

State of New Mexico
Tucumcari Housing Authority
A Department of City of Tucumcari

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRICpa.com

(This page intentionally left blank.)

INTRODUCTORY SECTION

(This page intentionally left blank.)

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Table of Contents
June 30, 2017

INTRODUCTORY SECTION	<u>Exhibit</u>	<u>Page</u>
Table of Contents		5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-12
Management's Discussion and Analysis		13-17
BASIC FINANCIAL STATEMENTS		
Statement of Net Position	A-1	20-21
Statement of Revenues, Expenses and Changes in Net Position	A-2	22
Statement of Cash Flows	A-3	23
NOTES TO THE FINANCIAL STATEMENTS		24-48
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Employer's Proportionate Share of the Net Pension Liability of PERA Fund Municipal General Division	<u>Schedule</u> I	50
Schedule of Employer Contributions	II	51
Notes to the Required Supplemental Information		52
SUPPLEMENTARY INFORMATION		
Combining Financial Statements		
Statement of Net Position - Detail	<u>Statement</u> A-1	54-55
Statement of Revenues, Expenses and Changes in Net Position - Detail	A-2	57
Statement of Cash Flows - Detail	A-3	58-59
SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	<u>Schedule</u> III	62
Schedule of Deposit Accounts	IV	63
Financial Data Schedule	V	64-73
COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		76-77
FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		80-81
Schedule of Expenditures of Federal Awards	VI	82-83
Schedule of Findings and Questioned Costs	VII	84-85
OTHER DISCLOSURES		86

(This page intentionally left blank.)

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Official Roster
June 30, 2017

City Mayor and Commission

Mayor	Ruth Ann Litchfield
Mayor Pro-Tem	Robert Lumpkin
Commissioner	Ralph Montoya
Commissioner	Amy Gutierrez
Commissioner	Todd Duplantis

Administrative Officials

City Manager	Jared Langenegger
City Clerk	Angelica Gray
City Finance Director	Rachelle Arias
Housing Authority Executive Director	Viki Riddle

(This page intentionally left blank.)

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
New Mexico State Auditor
The Office of Management and Budget
To the Executive Director and the Board of Commissioners
Tucumcari Housing Authority
A Department of the City of Tucumcari
Tucumcari, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business type activities of Tucumcari Housing Authority (the "Housing Authority") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of June 30, 2017, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Housing Authority are intended to present the financial position, and the changes in financial position of only that portion of the business-type activities that are attributable to the transactions of the Housing Authority. They do not purport to and do not present fairly the financial position of the City of Tucumcari as of June 30, 2017, and the changes in its financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 17 and GASB required supplementary pension schedules on pages 50 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The introductory section, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Combining Financial Statements within the Supplementary Information section and Supporting Schedules III through IV required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule V Financial Data Schedule is presented for purposes of additional analysis as required by the U.S Department of Housing and Urban Development and is not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards, the Combining Financial Statements within the Supplementary Information, and Supporting Schedules III, IV, and V in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Combining Financial Statements within the Supplementary Information and Supporting Schedules III, IV, and V are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2018, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Housing Authority's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
March 5, 2018

Tucumcari Housing Authority
A Department of City of Tucumcari
Management's Discussion and Analysis
June 30, 2017

As management of the Tucumcari Housing Authority (the Housing Authority), we offer the readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements of the Housing Authority and additional information provided.

Financial Highlights

- The assets and deferred outflows of the Housing Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$2,503,213 (*net position*). Of this amount, \$552,079 (*unrestricted net position*) may be used to meet the Housing Authority's ongoing obligations to residents and creditors.
- During the fiscal year the Housing Authority's total net position decreased by \$23,456 as a result of revenues, expenditures, and changes in net position.
- As the end of the current year fiscal year, unrestricted net position of the Housing Authority was \$552,079 or 48% of the total Housing Authority operating expenses.

Housing Authority Financial Statements

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

The Housing Authority, as of June 30, 2017, owned 90 Public Housing and 24 Rural Development 515 residential apartment units that are leased to low-income families and individuals. In addition, housing assistance was being paid for 140 units under the Federal Housing Choice Voucher programs for privately-owned existing housing.

In view of this mission, the Housing Authority's financial reporting objective under GASB 34 in FY 2017 focuses on the financial activities of the Housing Authority as a whole.

Overview of the Financial Statements

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

Financial Statements Used in Fiscal Year 2017

The Housing Authority is presenting its fiscal year 2017 discussion and analysis based on the financial results of its enterprise programs in three basic financial statements – the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

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

The statement of revenues, expenses and changes in net position (similar to an income statement) includes operating revenues, such as charges for services, operating and capital grants and miscellaneous revenues.

Tucumcari Housing Authority
A Department of City of Tucumcari
Management's Discussion and Analysis
June 30, 2017

Financial Statements Used in Fiscal Year 2017 (continued)

Operating expenses include administration, tenant services, utilities, ordinary maintenance & operations, general, housing assistance payments and depreciation. Non-operating revenues and expenses include interest income, interest expense, capital grants, and miscellaneous revenue. The statement's focus is the change in net position, which is similar to net income or loss.

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

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

Housing Authority Programs

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

Individual program financial statements can be found at statements A-1 through A-3 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 24-48 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$2,503,213 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's net position (74.6 percent) reflect its investment in capital assets (e.g., land, buildings, and dwelling and administrative equipment), less any related debt used to acquire those assets that is still outstanding. The Housing Authority use these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Housing Authority's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Housing Authority had a balance of \$81,700 of restricted net position. For \$13,879 this restriction is related to requirements of the Section 8 Housing Choice Voucher Program established by the US Department of Housing and Urban Development. This amount is restricted for the payment of housing assistance payments. The remaining \$67,821 of restricted net position is restricted for replacement reserves for the Authority's Rural Development property. The remaining balance of *unrestricted net position* (\$552,079) may be used to meet the Housing Authority's ongoing obligations to residents and creditors.

Tucumcari Housing Authority
A Department of City of Tucumcari
Management's Discussion and Analysis
June 30, 2017

Government-wide Financial Analysis (continued)

Condensed Statement of Net Position

	June 30, 2017	June 30, 2016
Assets		
Current assets	\$ 829,804	\$ 797,536
Restricted assets	95,117	72,103
Capital assets, net of accumulated depreciation	<u>2,495,637</u>	<u>2,556,121</u>
Total assets	<u>3,420,558</u>	<u>3,425,760</u>
Deferred outflows	<u>48,118</u>	<u>9,959</u>
Total assets and deferred outflows	<u>\$ 3,468,676</u>	<u>\$ 3,435,719</u>
Liabilities and Net Position		
Current liabilities (payable from current assets)	\$ 38,784	\$ 28,113
Current liabilities (payable from restricted assets)	12,885	14,157
Noncurrent liabilities	<u>898,551</u>	<u>808,688</u>
Total liabilities	<u>950,220</u>	<u>850,958</u>
Deferred inflows	<u>15,243</u>	<u>68,092</u>
Net investment in capital assets	1,869,434	1,923,807
Restricted	81,700	60,193
Unrestricted	<u>552,079</u>	<u>532,669</u>
Total net position	<u>2,503,213</u>	<u>2,516,669</u>
Total liabilities, deferred inflows, and net position	<u>\$ 3,468,676</u>	<u>\$ 3,435,719</u>

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

There was an increase of \$19,410 (3.6 percent) in unrestricted net position reported by the Housing Authority as compared to the prior year. This was primarily due to increases in operating grants and capital grants received by the Housing Authority.

There was a decrease of \$54,373 in net investment in capital assets reported in connection with the Housing Authority's activities. The majority of this decrease is attributable to ongoing utilization of capital assets (depreciation expense) being a larger amount than the Housing Authority's additions to capital assets during the fiscal year.

Tucumcari Housing Authority
A Department of City of Tucumcari
Management's Discussion and Analysis
June 30, 2017

Government-wide Financial Analysis (continued)

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

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

Operating revenues:		
Tenant rent and other tenant revenue	\$ 210,367	\$ 196,417
Subsidy grants	<u>856,190</u>	<u>735,265</u>
Total operating revenues	<u>1,066,557</u>	<u>931,682</u>
Operating expenses:		
Personnel services	250,445	447,714
Contractual services	40,814	31,449
Supplies	35,483	26,697
Maintenance and materials	36,294	18,315
Utilities	91,854	84,737
Insurance	29,673	36,605
Bad debt	9,801	-
Housing assistance payments	379,764	351,388
Depreciation	202,258	187,495
Miscellaneous	<u>64,532</u>	<u>57,368</u>
Total operating expenses	<u>1,140,918</u>	<u>1,241,768</u>
Operating (loss)	<u>(74,361)</u>	<u>(310,086)</u>
Non-operating revenues (expenses):		
Capital grants	105,994	113,622
Interest income	138	175
Interest expense	(55,448)	(8,244)
Miscellaneous income	<u>221</u>	<u>11,168</u>
Total non-operating revenues	<u>50,905</u>	<u>116,721</u>
Change in net position	(23,456)	(193,365)
Net position, beginning of year	<u>2,526,669</u>	<u>2,710,034</u>
Net position, end of year	<u>\$ 2,503,213</u>	<u>\$ 2,516,669</u>

Total operating revenues increased \$134,875 (14.48 percent) during the year. Most of this increase is the increase in operating subsidy.

Tucumcari Housing Authority
A Department of City of Tucumcari
Management's Discussion and Analysis
June 30, 2017

Government-wide Financial Analysis (continued)

Capital Fund grant awards decreased \$7,628 (6.7 percent) over the prior year. These grants are on a reimbursement basis and there were less expenditures on these projects than in the prior year.

Decreases in several categories of operating expenses reflect the decreases in ongoing residential tenant operations and maintenance. Operating expenses overall decreased \$100,850 (8.12 percent) from the prior year. The majority of this decrease occurred in personnel expenses.

Capital Assets and Debt Administration

The Housing Authority's net investment in capital assets for its business type activities as of June 30, 2017, amounts to \$1,869,434 (net of accumulated depreciation and related debt). This investment in capital assets included land, land improvements, buildings and improvements, furniture, fixtures, & equipment. The total decrease in the Housing Authority's net investment in capital assets for the current fiscal year was 2.82 percent.

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

Ongoing tenant dwelling upgrades related to the installation of cooling units totaling \$131,774 were placed in service during the current fiscal year.

Tucumcari Housing Authority's Capital Assets

	June 30, 2017	June 30, 2016
Land	\$ 96,010	\$ 96,010
Land improvements	1,295,179	1,193,781
Buildings and improvements	3,768,306	3,743,694
Furniture, fixtures, & equipment	555,091	549,327
Accumulated depreciation	<u>(3,218,949)</u>	<u>(3,016,691)</u>
Capital assets, net	<u>\$ 2,495,637</u>	<u>\$ 2,566,121</u>

Additional information on Housing Authority's capital assets can be found on page 34-35 of this report.

Long-term debt

At the end of the current fiscal year, Housing Authority had notes payable of \$626,203, current compensated absences outstanding in the amount of \$6,451, and a net pension liability of \$289,948. Additional information related to the Housing Authority's long-term debt can be found on page 36-37 of this report.

Economic Factors

Rental occupancy rates of the Housing Authority's Low-Rent Public Housing Program remains at capacity and has remained stable with slight variations over the past five years.

Requests for Information

This financial report is designed to provide a general overview of Tucumcari Housing Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 323 East Smith Street, Tucumcari, New Mexico 88401.

(This page intentionally left blank.)

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Net Position
June 30, 2017

Exhibit A-1
Page 1 of 2

ASSETS

Current assets

Cash and cash equivalents	\$	814,450
Accounts receivable - tenants, net		3,650
Inventory		6,634
Prepaid expenses		5,070
		829,804
<i>Total current assets</i>		829,804

Non-current assets

Restricted cash and cash equivalents		95,117
Capital assets		5,714,586
Less: accumulated depreciation		(3,218,949)
		2,590,754
<i>Total non-current assets</i>		2,590,754

<i>Total assets</i>		3,420,558
---------------------	--	-----------

DEFERRED OUTFLOWS

Employer contributions subsequent to measurement date		13,893
Difference between expected and actual experience		12,223
Change of assumptions		16,791
Changes in proportion and differences between employer contributions and proportionate share of contributions		5,211
		48,118

<i>Total deferred outflows</i>		48,118
--------------------------------	--	--------

<i>Total assets and deferred outflows</i>	\$	3,468,676
---	----	-----------

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Net Position
June 30, 2017

Exhibit A-1
Page 2 of 2

LIABILITIES

Current liabilities

Accounts payable	\$	6,853
Accrued payroll		7,172
Accrued interest		519
Unearned revenue - prepaid fees		189
Compensated absences		6,451
Current portion of long term debt		17,600

<i>Total current liabilities</i>		38,784
----------------------------------	--	--------

Current liabilities (payable from restricted assets)

Tenant deposits		12,885
-----------------	--	--------

<i>Total current liabilities (payable from restricted assets)</i>		12,885
---	--	--------

Non-current liabilities

Notes payable		608,603
Net pension liability		289,948

<i>Total non-current liabilities</i>		898,551
--------------------------------------	--	---------

<i>Total liabilities</i>		950,220
--------------------------	--	---------

DEFERRED INFLOWS

Difference between expected and actual experience		7,365
Net difference between expected and actual investment earnings on pension plan investments		3,490
Changes in proportion and differences between employer contributions and proportionate share of contributions		4,388

<i>Total deferred inflows</i>		15,243
-------------------------------	--	--------

NET POSITION

Net investment in capital assets		1,869,434
Restricted for:		
Section 8 housing		13,879
Replacement Reserve		67,821
Unrestricted		552,079

<i>Total net position</i>		2,503,213
---------------------------	--	-----------

<i>Total liabilities, deferred inflows, and net position</i>	\$	3,468,676
--	----	-----------

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

Exhibit A-2

<i>Operating revenues</i>	
Rental revenue	\$ 198,849
Other tenant revenue	11,518
Subsidy grants	<u>856,190</u>
<i>Total operating revenues</i>	<u>1,066,557</u>
<i>Operating expenses</i>	
Personnel services	250,445
Contractual services	40,814
Supplies	35,483
Maintenance and materials	36,294
Utilities	91,854
Insurance	29,673
Bad debt	9,801
Housing assistance payments	379,764
Depreciation	202,258
Miscellaneous	<u>64,532</u>
<i>Total operating expenses</i>	<u>1,140,918</u>
<i>Operating income</i>	<u>(74,361)</u>
<i>Non-operating revenues (expenses)</i>	
Interest income	138
Interest expense	(55,448)
Miscellaneous income	<u>221</u>
<i>Total non-operating revenues (expenses)</i>	<u>(55,089)</u>
<i>Total income (loss) before capital grants</i>	(129,450)
Capital grants	<u>105,994</u>
<i>Change in net position</i>	(23,456)
<i>Total net position - beginning of year</i>	<u>2,526,669</u>
<i>Total net position - end of year</i>	<u><u>\$ 2,503,213</u></u>

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Cash Flows
For the Year Ended June 30, 2017

Exhibit A-3

<i>Cash flows from operating activities:</i>	
Cash received from tenant rents and charges	\$ 212,877
Cash payments to employees for services	(227,506)
Cash payments to suppliers for goods and services	(676,315)
Cash received from subsidy grants	856,190
<i>Net cash provided by operating activities</i>	<u>165,246</u>
<i>Cash flows from noncapital financing activities:</i>	
Miscellaneous income	221
<i>Net cash used by noncapital financing activities</i>	<u>221</u>
<i>Cash flows from capital and related financing activities:</i>	
Capital grants	105,994
Acquisition of capital assets	(131,774)
Payments on loan payable	(16,111)
Interest expense	(55,569)
<i>Net cash used by capital and related financing activities</i>	<u>(97,460)</u>
<i>Cash flows from investing activities:</i>	
Interest on cash deposits	138
<i>Net cash provided by investing activities</i>	<u>138</u>
<i>Net increase in cash and cash equivalents</i>	68,145
<i>Cash and cash equivalents - beginning of year</i>	<u>841,422</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 909,567</u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>	
Operating income	\$ (74,361)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	202,258
Bad debt expense	9,801
Noncash pension expense	20,300
Changes in assets, deferred outflows, liabilities, and deferred outflows	
Accounts receivable	3,773
Inventory	(613)
Prepaid expenses	(98)
Accounts payable	2,810
Accrued payroll expenses	2,233
Prepaid rent	9
Accrued compensated absences	4,340
Tenant deposits	(1,272)
Deferred outflows - subsequent contributions	(3,934)
<i>Net cash provided by operating activities</i>	<u>\$ 165,246</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, 2017

NOTE 1. Summary of Significant Accounting Policies

Financial Reporting Entity

Tucumcari Housing Authority (the "Housing Authority") is a public housing authority that provides affordable housing to low-income and disadvantaged families of the City of Tucumcari, New Mexico. The programs are primarily funded with federal grants and tenant rents. 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 City's Board of Commissioners also serves at the Housing Authority's governing body. The Housing Authority manages a low rent public housing developments containing 90 total units, one rural development housing projects containing 24 total units, and administers Housing and Urban Development's (HUD) Housing Choice Vouchers Section 8 housing assistance program for 140 vouchers.

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

These financial statements represent the financial operations of the Housing Authority for the year ended June 30, 2017.

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

The following programs are maintained by the Housing Authority:

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

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

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.

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity (continued)

In evaluating how to define the Housing Authority for financial reporting purposes, management has considered all potential programs and operations of the Housing Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing board by the Housing Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Housing Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Housing Authority and is generally available to its residents and participants.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Housing Authority is able to exercise oversight responsibilities.

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

Basis of Accounting and Measurement Focus

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

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

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

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (continued)

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

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

Revenue Recognition

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

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

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

Estimates

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

Deposits and Investments

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

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

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

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

Accounts Receivable

All tenant receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible. Grants and other receivables are estimated to be fully collectible by the Authority.

Inventory

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

Prepaid Expenses

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

Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The Housing Authority does have an exception for purchases made under Capital Fund Projects under which hard costs, regardless of dollar amount, may be capitalized based upon grantor guidelines from the US Department of Housing and Urban Development (HUD). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation.

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

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.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

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

<u>Assets</u>	<u>Years</u>
Land improvements	5-20 years
Building and improvements	10-40 years
Furniture, fixtures, & equipment	3 years - 15 years

In the Financial Data Schedule, the Construction in Progress contains \$371,427 in capital assets in service which are recorded in depreciating categories on the financial statements and in Note 4.

Deferred Outflows of Resources

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

The Authority has recorded \$13,893 related to contributions subsequent to the measurement date, \$12,223 related to the difference between expected and actual experience, \$5,211 related to changes in proportion and difference between employer contributions and proportional share of contributions, and \$16,791 related to the change of assumptions.

Deferred Inflows of Resources

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

These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The Authority has recorded \$3,490 related to the net difference between expected and actual earnings on pension plan investments, \$7,365 related to the difference between expected and actual experience, and \$4,388 related to the changes in proportion and differences between employer contributions and proportionate share of contributions.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

Compensated Absences

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

Net Position

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

- **Net investment in capital assets** – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** – Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Unrestricted and Restricted Resources

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

Budgets

The Housing Authority adopts budgets for its Low Rent Public Housing, Housing Choice Vouchers and, Rural Rental Housing Loan programs in accordance with the Housing and Urban Development Program agreements, and Department of Agriculture regulations.

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

Pensions

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.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

New Accounting Standards Adopted

During the year ended June 30, 2017, the Authority adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (partial)*, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73 (partial)*. These six Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the Authority, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the City's financial statements directly; however, the effects on the Authority's OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources came from and how it uses them, and (4) a government's financial position and economic condition and how they have changed after time – by including information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

The Authority had no tax abatements to disclose as of June 30, 2017.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The Authority's pension plan does not meet the criteria for exclusion.

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The Authority has not component units.

GASB Statement No. 82 clarified and adjusted several items from GASB 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

NOTE 2. Deposits and Investments

State Statutes authorize the investment of Housing Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Housing Authority properly followed State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Housing Authority. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution. The only funds held in a non-interest bearing account are the funds in the rent account, from which excess funds are then transferred to an interest-bearing account on a monthly basis.

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 2. Deposits and Investments (continued)

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

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

Custodial Credit Risk – Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). At June 30, 2017, \$476,040 of the Housing Authority's bank balance of \$921,292 was exposed to custodial credit risk. Although the \$476,040 was uninsured, all of that amount was collateralized by collateral held by the pledging bank's trust department, not in the Housing Authority's name. None of the Housing Authority's deposits were uninsured and uncollateralized at June 30, 2017.

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

	First National Bank of New Mexico	New Mexico Bank and Trust	Wells Fargo Bank	Total
Amount of deposits	\$ 8,323	\$ 163,876	\$ 749,093	\$ 921,292
FDIC coverage	<u>(8,323)</u>	<u>(163,876)</u>	<u>(273,053)</u>	<u>(445,252)</u>
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>476,040</u>	<u>476,040</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	-	-	476,040	476,040
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (100% of uninsured public funds)	\$ -	\$ -	\$ 476,040	\$ 476,040
Pledged collateral	-	-	527,311	527,311
Over (under) collateralization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,271</u>	<u>\$ 51,271</u>

The collateral pledged for both deposits and investments is listed on Schedule III of this report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 2. Deposits and Investments (continued)

Reconciliation to Statement of Net Position

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

Cash and cash equivalents per Exhibit A-1	\$	814,450
Restricted cash and cash equivalents per Exhibit A-1		<u>95,117</u>
 Total cash and cash equivalents		 <u>909,567</u>
 Add: outstanding checks		 12,079
Less: deposits in transit		(154)
Less: petty cash		<u>(200)</u>
 Bank balance of deposits	 \$	 <u><u>921,292</u></u>

NOTE 3. Accounts Receivable

As of June 30, 2017, the Housing Authority had the following receivables:

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
Tenant receivables	\$ 4,000	\$ 8,704	\$ 50	\$ 12,754
Allowance for doubtful accounts - tenants	<u>(400)</u>	<u>(8,704)</u>	<u>-</u>	<u>(9,104)</u>
 Total	 <u>\$ 3,600</u>	 <u>\$ -</u>	 <u>\$ 50</u>	 <u>\$ 3,650</u>

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 4. Capital Assets

The following summarizes changes in capital assets activity for each program of the Authority during fiscal year 2017:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions & Transfers</u>	<u>Balance June 30, 2017</u>
<u>Public Housing Program</u>				
Capital assets not being depreciated:				
Land	\$ 68,890	\$ -	\$ -	\$ 68,890
Total capital assets not being depreciated	<u>68,890</u>	<u>-</u>	<u>-</u>	<u>68,890</u>
Capital assets being depreciated:				
Land Improvements	1,193,781	-	101,398	1,295,179
Buildings & Improvements	2,767,473	131,774	(107,162)	2,792,085
Furniture, Fixtures, & Equipment	485,668	-	5,764	491,432
Total capital assets being depreciated	<u>4,446,922</u>	<u>131,774</u>	<u>-</u>	<u>4,578,696</u>
Accumulated Depreciation:				
Land Improvements	1,036,040	46,782	1,207	1,084,029
Buildings & Improvements	1,162,678	96,619	(2,661)	1,256,636
Furniture, Fixtures, & Equipment	400,957	25,795	1,454	428,206
Total accumulated depreciation	<u>2,599,675</u>	<u>169,196</u>	<u>-</u>	<u>2,768,871</u>
Total Public Housing Program capital assets, net of depreciation	<u>\$ 1,916,137</u>	<u>\$ (37,422)</u>	<u>\$ -</u>	<u>\$ 1,878,715</u>

In the Financial Data Schedule (Schedule V), the Construction in Progress category for the Low Rent Housing Program contains \$371,427 in capital assets in service which are recorded in depreciating categories on the financial statements.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 4. Capital Assets (continued)

The following summarizes changes in capital assets activity for each program of the Authority during fiscal year 2017:

<u>Section 8 Housing Choice Vouchers</u>	Balance <u>June 30, 2016</u>	Additions	Deletions	Balance <u>June 30, 2017</u>
Capital assets being depreciated:				
Non-dwelling Equipment	\$ 9,315	\$ -	\$ -	\$ 9,315
Total capital assets being depreciated	<u>9,315</u>	<u>-</u>	<u>-</u>	<u>9,315</u>
Accumulated Depreciation:				
Non-dwelling Equipment	3,606	1,863	-	5,469
Total accumulated depreciation	<u>3,606</u>	<u>1,863</u>	<u>-</u>	<u>5,469</u>
Capital Assets Being Depreciated, Section 8	<u>\$ 5,709</u>	<u>\$ (1,863)</u>	<u>\$ -</u>	<u>\$ 3,846</u>
	Balance <u>June 30, 2016</u>	Additions	Deletions	Balance <u>June 30, 2017</u>
<u>USDA - FmHA Rural Housing</u>				
Capital assets not being depreciated:				
Land	\$ 27,120	\$ -	\$ -	\$ 27,120
Total capital assets not being depreciated	<u>27,120</u>	<u>-</u>	<u>-</u>	<u>27,120</u>
Capital assets being depreciated:				
Buildings & Improvements	976,221	-	-	976,221
Furniture, Fixtures, & Equipment	54,344	-	-	54,344
Total capital assets being depreciated	<u>1,030,565</u>	<u>-</u>	<u>-</u>	<u>1,030,565</u>
Accumulated Depreciation:				
Buildings & Improvements	359,066	31,199	-	390,265
Furniture, Fixtures, & Equipment	54,344	-	-	54,344
Total accumulated depreciation	<u>413,410</u>	<u>31,199</u>	<u>-</u>	<u>444,609</u>
Total USDA - FmHA Rural Housing capital assets, net of depreciation	<u>\$ 644,275</u>	<u>\$ (31,199)</u>	<u>\$ -</u>	<u>\$ 613,076</u>

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 5. Long-Term Liabilities

The following summarizes changes in long-term liability activity during fiscal year 2017:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
USDA Loan - FmHA	\$ 642,314	\$ -	\$ 16,111	\$ 626,203	\$ 17,600
Compensated Absences	2,111	8,617	4,277	6,451	6,451
Total long-term debt	<u>\$ 7,248,287</u>	<u>\$ 8,617</u>	<u>\$ 20,388</u>	<u>\$ 632,654</u>	<u>\$ 24,051</u>

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

Loan 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.

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, 2017 from the reserve account for improvements. Monthly payments of \$665 were made into the reserve account during the year.

At June 30, 2017 the outstanding indebtedness owed to FmHA was \$626,203. 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 \$16,111.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 5. Long-Term Liabilities (continued)

The terms of the Authority's loan payable is summarized below:

Description	Date of Issue	Maturity Date	Interest Rate	Subsidy Rate	Original Amount of Issue	Balance June 30, 2017
USDA Loan - FmHA	5/27/1999	5/27/2034	1.00%	8.875%	\$ 798,000	\$ 626,203

Debt service requirements on long-term debt at June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 17,600	\$ 54,943	\$ 72,543
2019	18,275	53,397	71,672
2020	19,965	51,707	71,672
2021	21,811	49,862	71,673
2022	23,827	47,845	71,672
2023-2027	156,543	201,818	358,361
2028-2032	243,580	114,780	358,360
2033-2034	124,602	11,476	136,078
	<u>\$ 626,203</u>	<u>\$ 585,828</u>	<u>\$ 1,212,031</u>

Compensated absences increased by \$4,340 and the balances are paid from the programs under which they are incurred.

NOTE 6. Noncash Revenue and Expense

During the year ended June 30, 2017, 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 7. Contingent Liabilities

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan

General Information about the Pension Plan

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Tucumcari Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY16 annual audit report at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf.

The PERA coverage option that applies to Tucumcari Housing Authority is: Municipal General Division. Statutorily required contributions to the pension plan from the Tucumcari Housing Authority were \$13,893 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2017.

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, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016.

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.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

The Tucumcari 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, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 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 Municipal General Division, at June 30, 2017, Tucumcari Housing Authority reported a liability of \$289,948 for its proportionate share of the net pension liability. At June 30, 2017, Tucumcari Housing Authority's proportion was 0.01815 percent, which changed from its proportion of 0.01351 percent as of June 30, 2016.

For the year ended June 30, 2017, Tucumcari Housing Authority recognized PERA Fund Municipal General Division pension expense of \$30,261.

At June 30, 2017, Tucumcari Housing Authority reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 16,791	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,490
Changes in proportion and differences between Tucumcari Housing Authority's contributions and proportionate share of contributions	5,211	4,388
Tucumcari Housing Authority's difference between expected and actual experience	12,223	7,365
Tucumcari Housing Authority's contributions subsequent to the measurement date	13,893	-
Total	\$ 48,118	\$ 15,243

\$13,893 reported as deferred outflows of resources related to pensions resulting from Tucumcari Housing Authority's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (4,423)
2019	(4,423)
2020	(7,259)
2021	(2,877)

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan

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, 2015 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, 2016 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, 2016. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2015, actuarial valuation.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.48% annual rate, net of investment experience
Projected benefit payment	100 years
Payroll growth	2.75% for the first 10 years, then 3.25% all other years
Projected salary increases	2.75% to 14.25% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

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

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

Discount rate: The discount rate used to measure the total pension liability was 7.48 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 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present Tucumcari Housing Authority's net pension liability in each PERA Fund Division that Tucumcari Housing Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Tucumcari Housing Authority's proportionate share of the net pension liability	\$ 432,287	\$ 289,948	\$ 171,885

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. As of June 30, 2017, amounts due to PERA from the Authority totaled \$1,214.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The 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.

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 not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, 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 contribution to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$2,182, \$3,003, and \$3,123, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 10. Risk Management

The Authority is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a Department of the City of Tucumcari, the Housing Authority participates in the New Mexico Self-Insurer's Fund risk pool.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurer's Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage has not changed significantly from prior years and coverage is expected to be continued.

At June 30, 2017, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against City of Tucumcari.

New Mexico Self-Insurer's Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and prior fiscal year.

NOTE 11. Concentrations

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

NOTE 12. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is March 5, 2018 which is the date on which the financial statements were available to be issued. There were no events noted as of this date.

NOTE 13. Commitments

The Housing Authority had no commitments at June 30, 2017.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 14. Capital Fund Closeouts

The Authority had the following Capital Fund Program closeouts during the year ended June 30, 2017.

Statement of Actual Modernization Costs
Capital Fund Program
Annual Contributions Contract NM02P033501-06

1. The Actual Modernization Costs for the project are as follows:

Funds approved	\$	142,668
Funds expended		<u>142,668</u>
Excess (deficiency) of funds approved		<u>\$ -</u>
HUD grants	\$	142,668
Funds expended		<u>142,668</u>
Excess (deficiency) of funds expended		<u>\$ -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated January 10, 2017, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed has expired.

Statement of Actual Modernization Costs
Capital Fund Program
Annual Contributions Contract NM02P033501-09

1. The Actual Modernization Costs for the project are as follows:

Funds approved	\$	47,975
Funds expended		<u>47,975</u>
Excess (deficiency) of funds approved		<u>\$ -</u>
HUD grants	\$	47,975
Funds expended		<u>47,975</u>
Excess (deficiency) of funds expended		<u>\$ -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated January 10, 2017, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 14. Capital Fund Closeouts (continued)

5. The time in which such liens could be filed has expired.

Statement of Actual Modernization Costs
Capital Fund Program
Annual Contributions Contract NM02P033501-10

1. The Actual Modernization Costs for the project are as follows:

Funds approved	\$	142,770
Funds expended		<u>142,770</u>
Excess (deficiency) of funds approved	\$	<u> -</u>
HUD grants	\$	142,770
Funds expended		<u>142,770</u>
Excess (deficiency) of funds expended	\$	<u> -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated January 10, 2017, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed has expired.

Statement of Actual Modernization Costs
Capital Fund Program
Annual Contributions Contract NM02P033501-11

1. The Actual Modernization Costs for the project are as follows:

Funds approved	\$	120,968
Funds expended		<u>120,968</u>
Excess (deficiency) of funds approved	\$	<u> -</u>
HUD grants	\$	120,968
Funds expended		<u>120,968</u>
Excess (deficiency) of funds expended	\$	<u> -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated January 10, 2017, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 14. Capital Fund Closeouts (continued)

5. The time in which such liens could be filed has expired.

Statement of Actual Modernization Costs
Capital Fund Program
Annual Contributions Contract NM02P033501-12

1. The Actual Modernization Costs for the project are as follows:

Funds approved	\$ 107,060
Funds expended	<u>107,060</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
HUD grants	\$ 107,060
Funds expended	<u>107,060</u>
Excess (deficiency) of funds expended	<u>\$ -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated January 10, 2017, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed has expired.

Statement of Actual Modernization Costs
Capital Fund Program
Annual Contributions Contract NM02P033501-13

1. The Actual Modernization Costs for the project are as follows:

Funds approved	\$ 109,326
Funds expended	<u>109,326</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
HUD grants	\$ 109,326
Funds expended	<u>109,326</u>
Excess (deficiency) of funds expended	<u>\$ -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated November 9, 2016, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 14. Capital Fund Closeouts (continued)

5. The time in which such liens could be filed has expired.

Statement of Actual Modernization Costs
Capital Fund Program
Annual Contributions Contract NM02P033501-14

1. The Actual Modernization Costs for the project are as follows:

Funds approved		\$	110,485
Funds expended			<u>110,485</u>
Excess (deficiency) of funds approved			<u>\$ -</u>
HUD grants		\$	110,485
Funds expended			<u>110,485</u>
Excess (deficiency) of funds expended			<u>\$ -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated November 9, 2016, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed has expired.

NOTE 15. Subsequent Pronouncements

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Housing Authority expects this pronouncement to have a material effect on the financial statements as they participate in such a plan.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

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

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Financial Statements
June 30, 2017

NOTE 15. Subsequent Pronouncements (continued)

In March 2017, GASB Statement No. 85 *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Authority is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

Tucumcari Housing Authority

A Department of City of Tucumcari

Schedule of Employer's Proportionate Share of the Net Pension Liability of PERA Fund Municipal General Division

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
Tucumcari Housing Authority's proportion of the net pension liability	0.01815%	0.01351%	0.004299%
Tucumcari Housing Authority's proportionate share of the net pension liability	\$ 289,948	\$ 182,574	\$ 44,920
Tucumcari Housing Authority's covered-employee payroll	\$ 157,366	\$ 153,217	\$ 134,481
Tucumcari Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.25%	119.16%	33.40%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Schedule of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

Schedule II

	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contributions	\$ 13,893	\$ 14,399	\$ 14,019
Contributions in relation to the contractually required contribution	(13,893)	(14,399)	(14,019)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tucumcari Housing Authority's covered-employee payroll	\$ 151,836	\$ 157,366	\$ 153,217
Contributions as a percentage of covered-employee payroll	9.15%	9.15%	9.15%

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

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

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Notes to Required Supplementary Information
June 30, 2017

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf> See the notes to the financial statements on the CAFR pages 74-76 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Net Position - Detail
June 30, 2017

Statement A-1
Page 1 of 2

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 596,204	\$ 127,094	\$ 91,152	\$ 814,450
Accounts receivable - tenants, net	3,600	-	50	3,650
Inventory	6,634	-	-	6,634
Prepaid expenses	5,070	-	-	5,070
<i>Total current assets</i>	<u>611,508</u>	<u>127,094</u>	<u>91,202</u>	<u>829,804</u>
<i>Non-current assets</i>				
Restricted cash and cash equivalents	8,314	13,879	72,924	95,117
Capital assets	4,647,586	9,315	1,057,685	5,714,586
Less: accumulated depreciation	<u>(2,768,871)</u>	<u>(5,469)</u>	<u>(444,609)</u>	<u>(3,218,949)</u>
<i>Total non-current assets</i>	<u>1,887,029</u>	<u>17,725</u>	<u>686,000</u>	<u>2,590,754</u>
<i>Total assets</i>	<u>2,498,537</u>	<u>144,819</u>	<u>777,202</u>	<u>3,420,558</u>
DEFERRED OUTFLOWS				
Employer contributions subsequent to measurement date	11,947	1,946	-	13,893
Difference between expected and actual experience	10,511	2,346	-	12,857
Change of assumptions	14,439	2,352	-	16,791
Net difference between expected and actual investment earnings on pension plan	-	6,770	-	6,770
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>4,481</u>	<u>730</u>	<u>-</u>	<u>5,211</u>
<i>Total deferred outflows</i>	<u>41,378</u>	<u>14,144</u>	<u>-</u>	<u>55,522</u>
<i>Total assets and deferred outflows</i>	<u>\$ 2,539,915</u>	<u>\$ 158,963</u>	<u>\$ 777,202</u>	<u>\$ 3,476,080</u>

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Net Position - Detail
June 30, 2017

Statement A-1
Page 2 of 2

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable	\$ 5,556	\$ -	\$ 1,297	\$ 6,853
Accrued payroll	5,330	-	1,842	7,172
Accrued interest	-	-	519	519
Unearned revenue - prepaid fees	-	-	189	189
Compensated absences	6,451	-	-	6,451
Current portion of loans payable	-	-	17,600	17,600
<i>Total current liabilities</i>	<u>17,337</u>	<u>-</u>	<u>21,447</u>	<u>38,784</u>
<i>Current liabilities (payable from restricted assets)</i>				
Tenant deposits	8,302	-	4,583	12,885
<i>Total current liabilities (payable from restricted assets)</i>	<u>8,302</u>	<u>-</u>	<u>4,583</u>	<u>12,885</u>
<i>Non-current liabilities</i>				
Notes payable	-	-	608,603	608,603
Net pension liability	274,908	15,040	-	289,948
<i>Total non-current liabilities</i>	<u>274,908</u>	<u>15,040</u>	<u>608,603</u>	<u>898,551</u>
<i>Total liabilities</i>	<u>300,547</u>	<u>15,040</u>	<u>634,633</u>	<u>950,220</u>
DEFERRED INFLOWS				
Difference between expected and actual experience	7,999	-	-	7,999
Net difference between expected and actual investment earnings on pension plan	10,260	-	-	10,260
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,387	1	-	4,388
<i>Total deferred inflows</i>	<u>22,646</u>	<u>1</u>	<u>-</u>	<u>22,647</u>
NET POSITION				
Net investment in capital assets	1,878,715	3,846	(13,127)	1,869,434
Restricted for:				
Section 8 housing	-	13,879	-	13,879
Repair and replacement	-	-	67,821	67,821
Unrestricted	338,007	126,197	87,875	552,079
<i>Total net position</i>	<u>2,216,722</u>	<u>143,922</u>	<u>142,569</u>	<u>2,503,213</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 2,539,915</u>	<u>\$ 158,963</u>	<u>\$ 777,202</u>	<u>\$ 3,476,080</u>

See independent auditors' report.

(This page intentionally left blank.)

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Revenues, Expenses and Changes in Net Position - Detail
For the Year Ended June 30, 2017

Statement A-2

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
<i>Operating revenues</i>				
Rental revenue	\$ 146,893	\$ -	\$ 51,956	\$ 198,849
Other tenant revenue	9,101	-	2,417	11,518
Subsidy grants	275,099	447,684	133,407	856,190
<i>Total operating revenues</i>	<u>431,093</u>	<u>447,684</u>	<u>187,780</u>	<u>1,066,557</u>
<i>Operating expenses</i>				
Personnel services	192,235	27,434	30,776	250,445
Contractual services	19,216	5,300	16,298	40,814
Supplies	30,758	-	4,725	35,483
Maintenance and materials	24,907	-	11,387	36,294
Utilities	82,861	-	8,993	91,854
Insurance	28,973	700	-	29,673
Bad debt	9,673	-	128	9,801
Housing assistance payments	-	379,543	221	379,764
Depreciation	169,196	1,863	31,199	202,258
Miscellaneous	35,315	8,795	20,422	64,532
<i>Total operating expenses</i>	<u>593,134</u>	<u>423,635</u>	<u>124,149</u>	<u>1,140,918</u>
<i>Operating income(loss)</i>	<u>(162,041)</u>	<u>24,049</u>	<u>63,631</u>	<u>(74,361)</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	93	13	32	138
Interest expense	-	-	(55,448)	(55,448)
Miscellaneous income	221	-	-	221
<i>Total non-operating revenues (expenses)</i>	<u>314</u>	<u>13</u>	<u>(55,416)</u>	<u>(55,089)</u>
<i>Income (loss) before capital grants</i>	<u>(161,727)</u>	<u>24,062</u>	<u>8,215</u>	<u>(129,450)</u>
Capital grants	105,994	-	-	105,994
<i>Change in net position</i>	<u>(55,733)</u>	<u>24,062</u>	<u>8,215</u>	<u>(23,456)</u>
<i>Total net position - beginning of year</i>	<u>2,272,455</u>	<u>119,860</u>	<u>134,354</u>	<u>2,526,669</u>
<i>Total net position - end of year</i>	<u>\$ 2,216,722</u>	<u>\$ 143,922</u>	<u>\$ 142,569</u>	<u>\$ 2,503,213</u>

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Cash Flows - Detail
For the Year Ended June 30, 2017

Statement A-3
Page 1 of 2

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
<i>Cash flows from operating activities:</i>				
Cash received from tenant rents and charges	\$ 153,290	\$ -	\$ 59,587	\$ 212,877
Cash payments to employees for services	(172,035)	(26,537)	(28,934)	(227,506)
Cash payments to suppliers for goods and services	(219,982)	(394,338)	(61,995)	(676,315)
Cash received from subsidy grants	275,099	447,684	133,407	856,190
<i>Net cash provided (used) by operating activities</i>	<u>36,372</u>	<u>26,809</u>	<u>102,065</u>	<u>165,246</u>
<i>Cash flows from noncapital financing activities:</i>				
Miscellaneous income	221	-	-	221
<i>Net cash provided (used) by noncapital financing activities</i>	<u>221</u>	<u>-</u>	<u>-</u>	<u>221</u>
<i>Cash flows from capital and related financing activities:</i>				
Capital grants	105,994	-	-	105,994
Acquisition of capital assets	(131,774)	-	-	(131,774)
Payments on loan payable	-	-	(16,111)	(16,111)
Interest expense	-	-	(55,569)	(55,569)
<i>Net cash (used) by capital and related financing activities</i>	<u>(25,780)</u>	<u>-</u>	<u>(71,680)</u>	<u>(97,460)</u>
<i>Cash flows from investing activities:</i>				
Interest on cash deposits	93	13	32	138
<i>Net cash provided (used) by investing activities</i>	<u>93</u>	<u>13</u>	<u>32</u>	<u>138</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	10,906	26,822	30,417	68,145
<i>Cash and cash equivalents - beginning of year</i>	<u>593,612</u>	<u>114,151</u>	<u>133,659</u>	<u>841,422</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 604,518</u>	<u>\$ 140,973</u>	<u>\$ 164,076</u>	<u>\$ 909,567</u>

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Statement of Cash Flows - Detail
For the Year Ended June 30, 2017

Statement A-3
Page 2 of 2

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
<i>Reconciliation of operating (loss) income to net cash provided (used) by operating activities:</i>				
Operating (loss) income	\$ (162,041)	\$ 24,049	\$ 63,631	\$ (74,361)
 Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:				
Depreciation	169,196	1,863	31,199	202,258
Bad debt expense	9,673	-	128	9,801
Noncash pension expense	17,457	2,843	-	20,300
 Changes in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(1,568)	-	5,341	3,773
Inventory	(613)	-	-	(613)
Prepaid expenses	(98)	-	-	(98)
Accounts payable	2,759	-	51	2,810
Accrued payroll expenses	391	-	1,842	2,233
Prepaid rent	-	-	9	9
Accrued compensated absences	4,340	-	-	4,340
Tenant deposits	(1,136)	-	(136)	(1,272)
Deferred outflows - subsequent contributions	(1,988)	(1,946)	-	(3,934)
 <i>Net cash provided (used) by operating activities</i>	 <u>\$ 36,372</u>	 <u>\$ 26,809</u>	 <u>\$ 102,065</u>	 <u>\$ 165,246</u>

See independent auditors' report.

(This page intentionally left blank.)

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Schedule of Collateral Pledged by Depository For Public Funds
June 30, 2017

Schedule III

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
Wells Fargo Bank, N.A.				
	FGPC 3.500%	10/1/2033	3132LMHH2	\$ 527,311
Total Wells Fargo Bank, N.A.				<u>\$ 527,311</u>

Name and location of safekeeper for above pledged collateral:
Bank of New York Mellon - New York, NY

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Schedule of Deposit Accounts
June 30, 2017

Schedule IV

<u>Bank Name/ Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Outstanding Items</u>	<u>Book Balance</u>
<i>First National Bank, New Mexico</i>				
Security Deposit Account	Checking	8,323	(8)	8,315
<i>Total First National Bank, New Mexico</i>		<u>8,323</u>	<u>(8)</u>	<u>8,315</u>
<i>New Mexico Bank & Trust</i>				
Operational Account	Checking	90,952	-	90,952
Reserve Account	Checking	67,821	-	67,821
Security Deposits Account	Checking	5,103	-	5,103
<i>Total New Mexico Bank & Trust</i>		<u>163,876</u>	<u>-</u>	<u>163,876</u>
<i>Wells Fargo Bank</i>				
General Fund Operating Account	Checking	\$ 576,302	\$ (3,587)	\$ 572,715
CIAP Operating Account	Checking	382	-	382
Section 8 General Fund Account	Checking	149,356	(8,384)	140,972
Certificate of Deposit Account	CD	23,053	54	23,107
<i>Total Wells Fargo Bank</i>		<u>749,093</u>	<u>(11,917)</u>	<u>737,176</u>
Petty Cash		-	200	200
<i>Total deposits</i>		<u>\$ 921,292</u>	<u>\$ (11,725)</u>	<u>\$ 909,567</u>
Cash and cash equivalents per Exhibit A-1				\$ 814,450
Restricted cash and cash equivalents per Exhibit A-1				<u>95,117</u>
<i>Total cash and cash equivalents</i>				<u>\$ 909,567</u>

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of the City of Tucumcari
Financial Data Schedule
June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
111	Cash - Unrestricted	\$ 573,097	\$ -	\$ 91,152
113	Cash - Other Restricted	-	-	67,821
114	Cash - Tenant Security Deposits	8,314	-	5,103
100	<i>Total Cash</i>	<u>581,411</u>	-	<u>164,076</u>
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	4,000	-	50
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(400)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-
120	<i>Total Receivables, Net of Allowance for Doubtful Accounts</i>	<u>3,600</u>	-	<u>50</u>
131	Investments - Unrestricted	23,107	-	-
130	<i>Total Investments</i>	<u>23,107</u>	-	-
142	Prepaid Expenses and Other Assets	5,070	-	-
143	Inventories	6,634	-	-
143.1	Allowance for Obsolete Inventories	-	-	-
150	<i>Total Current Assets</i>	<u>619,822</u>	-	<u>164,126</u>
161	Land	68,890	-	27,120
162	Buildings	2,524,044	-	976,221
163	Furniture, Equipment & Machinery - Dwellings	292,458	-	54,344
164	Furniture, Equipment & Machinery - Administration	193,210	-	-
165	Leasehold Improvements	1,197,557	-	-
166	Accumulated Depreciation	(2,768,871)	-	(444,609)
167	Construction in progress	371,427	-	-
160	<i>Total Capital Assets, Net of Accumulated Depreciation</i>	<u>1,878,715</u>	-	<u>613,076</u>
180	<i>Total Non-Current Assets</i>	<u>1,878,715</u>	-	<u>613,076</u>
190	<i>Total Assets</i>	<u>2,498,537</u>	-	<u>777,202</u>
200	Deferred Outflows of Resources	82,942	-	-
290	<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 2,581,479</u>	<u>\$ -</u>	<u>\$ 777,202</u>

See independent auditors' report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
\$ -	\$ 127,094	\$ 791,343
-	13,879	81,700
-	-	13,417
-	140,973	886,460
-	8,704	8,704
-	-	4,050
-	-	(400)
-	(8,704)	(8,704)
-	-	3,650
-	-	23,107
-	-	23,107
-	-	5,070
-	-	6,634
-	-	-
-	140,973	924,921
-	-	96,010
-	-	3,500,265
-	-	346,802
-	9,315	202,525
-	-	1,197,557
-	(5,469)	(3,218,949)
-	-	371,427
-	3,846	2,495,637
-	3,846	2,495,637
-	144,819	3,420,558
-	14,144	97,086
<u>\$ -</u>	<u>\$ 158,963</u>	<u>\$ 3,517,644</u>

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of the City of Tucumcari
Financial Data Schedule
June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
312	Accounts Payable <= 90 Days	\$ 5,556	\$ -	\$ 1,297
321	Accrued Wage/Payroll Taxes Payable	5,330	-	-
322	Accrued Compensated Absences - Current Portion	6,451	-	-
325	Accrued Interest Payable	-	-	519
341	Tenant Security Deposits	8,302	-	4,583
342	Unearned Revenues	-	-	189
343	Current Portion of Long-term Debt - Capital Projects	-	-	17,600
345	Other Current Liabilities	-	-	1,842
310	<i>Total Current Liabilities</i>	<u>25,639</u>	<u>-</u>	<u>26,030</u>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	608,603
357	Accrued Pension and OPEB	274,908	-	-
350	<i>Total Non-Current Liabilities</i>	<u>274,908</u>	<u>-</u>	<u>608,603</u>
300	<i>Total Liabilities</i>	<u>300,547</u>	<u>-</u>	<u>634,633</u>
400	Deferred Inflows of Resources	64,210	-	-
508.1	Net investment in capital assets	1,878,715	-	(13,127)
511	Restricted Net Position	-	-	67,821
512.1	Unrestricted Net Position	338,007	-	87,875
513	<i>Total Equity/Net Position</i>	<u>2,216,722</u>	<u>-</u>	<u>142,569</u>
600	<i>Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position</i>	<u>\$ 2,581,479</u>	<u>\$ -</u>	<u>\$ 777,202</u>

See independent auditors' report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
\$ -	\$ -	\$ 6,853
-	-	5,330
-	-	6,451
-	-	519
-	-	12,885
-	-	189
-	-	17,600
-	-	1,842
-	-	51,669
-	-	608,603
-	15,040	289,948
-	15,040	898,551
-	15,040	950,220
-	1	64,211
-	3,846	1,869,434
-	13,879	81,700
-	126,197	552,079
-	143,922	2,503,213
\$ -	\$ 158,963	\$ 3,517,644

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of the City of Tucumcari
Financial Data Schedule
June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
70300	Net Tenant Rental Revenue	\$ 146,893	\$ -	\$ 55,749
70400	Tenant Revenue - Other	9,101	-	2,417
70500	<i>Total Tenant Revenue</i>	<u>155,994</u>	<u>-</u>	<u>58,166</u>
70600	HUD PHA Operating Grants	275,099	11,000	-
70610	Capital Grants	-	95,994	-
70800	Other Governmental Grants	-	-	44,766
71100	Investment Income - Unrestricted	93	-	32
71500	Other Revenue	221	-	-
70000	<i>Total Revenue</i>	<u>431,407</u>	<u>106,994</u>	<u>102,964</u>
91100	Administrative Salaries	76,382	-	10,695
91200	Auditing Fees	6,658	-	5,359
91310	Book-keeping Fee	4,708	-	-
91400	Advertising and Marketing	-	-	184
91500	Employee Benefit Contributions - Administrative	34,538	-	7,831
91600	Office Expenses	19,394	-	5,984
91700	Legal Expense	270	-	117
91800	Travel	-	-	384
91900	Other Operating - Administrative	16,073	-	14,091
91000	<i>Total Operating - Administrative</i>	<u>158,023</u>	<u>-</u>	<u>44,645</u>
93100	Water	48,267	-	1,971
93200	Electricity	5,917	-	1,537
93300	Gas	26,316	-	-
93600	Sewer	2,361	-	1,949
93800	Other Utilities Expense	-	-	3,536
93000	<i>Total Utilities</i>	<u>82,861</u>	<u>-</u>	<u>8,993</u>

See independent auditors' report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
\$ -	\$ -	\$ 202,642
-	-	11,518
-	-	214,160
-	447,684	733,783
-	-	95,994
84,848	-	129,614
-	13	138
-	-	221
84,848	447,697	1,173,910
-	21,810	108,887
-	3,000	15,017
-	2,300	7,008
-	-	184
-	5,624	47,993
-	4,389	29,767
-	-	387
-	540	924
-	3,866	34,030
-	41,529	244,197
-	-	50,238
-	-	7,454
-	-	26,316
-	-	4,310
-	-	3,536
-	-	91,854

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of the City of Tucumcari
Financial Data Schedule
June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
94100	Ordinary Maintenance & Operation - Labor	\$ 57,529	\$ -	\$ 11,590
94200	Ordinary Maintenance & Operation - Materials & Other	30,606	-	4,725
94300	Ordinary Maintenance & Operation Contracts	33,487	-	22,209
94500	Employee Benefit Contributions - Ordinary Maintenance	23,786	-	-
94000	<i>Total Maintenance</i>	<u>145,408</u>	<u>-</u>	<u>38,524</u>
96110	Property Insurance	17,063	-	-
96130	Workmen's Compensation	5,014	-	660
96100	<i>Total Insurance Premiums</i>	<u>28,973</u>	<u>-</u>	<u>660</u>
96200	Other General Expenses	-	-	-
96400	Bad Debt - Tenant Rents	9,673	-	128
96000	<i>Total Other General</i>	<u>9,673</u>	<u>-</u>	<u>128</u>
96720	Interest on Notes Payable (Short and Long Term)	-	-	55,448
96700	<i>Total Interest Expense and Amortization Cost</i>	<u>-</u>	<u>-</u>	<u>55,448</u>
96900	<i>Total Operating Expenses</i>	<u>424,938</u>	<u>-</u>	<u>148,398</u>
97000	Excess Operating Revenue Over Operating Expenses	6,469	106,994	(45,434)
97300	Housing Assistance Payments	-	-	-
97400	Depreciation Expense	169,196	-	31,199
90000	<i>Total Expenses</i>	<u>\$ 594,134</u>	<u>\$ -</u>	<u>\$ 179,597</u>
10010	Operating Transfers In	\$ 11,000	\$ -	\$ 84,848
10020	Operating Transfers Out	-	(11,000)	-
10100	<i>Total Other Financing Sources (Uses)</i>	<u>11,000</u>	<u>(11,000)</u>	<u>84,848</u>

See independent auditors' report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
\$ -	\$ -	\$ 69,119
-	-	35,331
-	-	55,696
-	-	23,786
-	-	183,932
-	700	17,763
-	-	5,674
-	700	30,333
-	-	-
-	-	9,801
-	-	9,801
-	-	55,448
-	-	55,448
-	42,229	615,565
84,848	405,468	558,345
-	379,543	379,543
-	1,863	202,258
\$ -	\$ 423,635	\$ 1,197,366
\$ -	\$ -	\$ 95,848
(84,848)	-	(95,848)
(84,848)	-	-

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of the City of Tucumcari
Financial Data Schedule
June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program NM020000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (151,727)	\$ 95,994	\$ 8,215
11030	Beginning Equity	<u>2,272,455</u>	<u>-</u>	<u>134,354</u>
11040-20	Equity Transfers	<u>95,994</u>	<u>(95,994)</u>	<u>-</u>
	Ending Equity (deficit)	<u>\$ 2,216,722</u>	<u>\$ -</u>	<u>\$ 142,569</u>
11190	Unit Months Available	<u>1,200</u>	<u>-</u>	<u>636</u>
11210	Number of Unit Months Leased	<u>1,151</u>	<u>-</u>	<u>593</u>
11270	Excess Cash	<u>\$ 1,255,719</u>	<u>\$ -</u>	<u>\$ -</u>
11620	Building Purchases	-	95,994	-

See independent auditors' report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
\$ -	\$ 24,062	\$ (23,456)
-	119,860	2,526,669
-	-	-
<u>\$ -</u>	<u>\$ 143,922</u>	<u>\$ 2,503,213</u>
<u>-</u>	<u>2,040</u>	<u>3,876</u>
<u>-</u>	<u>2,040</u>	<u>3,784</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,255,719</u>
-	-	95,994

See independent auditors' report.

(This page intentionally left blank.)

COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
New Mexico State Auditor
The Office of Management and Budget
To the Executive Director and the Board of Commissioners
Tucumcari Housing Authority
A Department of the City of Tucumcari
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 of the Tucumcari Housing Authority (the Housing Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated March 5, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 findings as item NM 2017-001.

The Housing Authority's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Housing Authority'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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
March 5, 2018

(This page intentionally left blank.)

FEDERAL FINANCIAL ASSISTANCE

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

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
New Mexico State Auditor
The Office of Management and Budget
Executive Director and the Board of Commissioners of
Tucumcari Housing Authority
A Department of City of Tucumcari
Tucumcari, New Mexico

Report on Compliance for the Major Federal Program

We have audited Tucumcari Housing Authority's (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Housing Authority's major federal program for the year ended June 30, 2017. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Housing 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 Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
March 5, 2018

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Grant or State Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
<u>U.S. Department of Housing and Urban Development</u>					
<i>Direct Programs:</i>					
Public and Indian Housing	NM002000001	14.850	\$ 275,099	\$ -	\$ -
Section 8 Housing Choice Voucher Program (1)	N/A	14.871	447,684	-	-
Public Housing Capital Fund	CFP 2016	14.872	96,994	-	-
Public Housing Capital Fund	CFP 2015	14.872	5,000	-	-
Public Housing Capital Fund	CFP 2014	14.872	5,000	-	-
Total Public Housing Capital Fund			<u>106,994</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Housing and Urban Development - Direct Programs</i>			<u>829,777</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Agriculture</u>					
<i>Direct Programs:</i>					
Rural Rental Housing Loans - Loan Balance		10.415 *	642,314	\$ -	\$ -
Rural Rental Housing Loans - Interest Subsidy		10.415 *	48,559	-	-
Rural Rental Assistance		10.427	84,848	-	-
<i>Total U.S. Department of Housing and Urban Development - Direct Programs</i>			<u>775,721</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,605,498</u>	<u>\$ -</u>	<u>\$ -</u>

* Major program
(1) Housing Voucher Cluster

See independent auditors' report.

Notes to Schedule of Expenditures of Federal AwardsBasis of Presentation

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

Federally Funded Loans

The Authority has federally funded loans or loan guarantees in the amount of \$626,203 as of June 30, 2017.

10% de minimis Indirect Cost Rate

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

Federally Funded Insurance

The Authority has no federally funded insurance.

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

<i>Total federal awards expended per Schedule of Expenditures of Federal Awards</i>	\$ 1,605,498
<i>Less: Federally Insured Loan Balance</i>	(626,203)
<i>Total expenditures funded by other sources</i>	<u>323,065</u>
 <i>Total expenditures (including capitalized expenditures)</i>	 <u><u>\$ 1,302,360</u></u>

See independent auditors' report.

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, 2017

Section I – Summary of Auditors’ Results

Financial Statements:

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

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 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 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs: | |

CFDA <u>Number</u>	<u>Federal Program</u>
10.415	Rural Rental Housing Loans

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings

None Noted

Section III – Federal Award Findings

None Noted

Section IV – Section 12-65-8 NMSA Findings

NM 2017-001 – Late Audit Report – Other Noncompliance

Condition: The Housing Authority's audited financial statements were not submitted by the regulatory due date of December 15.

Criteria: NMAC 2.2.2.9 A requires that financial statement audits of municipalities are due to the Office of the State Auditor no later than December 15.

Effect: The Housing Authority's audit was considered late by the Office of the State Auditor.

Cause: Due to issues with a software conversion/upgrade at the City of Tucumcari, there was a delay in the City's audit that affected components of the Housing Authority's audit, creating a delayed submission.

Auditors' Recommendations: We recommend that the Authority work with the City to ensure that all records for the Authority are prepared on a timely basis in the future.

Agency's Response: Tucumcari Housing Authority is a department of the City of Tucumcari with separate finances with the exception of payroll. Our payroll is run through the Tyler Software through the City of Tucumcari, of which the software issues caused the late submittal. The City of Tucumcari Finance Department is currently working with Tyler's (Software Company) support staff to correct financial issues which should not be repeated for FY 2018 audit. The Housing Executive Director will continue to work closely with the City of Tucumcari's Finance Director to ensure the FY 2018 audit is submitted on time by the required due date of 12/15/2018.

Section V – Prior Year Audit Findings

None Noted

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of City of Tucumcari
Other Disclosures
June 30, 2017

Exit Conference

An exit conference was held on March 5, 2018, in a closed session. In attendance were the following:

Representing the Tucumcari Housing Authority:

Ruth Ann Litchfield	Mayor
Robert Lumpkin	Mayor Pro-Tem
Ralph Montoya	Commissioner
Amy Gutierrez	Commissioner
Todd Duplantis	Commissioner
Angelica Gray	City Clerk
Rachelle Arias	City Finance Director

Representing Carr, Riggs & Ingram, LLC:

Benjamin A. Martinez, CPA	Audit Manager
---------------------------	---------------

Auditor Prepared Financial Statements

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