129,312	\$ 1,057,886	\$ 1,057,886
91100 Administrative Salaries	\$77,516	\$24,900	\$ 40,466	142882	142882
91200 Auditing Fees	\$6,647	\$3,000		\$9,647	\$9,647
91300 Management Fee					
91310 Book-keeping Fee	\$4,517	\$2,300		\$6,817	\$6,817
91400 Advertising and Marketing	\$241			\$241	\$241
91500 Employee Benefit contributions - Administrative	\$220,395	\$4,727		\$225,122	\$225,122
91600 Office Expenses	\$28,120	\$4,752		\$32,872	\$32,872
91700 Legal Expense					
91800 Travel	\$465	\$540		\$1,005	\$1,005

91810 Allocated Overhead					
91900 Other	\$2,572	\$4,506		\$7,078	\$7,078
91000 Total Operating - Administrative	\$340,473	\$44,725	\$ 40,466	\$ 425,664	\$ 425,664
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	\$0	\$0		\$0	\$0
93100 Water	\$46,080			\$46,080	\$46,080
93200 Electricity	\$4,408			\$4,408	\$4,408
93300 Gas	\$26,407			\$26,407	\$26,407
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense	\$2,094		\$ 5,749	7843	7843
93000 Total Utilities	\$78,989	\$0	\$ 5,749	84738	84738
94100 Ordinary Maintenance and Operations - Labor	\$57,589		\$ 32,563	90152	90152
94200 Ordinary Maintenance and Operations - Materials and Other	\$24,341			\$24,341	\$24,341
94300 Ordinary Maintenance and Operations Contracts	\$11,244			\$11,244	\$11,244
94500 Employee Benefit Contributions - Ordinary Maintenance	\$27,042			\$27,042	\$27,042
94000 Total Maintenance	\$120,216	\$0	\$ 32,563	\$ 152,779	\$ 152,779
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0		\$0	\$0
96110 Property Insurance	\$15,276			\$15,276	\$15,276
96120 Liability Insurance	\$6,279	\$700		\$6,979	\$6,979
96130 Workmen's Compensation	\$10,386			\$10,386	\$10,386
96140 All Other Insurance	\$3,965		\$ 1,991	5,956	5,956
96100 Total Insurance Premiums	\$35,906	\$700	\$ 1,991	\$ 38,597	\$ 38,597
96200 Other General Expenses					
96210 Compensated Absences					
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other		\$1,135		\$1,135	\$1,135
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$1,135		\$1,135	\$1,135

96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0		\$0	\$0
96900 Total Operating Expenses	\$575,584	\$46,560	\$ 80,769	\$ 702,913	\$ 702,913
97000 Excess of Operating Revenue over Operating Expenses	-\$15,994	\$322,424	\$ 48,543	\$ 354,973	\$ 354,973
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$350,843		\$350,843	\$350,843
97350 HAP Portability-In					
97400 Depreciation Expense	\$156,265	\$1,863	29367	187495	187495
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$731,849	\$399,266	\$110,136	\$ 1,241,251	\$ 1,241,251
10010 Operating Transfer In	\$26,000			\$26,000	\$26,000
10020 Operating transfer Out	-\$26,000			-\$26,000	-\$26,000
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)	\$0	\$0		\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$172,259	-\$30,282	\$ 19,176	-\$183,365	-\$183,365

11020 Required Annual Debt Principal Payments	\$0	\$0		\$0	\$0
11030 Beginning Equity	\$2,444,714	\$150,142	\$ 115,178	\$ 2,710,034	\$ 2,710,034
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0	\$0
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		\$127,031		\$127,031	\$127,031
11180 Housing Assistance Payments Equity		-\$7,171		-\$7,171	-\$7,171
11190 Unit Months Available	1080	1680		2760	2760
11210 Number of Unit Months Leased	1024	922		1946	1946
11270 Excess Cash	\$554,992			\$554,992	\$554,992
11610 Land Purchases	\$0			\$0	\$0
11620 Building Purchases	\$0			\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0
11650 Leasehold Improvements Purchases	\$97,622			\$97,622	\$97,622
11660 Infrastructure Purchases	\$0			\$0	\$0
13510 CFFP Debt Service Payments	\$0			\$0	\$0
13901 Replacement Housing Factor Funds	\$0			\$0	\$0

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

Tim Keller, 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, 2016, 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 December 13, 2016.

Internal Control Over Financial Reporting

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

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

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

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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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, NM
December 13, 2016



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 Uniform Guidance

Independent Auditor's Report

Tim Keller, 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 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, 2016. 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*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of federal regulations 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.

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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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
December 13, 2016

STATE OF NEW MEXICO
TUCUMCARI HOUSING AUTHORITY
A DEPARTMENT OF CITY OF TUCUMCARI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Schedule V

<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	14.850	\$ 264,475
Section 8 Housing Choice Vouchers (1)	14.871	368,973
Capital Fund Projects	14.872	<u>123,622</u>
Total Direct U.S. Department of Housing and Urban Development		<u>757,070</u>
U.S. Department of Agriculture		
<i>Direct funding from U.S. Department of Agriculture</i>		
Rural Rental Assistance Payments	10.427	91,272
Rural Rental Assistance Interest Subsidy	10.415	<u>48,560</u>
Total Direct U.S. Department of Agriculture		<u>139,832</u>
Total Federal Financial Assistance		<u>\$ 896,902</u>

(1) Denotes Major Federal Financial Assistance Program

The accompanying notes are an integral part of these financial statements

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 Title 2 U.S. Code of federal regulations 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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. Indirect Cost Rate

The Authority has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance..

5. Loan Amount

The Authority owed \$642,314 to FmHA at June 30, 2016.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$	896,902
Total expenditures funded by other sources		<u>1,200,798</u>
Total expenditures	\$	<u>2,097,700</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, 2016

Schedule VI

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? | No |
| 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? | No |
| 4. Identification of major programs: | |

<u>CFDA Number</u>	<u>Federal Program</u>
14.871	Section 8 Housing Choice Voucher Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

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, 2016

Schedule VI

Section I – Financial Statement Findings

NONE

Section II – Federal Award Findings and Questioned Costs

NONE

Section III – Prior Year Audit Findings

NONE

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 December 14, 2016. The following individuals were in attendance in closed session:

Tucumcari Housing Authority & City of Tucumcari Officials

Jared Langenegger, City Manager
Dennis Dysart, City Finance Director
Ruth Ann Litchfield, Mayor
Amy Guterrez, Commissioner
Ralph Moya, Commissioner
Robert Lumpkin, Commissioner
John Mihm, Commissioner
Angelica Gray, City Clerk
Viki Riddle, Housing Authority Executive Director

Griego Professional Services, LLC

J.J. Griego, CPA