

**State of New Mexico  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Annual Financial Report  
For the Year Ended June 30, 2019**



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**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**June 30, 2019**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari**

**June 30, 2019**

**Official Roster**

<u><b>Name</b></u>		<u><b>Title</b></u>
	<u><b>City Mayor and Commission</b></u>	
Ruth Ann Litchfield		Mayor
Robert Lumpkin		Mayor Pro-Term
Ralph Moya		Commissioner
Amy Gutierrez		Commissioner
Todd Duplantis		Commissioner
Tim Durkin		Resident Board
	<u><b>Administrative Officials</b></u>	
Britt Lusk		City Manager
Angelica Gray		City Clerk
Rachelle Arias		City Finance Director
Viki Riddle		Housing Authority Executive Director

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Mr. Brian Colón  
New Mexico State Auditor  
Office of Management and Budget  
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, 2019, 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, 2019, 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, 2019, 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 5 through 9 and pension and OPEB schedules on pages 36 through 40 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 accompanying 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 financial data schedules as required by the U.S. Department of Housing and Urban Development, the Combining Financial Statements and Supporting Schedules 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 Schedule of Expenditures of Federal Awards, the financial data schedules, the Combining Financial Statements and Supporting Schedules 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 financial data schedules, the Combining Financial Statements and Supporting Schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2020, 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.



Albuquerque, New Mexico

May 15, 2020

**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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, 2019. 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 \$2,290,014 (net position). Of this amount, \$615,959 (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 increased by \$22,001 (unrestricted net position) as a result of revenues, expenditures, and changes in net position.
- At the end of the current fiscal year, unrestricted net position of the Housing Authority was \$615,959 or 62% 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, 2019, 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 up to 75 units monthly but no more than 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 2019 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 2019**

The Housing Authority is presenting its fiscal year 2019 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 the City of Tucumcari**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Financial Statements Used in Fiscal Year 2019 (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 three 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 pages 41-45.

**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 14-35 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 \$2,290,014 at the close of the most recent fiscal year.

By far, the largest portion of the Housing Authority's net position (69.2 percent) reflects its investment in capital assets (e.g., land, buildings, and dwelling and administrative equipment), less any related debt used to acquire those assets that is still outstanding. The Housing Authority use these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Housing Authority's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Housing Authority had a balance of \$89,024 of restricted net position. For \$0, 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 \$89,024 of restricted net position is restricted for replacement reserves for the Authority's Rural Development property. The remaining balance of unrestricted net position (\$615,959) may be used to meet the Housing Authority's ongoing obligations to residents and creditors.

**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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

**Condensed Statement of Net Position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Current Assets	\$ 1,005,934	917,562
Restricted Assets	120,231	126,058
Capital Assets, net of accumulated depreciation	<u>2,174,475</u>	<u>2,304,480</u>
Total assets	<u>3,300,640</u>	<u>3,348,100</u>
Deferred outflows	<u>102,534</u>	<u>65,717</u>
Total assets and deferred outflows	<u>\$ 3,403,174</u>	<u>3,413,817</u>
Liabilities and Net Position		
Current liabilities (payable from current assets)	\$ 35,399	60,215
Current liabilities (payable from restricted assets)	13,108	13,628
Noncurrent liabilities	<u>1,005,667</u>	<u>1,006,547</u>
Total liabilities	<u>1,054,174</u>	<u>1,080,390</u>
Deferred inflows	<u>58,986</u>	<u>65,414</u>
Net investment in capital assets	1,585,031	1,695,856
Restricted	89,024	94,387
Unrestricted	<u>615,959</u>	<u>477,770</u>
Total net position	<u>2,290,014</u>	<u>2,268,013</u>
Total liabilities, deferred inflows, and net position	<u>\$ 3,403,174</u>	<u>3,413,817</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 \$138,189 (29 percent) in unrestricted net position reported by the Housing Authority as compared to the prior year. This was primarily due to a decrease in operating grants and capital grants received by the Housing Authority.

There was a decrease of \$110,825 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 the City of Tucumcari**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**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**

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Operating Revenues:		
Tenant rent and other tenant revenue	\$ 204,989	206,197
Subsidy grants	838,745	785,088
Total operating revenue	<u>1,043,734</u>	<u>991,285</u>
Operating Expenses:		
Personnel services	204,556	218,880
Contractual services	75,388	68,453
Supplies	10,159	10,483
Maintenance and materials	40,986	29,270
Utilities	89,466	86,728
Insurance	29,161	29,674
Bad debt	456	167
Housing assistance payments	304,715	315,191
Depreciation	198,911	212,782
Miscellaneous	49,624	35,634
Total operating expenses	<u>1,000,422</u>	<u>1,007,262</u>
Operating loss	<u>43,312</u>	<u>(15,977)</u>
Non-operating revenues (expenses):		
Capital grants	77,275	28,667
Interest income	1,469	66
Interest expense	(100,917)	(53,971)
Fraud Recovery	862	540
Miscellaneous income	-	14
Total non-operating revenues (expenses)	<u>(21,311)</u>	<u>(24,684)</u>
Change in net position	22,001	(40,661)
Net position, beginning – as previously reported	2,268,013	2,503,213
GASB 75 implementation	-	(194,539)
Net position beginning as restated	<u>2,268,013</u>	<u>2,308,674</u>
Net position, end of year	<u>\$ 2,290,014</u>	<u>2,268,013</u>

Total operating revenues increased by \$52,449 (5.29 percent) during the year. Most of this increase is the increase in operating subsidy.

**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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

Capital Fund grant awards increased \$48,608 over the prior year. These grants are on a reimbursement basis and there were more 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 \$6,840 (0.67 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, 2019, amounts to \$1,585,031 (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 9.28 percent.

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

Ongoing tenant dwelling upgrades: Began replacement of roofs for one site plus one additional building with an estimated cost of \$67,000.

Tucumcari Housing Authority's Capital Assets

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land	\$ 96,010	96,010
Land improvements	1,347,049	1,347,049
Buildings and improvements	3,717,906	3,636,024
Furniture, fixtures, & equipment	622,921	622,921
Accumulated depreciation	<u>(3,609,411)</u>	<u>(3,410,505)</u>
Capital assets, net	<u>\$ 2,174,475</u>	<u>2,304,480</u>

Additional information on Housing Authority's capital assets can be found on pages 22-23 of this report.

**Long-term debt**

At the end of the current fiscal year, Housing Authority had notes payable of \$589,444, compensated absences outstanding in the amount of \$3,367, a net pension liability of \$268,993, and a net OPEB liability of \$166,474. Additional information related to the Housing Authority's long-term debt can be found on pages 24-25 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.

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Statement of Net Position**  
**June 30, 2019**

**Assets**

*Current assets*

Cash and cash equivalents	\$ 991,359
Accounts receivable - tenants, net	1,585
Inventory	6,517
Prepaid expenses	<u>6,473</u>
<i>Total current assets</i>	<u>1,005,934</u>

Non-current assets:

Restricted cash and cash equivalents	120,231
Capital assets	5,783,886
Less: accumulated depreciation	<u>(3,609,411)</u>
<i>Total non-current assets</i>	<u>2,294,706</u>

<i>Total assets</i>	<u>3,300,640</u>
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**Deferred outflows of resources**

Pension related	72,057
OPEB related	<u>30,477</u>
<i>Total deferred outflows</i>	<u>102,534</u>

<i>Total assets and deferred outflows</i>	<u>\$ 3,403,174</u>
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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, 2019**

**Liabilities**

*Current liabilities*

Accounts payable	\$ 10,107
Accrued payroll	1,566
Accrued interest	251
Unearned revenue - prepaid fees	864
Compensated absences	1,686
Current portion of long term debt	20,927

<i>Total current liabilities</i>	35,401
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*Current liabilities (payable from restricted assets)*

Tenant deposits	13,108
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<i>Total current liabilities (payable from restricted assets)</i>	13,108
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*Non-current liabilities*

Compensated absences	1,681
Notes payable	568,517
Net pension liability	268,993
Net OPEB liability	166,474

<i>Total non-current liabilities</i>	1,005,665
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<i>Total liabilities</i>	1,054,174
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**Deferred inflows of resources**

Pension related	15,972
OPEB related	43,014

<i>Total deferred inflows</i>	58,986
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**Net Position**

Net investment in capital assets	1,585,031
Restricted for:	
Section 8 housing	-
Replacement Reserve	89,024
Unrestricted	615,959

<i>Total net position</i>	2,290,014
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<i>Total liabilities, deferred inflows, and net position</i>	\$ 3,403,174
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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, 2019**

<i>Operating revenues</i>	
Rental revenue	\$ 195,666
Other tenant revenue	9,323
Subsidy grants	838,745
	<hr/>
<i>Total operating revenues</i>	1,043,734
	<hr/>
<i>Operating expenses</i>	
Personnel services	201,556
Contractual services	75,388
Supplies	10,159
Maintenance and materials	40,986
Utilities	89,466
Insurance	29,161
Bad debt	456
Housing assistance payments	304,715
Depreciation	198,906
Miscellaneous	49,629
	<hr/>
<i>Total operating expenses</i>	1,000,422
	<hr/>
<i>Operating income</i>	43,312
	<hr/>
<i>Non-operating revenues (expenses)</i>	
Interest income	1,469
Interest expense	(100,917)
Fraud recovery	862
	<hr/>
<i>Total non-operating revenues (expenses)</i>	(98,586)
	<hr/>
<i>Total income (loss) before capital grants</i>	(55,274)
	<hr/>
Capital Grants	77,275
	<hr/>
<i>Change in net position</i>	22,001
	<hr/>
<i>Total net position- beginning</i>	2,268,013
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<i>Total net position - end of year</i>	\$ 2,290,014
	<hr/> <hr/>

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, 2019**

<i>Cash flows from operating activities:</i>	
Cash received from tenant rents and charges	\$ 212,327
Cash payments to employees for services	(229,595)
Cash payments to suppliers for goods and services	(623,158)
Cash received from subsidy grants	838,745
<i>Net cash provided by operating activities</i>	<u>198,319</u>
<i>Cash flows from noncapital financing activities:</i>	
Fraud recovery	862
Miscellaneous income	-
<i>Net cash provided by noncapital financing activities</i>	<u>862</u>
<i>Cash flows from capital and related financing activities:</i>	
Capital grants	77,275
Acquisition of capital assets	(68,901)
Payments on loan payable	(19,180)
Interest expense	(101,057)
<i>Net cash used by capital and related financing activities</i>	<u>(111,863)</u>
<i>Cash flows from investing activities</i>	
Interest on cash deposits	<u>1,469</u>
<i>Net cash provided by investing activities</i>	<u>1,469</u>
<i>Net increase in cash and cash equivalents</i>	88,787
Cash and cash equivalents - beginning of year	<u>1,022,803</u>
Cash and cash equivalents - end of year	<u>\$ 1,111,590</u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>	
Operating income	\$ 43,312
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	198,906
Change in assets, deferred outflows, and liabilities	
Accounts receivable	7,858
Inventory	(317)
Prepaid expenses	(1,299)
Accounts payable	(21,582)
Accrued payroll expenses	(6,028)
Accrued compensated absences	626
Unearned revenue	694
Tenant deposits	(520)
Pension/OPEB and related accounts	<u>(23,331)</u>
<i>Net cash provided by operating activities</i>	<u>\$ 198,319</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**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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 a 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, 2019.

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 States 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.

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**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. The financial statements present only the Housing Authority Department and are not intended to present fairly the financial position and results of operations of the City of Tucumcari.

During fiscal year 2017, GASB statement No. 77, Tax Abatement Disclosures, became effective. The Housing Authority does not have any separate agreements that require disclosure under the statements.

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.

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

Basis of Accounting and Measurement Focus (continued)

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.

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.

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

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

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

**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.

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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.

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 \$68,901 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.

**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.

**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.



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**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**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 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’s. 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.

**Postemployment Benefits Other Than Pensions (OPEB)**

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

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**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, 2019.

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

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

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

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

**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, 2019, \$646,415 of the Housing Authority's bank balance of \$1,123,957 was exposed to custodial credit risk. Although the \$646,416 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, 2019.

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.

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**NOTE 2. Deposits and Investments (continued)**

	<b>First National Bank of New Mexico</b>	<b>New Mexico Bank and Trust</b>	<b>Wells Fargo Bank – S8</b>	<b>Wells Fargo Bank- Chaparral</b>	<b>Total</b>
Amount of deposits	\$ 8,149	89,024	130,369	896,415	1,123,957
FDIC Coverage	(8,149)	(89,024)	(130,369)	(250,000)	(477,542)
Total uninsured public funds	-	-	-	646,415	646,415
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	-	-	-	698,182	698,182
Uninsured and uncollateralized	-	-	-	-	-
Collateral requirement (50% of uninsured public funds)	-	-	-	323,208	323,208
Pledged collateral	-	-	-	698,182	698,182
Over (Under) collateralized	\$ -	-	-	374,974	374,974

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

**Reconciliation to the Statement of Net Position**

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

Cash and cash equivalents per Statement of Net Position	\$ 991,359
Restricted cash and cash equivalents per Statement of Net Position	120,231
Total cash and cash equivalents	1,111,590
Add: outstanding checks	12,367
Less: deposits in transit	-
Less: petty cash	-
Bank balance of deposits	\$ 1,123,957

**NOTE 3. Accounts Receivable**

As of June 30, 2019, the Housing Authority had the following receivables:

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>	<b>USDA FmHA Rural Housing Program</b>	<b>Total</b>
Tenant receivables	\$ 16,226	8,704	669	25,599
Allowance for doubtful accounts – tenants	(15,310)	(8,704)	-	(24,014)
Total	\$ 916	-	669	1,585

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**NOTE 4. Capital Assets**

The following summarizes changes in capital assets activity for each program of the Authority during fiscal year 2019:

<b>Public Housing Program</b>	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions &amp; Transfers</b>	<b>Balance June 30, 2019</b>
Capital assets not being depreciated:				
Construction in Progress	\$ 3,666	68,901	-	72,567
Land	68,890	-	-	68,890
Total capital assets not being depreciated	72,556	68,901	-	141,457
Capital assets being depreciated:				
Land Improvements	1,347,049	-	-	1,347,049
Buildings and improvements	2,659,803	-	-	2,659,803
Furniture, fixtures, and equipment	566,200	-	-	566,200
Total capital assets being depreciated	4,573,052	-	-	4,573,052
Accumulated depreciation:				
Land Improvements	(1,331,343)	(87,979)	-	(1,419,322)
Buildings and improvements	(1,153,620)	(51,819)	-	(1,205,439)
Furniture, fixtures, and equipment	(443,239)	(26,883)	-	(470,122)
Total accumulated depreciation	(2,928,202)	(166,681)	-	(3,094,883)
Total public housing program capital assets, net of depreciation	\$ 1,717,406	(97,780)	-	1,619,626

In the Financial Data Schedule, the Construction in Progress category for the Low Rent Housing Program contains \$68,901 in capital assets in service which are recorded in depreciating categories on the financial statements.

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**NOTE 4. Capital Assets (continued)**

The following summarizes changes in capital assets activity for each program of the Authority during fiscal year 2019:

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions &amp; Transfers</b>	<b>Balance June 30, 2019</b>
<b>Section 8 Housing Choice Vouchers</b>				
Capital assets being depreciated:				
Non-dwelling equipment	\$ 9,315	-	-	9,315
Total capital assets being depreciated	9,315	-	-	9,315
Accumulated depreciation:				
Non-dwelling equipment	(7,332)	(1,863)	-	(9,195)
Total accumulated depreciation	(7,332)	(1,863)	-	(9,195)
Capital assets being depreciated, Section 8	\$ 1,983	(1,863)	-	120
<b>USDA FmHA Rural Housing</b>				
Capital assets not being depreciated:				
Land	\$ 27,120	-	-	27,120
Total capital assets not being depreciated	27,120	-	-	27,120
Capital assets being depreciated				
Buildings and improvements	976,221	-	-	976,221
Furniture, fixtures, and equipment	56,721	-	-	56,721
Total Capital assets being depreciated	1,032,942	-	-	1,032,942
Accumulated depreciation:				
Buildings and improvements	(420,464)	(30,283)	-	(450,747)
Furniture, fixtures, and equipment	(54,507)	(79)	-	(54,586)
Total accumulated depreciation	(474,971)	(30,362)	-	(505,333)
Total USDA – FmHA Rural Housing capital assets, net of depreciation	\$ 585,091	(30,362)	-	554,729

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**NOTE 5. Long-Term Liabilities**

The following summarizes changes in long-term liability activity during fiscal year 2019:

	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>	<b>One Year</b>
USDA loan – FmHA	\$ 608,624	-	(19,180)	589,444	20,927
Compensated absences	2,741	932	(306)	3,367	1,686
Total Long-Term Debt	<u>\$ 611,365</u>	<u>932</u>	<u>(19,486)</u>	<u>592,811</u>	<u>22,613</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, 2019 from the reserve account for improvements. Monthly payments of \$665 were made into the reserve account during the year.

At June 30, 2019 the outstanding indebtedness owed to FmHA was \$589,444. 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 \$19,180.

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**NOTE 5. Long-Term Liabilities (continued)**

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

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Subsidy Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2019</u>
USDA loan – FmHA	5/27/1999	5/27/2034	1.00%	8.875%	\$ 798,877	589,444

Debt service requirements on long-term debt at June 30, 2019, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 20,927	50,750	71,677
2021	22,833	48,844	71,677
2022	24,914	46,764	71,678
2023	27,183	44,494	71,677
2024	29,659	42,018	71,677
2025-2029	194,095	164,292	358,387
2030-2034	269,833	58,682	328,515
	<u>\$ 589,444</u>	<u>455,844</u>	<u>1,045,288</u>

Compensated absences increased by \$626 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, 2019, 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.

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

**Plan Description.** The Public Employees Retirement Fund (PERA) 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, unless specifically excluded.

**Benefits Provided.** Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

**TIER II**

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.



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

**Contributions.** See PERA's compressive annual financial report for Contribution provided description.

<b>PERA Contribution Rates and Pension Factors in effect during FY18</b>						
<b>Coverage Plan</b>	<b>Employee Contribution Percentage</b>		<b>Employer Contribution Percentage</b>	<b>Pension Factor per year of Service</b>		<b>Pension Maximum as a Percentage of the Final Average Salary</b>
	<b>Annual Salary less than \$20,000</b>	<b>Annual Salary greater than \$20,000</b>		<b>TIER 1</b>	<b>TIER 2</b>	
<b>STATE PLAN</b>						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
<b>MUNICIPAL PLANS 1 - 4</b>						
Municipal Plan 1 (plan open to new employers )	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers )	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
<b>MUNICIPAL POLICE PLANS 1 - 5</b>						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
<b>MUNICIPAL FIRE PLANS 1 - 5</b>						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
<b>MUNICIPAL DETENTION OFFICER PLAN 1</b>						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
<b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b>						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

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

*For PERA Fund Division Municipal General*, at June 30, 2019, the Housing Authority reported a liability of \$268,993 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Housing Authority's proportion of the net pension liability was based on a projection of the Housing Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Housing Authority's proportion was 0.3261, which was an increase of 0.0095% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Housing Authority recognized pension expense of \$32,339. At June 30, 2019, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,774	7,062
Changes in assumptions	24,388	1,547
Net difference between projected and actual earnings on pension plan investments	19,950	-
Changes in proportion and differences between Housing's contributions and proportionate share of contributions	6,206	7,363
Housing's contributions subsequent to the measurement date	<u>13,739</u>	<u>-</u>
Total	<u>\$ 72,057</u>	<u>15,972</u>

\$13,739 reported as deferred outflows of resources related to pensions resulting from Housing's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2019	\$ 27,721
2020	9,479
2021	4,130
2022	1,016
2023	<u>-</u>
<b>Total:</b>	<u>\$ 42,346</u>

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

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

**PERA**

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates

Asset valuation method

Actuarial Assumptions:

Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	3.00%
Projected salary increases	3.25 to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years

Mortality Assumption The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups

Experience Study Dates July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

<b>ALL FUNDS – Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets	20.00%	6.48%
Total	100.00%	

**Discount rate.** A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**Sensitivity of the Housing’s proportionate share of the net pension liability to changes in the discount rate.**

The following presents the *Housing’s* proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the *Housing’s* proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.25%)</b>	<b>Discount Rate</b>	<b>(8.25%)</b>
<b>PERA Fund Municipal General Division</b>		<b>(7.25%)</b>	
Tucumcari Housing Authority’s proportionate share of the net pension liability	\$ 414,500	268,993	148,708

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

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

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

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**NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

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

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

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

<b>Plan Membership</b>	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
	<u><u>156,025</u></u>
<b>Active Membership</b>	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u><u>93,349</u></u>

*Contributions.* Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Housing Authority were \$2,861 for the year ended June 30, 2019.

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**NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

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

At June 30, 2019, the Housing reported a liability of \$166,474 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Housing’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the Housing’s proportion was 0.00383 percent. For the year ended June 30, 2019, the Housing recognized OPEB expense of \$2,861. At June 30, 2019 the Housing reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	9,856
Changes of assumptions	27,616	31,080
Net difference between projected and actual earnings on OPEB plan investments	-	2,078
Contributions made after the measurement date	<u>2,861</u>	<u>-</u>
Total	\$ <u>30,477</u>	<u>43,014</u>

Deferred outflows of resources totaling \$2,861 represent housing’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2019	\$ (5,078)
2020	(5,078)
2021	(5,078)
2022	(2,589)
2023	<u>2,425</u>
Total	\$ <u>(15,398)</u>

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**NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

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

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

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**NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Discount Rate.** The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.** The following presents the net OPEB liability of the Housing, as well as what the Housing’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (45.08 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(3.08%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(4.08%)</u>	<u>1% Increase</u> <u>(5.08%)</u>
Housing’s proportionate share of the OPEB liability	\$ 201,472	166,474	138,887

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

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1% Increase</u>
	\$ 140,729	166,474	186,659

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

**NOTE 10. Risk Management**

The Authority is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.



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**NOTE 10. Risk Management (continued)**

At June 30, 2019, 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, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is May 15, 2020 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, 2019.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
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**Schedule of Employer's Proportionate Share of the Net Pension Liability of PERA Fund**  
**Municipal General Division**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

<b>Fiscal Measurement</b>	<b>2019 2018</b>	<b>2018 2017</b>	<b>2017 2016</b>	<b>2016 2015</b>	<b>2015 2014</b>
Tucumcari Housing Authority's proportion of the net pension liability	0.0044%	0.0048%	0.01815%	0.01351%	0.00430%
Tucumcari Housing Authority's proportionate share of the net pension liability	\$ 268,993	251,778	289,948	182,574	44,920
Tucumcari Housing Authority's covered-employee payroll	142,195	190,529	157,366	153,217	134,841
Tucumcari Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.17%	132.15%	184.25%	119.16%	33.31%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

\*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Tucumcari Housing Authority is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See independent auditors' report.

See notes to requires supplementary information.

**STATE OF NEW MEXICO**  
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**Schedule of Employer Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal General Division**  
**Last 10 Fiscal Years\***

	<b>Fiscal Measurement</b>	<b>2019 2018</b>	<b>2018 2017</b>	<b>2017 2016</b>	<b>2016 2015</b>	<b>2015 2014</b>
Statutory required contribution	\$	13,739	15,157	13,893	14,399	14,019
Contributions in relation to the contractually required contribution		<u>(13,739)</u>	<u>(15,157)</u>	<u>(13,893)</u>	<u>(14,399)</u>	<u>(14,019)</u>
Annual contribution deficiency (excess)	\$	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

\*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Tucumcari Housing Authority is not available prior to fiscal year 2015, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO**  
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**Schedule of Employer's Proportionate Share of the Net OPEB Liability of NMRHC Fund**  
**New Mexico Retiree Health Care (NMRHC) Plan**  
**Last 10 Fiscal Years\***

	<b>Fiscal Measurement</b>	<b>2019 2018</b>	<b>2018 2017</b>
Tucumcari Housing Authority's proportion of the net OPEB liability		0.0038%	0.0032%
Tucumcari Housing Authority's proportionate share of the net OPEB liability	\$	166,474	163,775
Tucumcari Housing Authority's covered-employee payroll		164,263	150,547
Tucumcari Housing Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability		13.14%	11.34%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Tucumcari Housing Authority will present information for available years.

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

**STATE OF NEW MEXICO**  
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**Schedule of Employer Contributions**  
**New Mexico Retiree Health Care (NMRHC) Plan**  
**Last 10 Fiscal Years\***

	<b>Fiscal Measurement</b>	<b>2019 2018</b>	<b>2018 2017</b>
Contractually required contribution	\$	5,983	11,477
Contributions in relation to the contractually required contribution		<u>5,910</u>	<u>5,760</u>
Contribution deficiency (excess)	\$	<u>73</u>	<u>17,237</u>
Tucumcari Housing Authority's covered-employee payroll		164,263	150,547
Contribution as a percentage of covered-employee payroll		3.60%	3.83%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Tucumcari Housing Authority will present information for available years.

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

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**Notes to Required Supplementary Information**  
**June 30, 2019**

**Public Employees Retirement Association (PERA)**

*Changes of benefit terms:* The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

*Changes of Assumptions:* The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org/>

**New Mexico Retiree Health Care Authority (NMRHCA) Plan**

*Changes of audit benefit terms:* The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHCA FY18 audit available at <http://www.nmrhca.org/financial-documents.aspx>

*Changes of Assumptions:* The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2018 report is available at <http://www.nmrhca.org/financial-documents.aspx>

**SUPPLEMENTARY INFORMATION**



**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Statement of Net Position - Detail**  
**June 30, 2019**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>	<b>USDA FmHA Rural Housing Program</b>	<b>Total</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 743,210	129,437	118,712	991,359
Accounts receivable - tenants, net	916	-	669	1,585
Inventory	6,517	-	-	6,517
Prepaid expenses	5,275	-	1,198	6,473
<i>Total current assets</i>	<u>755,918</u>	<u>129,437</u>	<u>120,579</u>	<u>1,005,934</u>
<i>Non-current assets</i>				
Restricted cash and cash equivalents	31,207	-	89,024	120,231
Capital assets	4,714,509	9,315	1,060,062	5,783,886
Less: accumulated depreciation	<u>(3,094,883)</u>	<u>(9,195)</u>	<u>(505,333)</u>	<u>(3,609,411)</u>
<i>Total non-current assets</i>	<u>1,650,833</u>	<u>120</u>	<u>643,753</u>	<u>2,294,706</u>
<i>Total assets</i>	<u>2,406,751</u>	<u>129,557</u>	<u>764,332</u>	<u>3,300,640</u>
<b>Deferred Outflows</b>				
Pension deferred outflows	61,201	10,856	-	72,057
OPEB deferred outflows	25,891	4,586	-	30,477
<i>Total deferred outflows</i>	<u>87,092</u>	<u>15,442</u>	<u>-</u>	<u>102,534</u>
<i>Total assets and deferred outflows</i>	<u><u>2,493,843</u></u>	<u><u>144,999</u></u>	<u><u>764,332</u></u>	<u><u>3,403,174</u></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, 2019**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>	<b>USDA FmHA Rural Housing Program</b>	<b>Total</b>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Accounts payable	\$ 8,209	-	1,898	10,107
Accrued payroll	555	-	1,011	1,566
Accrued interest	-	-	251	251
Unearned revenue - prepaid fees	-	-	864	864
Compensated absences	1,686	-	-	1,686
Current portion of long term debt	-	-	20,927	20,927
<i>Total current liabilities</i>	<u>10,450</u>	<u>-</u>	<u>24,951</u>	<u>35,401</u>
<i>Current liabilities (payable from restricted assets)</i>				
Tenant deposits	9,097	-	4,011	13,108
<i>Total current liabilities (payable from restricted assets)</i>	<u>9,097</u>	<u>-</u>	<u>4,011</u>	<u>13,108</u>
<i>Non-current liabilities</i>				
Compensated absences	1,681	-	-	1,681
Notes payable	-	-	568,517	568,517
Net pension liability	228,460	40,533	-	268,993
Net OPEB liability	141,426	25,048	-	166,474
<i>Total non-current liabilities</i>	<u>371,567</u>	<u>65,581</u>	<u>568,517</u>	<u>1,005,665</u>
<i>Total liabilities</i>	<u>391,114</u>	<u>65,581</u>	<u>597,479</u>	<u>1,054,174</u>
<b>Deferred Inflows</b>				
Pension deferred inflows	13,562	2,410	-	15,972
OPEB deferred inflows	36,541	6,473	-	43,014
<i>Total deferred inflows</i>	<u>50,103</u>	<u>8,883</u>	<u>-</u>	<u>58,986</u>
<b>Net Position</b>				
Net investment in capital assets	1,619,626	120	(34,715)	1,585,031
Restricted for:				
Section 8 housing	-	-	-	-
Repair and replacement	-	-	89,024	89,024
Unrestricted	433,000	70,415	112,544	615,959
<i>Total net position</i>	<u>2,052,626</u>	<u>70,535</u>	<u>166,853</u>	<u>2,290,014</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>2,493,843</u>	<u>144,999</u>	<u>764,332</u>	<u>3,403,174</u>

See independent auditors' report.

**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, 2019**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>	<b>USDA FmHA Rural Housing Program</b>	<b>Total</b>
<i>Operating revenues</i>				
Rental revenue	\$ 157,271	-	38,395	195,666
Other tenant revenue	9,271	-	52	9,323
Subsidy grants	303,559	336,566	198,620	838,745
<i>Total operating revenues</i>	<u>470,101</u>	<u>336,566</u>	<u>237,067</u>	<u>1,043,734</u>
<i>Operating expenses</i>				
Personnel services	145,505	20,691	35,360	201,556
Contractual services	48,741	5,300	21,347	75,388
Supplies	6,568	1,496	2,095	10,159
Maintenance and materials	21,264	-	19,722	40,986
Utilities	78,495	-	10,971	89,466
Insurance	21,596	700	6,865	29,161
Bad debt	-	-	456	456
Housing assistance payments	-	304,715	-	304,715
Depreciation	166,681	1,863	30,362	198,906
Miscellaneous	30,334	9,058	10,237	49,629
<i>Total operating expenses</i>	<u>519,184</u>	<u>343,823</u>	<u>137,415</u>	<u>1,000,422</u>
<i>Operating income (loss)</i>	<u>(49,083)</u>	<u>(7,257)</u>	<u>99,652</u>	<u>43,312</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	1,160	215	94	1,469
Interest expense	-	-	(100,917)	(100,917)
Fraud recovery	-	862	-	862
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>1,160</u>	<u>1,077</u>	<u>(100,823)</u>	<u>(98,586)</u>
<i>Total income (loss) before capital grants</i>	<u>(47,923)</u>	<u>(6,180)</u>	<u>(1,171)</u>	<u>(55,274)</u>
Capital grants	77,275	-	-	77,275
<i>Change in net position</i>	29,352	(6,180)	(1,171)	22,001
<i>Total net position- beginning</i>	<u>2,023,274</u>	<u>76,715</u>	<u>168,024</u>	<u>2,268,013</u>
<i>Total net position - end of year</i>	<u>\$ 2,052,626</u>	<u>70,535</u>	<u>166,853</u>	<u>2,290,014</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, 2019**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>	<b>USDA FmHA Rural Housing Program</b>	<b>Total</b>
<i>Cash flows from operating activities:</i>				
Cash received from tenant rents and charges	\$ 174,851	-	37,476	212,327
Cash payments to employees for services	(170,550)	(24,201)	(34,844)	(229,595)
Cash payments to suppliers for goods and services	(212,593)	(321,269)	(89,296)	(623,158)
Cash received from subsidy grants	303,559	336,566	198,620	838,745
<i>Net cash provided by operating activities</i>	<u>95,267</u>	<u>(8,904)</u>	<u>111,956</u>	<u>198,319</u>
<i>Cash flows from noncapital financing activities:</i>				
Fraud recovery	-	862	-	862
Miscellaneous income	-	-	-	-
<i>Net cash used by noncapital financing activities</i>	<u>-</u>	<u>862</u>	<u>-</u>	<u>862</u>
<i>Cash flows from capital and related financing activities:</i>				
Capital grants	77,275	-	-	77,275
Acquisition of capital assets	(68,901)	-	-	(68,901)
Payments on loan payable	-	-	(19,180)	(19,180)
Interest expense	-	-	(101,057)	(101,057)
<i>Net cash used by capital and related financing activities</i>	<u>8,374</u>	<u>-</u>	<u>(120,237)</u>	<u>(111,863)</u>
<i>Cash flows from investing activities</i>				
Interest on cash deposits	1,160	215	94	1,469
<i>Net cash provided by investing activities</i>	<u>1,160</u>	<u>215</u>	<u>94</u>	<u>1,469</u>
<i>Net increase in cash and cash equivalents</i>	104,801	(7,827)	(8,187)	88,787
Cash and cash equivalents - beginning of year	669,616	137,264	215,923	1,022,803
Cash and cash equivalents - end of year	<u>\$ 774,417</u>	<u>129,437</u>	<u>207,736</u>	<u>1,111,590</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, 2019**

	<b>Low Rent Public Housing Program</b>	<b>Section 8 Housing Choice Vouchers Program</b>	<b>USDA FmHA Rural Housing Program</b>	<b>Total</b>
<i>Reconciliation of operating (loss) income to net cash provided (used) by operating activities:</i>				
Operating (loss) income	\$ (49,083)	(7,257)	99,652	43,312
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:				
Depreciation	166,681	1,863	30,362	198,906
Noncash pension expense	(19,821)	(3,510)	-	(23,331)
Changes in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	8,509	-	(651)	7,858
Inventory	(317)	-	-	(317)
Prepaid expenses	(101)	-	(1,198)	(1,299)
Accounts payable	(5,177)	-	(16,405)	(21,582)
Accrued payroll expenses	(5,850)	-	(178)	(6,028)
Accrued compensated absences	626	-	-	626
Unearned revenue	-	-	694	694
Tenant deposits	(200)	-	(320)	(520)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 95,267</u>	<u>(8,904)</u>	<u>111,956</u>	<u>198,319</u>

See independent auditors' report.

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2019**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2019</u>
<b>Wells Fargo Bank, N.A.</b>	FMAC FGPC 3.000%	12/1/2042	31292LWG6	\$ 650,318
	FMAC FGPC 3.500%	2/1/2042	3132GRLV1	6,318
	FMAC FGPC 3.500%	3/1/2042	3132GRAM6	31,618
	FMAC FGPC 2.000%	9/15/2041	3137AQT6	9,928
<b>Total Wells Fargo Bank, N.A.</b>				<b>\$ 698,182</b>

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, 2019**

<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	\$ 8,149	-	8,149
<i>Total First National Bank, New Mexico</i>		<u>8,149</u>	<u>-</u>	<u>8,149</u>
<i>New Mexico Bank &amp; Trust</i>				
Reserve Account	Checking	83,917	-	83,917
Security Deposits Account	Checking	5,107	-	5,107
<i>Total New Mexico Bank &amp; Trust</i>		<u>89,024</u>	<u>-</u>	<u>89,024</u>
<i>Wells Fargo Bank</i>				
General Fund Operating Account	Checking	754,261	(11,435)	742,826
Operational Account	Checking	118,712	-	118,712
CIAP Operating Account	Checking	384	-	384
Section 8 General Fund Account	Checking	130,369	(932)	129,437
Certificate of Deposit Account	CD	23,058	-	23,058
<i>Total Wells Fargo Bank</i>		<u>1,026,784</u>	<u>(12,367)</u>	<u>1,014,417</u>
Petty Cash		-	-	-
<i>Total deposits</i>		<u>1,123,957</u>	<u>(12,367)</u>	<u>1,111,590</u>
Cash and cash equivalents per Statement of Net Position				\$ 991,359
Restricted cash and cash equivalents per Statement of Net Position				<u>120,231</u>
Total cash and cash equivalents				<u>\$ 1,111,590</u>

See independent auditors' report.



**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Financial Data Schedule**  
**June 30, 2019**

<b>Line Item Number</b>	<b>Description</b>	<b>Low Rent Public Housing Program NM033000001 14.850</b>	<b>Capital Fund Program 14.872</b>	<b>Rural Rental Housing Loans 10.415</b>
111	Cash - Unrestricted	\$ 743,210	-	118,712
113	Cash - Other Restricted	-	-	83,917
114	Cash - Tenant Security Deposits	8,149	-	5,107
100	<i>Total Cash</i>	<u>751,359</u>	<u>-</u>	<u>207,736</u>
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	16,226	-	669
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(15,310)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-
120	<i>Total Receivables, Net of Allowance for Doubtful Accounts</i>	<u>916</u>	<u>-</u>	<u>669</u>
131	Investments - Unrestricted	23,058	-	-
130	<i>Total Investments</i>	<u>23,058</u>	<u>-</u>	<u>-</u>
142	Prepaid Expenses and Other Assets	5,279	-	1,198
143	Inventories	6,517	-	-
143.1	Allowance for Obsolete Inventories	-	-	-
150	<i>Total Current Assets</i>	<u>787,129</u>	<u>-</u>	<u>209,603</u>
161	Land	68,890	-	27,120
162	Buildings	2,659,803	-	976,221
163	Furniture, Equipment & Machinery - Dwellings	388,453	-	56,721
164	Furniture, Equipment & Machinery - Administration	177,747	-	-
165	Leasehold Improvements	1,347,049	-	-
166	Accumulated Depreciation	(3,094,887)	-	(505,333)
167	Construction in progress	72,567	-	-
160	<i>Total Capital Assets, Net of Accumulated Depreciation</i>	<u>1,619,622</u>	<u>-</u>	<u>554,729</u>
180	<i>Total Non-Current Assets</i>	<u>1,619,622</u>	<u>-</u>	<u>554,729</u>
190	<i>Total Assets</i>	<u>2,406,751</u>	<u>-</u>	<u>764,332</u>
200	Deferred Outflows of Resources	87,092	-	-
290	<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 2,493,843</u>	<u>-</u>	<u>764,332</u>

See independent auditor's report.

<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	129,437	991,359
-	-	83,917
-	-	13,256
-	129,437	1,088,532
-	8,704	8,704
-	-	16,895
-	-	(15,310)
-	(8,704)	(8,704)
-	-	1,585
-	-	23,058
-	-	23,058
-	-	6,477
-	-	6,517
-	-	-
-	129,437	1,126,169
-	-	96,010
-	-	3,636,024
-	-	445,174
-	9,315	187,062
-	-	1,347,049
-	(9,195)	(3,609,415)
-	-	72,567
-	120	2,174,471
-	120	2,174,471
-	129,557	3,300,640
-	15,442	102,534
-	144,999	3,403,174

STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Financial Data Schedule  
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM033000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
312	Accounts Payable <= 90 Days	\$ 8,209	-	1,898
321	Accrued Wage/Payroll Taxes Payable	555	-	1,011
322	Accrued Compensated Absences - Current Portion	3,367	-	-
325	Accrued Interest Payable	-	-	251
341	Tenant Security Deposits	9,097	-	4,011
342	Unearned Revenues	-	-	864
343	Current Portion of Long-term Debt - Capital Projects	-	-	20,927
345	Other Current Liabilities	-	-	-
310	<i>Total Current Liabilities</i>	<u>21,228</u>	<u>-</u>	<u>28,962</u>
351	Long-term Debt Net of Current - Capital Projects/ Mortgage Revenue	-	-	568,517
357	Accrued Pension and OPEB	369,886	-	-
350	<i>Total Non-Current Liabilities</i>	<u>369,886</u>	<u>-</u>	<u>568,517</u>
300	<i>Total Liabilities</i>	<u>391,114</u>	<u>-</u>	<u>597,479</u>
400	Deferred Inflows of Resources	50,103	-	-
508.1	Net investment in capital assets	1,619,626	-	(34,715)
512.1	Restricted Net Position	-	-	89,024
512.1	Unrestricted Net Position	433,000	-	112,544
513	<i>Total Equity/Net Position</i>	<u>2,052,626</u>	<u>-</u>	<u>166,853</u>
600	<i>Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position</i>	<u>\$ 2,493,843</u>	<u>-</u>	<u>764,332</u>

See independent auditor's report.

<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	-	10,107
-	-	1,566
-	-	3,367
-	-	251
-	-	13,108
-	-	864
-	-	20,927
-	-	-
-	-	50,190
-	-	568,517
-	65,581	435,467
-	65,581	1,003,984
-	65,581	1,054,174
-	8,883	58,986
-	120	1,585,031
-	-	89,024
-	70,415	615,959
-	70,535	2,290,014
-	144,999	3,403,174

**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Financial Data Schedule**  
**June 30, 2019**

<b>Line Item Number</b>	<b>Description</b>	<b>Low Rent Public Housing Program NM033000001 14.850</b>	<b>Capital Fund Program 14.872</b>	<b>Rural Rental Housing Loans 10.415</b>
70300	Net Tenant Rental Revenue	\$ 157,271	-	38,395
70400	Tenant Revenue - Other	9,271	-	52
70500	<i>Total Tenant Revenue</i>	<u>166,542</u>	<u>-</u>	<u>38,447</u>
70600	HUD PHA Operating Grants	380,834	-	97,119
70610	Capital Grants	-	-	-
70800	Other Governmental Grants	-	-	-
71100	Investment Income - Unrestricted	1,160	-	94
71400	Fraud Recovery	-	-	-
71500	Other Revenue	-	-	-
70000	<i>Total Revenue</i>	<u>548,536</u>	<u>-</u>	<u>135,660</u>
91100	Administrative Salaries	72,905	-	15,007
91200	Auditing Fees	9,406	-	5,698
91300	Bookkeeping Fee	5,793	-	-
91400	Advertising and Marketing	-	-	-
91500	Employee Benefit Contributions - Administrative	14,658	-	3,242
91600	Office Expenses	6,568	-	2,095
91700	Legal Expense	-	-	110
91800	Travel	176	-	130
91900	Other Operating - Administrative	16,013	-	10,237
91000	<i>Total Operating - Administrative</i>	<u>125,519</u>	<u>-</u>	<u>36,519</u>
93100	Water	41,163	-	1,057
93200	Electricity	4,757	-	4,213
93300	Gas	22,095	-	-
93600	Sewer	-	-	1,354
93800	Other Utilities Expense	2,029	-	4,347
93000	<i>Total Utilities</i>	<u>70,044</u>	<u>-</u>	<u>10,971</u>

See independent auditor's report.

<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	-	195,666
-	-	9,323
-	-	204,989
-	336,566	814,519
-	-	-
101,501	-	101,501
-	215	1,469
-	-	-
-	862	862
101,501	337,643	1,123,340
-	15,095	103,007
-	3,000	18,104
-	2,300	8,093
-	-	-
-	-	17,900
-	3,143	11,806
-	10,554	10,664
-	-	306
-	2,453	28,703
-	36,545	198,583
-	-	42,220
-	-	8,970
-	-	22,095
-	-	1,354
-	-	6,376
-	-	81,015

**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Financial Data Schedule**  
**June 30, 2019**

<b>Line Item Number</b>	<b>Description</b>	<b>Low Rent Public Housing Program NM033000001 14.850</b>	<b>Capital Fund Program 14.872</b>	<b>Rural Rental Housing Loans 10.415</b>
94100	Ordinary Maintenance & Operation - Labor	\$ 60,317	-	15,015
94200	Ordinary Maintenance & Operation - Materials and Other	29,715	-	19,722
94300	Ordinary Maintenance & Operation - Contracts	23,425	-	15,539
94500	Employee Benefit Contributions - Ordinary Maintenance	7,625	-	1,322
94000	<i>Total Maintenance</i>	<u>121,082</u>	<u>-</u>	<u>51,598</u>
96110	Property Insurance	11,741	-	6,865
96120	Liability Insurance	789	-	-
96130	Workman's Compensation	6,192	-	644
96140	All other Insurance	2,874	-	-
96100	<i>Total Insurance Premiums</i>	<u>21,596</u>	<u>-</u>	<u>7,509</u>
96200	Other General Expenses	-	-	-
96400	Bad Debt - Tenant Rents	14,262	-	456
96000	<i>Total Other General</i>	<u>14,262</u>	<u>-</u>	<u>456</u>
96720	Interest on Notes Payable (Short and Long Term)	-	-	100,917
96700	<i>Total Interest Expense and Amortization Cost</i>	<u>-</u>	<u>-</u>	<u>100,917</u>
96900	<i>Total Operating Expenses</i>	<u>352,503</u>	<u>-</u>	<u>207,970</u>
97000	<i>Excess Operating Revenue Over Operating Expenses</i>	<u>196,033</u>	<u>-</u>	<u>(72,310)</u>
97300	Housing Assistance Payments	-	-	-
97400	Depreciation Expense	166,681	-	30,362
90000	<i>Total Expenses</i>	<u>\$ 519,184</u>	<u>-</u>	<u>238,332</u>
10010	Operating Transfers In	-	-	101,501
10020	Operating Transfers Out	-	-	-
10100	<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>101,501</u>

See independent auditor's report.

<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	-	75,332
-	-	49,437
-	-	38,964
-	-	8,947
-	-	172,680
-	700	19,306
-	-	789
-	-	6,836
-	-	2,874
-	700	29,805
-	-	-
-	-	14,718
-	-	14,718
-	-	100,917
-	-	100,917
-	37,245	597,718
<u>101,501</u>	<u>300,398</u>	<u>525,622</u>
-	304,715	304,715
-	1,863	198,906
-	343,823	1,101,339
-	-	101,501
<u>(101,501)</u>	-	<u>(101,501)</u>
<u>(101,501)</u>	-	-



**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Financial Data Schedule**  
**June 30, 2019**

<b>Line Item Number</b>	<b>Description</b>	<b>Low Rent Public Housing Program NM033000001 14.850</b>	<b>Capital Fund Program 14.872</b>	<b>Rural Rental Housing Loans 10.415</b>
10000	Excess (deficiency) of Operating Revenue Over (under) Expenses	\$ 29,352	-	(1,171)
94300	Beginning Equity	\$ 2,023,274	-	168,024
11040-10	Prior period adjustment	-	-	-
11040-20	Equity Transfers	-	-	-
	Ending Equity (deficit)	\$ 2,052,626	-	166,853
11190	Unit Months Available	1,080	-	636
11210	Number of Unit Months Leased	1,035	-	593
11270	Excess Cash	\$ 620,325	-	-
11620	Building Purchases	3,666	-	-

See independent auditor's report.

<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	(6,180)	22,001
-	76,715	2,268,013
-	-	-
-	-	-
-	70,535	2,290,014
-	2,040	3,756
-	2,040	3,668
-	-	620,325
-	-	3,666

## **COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S 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**

Mr. Brian Colón  
New Mexico State Auditor  
Office of Management and Budget  
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, 2019, 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 May 15, 2020.

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2019-001.

## **The Housing Authority's Response to Finding**

The Housing Authority's response 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.



Albuquerque, New Mexico  
May 15, 2020

**FEDERAL FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mr. Brian Colón  
New Mexico State Auditor  
Office of Management and Budget  
Executive Director and the Board of Commissioners  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Tucumcari, New Mexico

**Report on Compliance for Each 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, 2019. 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 Each 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 each of its major federal programs for the year ended June 30, 2019.

## 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.



Albuquerque, New Mexico  
May 15, 2020



**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

<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>
<b>U.S. Department of Housing and Urban Development</b>					
<i>Direct Programs:</i>					
Public and Indian Housing	NM002000001	14.850	\$ 303,559	-	-
Section * Housing Choice Voucher Program (1)	N/A	14.871	336,566	-	-
Public Housing Capital Fund	CFP 2017	14.872	77,275	-	-
Public Housing Capital Fund	CFP 2016	14.872	-	-	-
Total Public Housing Capital Fund			<u>77,275</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Housing and Urban Development - Direct Programs</i>			<u>717,400</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Agriculture</b>					
<i>Direct Programs:</i>					
Rural Rental Housing Loans - Loan Balance		10.415	* 607,023	-	-
Rural Rental Housing Loans - Interest Subsidy		10.415	* 97,119	-	-
Rural Rental Assistance		10.427	<u>101,501</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Agriculture</i>			<u>805,643</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,523,043</u>	<u>-</u>	<u>-</u>

\* Denotes Major Program

(1) Denotes Housing Voucher Cluster

See independent auditor's report.

**STATE OF NEW MEXICO**  
**Tucumcari Housing Authority**  
**A Department of the City of Tucumcari**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2019**

1. Basis 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).

2. Federally Funded Loans

The Authority has federally funded loans or loan guarantees in the amount of \$589,444 as of June 30, 2019.

3. 10% de Minimus Indirect Cost Rate

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

4. Federally Funded Insurance

The Authority has no federally funded insurance.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,523,043
Less: Federally Insured Loan Balance	(589,444)
Total expenditures funded by other sources	<u>66,823</u>
Total expenditures	<u>\$ 1,000,422</u>

**STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements?                           | No         |

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Type of auditors’ report issued on compliance for major programs   | Unmodified |
| 2. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR section 200.516(a)? | No         |

4. Identification of major programs:

<u>CFDA 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        |

**STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III – FEDERAL AWARD FINDINGS**

None noted.

**SECTION IV – Compliance and Other Matters**

**2018-001 Late Submission of Data Collection Form (Other Non-Compliance)**

*Condition:* The Housing Authority (THA) did not submit its annual data collection form for the year ended June 30, 2018 to the Federal Audit Clearinghouse in a timely manner. The City of Tucumcari changed software during FY17, causing some inconsistencies which delayed their audit, therefore causing a late submission for THA. The data collection form, which has a due date of March 31, 2019, was not submitted until December of 2019.

The Housing Authority did not make progress for the year ended June 30, 2019.

*Criteria:* 2 CFR Section 200.512(b) provides for a form, referred to as the data collection form, to be prepared at the completion of each audit and submitted to the Federal Audit Clearinghouse. The form provides key information about the nonfederal entity, the federal awards it administers, whether the audit was completed in accordance with the Uniform Guidance, and the audit results. 2 CFR Section 200.512(a) states that the reporting package must be submitted the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

*Cause:* The audit report as of and for the year ended June 30, 2018 was not completed timely, resulting in the delay in the submission of the data collection form.

*Effect:* The Housing Authority was not in compliant with the requirement of 2 CFR Section 200.512. As a result, the Housing Authority does not qualify as low-risk auditee in accordance with the Uniform Guidance.

*Recommendation:* We recommend that the Housing Authority pursues activities necessary for the timely submission of the data collection form.

*Management response:* Tucumcari Housing Authority (THA) is a department of the City of Tucumcari, funded solely by HUD and requires a separate audit. The City of Tucumcari changed software during FY17, causing some inconsistencies which delayed their audit. THA has no control over the City audit and information required to complete the Housing Authority was not available, therefore causing a late submission. The Housing Authority plans to have this corrected for the fiscal year 2020 audit.

*Person Responsible:* City Finance Director and Housing Authority Executive Director

*Estimated Completion Date:* June 30, 2020.

**STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**2019-001 LATE AUDIT REPORT – (Other Non-Compliance)**

*Condition:* The Housing Authority's audit report for the year ended June 30, 2019 was not submitted to the State Auditor by the required due date, December 15, 2019.

*Criteria:* Audit reports not received on or before the due date, December 15, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

*Effect:* The result was the late submission of the Housing Authority's audit report for the year ended June 30, 2019. The users of the audited financial statements and the Housing Authority's management do not have timely information. In addition, untimely financial statements may affect federal and state funding.

*Cause:* Due to issues with the financial statements file being corrupted, the audit report for the year ended June 30, 2019 was not submitted to the State Auditor by the required due date, December 15, 2019.

*Recommendation:* We recommend that the Housing Authority and the auditors work closely to ensure timely submission of the audit report. Additionally, we recommend the audit test date be scheduled earlier in the year to allow more correction time if such issues were to occur again.

*Management response:* The Housing Authority Executive Director will work closely with our audit team to ensure audit is on time in the future.

*Person Responsible:* City Finance Director and Housing Authority Executive Director

*Estimated Completion Date:* June 30, 2020.

**SECTION V – PRIOR YEAR AUDIT FINDINGS**

**2018-001 Late Submission of Data Collection Form (Other Non-Compliance) - Repeated**

**STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Exit Meeting  
June 30, 2019**

**Exit Conference**

An exit conference was held on December 5, 2019, in a closed session. In attendance were the following:

**Tucumcari Housing Authority**

Ruth Ann Litchfield, Mayor  
Todd Duplantis, Mayor Pro-Tem  
Christopher Arias, City Commissioner  
Britt Lusk, City Manager  
Rachelle Arias, Finance Director  
Maribel Lucero, Deputy Finance Director

**Axiom Certified Public Accountants and Business Advisors LLC**

Jaime Rumbaoa, Partner

**Financial Statement Preparation**

Axiom Certified Public Accountants and Business Advisors 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.