

State of New Mexico
Western Regional Housing Authority

FINANCIAL STATEMENTS
With Independent Auditor's Report Thereon

For The Fiscal Year Ended June 30, 2013

Western Regional Housing Authority
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June 30, 2013

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Western Regional Housing Authority
DIRECTORY OF OFFICIALS
June 30, 2013

COMMISSIONERS

Beverly Kostelnik
Vera Turner
Vincent Barrett
Patricia Lincoln
Carol Anaya
Awish Baechtle

Chairman
Vice-Chairman
Commissioner
Commissioner
Commissioner
Commissioner

ADMINISTRATIVE STAFF

Cathy DeMarco
Sonia Flores

Executive Director
Deputy Director

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
And
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Western Regional Housing Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Western Regional Housing Authority's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons for the enterprise funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board, for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Western Regional Housing Authority as of June 30, 2013, and the respective changes in financial position and cash flows thereof, and the respective budgetary comparisons for individual enterprise funds presented as other supplementary information 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 management's discussion and analysis on pages 5 through 10 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Western Regional Housing Authority's financial statements that collectively comprise the Authority's basic financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules presented as other supplemental data as listed in the table of contents are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the other supplemental data are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal awards and the other supplemental data are fairly stated, in all material respects, in relation to the basic 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 September 13, 2013, on our consideration of the Western Regional Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 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 Western Regional Housing Authority's internal control over financial reporting and compliance.

Stone, McGee & Co CPAs

Silver City, New Mexico
September 13, 2013

Stone, McGee & Co.
Certified Public Accountants

Western Regional Housing Authority Management's Discussion and Analysis

As management of the Western Regional Housing Authority, we offer the readers of the Western Regional Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Western Regional Housing Authority for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements of the Western Regional Housing Authority and additional information provided. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Western Regional Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,831 (net position). Of this amount, \$636 (unrestricted net position) may be used to meet the Authority's obligations to residents and creditors.
- The Authority's total net position decreased by \$263. Of this amount, \$153 decrease was attributable to Housing Choice Voucher activities, Low Rent Public Housing generated a decrease of \$149, and Southwest Housing Assistance activities generated a \$39 increase.
- At the end of the current fiscal year, unrestricted net position for the Low-Rent Public Housing fund were \$312, or 84% of the total Low-Rent Public Housing fund expenses.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Western Regional Housing Authority's basic financial statements comprised of 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.

Basic Financial Statements

The *basic financial statements* are designed to provide readers with a broad overview of the Western Regional Housing Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Western Regional Housing Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Western Regional Housing Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in fund net position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Proprietary Funds

The Western Regional Housing Authority maintains six proprietary enterprise funds to account for: Low-Rent Public Housing, Housing Choice Voucher Program, Southwest Housing Assistance Program (SWHAP), Tenant Rental Assistance (TBRA), Emergency Shelter Grants (ESG), and State Programs (Linkages Program). The proprietary fund financial statements provide separate information for all Authority activities and programs.

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Western Regional Housing Authority, assets exceeded liabilities by \$3,831 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's assets (80%) reflect its investment in capital assets (e.g., land, buildings, furnishings, equipment), less any related debt used to acquire those assets that is still outstanding. Western Regional Housing Authority uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

**Western Regional Housing Authority
Condensed Statement of Net Position
(In Thousands)**

		<u>June 30, 2012</u>	<u>June 30, 2013</u>
Assets			
Current Assets		646	680
Restricted Assets		277	88
Capital Assets, Net		<u>3244</u>	<u>3122</u>
Total Assets		<u><u>4167</u></u>	<u><u>3890</u></u>
Liabilities			
Current Liabilities		34	21
Noncurrent Liabilities		38	38
Total Liabilities		<u>72</u>	<u>59</u>
Net Position			
Net investment in capital assets	3244	3122	
Restricted		263	73
Unrestricted		<u>588</u>	<u>636</u>
Total Net Position		<u>4095</u>	<u>3831</u>
Total Liabilities and Net Position		<u><u>4167</u></u>	<u><u>3890</u></u>

An additional portion of the Western Regional Housing Authority's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$636) may be used to meet the Authority's ongoing obligations to residents and creditors.

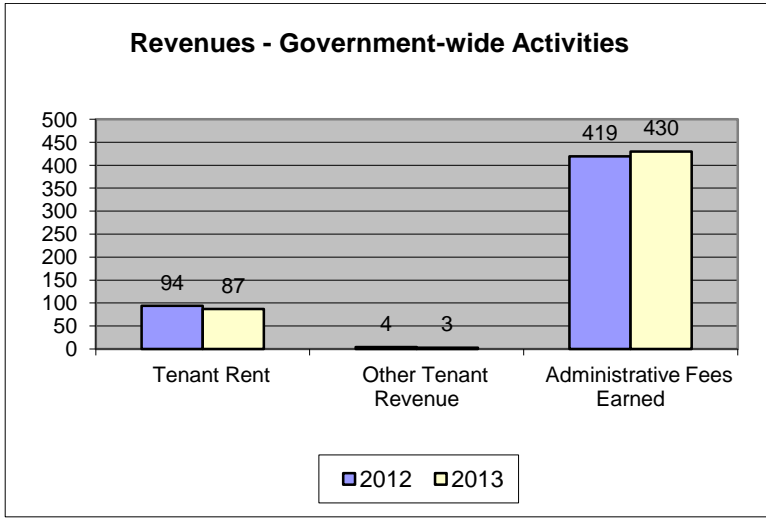
At the end of the current fiscal year, the Western Regional Housing Authority is able to report positive balances on all three categories of net position, both for the government as a whole as well as for its enterprise activities. The same situation held true for the prior fiscal year.

There was a decrease of \$190 in restricted net position reported by the Housing Authority as compared to the prior year. The decrease was due to the Housing Authority having to utilize their HAP Reserves to maintain lease up, due to cutbacks in the HAP Subsidy.

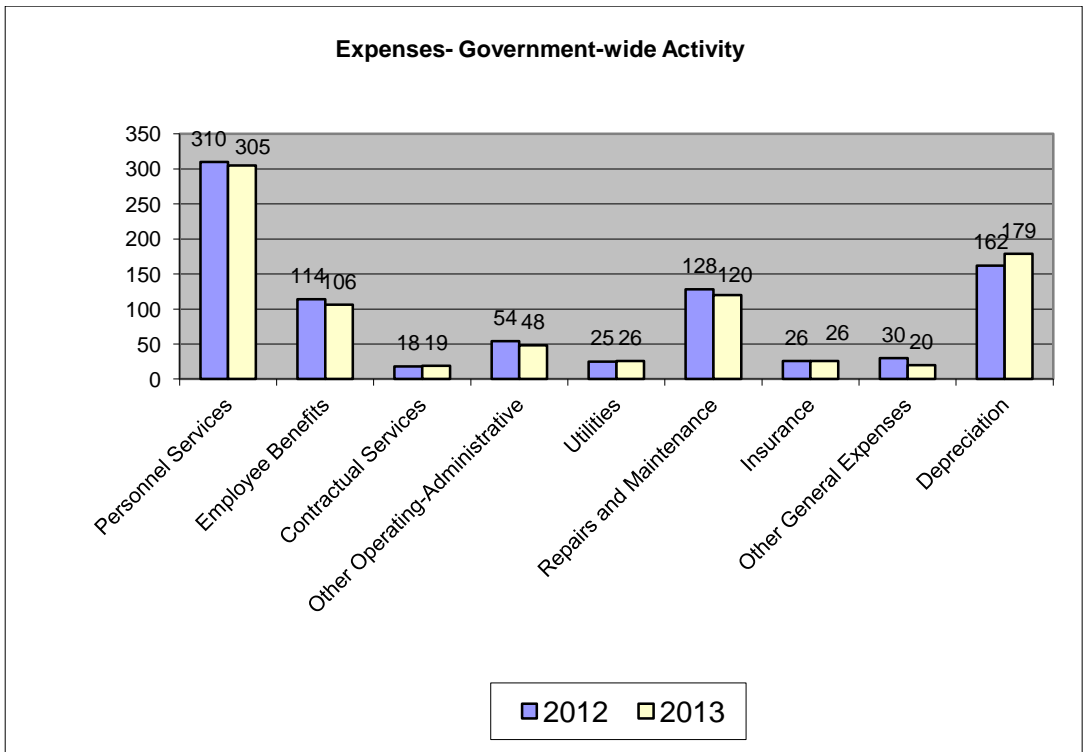
Western Regional Housing Authority
Condensed Statement of Revenues, Expenses and Changes in Fund Net Position
(In Thousands)

	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Revenues:		
Tenant Rent	94	87
Other Tenant Revenue	4	3
Administrative Fees Earned	419	430
Total Revenue	<u>517</u>	<u>520</u>
Expenses:		
Personnel Services	310	305
Employee Benefits	114	106
Contractual Services	18	19
Other Operating-Administrative	54	48
Utilities	25	26
Repairs and Maintenance	128	120
Insurance	26	26
Other General Expenses	30	20
Depreciation	162	179
Total Expenses	<u>867</u>	<u>849</u>
Operating Income (Loss)	<u>(350)</u>	<u>(329)</u>
Non-Operating Revenues (Expenses):		
Intergovernmental Grants	3977	3991
Housing Assistance Payments	(3875)	(3948)
Other Non-Operating Revenue	26	23
Gain (Loss) on Sale of Fixed Assets		
Total Non-Operating Revenue (Expenses)	<u>128</u>	<u>66</u>
Income (Loss) before Capital Contributions & Transfers	<u>(222)</u>	<u>(263)</u>
Mod Grants	<u>0</u>	<u>0</u>
Change in Net Position	<u><u>(222)</u></u>	<u><u>(263)</u></u>

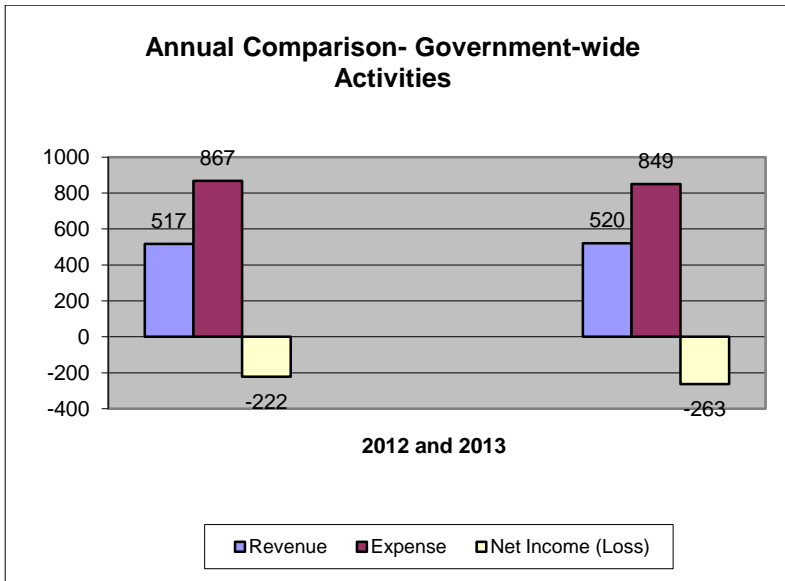
Total revenues increased \$3 or 1% during the year. This is the result of an increase in administrative fees earned due to increased leasing.



Total expenses decreased \$18 or 2% as compared to the prior year. Most of our expenses categories decreased due to closer monitoring of our spending.



For the most part, the Authority’s operating revenues seldom exceed operating expenses on an ongoing basis. Typically, deficit or unfavorable results from operations are subsidized by intergovernmental HUD assistance and Capital Fund grant programs.



Budgetary Highlights

During the year, the Authority’s operating revenues were over budgetary expectations by \$7; operating expenses remained under the budget plan by \$54 after adjusting for Depreciation Expenses of \$179, thereby eliminating the need to draw upon existing net assets.

Capital Asset and Debt Administration

The Western Regional Housing Authority’s investment in capital assets as of June 30, 2013, amounts to \$3122 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, furnishings and equipment.

Western Regional Housing Authority Capital Assets (Net of Depreciation)

	June 30, 2013
Land and Improvements	731,537
Buildings, Systems and Improvements	2,165,364
Furniture, Fixtures and Equipment	13,938
Construction in Progress	210,740
Total Fixed Assets, Net of Accumulated Depreciation	<u>3,121,579</u>

Long Term Debt:

At the end of the current fiscal year, the Housing Authority had estimated long-term compensated absences outstanding in the amount of \$38.

Economic Factors:

- The unemployment rate in Grant County as of June 2013, reported by the New Mexico Department of Workforce Solutions, is 7.8%, which is an increase of 1.0% from last year. This is slightly higher than the state's average unemployment rate of 7.6%. The unemployment rate in Luna County as of June 2013 decreased slightly from 16.6% last year to 16.4%, they are still ranked the highest in the state.

Requests for Information:

This financial report is designed to provide a general overview of the Western Regional 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, 2545 North Silver Street, P.O. Box 3015, Silver City, NM 88062.

Western Regional Housing Authority
STATEMENT OF NET POSITION
June 30, 2013

	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Southwest Housing Assistance</u>
ASSETS			
Current assets:			
Cash	\$ 316,940	\$ 217,055	\$ 84,240
Interfund receivable		313	40,000
Prepaid expenses			
Accounts receivable (net)	1,392	2,408	15,167
Inventory	<u>3,135</u>		
 Total current assets	 <u>\$ 321,467</u>	 <u>\$ 219,776</u>	 <u>\$ 139,407</u>
Noncurrent assets:			
Restricted:			
Cash	\$ 12,395	\$ 73,659	\$ 2,317
Capital assets, net	<u>2,327,599</u>	<u>914</u>	<u>793,066</u>
 Total noncurrent assets	 <u>\$ 2,339,994</u>	 <u>\$ 74,573</u>	 <u>\$ 795,383</u>
 Total assets	 <u>\$ 2,661,461</u>	 <u>\$ 294,349</u>	 <u>\$ 934,790</u>
LIABILITIES			
Current liabilities:			
Cash overdraft	\$ -	\$ 308	\$ -
Accounts payable	405	2,347	142
Interfund payable	313		
Compensated absences	547	2,282	
Deferred revenue	759		
Tenant deposits (payable from restricted assets)	<u>12,395</u>		<u>2,317</u>
 Total current liabilities	 <u>\$ 14,419</u>	 <u>\$ 4,937</u>	 <u>\$ 2,459</u>
Noncurrent liabilities:			
Compensated absences	<u>7,260</u>	<u>30,319</u>	
 Total liabilities	 <u>\$ 21,679</u>	 <u>\$ 35,256</u>	 <u>\$ 2,459</u>
NET POSITION			
Net investment in capital assets	\$ 2,327,599	\$ 914	\$ 793,066
Restricted for housing assistance payments		73,659	
Unrestricted	<u>312,183</u>	<u>184,520</u>	<u>139,265</u>
 Total net position	 <u>\$ 2,639,782</u>	 <u>\$ 259,093</u>	 <u>\$ 932,331</u>

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

<u>Tenant Rental Assistance</u>	<u>State and Local</u>	<u>Emergency Shelter</u>	<u>Total*</u>
\$ 21,034	\$ 2,602	\$ -	\$ 641,871
2,871	12,398	1,095	- 35,331 3,135
<u>\$ 23,905</u>	<u>\$ 15,000</u>	<u>\$ 1,095</u>	<u>\$ 680,337</u>
\$ -	\$ -	\$ -	\$ 88,371 3,121,579
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,209,950</u>
<u>\$ 23,905</u>	<u>\$ 15,000</u>	<u>\$ 1,095</u>	<u>\$ 3,890,287</u>
\$ -	\$ -	\$ -	\$ 308 2,894
23,905	15,000	1,095	2,829 759
<u> </u>	<u> </u>	<u> </u>	<u>14,712</u>
<u>\$ 23,905</u>	<u>\$ 15,000</u>	<u>\$ 1,095</u>	<u>\$ 21,502</u>
<u> </u>	<u> </u>	<u> </u>	<u>37,579</u>
<u>\$ 23,905</u>	<u>\$ 15,000</u>	<u>\$ 1,095</u>	<u>\$ 59,081</u>
\$ -	\$ -	\$ -	\$ 3,121,579 73,659 635,968
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,831,206</u>

*After internal receivables and payables have been eliminated.

Western Regional Housing Authority
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2013

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance
Operating revenues:			
Tenant rent	\$ 56,879	\$ -	\$ 30,250
Other tenant revenue	2,702		64
Administration fees		429,960	
Total operating revenues	\$ 59,581	\$ 429,960	\$ 30,314
Operating expenses:			
Personnel services	\$ 56,702	\$ 244,726	\$ -
Employee benefits	15,876	88,618	
Contractual services	8,500	11,000	
Other administrative	3,802	44,397	
Utilities	23,751	2,046	65
Repairs and maintenance	95,804	21,612	1,387
Insurance	6,417	18,669	547
Other general expenses	2,103	15,842	297
Depreciation	160,188	7,099	11,337
Total operating expenses	\$ 373,143	\$ 454,009	\$ 13,633
Operating income (loss)	\$ (313,562)	\$ (24,049)	\$ 16,681
Nonoperating revenue (expense):			
Intergovernmental grants - Federal	\$ 146,045	\$ 3,614,608	\$ -
Intergovernmental grants - State	18,037	39,934	22,819
Housing assistance payments		(3,807,054)	
Other nonoperating revenue		23,115	
Gain (loss) on disposition of assets			
Total nonoperating revenues (expenses)	\$ 164,082	\$ (129,397)	\$ 22,819
Income (loss) before capital contributions and transfers:	\$ (149,480)	\$ (153,446)	\$ 39,500
Transfers in			
Transfers out			
Capital contributions			
Change in net position	\$ (149,480)	\$ (153,446)	\$ 39,500
Net position, beginning of year	2,789,262	412,539	892,831
Net position, end of year	\$ 2,639,782	\$ 259,093	\$ 932,331

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

Tenant Rental Assistance	State and Local	Emergency Shelter	Total
\$ -	\$ -	\$ -	\$ 87,129
			2,766
			429,960
\$ -	\$ -	\$ -	\$ 519,855
\$ 1,392	\$ 2,535	\$ -	\$ 305,355
762	1,300		106,556
			19,500
			48,199
			25,862
375	560		119,738
			25,633
535	1,005		19,782
			178,624
\$ 3,064	\$ 5,400	\$ -	\$ 849,249
\$ (3,064)	\$ (5,400)	\$ -	\$ (329,394)
\$ 64,352	\$ -	\$ 29,439	\$ 3,854,444
	55,828		136,618
(61,288)	(50,428)	(29,439)	(3,948,209)
			23,115
			-
\$ 3,064	\$ 5,400	\$ -	\$ 65,968
\$ -	\$ -	\$ -	\$ (263,426)
			-
\$ -	\$ -	\$ -	\$ (263,426)
			4,094,632
\$ -	\$ -	\$ -	\$ 3,831,206

Western Regional Housing Authority
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance
Cash flows from operating activities:			
Receipts from tenants and fees	\$ 60,059	\$ 429,960	\$ 31,165
Payments to vendors	(140,742)	(125,105)	(3,599)
Payments to employees	(73,267)	(332,319)	
Net cash provided (used) by operating activities	\$ (153,950)	\$ (27,464)	\$ 27,566
Cash flows from noncapital and related financing activities:			
Intergovernmental grants	\$ 112,734	\$ 3,652,134	\$ 7,761
Housing assistance payments		(3,807,054)	
Transfers			
Interfund activities	313	(313)	(10,000)
Other nonoperating revenues		23,115	
Net cash provided (used) by noncapital and related financing activities	\$ 113,047	\$ (132,118)	\$ (2,239)
Cash flows from capital and related financing activities:			
Intergovernmental grants	\$ 51,085	\$ -	\$ -
Purchase of capital assets	(37,392)		(18,503)
Net cash provided (used) by capital and related financing activities	\$ 13,693	\$ -	\$ (18,503)
Net increase (decrease) in cash	\$ (27,210)	\$ (159,582)	\$ 6,824
Cash, beginning of year	356,545	449,988	79,733
Cash, end of year	\$ 329,335	\$ 290,406	\$ 86,557

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

<u>Tenant Rental Assistance</u>	<u>State and Local</u>	<u>Emergency Shelter</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 521,184
(910)	(1,565)		(271,921)
<u>(2,154)</u>	<u>(3,835)</u>		<u>(411,575)</u>
\$ (3,064)	\$ (5,400)	\$ -	\$ (162,312)
\$ 64,506	\$ 47,371	\$ 29,439	\$ 3,913,945
(61,288)	(50,428)	(29,439)	(3,948,209)
			-
3,905	5,000		(1,095)
<u> </u>	<u> </u>	<u> </u>	<u>23,115</u>
\$ 7,123	\$ 1,943	\$ -	\$ (12,244)
\$ -	\$ -	\$ -	\$ 51,085
<u> </u>	<u> </u>	<u> </u>	<u>(55,895)</u>
\$ -	\$ -	\$ -	\$ (4,810)
<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 4,059	\$ (3,457)	\$ -	\$ (179,366)
16,975	6,059		909,300
<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 21,034	\$ 2,602	\$ -	\$ 729,934
<u> </u>	<u> </u>	<u> </u>	<u> </u>

Western Regional Housing Authority
STATEMENT OF CASH FLOWS (concluded)
For the Fiscal Year Ended June 30, 2013

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (313,562)	\$ (24,049)	\$ 16,681
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	160,188	7,099	11,337
Provision for bad debts	(1,660)		
(Increase) decrease in:			
Accounts receivable	1,408		862
Prepaid expenses			
Inventory	839		
Increase (decrease) in:			
Accounts payable	(1,204)	(11,539)	(1,303)
Compensated absences	(689)	1,025	
Deferred revenue	356		
Interfund activity			
Tenant deposits	374		(11)
	\$ (153,950)	\$ (27,464)	\$ 27,566
Net cash provided by operating activities			

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

<u>Tenant Rental Assistance</u>	<u>State and Local</u>	<u>Emergency Shelter</u>	<u>Total</u>
\$ (3,064)	\$ (5,400)	\$ -	\$ (329,394)
			178,624
			(1,660)
			-
			-
			2,270
			-
			839
			-
			-
			(14,046)
			336
			356
			-
			<u>363</u>
<u>\$ (3,064)</u>	<u>\$ (5,400)</u>	<u>\$ -</u>	<u>\$ (162,312)</u>

Western Regional Housing Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 Summary of Significant Accounting Policies

A. GENERAL

The Western Regional Housing Authority was organized under New Mexico statutes, to provide a conduit for housing funds for disadvantaged New Mexicans. The Authority is a political subdivision of the State of New Mexico.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements) and interpretations. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

B. FINANCIAL REPORTING ENTITY

The Authority's basic financial statements include the accounts of all Authority operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority.

Based on the aforementioned criteria, the Authority has no component units.

The Authority was formerly known as the Housing Authority of Region V, New Mexico. The name of the Authority was changed effective March 31, 2009, by Chapter 48 of the Laws of 2009.

C. BASIS OF PRESENTATION

Governmental-wide Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. All Authority activities are accounted for as proprietary activities, in accordance with HUD UFRS Guidelines.

The government-wide Statement of Revenues, Expenses and Changes in Net Position presents a comparison between expenses, both direct and indirect, and operating revenues for each segment of the business-type activities of the Authority. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated, but are presented as separate functions. Operating revenues include charges paid by recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as operating revenues are presented as non-operating revenues. The comparison of program revenues and expenses identifies the extent to which a program or business segment is self-financing or draws from the non-operating revenues of the Authority. The authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into one major category: proprietary. An emphasis is placed on major funds within the proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, or
- b. The Authority believes the fund is particularly important to financial statement users.

The funds of the financial reporting entity are described below:

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Enterprise funds are as follows:

Major Funds

Low Rent Public Housing – To account for HUD’s Low Rent Public Housing and Capital Fund Program. Provides adequate living accommodations to qualified families through reduced rate rentals built and owned by the Housing Authority.

Housing Choice Vouchers – To account for HUD’s program which provides Housing Assistance payments for qualified low income residents in privately owned properties.

Southwest Housing Assistance – To account for non-subsidized housing owned and operated by the Housing Authority. Provides living accommodations to qualified families through reduced rate rentals.

Tenant Rental Assistance – To account for federal funds provided under the Home Program to provide rental assistance payments to qualified low-income residents in privately owned properties.

State and Local - To account for State sources from the New Mexico Mortgage Finance Authority to provide intake, screening and placement into homes for disadvantaged New Mexicans.

Emergency Shelter – To account for federal funds for use in emergency shelter for disadvantaged clients.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position business-like activities are presented using the economic resources measurement focus as defined in item “a” below.

- a. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of

operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

E. BUDGETS

The Housing Authority adopts budgets for its Proprietary funds in accordance with the Housing and Urban Development Program Agreements.

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

F. CASH AND INVESTMENTS

For the purpose of the Statement of Net Position, “cash” includes all demand, savings accounts, and certificates of deposits of the Authority. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of six months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the state treasurers investment pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Authority. The pledged securities remain in the name of the financial institution. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

G. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “interfund receivables/payables”. These balances have been eliminated in the “total” column in the Statement of Net Position.

H. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report rents and interest earnings as their major receivables.

I. CAPITAL ASSETS

Government-wide Statements and Fund Statements

In the government-wide and fund financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings 40 years
- Improvements 40 years
- Machinery and Equipment 5-10 years
- Software and Library 5-10 years

Assets acquired with an original cost of \$5,000 or more are capitalized. Construction period interest is capitalized in proprietary funds.

J. RESTRICTED POSITION

Restricted position includes cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted positions are related to rent deposits, capital grants and housing payment advances.

K. LONG-TERM DEBT

All long-term debt to be repaid from business-type resources are reported as liabilities in the government-wide and fund statements. The long-term debt consists primarily of accrued compensated absences.

L. COMPENSATED ABSENCES

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as both short and long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. Proprietary funds report the liability as it is incurred.

M. EQUITY CLASSIFICATIONS

Government-wide Statements and Fund Financial Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets, net of related debt."

N. REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide and fund financial statements, expenses are classified as operating or non-operating for business-type activities.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Authority does not allocate indirect costs.

Inventories are carried at cost, valued by the first-in first-out method.

O. INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the total column in the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual funds have been eliminated.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the Governments deposits may not be returned to it. The Authority does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2013, \$-0- of the Authority's bank balance of \$707,596 was exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk		
Category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in Authority's name	457,596	479,684
Uninsured	<u>-0-</u>	<u>-0-</u>
	<u>\$ 707,596</u>	<u>\$ 729,684</u>

Note 3 Accounts Receivables

Due from tenants and others	\$ 35,744
Less allowance for doubtful accounts	<u>(413)</u>
Net receivables	<u>\$ 35,331</u>

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 731,537	\$ -0-	\$ -0-	\$ 731,537
Construction in progress	<u>391,413</u>	<u>37,892</u>	<u>218,561</u>	<u>210,744</u>
Total assets not being depreciated	<u>\$ 1,122,950</u>	<u>\$ 37,892</u>	<u>\$ 218,501</u>	<u>\$ 942,281</u>
Other capital assets:				
Buildings/improvements	\$ 4,496,639	\$ 233,567	\$ -0-	\$ 4,730,206
Equipment/furnishings	<u>227,660</u>	<u>3,000</u>	<u>-0-</u>	<u>230,660</u>
Total other assets at historical cost	<u>\$ 4,724,299</u>	<u>\$ 236,567</u>	<u>\$ -0-</u>	<u>\$ 4,960,866</u>
Less accumulated depreciation for:				
Buildings/improvements	\$(2,388,693)	\$ (164,814)	\$ -0-	\$(2,553,507)
Equipment/furnishings	<u>(214,251)</u>	<u>(13,810)</u>	<u>-0-</u>	<u>(228,061)</u>
Total accumulated depreciation	<u>\$(2,602,944)</u>	<u>\$ (178,624)</u>	<u>\$ -0-</u>	<u>\$(2,781,568)</u>

Other capital assets (net)	<u>\$ 2,121,355</u>	<u>\$ 57,943</u>	<u>\$ -0-</u>	<u>\$ 2,179,298</u>
Capital assets, net	<u>\$ 3,244,305</u>	<u>\$ 95,835</u>	<u>\$ (218,561)</u>	<u>\$ 3,121,579</u>

Note 5 Compensated Absences

Changes in compensated absences were as follows for the year ended June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
	<u>\$ 40,072</u>	<u>\$ 25,208</u>	<u>\$ 24,872</u>	<u>\$ 40,408</u>
Amounts due:				
Current				\$ 2,829
Long-term				<u>37,579</u>
				<u>\$ 40,408</u>

Note 6 Pension Plan – Public Employees Retirement Association

Plan Description

Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 9.15% of their gross salary. The Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State Statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's contributions to PERA for the fiscal years ending June 30, 2013, 2012, and 2011 were \$59,236, \$60,692 and \$61,296 respectively, which equal the amount of the required contributions for each year.

Note 7 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount,

if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 8 Risk Management

The Authority is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other governments in the State and obtained insurance through the New Mexico Self Insurers Fund, a public risk pool currently operating as a common risk management and insurance program for local governments. The Authority pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage, and risk of loss is transferred.

Note 9 Financial Data Schedule

The Authority is required to submit, and include with the audited financial statements, a financial data schedule, which is presented as other supplemental data.

The financial data schedule is a hard copy of the Authority's electronic submission to the Real Estate Assessment Center, and is presented in their required format. Therefore some amounts may differ from those presented in the financial statements.

Note 10 Interfund Activity

Interfund balances at June 30, 2013 consisted of the following:

	<u>Interfund Payable</u>				
	<u>Low Rent Public Housing</u>	<u>Tenant Rental Assistance</u>	<u>State and Local</u>	<u>Emergency Shelter</u>	<u>Total</u>
	<u>Interfund Receivable</u>				
SW Housing Assistance	\$	\$ 23,905	\$ 15,000	\$ 1,095	\$ 40,000
Housing Choice Vouchers	<u>313</u>	<u> </u>	<u> </u>	<u> </u>	<u>313</u>
	<u>\$ 313</u>	<u>\$ 23,905</u>	<u>\$ 15,000</u>	<u>\$ 1,095</u>	<u>\$ 40,313</u>

The loans were made to fund operating expenses and are expected to be paid within one year.

Note 11 Evaluation of Subsequent Events

The Authority has evaluated subsequent events through September 13, 2013, the date which the financial statements were available to be issued.

Western Regional Housing Authority
LOW RENT PUBLIC HOUSING
Statement of Revenues and Expenses - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:				
Tenant rent	\$ 76,218	\$ 52,000	\$ 56,879	\$ 4,879
Other tenant revenue	2,000	1,000	2,702	1,702
 Total operating revenues	 <u>\$ 78,218</u>	 <u>\$ 53,000</u>	 <u>\$ 59,581</u>	 <u>\$ 6,581</u>
Operating expenses:				
Personnel services	\$ 57,670	\$ 57,670	\$ 56,702	\$ 968
Employee benefits	35,000	30,000	15,876	14,124
Contractual services	8,500	8,500	8,500	-
Other administrative	6,461	6,000	3,802	2,198
Utilities	25,024	24,900	23,751	1,149
Repairs and maintenance	104,362	96,000	95,804	196
Insurance	5,000	6,660	6,417	243
Other general	4,000	2,675	2,103	572
Travel	2,500	1,500		1,500
Depreciation			160,188	(160,188)
 Total operating expenses	 <u>\$ 248,517</u>	 <u>\$ 233,905</u>	 <u>\$ 373,143</u>	 <u>\$ (139,238)</u>
 Operating income (loss)	 <u>\$ (170,299)</u>	 <u>\$ (180,905)</u>	 <u>\$ (313,562)</u>	 <u>\$ (132,657)</u>
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 56,859	\$ 123,304	\$ 146,045	\$ 22,741
Other nonoperating revenue			18,037	18,037
Gain (loss) on disposition of assets				-
 Total nonoperating revenues (expenses)	 <u>\$ 56,859</u>	 <u>\$ 123,304</u>	 <u>\$ 164,082</u>	 <u>\$ 40,778</u>
 Income (loss) before capital contributions	 \$ (113,440)	 \$ (57,601)	 \$ (149,480)	 \$ (91,879)
Capital contributions		-	-	-
 Change in net position	 \$ (113,440)	 \$ (57,601)	 <u>\$ (149,480)</u>	 <u>\$ (91,879)</u>
Operating reserves	123,440	59,601		
Purchase of fixed assets	(10,000)	(2,000)		
 Net change in financial position	 <u>\$ -</u>	 <u>\$ -</u>		

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

Western Regional Housing Authority
HOUSING CHOICE VOUCHERS
Statement of Revenues and Expenses - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:				
Administrative fees	\$ 405,393	\$ 429,960	\$ 429,960	\$ -
 Total operating revenues	 \$ 405,393	 \$ 429,960	 \$ 429,960	 \$ -
Operating expenses:				
Personnel services	\$ 257,075	\$ 245,000	\$ 244,726	\$ 274
Employee benefits	90,708	89,000	88,618	382
Contract services	11,300	11,000	11,000	-
Other administrative	54,360	60,360	44,397	15,963
Utilities	2,050	2,325	2,046	279
Repairs and maintenance	20,000	27,000	21,612	5,388
Insurance	2,000	19,000	18,669	331
Other general	3,500	6,500	15,842	(9,342)
Depreciation			7,099	(7,099)
 Total operating expenses	 \$ 440,993	 \$ 460,185	 \$ 454,009	 \$ 6,176
 Operating income (loss)	 \$ (35,600)	 \$ (30,225)	 \$ (24,049)	 \$ 6,176
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 3,413,181	\$ 3,624,608	\$ 3,654,542	\$ 29,934
Housing assistance payments	(3,695,517)	(3,810,500)	(3,807,054)	3,446
Other nonoperating revenue	25,600	22,000	23,115	1,115
Gain (loss) on disposition of assets				-
 Total nonoperating revenues (expenses)	 \$ (256,736)	 \$ (163,892)	 \$ (129,397)	 \$ 34,495
Transfers	\$ -	\$ -		\$ -
 Change in net position	 \$ (292,336)	 \$ (194,117)	 <u>\$ (153,446)</u>	 <u>\$ 40,671</u>
Operating reserves	317,336	194,117		
Purchase of fixed assets	(25,000)	-		
 Net change in financial position	 <u>\$ -</u>	 <u>\$ -</u>		

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

Western Regional Housing Authority
SOUTHWEST HOUSING ASSISTANCE
Statement of Revenues and Expenses - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ 29,508	\$ 29,508	\$ 30,250	\$ 742
Other tenant revenue			64	64
Total operating revenues	\$ 29,508	\$ 29,508	\$ 30,314	\$ 806
Operating expenses:				
Personnel services	\$ -	\$ -	\$ -	\$ -
Employee benefits				-
Other administrative	2,000	2,000	297	1,703
Repairs and maintenance	9,000	9,000	1,387	7,613
Utilities	300	300	65	235
Insurance	400	400	547	(147)
Property betterments	10,000	10,000		10,000
Depreciation			11,337	(11,337)
Total operating expenses	\$ 21,700	\$ 21,700	\$ 13,633	\$ 8,067
Operating income (loss)	\$ 7,808	\$ 7,808	\$ 16,681	\$ 8,873
Nonoperating revenue (expense):				
Governmental grants	\$ -	\$ -	\$ 22,819	\$ 22,819
Other nonoperating revenue				-
Total nonoperating revenues (expenses)	\$ -	\$ -	\$ 22,819	\$ 22,819
Transfers	\$ -	\$ -	\$ -	\$ -
Change in net position	\$ 7,808	\$ 7,808	\$ 39,500	\$ 31,692
Transfer to reserves	(83,555)	\$ (83,555)		
Beginning cash balance	75,747	75,747		
Net change in financial position	\$ -	\$ -		

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

Western Regional Housing Authority
STATE AND LOCAL
Statement of Revenues and Expenses - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ -	\$ -	\$ -	\$ -
Other tenant revenue				-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total operating revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating expenses:				
Personnel services	\$ 2,420	\$ 2,800	\$ 2,535	\$ 265
Employee benefits	726	1,300	1,300	-
Contract services	2,854	1,750		1,750
Other administrative			1,005	(1,005)
Utilities				-
Repairs and maintenance			560	(560)
Depreciation				-
	<u>\$ 6,000</u>	<u>\$ 5,850</u>	<u>\$ 5,400</u>	<u>\$ 450</u>
Total operating expenses	<u>\$ 6,000</u>	<u>\$ 5,850</u>	<u>\$ 5,400</u>	<u>\$ 450</u>
Operating income (loss)	<u>\$ (6,000)</u>	<u>\$ (5,850)</u>	<u>\$ (5,400)</u>	<u>\$ 450</u>
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 55,573	\$ 63,180	\$ 55,828	\$ (7,352)
Housing assistance payments	(49,573)	(57,330)	(50,428)	6,902
Other nonoperating revenue				-
Gain (loss) on disposition of assets				-
	<u>\$ 6,000</u>	<u>\$ 5,850</u>	<u>\$ 5,400</u>	<u>\$ (450)</u>
Total nonoperating revenues (expenses)	<u>\$ 6,000</u>	<u>\$ 5,850</u>	<u>\$ 5,400</u>	<u>\$ (450)</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Western Regional Housing Authority
TENANT RENTAL ASSISTANCE
Statement of Revenues and Expenses - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ -	\$ -	\$ -	\$ -
Other tenant revenue				-
Total operating revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses:				
Personnel services	\$ 2,275	\$ 1,600	\$ 1,392	\$ 208
Employee benefits	850	880	762	118
Contract services				-
Other administrative	875	911	535	376
Utilities				-
Repairs and maintenance			375	(375)
Depreciation				-
Total operating expenses	\$ 4,000	\$ 3,391	\$ 3,064	\$ 327
Operating income (loss)	\$ (4,000)	\$ (3,391)	\$ (3,064)	\$ 327
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 44,000	\$ 67,811	\$ 64,352	\$ (3,459)
Housing assistance payments	(40,000)	(64,420)	(61,288)	3,132
Other nonoperating revenue				-
Gain (loss) on disposition of assets				-
Total nonoperating revenues (expenses)	\$ 4,000	\$ 3,391	\$ 3,064	\$ (327)
Change in net position	\$ -	\$ -	\$ -	\$ -

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

Western Regional Housing Authority
EMERGENCY SHELTER GRANT
Statement of Revenues and Expenses - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ -	\$ -	\$ -	\$ -
Other tenant revenue				-
Total operating revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating expenses:				
Personnel services	\$ 2,000			\$ -
Employee benefits				-
Contract services				-
Other administrative				-
Utilities				-
Repairs and maintenance				-
Depreciation				-
Total operating expenses	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating income (loss)	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 15,240	\$ 29,476	\$ 29,439	\$ (37)
Housing assistance payments	(13,240)	(29,476)	(29,439)	37
Other nonoperating revenue				-
Gain (loss) on disposition of assets				-
Total nonoperating revenues (expenses)	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Western Regional Housing Authority (NM067)
 Silver City, NM
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
111 Cash - Unrestricted	\$316,940	\$216,747		\$21,034
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$73,659		
114 Cash - Tenant Security Deposits	\$12,395			
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$329,335	\$290,406	\$0	\$21,034
121 Accounts Receivable - PHA Projects		\$1,029		
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government	\$263	\$1,379	\$1,095	\$2,871
125 Accounts Receivable - Miscellaneous	\$0			
126 Accounts Receivable - Tenants	\$1,542			
126.1 Allowance for Doubtful Accounts -Tenants	-\$413	\$0		
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,392	\$2,408	\$1,095	\$2,871
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
142 Prepaid Expenses and Other Assets				
143 Inventories	\$3,199			
143.1 Allowance for Obsolete Inventories	-\$64			
144 Inter Program Due From		\$313		
145 Assets Held for Sale				
150 Total Current Assets	\$333,862	\$293,127	\$1,095	\$23,905
161 Land	\$436,727			
162 Buildings	\$4,332,294			
163 Furniture, Equipment & Machinery - Dwellings	\$53,759			
164 Furniture, Equipment & Machinery - Administration	\$89,522	\$65,516		
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$2,584,703	-\$64,602		
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,327,599	\$914	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$2,327,599	\$914	\$0	\$0
190 Total Assets	\$2,661,461	\$294,041	\$1,095	\$23,905
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$405	\$2,347		

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion	\$547	\$2,282		
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits	\$12,395			
342 Deferred Revenues	\$759			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To	\$313		\$1,095	\$23,905
348 Loan Liability - Current				
310 Total Current Liabilities	\$14,419	\$4,629	\$1,095	\$23,905
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$7,260	\$30,319		
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$7,260	\$30,319	\$0	\$0
300 Total Liabilities	\$21,679	\$34,948	\$1,095	\$23,905

Western Regional Housing Authority (NM067)
 Silver City, NM
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
508.1 Invested In Capital Assets, Net of Related Debt	\$2,327,599	\$914		
511.1 Restricted Net Assets		\$73,659		
512.1 Unrestricted Net Assets	\$312,183	\$184,520	\$0	\$0
513 Total Equity/Net Assets	\$2,639,782	\$259,093	\$0	\$0
600 Total Liabilities and Equity/Net Assets	\$2,661,461	\$294,041	\$1,095	\$23,905

Western Regional Housing Authority (NM067)
 Silver City, NM
 Entity Wide Balance Sheet Summary

Submission Type:

Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,602	\$84,240	\$641,563		\$641,563
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted			\$73,659		\$73,659
114 Cash - Tenant Security Deposits		\$2,317	\$14,712		\$14,712
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$2,602	\$86,557	\$729,934	\$0	\$729,934
121 Accounts Receivable - PHA Projects			\$1,029		\$1,029
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government	\$12,398	\$15,058	\$33,064		\$33,064
125 Accounts Receivable - Miscellaneous			\$0		\$0
126 Accounts Receivable - Tenants		\$109	\$1,651		\$1,651
126.1 Allowance for Doubtful Accounts -Tenants		\$0	-\$413		-\$413
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$12,398	\$15,167	\$35,331	\$0	\$35,331
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type:

Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
142 Prepaid Expenses and Other Assets					
143 Inventories			\$3,199		\$3,199
143.1 Allowance for Obsolete Inventories			-\$64		-\$64
144 Inter Program Due From		\$40,000	\$40,313	\$40,000	\$80,313
145 Assets Held for Sale					
150 Total Current Assets	\$15,000	\$141,724	\$808,713	\$40,000	\$848,713
161 Land		\$294,810	\$731,537		\$731,537
162 Buildings		\$397,913	\$4,730,207		\$4,730,207
163 Furniture, Equipment & Machinery - Dwellings			\$53,759		\$53,759
164 Furniture, Equipment & Machinery - Administration		\$21,863	\$176,901		\$176,901
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$132,260	-\$2,781,565		-\$2,781,565
167 Construction in Progress		\$210,740	\$210,740		\$210,740
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$793,066	\$3,121,579	\$0	\$3,121,579
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$793,066	\$3,121,579	\$0	\$3,121,579
190 Total Assets	\$15,000	\$934,790	\$3,930,292	\$40,000	\$3,970,292
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$142	\$2,894		\$2,894
41					

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type:

Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion			\$2,829		\$2,829
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits		\$2,317	\$14,712		\$14,712
342 Deferred Revenues			\$759		\$759
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To	\$15,000		\$40,313	\$40,000	\$80,313
348 Loan Liability - Current					
310 Total Current Liabilities	\$15,000	\$2,459	\$61,507	\$40,000	\$101,507
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current			\$37,579		\$37,579
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$0	\$37,579	\$0	\$37,579
300 Total Liabilities	\$15,000	\$2,459	\$99,086	\$40,000	\$139,086

Western Regional Housing Authority (NM067)
 Silver City, NM
Entity Wide Balance Sheet Summary

Submission Type:

Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
508.1 Invested In Capital Assets, Net of Related Debt		\$793,065	\$3,121,578		\$3,121,578
511.1 Restricted Net Assets			\$73,659		\$73,659
512.1 Unrestricted Net Assets	\$0	\$139,266	\$635,969		\$635,969
513 Total Equity/Net Assets	\$0	\$932,331	\$3,831,206	\$0	\$3,831,206
600 Total Liabilities and Equity/Net Assets	\$15,000	\$934,790	\$3,930,292	\$40,000	\$3,970,292

Western Regional Housing Authority (NM067)
Silver City, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
70300 Net Tenant Rental Revenue	\$56,879			
70400 Tenant Revenue - Other	\$2,702			
70500 Total Tenant Revenue	\$59,581	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$110,583	\$4,044,568		
70610 Capital Grants	\$35,462			
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants	\$18,037	\$39,934	\$29,439	\$64,352
71100 Investment Income - Unrestricted				
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$21,526		
71500 Other Revenue		\$1,589		
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$223,663	\$4,107,617	\$29,439	\$64,352

Western Regional Housing Authority (NM067)
Silver City, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
91100 Administrative Salaries	\$56,702	\$243,701		\$1,392
91200 Auditing Fees	\$8,500	\$11,000		
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$15,876	\$88,618		\$762
91600 Office Expenses		\$360		
91700 Legal Expense				
91800 Travel	\$1,090	\$9,099		\$70
91810 Allocated Overhead				
91900 Other	\$3,802	\$44,397		\$465
91000 Total Operating - Administrative	\$85,970	\$397,175	\$0	\$2,689
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other		\$0		
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water	\$16,489	\$526		
93200 Electricity	\$5,503	\$1,117		
93300 Gas	\$1,759	\$403		
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				

Western Regional Housing Authority (NM067)
Silver City, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
93800 Other Utilities Expense				
93000 Total Utilities	\$23,751	\$2,046	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$44,890			
94200 Ordinary Maintenance and Operations - Materials and Other	\$19,529	\$2,217		
94300 Ordinary Maintenance and Operations Contracts	\$19,673	\$19,395		\$375
94500 Employee Benefit Contributions - Ordinary Maintenance	\$11,712			
94000 Total Maintenance	\$95,804	\$21,612	\$0	\$375
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$6,385			
96120 Liability Insurance		\$18,599		
96130 Workmen's Compensation	\$32	\$70		
96140 All Other Insurance				
96100 Total insurance Premiums	\$6,417	\$18,669	\$0	\$0
96200 Other General Expenses		\$6,383		
96210 Compensated Absences		\$1,025		
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents	\$1,013			
96500 Bad debt - Mortgages				

Western Regional Housing Authority (NM067)
Silver City, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$1,013	\$7,408	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$212,955	\$446,910	\$0	\$3,064
97000 Excess of Operating Revenue over Operating Expenses	\$10,708	\$3,660,707	\$29,439	\$61,288
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$3,806,092	\$29,439	\$61,288
97350 HAP Portability-In		\$962		
97400 Depreciation Expense	\$160,188	\$7,099		
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$373,143	\$4,261,063	\$29,439	\$64,352
10010 Operating Transfer In	\$15,623			
10020 Operating transfer Out	-\$15,623			
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				

Western Regional Housing Authority (NM067)
Silver City, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$149,480	-\$153,446	\$0	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$2,789,262	\$412,539	\$0	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$185,434		

Western Regional Housing Authority (NM067)
 Silver City, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	14.239 HOME Investment Partnerships Program
11180 Housing Assistance Payments Equity		\$73,659		
11190 Unit Months Available	648	10932		
11210 Number of Unit Months Leased	639	9913		
11270 Excess Cash	\$298,562			
11610 Land Purchases	\$0			
11620 Building Purchases	\$70,924			
11630 Furniture & Equipment - Dwelling Purchases	\$0			
11640 Furniture & Equipment - Administrative Purchases	\$0			
11650 Leasehold Improvements Purchases	\$0			
11660 Infrastructure Purchases	\$0			
13510 CFFP Debt Service Payments	\$0			
13901 Replacement Housing Factor Funds	\$0			

Western Regional Housing Authority (NM067)
Silver City, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$30,250	\$87,129		\$87,129
70400 Tenant Revenue - Other		\$64	\$2,766		\$2,766
70500 Total Tenant Revenue	\$0	\$30,314	\$89,895	\$0	\$89,895
70600 HUD PHA Operating Grants			\$4,155,151		\$4,155,151
70610 Capital Grants			\$35,462		\$35,462
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants	\$55,828	\$22,819	\$230,409		\$230,409
71100 Investment Income - Unrestricted					
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			\$21,526		\$21,526
71500 Other Revenue			\$1,589		\$1,589
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$55,828	\$53,133	\$4,534,032	\$0	\$4,534,032

Western Regional Housing Authority (NM067)
Silver City, NM
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
91100 Administrative Salaries	\$2,535		\$304,330		\$304,330
91200 Auditing Fees			\$19,500		\$19,500
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$1,300		\$106,556		\$106,556
91600 Office Expenses			\$360		\$360
91700 Legal Expense					
91800 Travel	\$59		\$10,318		\$10,318
91810 Allocated Overhead					
91900 Other	\$946	\$297	\$49,907		\$49,907
91000 Total Operating - Administrative	\$4,840	\$297	\$490,971	\$0	\$490,971
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other			\$0		\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water		\$0	\$17,015		\$17,015
93200 Electricity		\$22	\$6,642		\$6,642
93300 Gas		\$43	\$2,205		\$2,205
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$65	\$25,862	\$0	\$25,862
94100 Ordinary Maintenance and Operations - Labor		\$0	\$44,890		\$44,890
94200 Ordinary Maintenance and Operations - Materials and Other		\$228	\$21,974		\$21,974
94300 Ordinary Maintenance and Operations Contracts	\$560	\$1,159	\$41,162		\$41,162
94500 Employee Benefit Contributions - Ordinary Maintenance		\$0	\$11,712		\$11,712
94000 Total Maintenance	\$560	\$1,387	\$119,738	\$0	\$119,738
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance		\$547	\$6,932		\$6,932
96120 Liability Insurance			\$18,599		\$18,599
96130 Workmen's Compensation			\$102		\$102
96140 All Other Insurance					
96100 Total insurance Premiums	\$0	\$547	\$25,633	\$0	\$25,633
96200 Other General Expenses			\$6,383		\$6,383
96210 Compensated Absences			\$1,025		\$1,025
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents			\$1,013		\$1,013
96500 Bad debt - Mortgages					

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$0	\$8,421	\$0	\$8,421
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$5,400	\$2,296	\$670,625	\$0	\$670,625
97000 Excess of Operating Revenue over Operating Expenses	\$50,428	\$50,837	\$3,863,407	\$0	\$3,863,407
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$50,428		\$3,947,247		\$3,947,247
97350 HAP Portability-In			\$962		\$962
97400 Depreciation Expense		\$11,337	\$178,624		\$178,624
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$55,828	\$13,633	\$4,797,458	\$0	\$4,797,458
10010 Operating Transfer In			\$15,623		\$15,623
10020 Operating transfer Out			-\$15,623		-\$15,623
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$39,500	-\$263,426	\$0	-\$263,426
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$0	\$892,831	\$4,094,632		\$4,094,632
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$0		\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity			\$185,434		\$185,434

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
11180 Housing Assistance Payments Equity			\$73,659		\$73,659
11190 Unit Months Available		60	11640		11640
11210 Number of Unit Months Leased		60	10612		10612
11270 Excess Cash			\$298,562		\$298,562
11610 Land Purchases			\$0		\$0
11620 Building Purchases			\$70,924		\$70,924
11630 Furniture & Equipment - Dwelling Purchases			\$0		\$0
11640 Furniture & Equipment - Administrative Purchases			\$0		\$0
11650 Leasehold Improvements Purchases			\$0		\$0
11660 Infrastructure Purchases			\$0		\$0
13510 CFFP Debt Service Payments			\$0		\$0
13901 Replacement Housing Factor Funds			\$0		\$0

Western Regional Housing Authority
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2013

	Type of Account	Bank Balance	Reconciled Balance
<u>Wells Fargo Bank</u>			
Housing Assistance Payments	Checking	\$ 3,447	\$ (308)
Voucher	Checking	263,860	290,564
Southwest Housing Assistance	Checking	86,497	86,557
Low Rent Public Housing	Checking	322,494	329,235
Linkages	Checking	3,241	2,602
Payroll	Checking	6,909	-
MFA	Checking	21,148	21,034
 Total bank deposits		 \$ 707,596	 \$ 729,684
 Petty cash			 250
 Total cash per financial statements			 \$ 729,934

Western Regional Housing Authority
SCHEDULE OF DEPOSITORY COLLATERAL
 June 30, 2013

	Wells Fargo Bank
Checking accounts	\$ 707,596
Less FDIC insurance	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 457,596</u>
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 228,798
Total collateralization requirement	\$ 228,798
Pledged securities: FG G08525 3%, cusip no. 3128MJSP6, maturing 5/1/43	<u>517,312</u>
Pledged securities over (under) requirement	<u>\$ 288,514</u>

Securities are pledged to the Western Regional Housing Authority, and are held at the Bank of New York Mellon. The securities remain in the name of the financial institution, with safekeeping receipts held by the Authority.

Western Regional Housing Authority
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Total Awards Expended</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct programs:			
Public and Indian Housing	14.850	N/A	\$ 94,960
Section 8 Housing Choice Vouchers	14.871	N/A	4,044,568
Public Housing Capital Fund	14.872	N/A	51,085
Passed through NM Mortgage Finance Authority:			
Home Investment Partnership Program	14.239	11-01-WST-TBA-001	64,352
Emergency Solutions Grant Program	14.231	11-01-WST-TBA-001	<u>29,439</u>
Total U.S. Department of Housing and Urban Development and total expenditures of federal awards			<u><u>\$ 4,284,404</u></u>

See accompanying notes to schedule of expenditures of federal awards.

Western Regional Housing Authority
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Fiscal Year Ended June 30, 2013

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Western Regional Housing Authority, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Insurance

The Authority is a member of the New Mexico Self Insurers Fund to which it pays an annual premium in exchange for insurance in varying amounts based on the type of risk, as follows:

General liability	\$ 10,000,000
Property	550,000,000
Crime	5,000,000
Boiler and machinery	100,000,000
Workers compensation	Statutory limit

Note 3 Sub-Recipients

The Authority had no Sub-recipients.

Western Regional Housing Authority
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2013

Findings – Financial Statement Audit

None

Findings – Major Federal Award Programs

None

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LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

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

Hector H. Balderas, State Auditor
And
Board of Commissioners
Western Regional Housing Authority
Silver City, 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 and each major fund of the Western Regional Housing Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Western Regional Housing Authority's basic financial statements, and the related budgetary comparisons of the Authority presented as other supplementary information, and have issued our report thereon dated September 13, 2013.

Internal Control Over financial Reporting

In planning and performing our audit of the financial statements, we considered Western Regional 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Western Regional 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 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 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 Western Regional Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Stone, McGee & Co CPAs

Silver City, New Mexico
September 13, 2013

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Hector H. Balderas, State Auditor
And
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Western Regional Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Western Regional Housing Authority's major federal programs for the year ended June 30, 2013. The Western Regional Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Western Regional Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Western Regional 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 each major federal program. However, our audit does not provide a legal determination of the Western Regional Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Western Regional 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, 2013.

Report on Internal Control over Compliance

Management of the Western Regional 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 Western Regional Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Western Regional 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stone, McGehee & Co CPAs

Silver City, New Mexico
September 13, 2013

Stone, McGehee & Co.
Certified Public Accountants

Western Regional Housing Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Western Regional Housing Authority.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Western Regional Housing Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*.
5. The auditors' report on compliance for the major federal awards programs for the Western Regional Housing Authority expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: Section 8 Housing Choice Vouchers, CFDA No. 14.871.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. The Western Regional Housing Authority was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s with substantial assistance and approval from Authority personnel.

EXIT CONFERENCE

The contents of this report were discussed September 10, 2013. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Awish Baechtle	Commissioner	Western Regional Housing Authority
Cathy DeMarco	Executive Director	Western Regional Housing Authority
Sonia Flores	Deputy Director	Western Regional Housing Authority
April Cook	Accountant	Western Regional Housing Authority
Kay Stone	Shareholder	Stone, McGee & Co., C.P.A.'s